November 13, 2017

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

VIA ELECTRONIC FILING AND HAND DELIVERY

Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Re:  Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and United Kingdom: Nucor Corporation’s Prehearing Brief

Dear Secretary Barton:

On behalf of Nucor Corporation ("Nucor"), petitioner and domestic interested party in this proceeding, please find enclosed two copies of the non-confidential version of Nucor’s Prehearing Brief in the above-referenced proceeding.

The requisite certification is enclosed in accordance with Sections 201.6 and 207.3 of the Commission’s rules. In addition, in accordance with Section 201.16 of the Commission’s rules, the enclosed brief has been served on all parties entitled to receive it, as indicated on the attached public service list.
If you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Respectfully submitted,

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

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

In accordance with section 207.3(a) of the Commission’s rules (19 C.F.R. § 207.3(a)), I, Alan H. Price, of Wiley Rein LLP, counsel to Nucor Corporation, certify that under penalty of perjury under the laws of the United States of America and pursuant to the Commission’s regulations:

(1) I have read the foregoing submission in the above referenced case;
(2) to the best of my knowledge and belief, the information contained therein is accurate and complete; and
(3) in accordance with section 201.6(b)(3)(iii) of the Commission’s rules (19 C.F.R. § 201.6(b)(3)(iii)), information substantially identical to that for which we request confidential treatment is not available to the general public and the public disclosure of such information would cause substantial harm to the persons, firms, and other entities from which the information was obtained.

Alan H. Price

DISTRICT OF COLUMBIA: SS
Sworn and subscribed to before me this November 9, 2017.

Natalia Xanthakos
Notary Public; District of Columbia
My Commission Expires 9/30/2019

My commission expires: 7/30/19
CERTIFICATE OF SERVICE

PUBLIC SERVICE

Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, the Republic of South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom

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

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

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

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

Business Proprietary Information
removed on pages 1-8, 11-16, 18-40, 42-
54, 56-58, and 62-67, the Exhibit List,
and Exhibits 1, 3, 5-7, 11, 12, 15, 30

NON-CONFIDENTIAL VERSION

PRE-HEARING BRIEF ON BEHALF OF NUCOR CORPORATION

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November 9, 2017
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I. INTRODUCTION

The record contains overwhelming evidence of material injury suffered by U.S. producers by reason of subject imports of carbon and alloy steel wire rod ("CASWR" or "wire rod") from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates ("UAE"), and the United Kingdom ("UK"). The flood of subject imports – totaling nearly 2.4 million tons during the period of investigation ("POI")\(^1\) – has pummeled the U.S. market, with devastating price and volume effects.

The surge of subject imports started accelerating in June of 2014,\(^2\) depriving the domestic industry of the benefits of trade relief from the antidumping and countervailing duty cases filed against unfairly traded CASWR from China. Demand declined slightly during the POI, but subject imports continued flooding unabated into the U.S. market, causing U.S. producers to lose additional sales and collapsing prices. Subject imports both robbed the domestic industry of the benefits from the Commission’s determination that unfairly traded Chinese imports caused material injury and substantially worsened the plight of the already injured industry. Virtually all of the industry’s key performance indicators plummeted. From 2014 to 2016, U.S. [ ] and shipments fell sharply, and the U.S. industry’s net income declined [ ] percent from [ ]\(^3\) [ ].

Indeed, subject imports forced Republic Steel to [ ] and

\(^1\) Prehearing Report, Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and United Kingdom, Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (Final) (Nov. 2, 2017) at C-3 (Table C-1) (“Prehearing Staff Report”).

\(^2\) Letter from Wiley Rein LLP to Sec’y Int’l Trade Comm’n re: Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and United Kingdom: Nucor Corporation’s Post-Conference Brief and Answers to Staff Questions (Apr. 21, 2017) at 1 (“Nucor’s Post-Conference Brief”).

\(^3\) Prehearing Staff Report at VI-8 (Table VI-3).
ArcelorMittal to shutter its Georgetown, SC mill as well as [4]. By 2016, subject imports substantially exceeded the peak Chinese volumes. With such clear evidence of material injury on the record, the Commission must only decide whether subject imports are a cause of the domestic industry’s injury or threaten the industry with material injury. The answer is unequivocally yes.

Subject producers were able to penetrate the U.S. market by widespread and significant underselling. In fact, aggressive underselling was the primary tactic that subject imports used to capture the market share that unfairly traded Chinese imports originally took from U.S. producers.5 The underselling data, showing 83 percent underselling by quantity,6 confirm the extremely low prices of subject imports. U.S. purchasers report shifting over [ ] short tons of purchases from domestic product to subject imports, principally due to their lower prices,7 and that U.S. producers were forced to lower their prices to retain sales when competing with subject imports.8 This evidence shows that the surge of unfairly traded subject imports has come directly at the expense of the U.S. industry. Subject imports have captured market share from U.S. producers, collapsed U.S. CASWR prices, and caused material injury to the domestic industry. Notably,

4 See id. at VI-1, n.3, III-2; [ ]
5 Carbon and Certain Alloy Steel Wire Rod from China, USITC Pub. 4509, Inv. Nos. 701-TA-512 and 731-TA-1248 (Final) (Jan. 2015) at 17 (“USITC Pub. 4509”) (“Indeed, subject imports gained market share at the expense of the domestic industry while this pervasive underselling was taking place”); Conference Transcript, Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, the Republic of South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom, Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (Preliminary) (Apr. 18, 2017) (“Conf. Tr.”) at 100 (Mr. Nolan).
6 Prehearing Staff Report at V-29.
7 See id. at V-37 (Table V-13).
8 See e.g., [ ]; [ ]
during the preliminary phase of this investigation, respondents did not even contest that the industry is materially injured. Rather, purchasers have continued to report that they must buy the lowest priced CASWR as a matter of competition, essentially asking the ITC to ignore the statute and the evidence of causation.  

The filing of these petitions has just started to provide some, albeit extremely limited, relief to U.S. producers in the interim period. While certain subject producers in Spain, South Africa, Russia, Turkey, and the United Kingdom rushed to beat the imposition of preliminary duties, overall subject imports declined as a result of these petitions. Indeed, U.S. purchasers confirm the post-petition effects on subject imports.

- [ ]
- [ ]

9 Conf. Tr. at 106 (Mr. Stauffer) (“I have two mandates in my job. I’m supposed to buy cheaper than my competitors and I’m not supposed to run out”).

10 The Commission should discount the weight accorded to the data for the period after the filing of the petition in making its determination of material injury and threat of material injury. See 19 U.S.C. § 1677(7)(I). Section 771(7)(I) of the Tariff Act of 1930, codified at 19 U.S.C. § 1677(7)(I), specifically authorizes the Commission to “consider whether any change in the volume, price effects, or impact of imports of the subject merchandise since the filing of the petition ... is related to the pendency of the investigation and, if so, the Commission may reduce the weight accorded to the data for the period after the filing of the petition in making its determination of material injury....” According to the Statement of Administrative Action, the grant of this discretion is in recognition that the filing of the petition “can create an artificially low demand for subject imports, thereby distorting post-petition data compiled by the Commission.” Indeed, “the statute was enacted to recognize explicitly that declining subject imports, increasing prices, and improvements in the domestic industry’s condition are expected and natural consequences of the filing of a petition and subsequent affirmative preliminary determinations, and to prevent such natural consequences from precluding an affirmative determination.” Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, vol. 1 (1994) at 854, reprinted in 1994 U.S.C.C.A.N. 4040, 4186 (“SAA”); Light-Walled Rectangular Pipe & Tube from Mexico, USITC Pub. 4272, Inv. No. 731-TA-1120 (Feb. 2011) (Remand); see also LG Electronics, Inc. v. United States Int’l Trade Comm’n, 26 F. Supp. 3d 1338 (Ct. Int’l Trade 2014) (holding that the Commission reasonably discounted weight of post-petition data); Corus Staal BV v. U.S. Int’l Trade Comm’n, 27 C.I.T. 459, 470 (2003), aff’d sub nom. Corus Staal BV v. U.S. Int’l Trade Comm’n., 85 F. Appx 772 (Fed. Cir. 2004) (holding that that the Commission reasonably “found that changes in subject import volume, price effects, and impact were related to the pendency of the investigation, [and the agency] acted within its discretion in discounting post-petition data.”).


12 See [ ].
In interim 2017, prices rose somewhat after climbing from an incredibly low base caused by a flood of unfairly traded subject imports, and the domestic industry’s financial performance is starting to improve slightly. This was a function of subject imports retreating from the U.S. market after the case was filed. And, even this very slight improvement in interim profits is still below

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13 See [ ].
14 See [ ].
15 See [ ].
16 See [ ].
17 See [ ].
18 See [ ].
19 See [ ].
20 The Prehearing Staff Report also recognizes that “ArcelorMittal’s plant closure in August 2015 [ ].” Despite the extremely limited improvement in operating income during the interim period (i.e., a mere [ ] percentage points), the U.S. industry is still currently materially injured. Prehearing Staff Report at VI-2. Prehearing Staff Report at C-4 (Table C-1); See Lamb Meat, USITC Pub. 3176, Inv. No. TA-201-68 (Apr. 1999) at I-15 (“Thus, questionnaire data likely represent a set of entities that are performing better than the lamb meat industry as a whole. A main reason for this is that our questionnaire data have a survivorship bias in that we did not obtain responses from those establishments that exited the market. Indeed, it stands to reason that those establishments that survive are relatively more competitive for a variety of reasons.”). [ ], U.S. commercial shipments, operating income, and virtually all other trade and financial indicators are
the level the Commission found to be injurious in the China investigation. Critically, the domestic industry’s interim profits are significantly below the 7 percent operating profit levels in 2011 that existed before the one-two punch of Chinese and subject import surges.

That subject imports are causing material injury to the domestic industry went largely uncontested during the preliminary phase of this investigation. Respondents’ defense rested on the spurious claims that the U.S. industry cannot make certain “specialty” wire rod, such as tire bead, tire cord, (“TB/TC”) and 9254 suspension spring wire rod. As a legal matter, the domestic industry is not required to produce every CASWR product included in the like product definition. [21]

As the Commission found in its preliminary determination, [22] there is only one domestic like product. This issue has been examined by the Commission in multiple wire rod cases with the same outcome – TB/TC is not a separate like product.[23] This investigation is no different. The only change between the facts in this investigation and those in prior cases, is that the domestic industry now has more capabilities to produce TB/TC products.

The record shows that producers in all countries sell standard quality wire rod to the United States, and that constitutes the overwhelming quantity of subject imports. To the extent that respondents make claims that they are only shipping so-called “specialty” wire rod, such assertions are unsupported by the facts. The suggestion that nearly [ ] of subject imports were

well below the levels prior to the surge of unfairly traded imports from China, which were more than replaced by dumped and subsidized imports from the subject countries.


[22] Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and United Kingdom, USITC Pub. 4693, Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (May 2017) (Preliminary) at 8 (“Preliminary Determination”).

product that the U.S. industry is not capable of producing is absurd and contradicted by the record.\textsuperscript{24} The [ ] of subject CASWR is conventional low, medium, and high carbon wire rod which competes with domestic produced CASWR on a daily basis. This is unequivocally confirmed by the [ ] tons of wire rod shifted from the U.S. industry to subject imports and that U.S. purchasers overwhelmingly bought CASWR interchangeably from domestic sources and subject imports.\textsuperscript{25}

Claims that the U.S. industry cannot provide certain high quality TC/TB wire rod are false. The U.S. industry is capable of providing the entire range of CASWR products imported into the United States, [ ].\textsuperscript{26} As explained by one U.S. Purchaser, [ ]\textsuperscript{27} Indeed, [ ] currently produce [ ] as well as other grades along the continuum of CASWR products.\textsuperscript{28} While respondents and certain purchasers argue that a basic oxygen furnace (“BOF”) is necessary to produce TB/TC CASWR because the residual content from scrap cannot be controlled in an electric arc furnace (“EAF”), which is the technology employed by U.S. producers, this claim is demonstrably false.

Furthermore, producers can achieve the same quality of TB/TC CASWR regardless of the

\textsuperscript{24} See id. at I-34 (Table I-8).
\textsuperscript{25} See id. at V-37 (Table V-13); Customer Overlap Exhibit, attached as Exhibit 1.
\textsuperscript{26} Id. at D-3 – D-6 (Table D-1).
\textsuperscript{27} See [ ]; See [ ]
\textsuperscript{28} See [ ]; [ ]; See [ ]; Evraz Website Excerpts, attached as Exhibit 19 to Nucor’s Post-Conference Brief.
furnace technology employed. For instance, the record confirms that producers in Spain and Italy produce TB/TC wire rod using EAF technology.\textsuperscript{29} During the POI, importers such as [ ] imported 1080 TB/TC [ ]. Major U.S. tire manufacturer, [ ].

But while [ ],\textsuperscript{30} the company [ ].\textsuperscript{31} As such, the claim that BOF technology is necessary to produce TB/TC is nothing more than a red herring and respondents’ claims that BOF technology is necessary to guarantee consistent quality for such products are misleading.

Other claims that the U.S. industry cannot produce grade 9254 suspension spring CASWR are equally wrong. Not only is the U.S. industry fully capable of producing this allegedly unavailable product, but the record demonstrates that subject producers [ ] CASWR in [ ] percent of quarterly comparisons and at margins up to [ ] percent.\textsuperscript{32}

Contrary to respondents’ arguments, both subject imports and U.S. producers serve all major sectors of the CASWR market, and compete head-to-head in the entire market, on the basis

\textsuperscript{29} See [ ]; See [ ]; AdV Website Excerpts, attached as \textbf{Exhibit 2}; Global Steel Wire Website Excerpts, attached as Exhibit 20 to Nucor’s Post-Conference Brief.

\textsuperscript{30} See [ ]

\textsuperscript{31} [ ].

\textsuperscript{32} See Prehearing Staff Report at V-20 (Table V-8) (Pricing Product 6) and V-31 (Table V-10b); see also Nucor’s Post-Conference Brief at Exhibit 1-9.
of price. Indeed, this [ ] overlap of competition is what allowed subject imports to surge during the POI and steal the benefit of trade relief from U.S. producers, which materially injured the domestic industry.

Finally, this case presents the Commission with facts that are uniquely supportive of an affirmative critical circumstances determination. In the months immediately following the petitions, importers of Turkish, Russian, South African, Spanish, and British CASWR intensified their efforts to bring in dumped and subsidized rod, in order to ensure that by the time any preliminary relief was imposed, they would have plenty of unfairly traded CASWR to work with. This rapid influx of subject CASWR significantly undermines the relief that any forthcoming order will provide, justifying an affirmative critical circumstances finding.

While subject imports are causing material injury to the domestic industry, this brief focuses on negligibility, threat of material injury, and critical circumstances. We incorporate by reference the issues principally addressed in the Gerdau Ameristeel, Keystone Consolidated Industries, and Charter Steel Pre-Hearing Brief (i.e., like product, domestic industry, conditions of competition, cumulation, and material injury). For the reasons described herein and in that brief, the U.S. industry is materially injured and threatened with material injury by reason of subject imports. Affirmative final determinations are warranted for all subject countries.

II. IMPORTS FROM ALL SUBJECT COUNTRIES SURPASS THE STATUTORY NEGIGIBILITY THRESHOLDS

Pursuant to Section 771(24) of the Tariff Act of 1930 (the “Act”), as amended, negligible imports are only those imports from a subject country that account for less than three percent of all such merchandise imported into the United States during the most recent 12 months for which
data are available before the filing of the petition.\textsuperscript{33} The Act also expressly provides an exception for imports that do not surpass the three-percent threshold, under which such imports are not considered negligible if they exceed a seven-percent threshold when combined.\textsuperscript{34} In addition, the Act provides that even if imports from a subject country otherwise appear to be negligible, the Commission will not treat such imports as negligible for purposes of determining threat of material injury if it determines there is a potential that those imports “will imminently account for more than 3 percent of the volume of all such merchandise imported into the United States,” or, in the aggregate, “imminently exceed 7 percent of the volume of all such merchandise imported into the United States.”\textsuperscript{35}

As the Commission found in its preliminary determination, no subject country’s imports should be excluded from the antidumping material injury analysis on the basis of negligibility.\textsuperscript{36} Imports from Korea, Russia, Spain, Turkey, and Ukraine individually exceeded the three-percent threshold for negligibility, and imports from Belarus, Italy, South Africa, the UAE, and the UK collectively exceeded the seven-percent threshold for negligibility.\textsuperscript{37} And while under the plain language of the statute the Commission should not distinguish between dumped and subsidized imports from Italy to examine negligibility of Italian imports, even if the Commission decides to separately examine subsidized and dumped imports from Italy, the evidence of record indicates that subsidized Italian imports will nevertheless alone imminently exceed the three-percent threshold for negligibility.\textsuperscript{38} Because the relevant facts are essentially the same as in the

\textsuperscript{34}  \textit{Id.} § 1677(24)(A)(ii).
\textsuperscript{35}  \textit{Id.} § 1677(24)(A)(iv).
\textsuperscript{36}  See Preliminary Determination at 15-16.
\textsuperscript{37}  \textit{Id.}; Prehearing Staff Report at IV-14 – IV-15.
\textsuperscript{38}  \textit{Id.} at IV-22 – IV-24 (Table IV-11).
preliminary determination, the Commission should continue to find that no imports from the subject countries are negligible for its material injury or threat of material injury analyses.

A. **Imports from Korea, Russia, Spain, Turkey, and Ukraine Individually Surpass the 3 Percent Negligibility Threshold Under the Statute**

As the Commission found in its preliminary determination, “{subject} imports from Korea, Russia, Spain, Turkey, and Ukraine} are clearly above the statutory negligibility threshold.”

According to official import statistics, from March 2016 to February 2017, Korean imports accounted for 4.9 percent of total imports, Russian imports accounted for 6 percent of total imports, Spanish imports accounted for 4.5 percent of total imports, Turkish imports accounted for 4.5 percent of total imports, and Ukrainian imports accounted for 9.3 percent of total imports.

As these data show, imports from these five subject countries were each well above the statute’s three-percent threshold. Nothing has changed since the Commission’s preliminary determination to disturb this finding.

B. **Imports from Belarus, Italy, South Africa, UAE, and the UK, in the Aggregate, Surpass the Negligibility Thresholds**

The Commission also found that CASWR imports from Belarus, Italy, South Africa, United Arab Emirates, and the United Kingdom in the aggregate satisfy the exception under the statute that otherwise negligible imports are non-negligible if they exceed seven percent of the total subject import volume. While each of these countries individually is below the three-percent threshold, official import statistics show that the aggregate volume of subject imports from these five countries equals 10.2 percent of all subject imports. Thus, the Commission should

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39 See Preliminary Determination at 15.
40 See id. at 15-16; Prehearing Staff Report at IV-15 (Table IV-8).
42 See Preliminary Determination at 16.
continue to find that “subject imports are not negligible for purposes of the antidumping duty investigations on wire rod from Belarus, Italy, South Africa, {United Arab Emirates}, and the United Kingdom.”

Further, while the Commission preliminarily found that it should analyze the dumped imports separately from subsidized imports for purposes of its negligibility analysis, the agency should not do so here. The statute makes no distinction between AD or CVD imports. Rather, the statute expressly and unambiguously covers all unfairly traded imports by providing negligibility thresholds for “imports from a country,” without adding any modification to these terms. Because Petitioners argue that all imports from Italy are unfairly traded, the Commission’s negligibility analysis should only assess whether all [ ] Italian imports entered from March 2016 to February 2017 exceeded the individual three-percent threshold or the aggregate seven-percent threshold. When Italian imports are properly combined with other imports that would otherwise be negligible, the aggregate volume exceeds seven percent of total volume, indicating that Italian imports are not negligible in this investigation. A separate consideration of subsidized Italian imports is unnecessary and plainly contrary to the language of the statute.

C. **Even if the Commission Decides to Separate Dumped from Subsidized Italian Imports, Subsidized Imports from Italy Are Nevertheless Likely to Imminently Exceed the 3 Percent Negligibility Threshold**

As discussed above, the Commission should not separate dumped imports from subsidized imports for purposes of its negligibility analysis. However, even if the Commission separately

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43 See id.
44 See id.
46 See Prehearing Staff Report at IV-15 (Table IV-8); 19 U.S.C. § 1677(24)(A)(i) – (ii).
considers subsidized imports from Italy, the agency should continue to find that “subject imports from Italy in the countervailing duty investigation are not negligible for purposes of {the} analysis of reasonable indication of threat of material injury.”

According to the statute, the Commission “shall not treat imports as negligible if it determines that there is a potential that imports from a country . . . (i) will imminently account for more than 3 percent of the volume of all such merchandise imported into the United States.” To determine whether imports have the potential to “imminently exceed” the negligibility threshold, the Commission examines factors including market penetration, share of total imports during the POI, and absolute and relative excess production capacity. In its preliminary determination, the Commission found that

The record indicates that imports from Italy accounted for less than 0.5 percent of total imports until August 2016 when the volume of imports from Italy began to increase. For the seven-month period beginning in August 2016 through February 2017, imports from Italy accounted for 4.4 percent of total imports; these subject imports from Italy increased on a monthly basis throughout the negligibility period. We also observe that subject imports from Italy account for [ ] percent of all reported arranged imports for the second quarter of 2017. In light of the recent upward trend of subject imports from Italy as a percentage of total imports, we find that subject imports from Italy have the potential imminently to exceed the 3 percent negligibility threshold for purposes of determining threat of material injury.

In addition to the Commission’s findings, Nucor notes that Italy’s imports did, in fact, account for more than 3 percent of all subject import volume the month after the petitions were filed. Official import statistics show that CASWR from Italy eclipsed the 3 percent threshold in

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47 See Preliminary Determination at 17.
49 See, e.g., Certain Steel Concrete Reinforcing Bars from Belarus, China, Korea, Latvia, and Moldova, USITC Pub. 3440, Inv. Nos. 731-TA-873-874 and 877-879 (July 2001) (Final) at 10-11.
50 See Preliminary Determination at 17 (citations omitted).
April 2017, accounting for 8.3 percent.\textsuperscript{51} And in the first four months of 2017, wire rod imports from Italy accounted for 5.7 percent of total imports.\textsuperscript{52}

In addition, Italy’s CASWR production capacity is massive. Italian producers’ production capacity has [ ] over the last three years and it totaled [ ] short tons in 2016, equal to [ ] percent of production capacity in 2016 reported by responding U.S. producers and [ ] percent of total production capacity in 2016 for all responding foreign producers.\textsuperscript{53} Excess and divertible production capacity in Italy, [ ], has been similarly extensive, with [ ].\textsuperscript{54} This was equal to [ ], and enough to cover [ ].\textsuperscript{55}

Ample evidence also suggests that Italian producers of the subject product are investing to expand production capacity.\textsuperscript{56} Over the last few years, Italian producers have [ ].\textsuperscript{57} Most recently, [ ]

\textsuperscript{51} Prehearing Staff Report at IV-22 – IV-24, Table IV-11.
\textsuperscript{52} See id.
\textsuperscript{53} Id. at VII-11 (Table VII-5), C-4 (Table C-1), VII-67 (Table VII-36).
\textsuperscript{54} Petitioner defines excess and divertible capacity as the sum of exports to other countries, unused capacity, and ending inventories. See id. at VII-11 (Table VII-5).
\textsuperscript{55} See id. at C-4 (Table C-1), C-5 (Table C-2).
\textsuperscript{56} See Information on Foreign Subject Producers and CASWR Industries in the Subject Countries attached as Exhibit I-15, Attachment 2 (Italy), to Letter from Kelley Drye & Warren LLP and Wiley Rein LLP to Sec’y of Commerce and Sec’y of U.S. Int’l Trade Comm’n, re Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, the Republic of South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom - Petitions for the Imposition of Antidumping and Countervailing Duties (Mar. 28, 2017) (“Petition”), Volume I.
\textsuperscript{57} See id.
Additionally, earlier this year, [58] short tons. [59] Unsurprisingly, responding Italian producers [
]

Finally, Commerce has found that the Italian government provides CASWR producers with a number of significant countervailable export subsidies to encourage the exportation of Italian CASWR to the United States. [61] Specifically, Commerce found that Italian government, through its official export credit agency SACE (Servizi Assicurativi del Commercio Estero), provides export credit subsidies to Italian producers to support and encourage the exportation of metallurgical products like CASWR. [62] Additionally, the Italian government provides a range of electricity subsidies to its CASWR producers, which ultimately allow the subject producers to maintain and increase production. [63] Consequently, the subsidies provided by the Italian government allowed subsidized Italian imports to exceed the three-percent negligibility threshold.

For purposes of threat, even if the Commission treats subsidized imports separately from dumped imports for its negligibility analysis, Italian CVD imports are not negligible. The

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58 [attached as at Exhibit 2A to Nucor’s Post-Conference Brief; ] attached as Exhibit 2B to Nucor’s Post-Conference Brief.
59 See [ ], attached as Exhibit 3.
60 Prehearing Staff Report at VII-11.
62 See id. at Appendix.
63 See id. at 13-14, 18, Appendix.
Commission should continue to conclude that subsidized subject imports from Italy will imminently exceed three percent of total CASWR imports.

III. **THE DOMESTIC INDUSTRY IS THREATENED WITH FURTHER MATERIAL INJURY BY UNFAIRLY TRADED CASWR IMPORTS**

A. **Subject Imports Should be Cumulated for Purposes of the Commission’s Threat Analysis**

For the reasons discussed in Gerdau Ameristeel, Keystone Consolidated Industries, and Charter Steel’s Pre-Hearing Brief, the statutory factors supporting a cumulative analysis of the subject imports in assessing threat of material injury have been met in this case, and the Commission should cumulate the volume and price effects of all subject imports in its threat analysis as well. Additionally, because subject producers in multiple countries are members of large, complex, multi-national steel organizations, such as ArcelorMittal or the CELSA Group, cumulation is warranted to prevent subject producers from shifting purchases. Further, the Commission should cumulate all subject countries, because large U.S. purchasers, such as [ ], buy wire rod from virtually every subject country and shift purchases depending on which subject producer has the lowest import offer at the time.

B. **The Domestic Industry is Vulnerable to the Threat of Additional Dumped and Subsidized Subject Imports**

The domestic CASWR industry is extremely vulnerable to a continued surge of subject of imports. In 2015, the Commission found that the domestic industry was materially injured by a

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64 See Prehearing Staff Report at I-4 - I-5.
65 See [ ]
66 [ ]
rapid surge of low-priced Chinese imports. During the POI, Chinese imports increased significantly to reach 618,790 short tons. Through systematic underselling, Chinese imports captured significant market share at the direct expense of domestic industry. Indeed, while U.S. producers’ market share fell from 70.1 percent to 60.3 percent during the POI, Chinese producers market share increased to 10.8 percent. The industry’s operating income margin fell from 7 percent to 4.1 percent during this period. Given the loss of market share, collapsing prices, and deteriorating financial performance, the Commission made affirmative determinations that wire rod imports from China materially injured the U.S.

Since the Commission’s China determination, the U.S. industry’s condition has worsened. Subject imports totaled over [ ] tons in 2016, substantially exceeding the Chinese volumes that the ITC determined were injurious. U.S. producers never recovered from the injury inflicted by Chinese imports as subject imports have deepened the material injury caused by unfairly traded Chinese imports.

The domestic CASWR industry is highly vulnerable to material injury. U.S. demand has remained relatively flat throughout the POI. From 2014 to 2016, the domestic industry saw its market share fall, prices, and profits tumble as low-priced subject imports flooded the United States. In 2016, virtually all of the domestic industry’s key trade and financial variables declined,

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67 See USITC Pub. 4509 at 1, 28.
68 Id. at C-4 (Table C-2).
69 Id. at 15-16, and C-4 (Table C-2).
70 Id. at C-4 (Table C-2).
71 Id. at C-3 (Table C-1).
72 Id. at 1, 28.
73 See Prehearing Staff Report at C-9 (Table C-3b).
74 See id. at C-5 (Table C-2).
its prices plunged, and the industry experienced significantly decreased profits.\textsuperscript{75} In fact, the U.S. industry’s net income dropped 54.5 percent and its operating margin has declined from an anemic 2.8 percent in 2014 to 1.9 percent in 2016.\textsuperscript{76}

These negative trends would have continued if the U.S. industry did not petition for relief.\textsuperscript{77} Indeed, the surge in subject imports showed no signs of abating on its own. While the pendency of the investigations has recently tempered increasing volumes of subject imports and certain interim period financial indicators slightly improved, the U.S. CASWR industry is extremely vulnerable to material injury. The industry’s full year 2016 operating income margin was 1.9 percent.\textsuperscript{78} And during the interim period, where the U.S. CASWR industry’s performance reflects the benefits of post-petition effects and the statistical impact of domestic mill closures, operating income ticked upward a mere 1.1 percentage points, from 2.8 percent in January-September 2016 to 3.9 percent in January-September 2017.\textsuperscript{79} Experiencing an anemic 3.9 percent operating margin is not a sign of a healthy industry. Rather, this level of financial performance is well below the operating performance of the U.S. CASWR industry that the Commission found was materially injured in 2015. Indeed, the current domestic industry’s trade and financial performance is much worse, with lower production, net sales, profits, and operating income.\textsuperscript{80} And, the minimal improvement in interim data will instantly evaporate without final orders against the subject countries.

\textsuperscript{75} See id. at C-5 (Table C-2); see also Conf. Tr. at 18-19 (Mr. Price).
\textsuperscript{76} See Prehearing Staff Report at C-5 (Table C-2).
\textsuperscript{77} The Commission should discount the weight accorded to the data for the period after the filing of the petition in making its determination of material injury and threat of material injury. See 19 U.S.C. § 1677(7)(I).
\textsuperscript{78} Prehearing Staff Report at C-5 (Table C-2).
\textsuperscript{79} Id/Id.
\textsuperscript{80} Compare id. at C-5 (Table C-2), with USITC Pub. 4509 at C-3.
Relief is badly needed before the already injured domestic industry and its workers suffer additional injury in the form of additional plant shutdowns, more severe financial losses, and further worker layoffs due to dumped and subsidized subject imports. The domestic industry’s prior investments and necessary reinvestments in property, plant, and equipment are in jeopardy.\footnote{Prehearing Staff Report at VI-1 n.3, VI-2 n.7.} Two producers have already ceased wire rod operations.\footnote{See \[ \].} In light of the depressed financial performance caused by subject imports, flat demand projections for the U.S. market, and needed but expensive investments in equipment and technology, the U.S. CASWR industry is highly vulnerable to dumped and subsidized subject imports.

U.S. producer questionnaire responses confirm the industry’s vulnerability in the face of softening domestic demand, the poor and declining financial performance of the industry as a whole, and the growing volumes and market shares of dumped and subsidized subject imports. For example:

\begin{itemize}
\item \footnote{See \[ \].}
\item \footnote{See \[ \].}
\item \footnote{See \[ \].}
\item \footnote{See \[ \].}
\end{itemize}
C. **Subject Producers Will Target the U.S. Market with Large and Increasing Volumes of CASWR**

The ten subject countries have substantial and increasing capacity that will enable them to quickly ramp up production and exports that will be targeted at the U.S. market absent trade relief just as they did after Chinese imports existed the U.S. market.\(^90\) Combined, the subject countries had a total CASWR capacity of [ ] tons in 2016,\(^91\) and a total excess capacity of [ ] tons\(^92\) – more than [ ] U.S. demand for the same year.\(^93\) Many subject producers increased their CASWR capacity during the POI, including producers in [ ] and Italy, which collectively increased their capacity by more than [ ] tons.\(^94\) Such massive, growing, and

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\(^86\) See [ ].

\(^87\) [ ].

\(^88\) [ ].

\(^89\) [ ].

\(^90\) See Prehearing Staff Report at C-3 – C-4 (Table C-1); see also Petition, Volume I at 33-35.

\(^91\) See Petition, Volume I at 34 (Table 3).

\(^92\) *Id.* All quantities are in short tons unless specifically noted.

\(^93\) Prehearing Staff Report at C-5 (Table C-2).

\(^94\) See *id.* at VII-6 (Table VII-2), VII-12 (Table VII-6).
excess capacity will compel subject producers to continue producing and exporting CASWR at high levels, regardless of demand or price.

Subject producers continue to export significant volumes of CASWR and have increasingly targeted those exports at the United States. From 2014 to 2016, CASWR exports to the United States grew by more than 56 percent. Moreover, through widespread underselling, subject imports grabbed significant market share that should have returned to U.S. producers during the POI. Indeed, subject import market share increased by [ ] percentage points during the POI, from [ ] in 2014 to [ ] in 2016. While subject imports retreated somewhat during the interim period and subject import share declined by [ ], this moderation in the level of subject imports was due to the natural effect of the petition. As subject producers struggle with weak demand conditions, unfairly traded imports (particularly those from China) in their home markets, and increasing trade barriers in their traditional export markets, they will seek to export even greater quantities of low-priced CASWR to the United States in the absence of trade relief.

1. Belarus

The [ ] its production and capacity during the POI and interim period and is positioned as an

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95 Id. at C-4 (Table C-1.)
96 Id. at V-29, C-5 (Table C-2).
97 See id.
98 Id. at C-4 (Table C-1).
99 The Commission should discount the weight accorded to the data for the period after the filing of the petition in making its determination of material injury and threat of material injury. See 19 U.S.C. § 1677(7)(I).
export platform.\textsuperscript{100} In 2015, [ \textsuperscript{101} with the potential of [ \textsuperscript{102} During the POI, [ ] tons in 2016.\textsuperscript{103} [ ] tons in 2017 despite weak demand conditions in Belarus’ home market.\textsuperscript{104} By 2016, [ and reported that it [ ] tons of wire rod in 2016.\textsuperscript{105} In 2018, [ ] tons although its home market cannot consume this production.\textsuperscript{106} Belarus has become an export platform for CASWR and threatens the U.S. industry with material injury. In 2014, [ \textsuperscript{107} Indeed, [ \textsuperscript{108} But in 2015, Belarus [ 

\textsuperscript{100} \[ \textsuperscript{101} \] attached as Exhibit 2E of Nucor’s Post-Conference Brief.

\textsuperscript{102} See also id.

\textsuperscript{103} Prehearing Staff Report at [ ]

\textsuperscript{104} See id. at VII-5 (Table VII-1); \textsuperscript{105} attached as Exhibit 2E of Nucor’s Post-Conference Brief; Belarus: Economic Update, World Bank Group (May 15, 2017); see also Belarus President Sees 2 Percent GDP Decline in 2016, Radio Free Europe, (Nov. 17, 2016), attached as Exhibit 2C of Nucor’s Post-Conference Brief.

\textsuperscript{106} See [ ]

\textsuperscript{107} Prehearing Staff Report at VII-7 (Table VII-3); [ ], attached as Exhibit 2E of Nucor’s Post-Conference Brief.

\textsuperscript{108} [ ], attached as Exhibit 2E of Nucor’s Post-Conference Brief.
Belarussian exports of CASWR skyrocketed in 2015. Indeed, from 2014 to 2015, Belarussian CASWR exports jumped 2,215 percent to reach 200,181 short tons and the United States became its second largest export destination. In 2016, CASWR exports from Belarus continued to climb by another 55,415 short tons to reach their highest levels of the POI. Without relief, percent next year.

[ ] with large U.S. importers and distributors, which have allowed the Byelorussian respondent’s CASWR to quickly penetrate the U.S. market. Not only did [ ]—but the respondent has also [ ].

With antidumping duties looming, import data shows that [ ] brought in [ ] after the petitions were filed,

109 Because [ ], attached as Exhibit 2F of Nucor’s Post-Conference Brief.

110 See Prehearing Staff Report at VII-7 (Table VII-3); [ ], attached as Exhibit 2E of Nucor’s Post-Conference Brief.

111 See Prehearing Staff Report at VII-7 (Table VII-3); [ ], attached as Exhibit 2E of Nucor’s Post-Conference Brief.

112 See Prehearing Staff Report at VII-7 (Table VII-3); [ ], attached as Exhibit 2E of Nucor’s Post-Conference Brief.

113 See [ ]; Prehearing Staff Report at VII-5 (Table VII-1).

114 See [ ].

115 See [ ]; [ ], attached as Exhibit 5.
demonstrating that the [ ] is desperately trying to [ ] into the United States at any cost and will continue to do so until relief is granted.\footnote{See [ ], attached as \textbf{Exhibit 6}; U.S. Consumption of Wire Rod, attached as \textbf{Exhibit 7}.

At the same time, Belarussian producers are encountering mounting trade barriers in many of their new export markets, including [ ], [ ], China, [ ], Indonesia, [ ], Malaysia, [ ], Morocco, [ ], and [ ], which makes it more likely that [ ] at the United States.\footnote{See Prehearing Staff Report at Table VII-72 (VII-40).}

The European Commission also slapped definitive antidumping duties on [ ] in June 2017,\footnote{See Commission Implementing Regulation (EU) 2017/1019 (June 16, 2017) (imposing a definitive antidumping duty and collecting definitively the provisional duty imposed on imports of certain concrete reinforcement bars and rods originating in the Republic of Belarus), attached as \textbf{Exhibit 8}.} which will further encourage [ ] shift its production to wire rod and increase shipments to the United States.

Indeed, [ ]\footnote{See Prehearing Staff Report at VII-6.}

[ ] is also facing sluggish demand in its home market. Despite [ ] home market shipments have [ ] percent, from [ ] tons in 2014 to [ ] tons in 2016.\footnote{See id. at VII-5 (Table VII-1), see also [ ].

In Belarus, GDP declined 3.9 percent in 2015, fell another 2 percent in 2016,\footnote{See Belarus President Sees 2 Percent GDP Decline in 2016, Radio Free Europe, (Nov. 17, 2016), attached as Exhibit 2C of Nucor’s Post-Conference Brief.} and is expected to contract again in 2017 by 0.4 percent.\footnote{Belarus: \textit{Economic Update}, World Bank Group (May 15, 2017), attached as \textbf{Exhibit 4}.}

Indeed, “domestic demand will remain constrained as low investment will lead to low capacity utilization, low output and low income growth.”\footnote{Id.} Furthermore, the “construction \{industry\} is
still in a significant depression: it has fallen by 7.3% since the beginning of the year.” 124 As Belarus continues to [  

]. Thus, an increase in CASWR imports from Belarus would cause further material injury to the U.S. industry in the absence of trade relief.

2. Italy

Italy maintained a CASWR production capacity of [  

] short tons during the POI and had excess capacity of [  

] tons (i.e., nearly [  

] of Italian producers’ total capacity) in 2016.125 This is equivalent to [  

].126

Responding Italian producers expect to increase their production capacity of CASWR by at least [  

] this year despite weak demand and economic conditions in Italy’s home market.127 Indeed, ample evidence suggests that Italian CASWR producers are making investments to expand wire rod production capacity. Specifically, Italian producers have [  

].128 Most recently, [  

]

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125 [  

], attached as Exhibit I-14 of Petition, Volume I; Petition, Volume I at 34 (Table 3), (reporting data in million metric tons).

126 Prehearing Staff Report at C-3 (Table C-1), C-5 (Table C-2).

127 Id. at VII-11 (Table VII-5).

128 See Information on Foreign Subject Producers and CASWR Industries in the Subject Countries, attached as Exhibit I-15, Attachment 2 (Italy), to Petition, Volume I.
And despite [______________] claims that [______________], the company [______________].

Yet Italian producers are facing challenging demand conditions in their home market. Apparent consumption of CASWR in Italy decreased by [______________] in 2016, falling from [______________] short tons in 2015 to [______________] short tons in 2016, according to [______________]. In addition, Italy’s economy is at risk of a financial collapse, as the country currently faces a severe banking crisis. Further, Italy faces numerous third-country barriers on CASWR imports in multiple non-U.S. markets, including [______________], Chile, [______________], Indonesia, [______________], Malaysia, Mexico, [______________], and Vietnam. For instance, [______________] is an extremely important market for Italian wire rod producers but in [______________], the [______________] government began to impose import quotas on certain steel products, including CASWR. According to government sources,

129  [______________], attached as Exhibit 2A to Nucor’s Post-Conference Brief; [______________], attached as Exhibit 2B to Nucor’s Post-Conference Brief.
130  See [______________], attached as Exhibit 2B to Nucor’s Post-Conference Brief.
131  See [______________] as Exhibit 3.
132  [______________], attached as Exhibit 10 of Nucor’s Post-Conference Brief.
133  Id.
134  See, e.g., Rebecca Perring, Deutsche Bank: Italy is a crisis waiting to happen’ Germans send Rome shock threat, Express (Sept. 19, 2017), attached as Exhibit 10; John Mauldin, Italy’s Banking Crisis Is Nearly Upon Us, Forbes, Dec. 8, 2016, attached as Exhibit 2I to Nucor’s Post-Conference Brief; Satyajit Das, Why Italy’s economy is about to collapse, The Independent, Jun. 20, 2016, attached as Exhibit 2J to Nucor’s Post-Conference Brief.
135  Prehearing Staff Report at VII-72 (Table VII-40).
136  See, e.g., [______________], attached as Exhibit 11.
Export data show that the quota had a crippling effect of reducing Italian wire rod imports. Indeed, Italy import quotas have forced Italian producers to shift exports to alternative markets, including the United States, resulting in harm to U.S. CASWR producers.

As Italian CASWR producers increasingly ramp up production in the face of weak domestic market conditions, they will look to the United States as an attractive market for dumping their significant excess CASWR capacity. Such an increase in unfairly traded Italian wire rod imports would cause further material injury to the U.S. industry in the absence of trade relief.

3. Korea

Korean CASWR producers have maintained significant capacity of [ ] short tons per year during the POI, which is equal to almost [ ] of average total capacity reported in the foreign producers’ questionnaires and [ ] percent of apparent U.S. consumption in 2016. In addition, Korean producers reported having excess capacity between [ ] short

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137 Id.
139 Id.
140 [ ]; [ ] (reporting data in million metric tons) attached as Exhibit I-14 to Petition, Volume I; Petition at 34 (Table 3).
141 Compare [ ], [ ] (reporting data in million metric tons), attached as Exhibit I-14 to Petition, Petition at 34 (Table 3) with Prehearing Staff Report at VII-67 (Table VII-36) and C-5 (Table C-2).
tons, averaging approximately [ ] short tons from 2014 to 2016.\textsuperscript{142} Excess and divertible capacity in Korea is even more significant, and has remained relatively constant at high levels.\textsuperscript{143} During the POI, Korean CASWR producers reported maintaining an average of nearly [ ] short tons of excess and divertible CASWR,\textsuperscript{144} which is equal to almost [ ] percent of Korean producers’ total capacity of [ ] short tons in 2016.\textsuperscript{145} This amount of excess and divertible capacity would have also been enough to cover a significant [ ] percent of apparent U.S. consumption in 2016.\textsuperscript{146}

Despite recent weak demand in Korea’s home market,\textsuperscript{147} [ ] predicts that Korean producers will increase their CASWR production over the next five years, starting in 2018, at least [ ] percent each year.\textsuperscript{148} Korean producers’ questionnaires indicate that responding producers expect [ ].\textsuperscript{149} Other available sources indicate [ ].\textsuperscript{150} Over the POI, [ ]

\begin{itemize}
\item[142] See Prehearing Staff Report at VII-17 (Table VII-8).
\item[143] Petitioner defines excess and divertible capacity as the sum of exports to non-U.S. countries, unused capacity, and ending inventories. \textit{See id.}
\item[144] \textit{Id.}
\item[145] \textit{Id.}
\item[146] \textit{Id.} at C-5 (Table C-2).
\item[147] \textit{See [ ]} at 14, attached as \textbf{Exhibit 12}.
\item[148] \textit{[ ]} (reporting data in million metric tons), attached as Exhibit I-14 to Petition, Volume I; [ ] as Exhibit 10 of Nucor’s Post-Conference Brief.
\item[149] [ ].
\item[150] \textit{See Information on Foreign Subject Producers and CASWR Industries in the Subject Countries}, attached as Exhibit I-15, Attachment 3 (Korea), to Petition, Volume I.
\end{itemize}
Demand conditions for CASWR in Korea are weak. This year, Korean 

The Korean CASWR sector faces deteriorating domestic demand drivers, with significantly unfavorable trends in the construction and automotive sectors. The construction industry has been hit particularly hard this year as “local construction orders dropped 3.4 percent from a year earlier in August, following a 33.6 percent decrease in the previous month.” In fact, “[t]his downward trend is set to be precipitated by the government’s measures aimed at curbing rising house prices and a planned cut in public infrastructure spending.” The Korean government plans to curtail public infrastructure spending in 2018 by 20 percent from 2017 levels.

Similarly, the Korean automotive has fared no better. Indeed, the president of Kia Motors, Park Han-woo, recently “called the current situation faced by the auto industry ‘worse
than a crisis.”158 According to Kia’s President, “the situation seems to be more difficult than when {the Korean auto industry was} suffering from the Asian financial crisis.”159 The plummeting sales of major Korean auto manufacturers have taken a toll on their affiliates and other Korean steel producers.160 Because the automotive and construction sectors have long been dominant end use sectors for Korean CASWR,161 Korean producers will need to find another outlet for their large and increasing production volumes. In the absence of trade remedies on CASWR imports in the United States, producers will undoubtedly look to the U.S. market to increase their exports.

Importantly, Korean CASWR producers are encountering trade barriers in many of their export markets, including [ ], [ ], Chile, India, [ ], [ ], Malaysia, [ ], [ ], [ ], and Vietnam.162 These barriers significantly increase the chances that Korean producers will instead turn to the U.S. market as they continue to face weak domestic demand conditions. In the absence of trade relief, Korean producers will consequently flood the U.S. market with unfairly-priced Korean CASWR exports, causing further material injury and threat of material injury to the U.S. industry.

158 Cho Chung-un, Kim Bo-gyung, Shim Woo-hyun, What’s causing the decline of Korea’s auto industry, Korea Herald (Sept. 3, 2017), attached as Exhibit 14.

159 Id.

160 See id. (“The plummeting sales of Hyundai Motor and Kia Motors, which recorded a decline for four quarters in a row, have taken a toll on their affiliates such as auto parts supplier Hyundai Mobis, steelmaker Hyundai Steel, logistics company Hyundai Glovis and auto parts maker Hyundai Wia.”).

161 See Petition, Volume I at 7-8; USITC Pub. 4509 at 12 (“Wire rod is a hot-rolled intermediate steel product that is used in a variety of downstream products used in the construction, automotive, energy, and agriculture industries”).

162 See Prehearing Staff Report at VII-72 (Table V-40).
4. Russia

During the POI, the Russian economy experienced “a full-blown recession.” \(^{163}\) From 2014 to 2015, Russian GDP shrank by 2.8 percent, and contracted another 0.2 percent in 2016. \(^{164}\) In particular, industrial production declined by over [ ] percent in 2015, [ ] in 2016. \(^{165}\) Russian construction output declined in each year of the POI, with further declines projected for 2017. \(^{166}\)

The Russian market for CASWR is particularly frail. \(^{167}\) [ ] reports that “[ ].” \(^{168}\)

Indeed, “[ ].” \(^{169}\)

Despite catastrophic declines in the Russian economy as well as demand drivers for CASWR, Russian producers continued to add CASWR capacity during the POI. In 2014, [ ] \(^{170}\) Russian CASWR producer, [ ] \(^{171}\) In approximately one year, [ ]

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\(^{163}\) See Rob Garver, Putin’s Economy May Be in Even Worse Shape Than It Looks, The Fiscal Times, Aug. 18, 2015, attached as Exhibit 2N to Nucor’s Post-Conference Brief.

\(^{164}\) Russia Economic Outlook, Focus Economics, Apr. 4, 2017, attached as Exhibit 2O to Nucor’s Post-Conference Brief.

\(^{165}\) Id. at A-16.

\(^{166}\) See id.

\(^{167}\) See, e.g., [ ], attached as Exhibit 12.

\(^{168}\) See id.

\(^{169}\) See id.

\(^{170}\) See [ ], attached as Exhibit 2Q to Nucor’s Post-Conference Brief.

\(^{171}\) [ ], attached as Exhibit 2R to Nucor’s Post-Conference Brief.
“from the billets produced in its electric arc furnace.”

Although [ ] has not accounted for these capacity expansions, it reports that Russian CASWR producers have over [ ] short tons in capacity and [ ] of it is unused. Indeed, Russian producers maintain [ ] short tons of unused capacity, which is [ ] all U.S. open market shipments during the POI.

Given its weak home market, Russian CASWR producers have turned to export markets to unload its massive capacity. From 2014 to 2016, Russian CASWR exports increased 74 percent, from 599,486 short tons to 1.04 million short tons. Exports to the United States grew 738 percent, leaping from 12,329 short tons to 103,322 short tons during that same period. As such, the United States has become a top five export market for Russian CASWR. Thus far this year, Russian producers have exported 65,130 short tons of CASWR to the United States, and is the third largest import source, only behind Turkey and Ukraine.

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172 [ ], attached as Exhibit 2S to Nucor’s Post-Conference Brief.
173 See [ ], attached as Exhibit 2T to Nucor’s Post-Conference Brief.
174 Compare [ ], attached as Exhibit 11 to Nucor’s Post-Conference Brief, with Prehearing Staff Report at C-5 (Table C-2).
175 See Prehearing Staff Report at VII-25 (Table VII-3).
176 See id. at C-3 (Table C-1).
177 Id.
Looking forward, projections for Russian demand remain poor. [ ] expects “[ ].”\textsuperscript{178} A recent steel analyst’s report stated: “Demand for steel will remain weak in Russia into 2017” and “the outlook for Russia’s steel industry for 2017 is negative” with “fragile, volatile domestic steel demand and weak end user sentiment.”\textsuperscript{179} Furthermore, while production of CASWR and other long products will “[ ].”\textsuperscript{180}

Finally, the existing trade barriers against Russian wire rod imports in countries other than the United States strongly indicate that Russian producers will significantly increase exports to the U.S. market absent the imposition of an order. Specifically, Russian producers are facing increasing trade barriers in many of its other export markets, including [ ], Chile, [ ], Malaysia, Morocco, [ ], and Vietnam.\textsuperscript{181} In fact, in [ ], the [ ] government recently imposed [ ].\textsuperscript{182} Thus, Russia will target its massive unused and increasing CASWR capacity at the attractive U.S. market and threaten the U.S. industry with additional injury.

5. South Africa

Despite having relatively small domestic consumption of just [ ] tons in 2016,\textsuperscript{183} South African CASWR producers maintained a disproportionately large capacity of [ ]

\textsuperscript{178} [ ] at 20, attached as Exhibit 10 to Nucor’s Post-Conference Brief.

\textsuperscript{179} Artem Frolov, Moody’s: Outlook on Russia’s steel industry for 2017 is negative as demand smoulders, Moody’s Investors Services, Oct. 26, 2016, attached as Exhibit 2U to Nucor’s Post-Conference Brief.

\textsuperscript{180} See [ ] at 20, attached as Exhibit 10 to Nucor’s Post-Conference Brief.

\textsuperscript{181} See Prehearing Staff Report at VII-72 (Table VII-40).

\textsuperscript{182} See id. (Table VII-40).

\textsuperscript{183} [ ], attached as Exhibit 15.
tons during the POI and had excess capacity of [ ] tons in 2016.184 In fact, South African producers have operated at extremely low levels of capacity utilization. During the POI, ArcelorMittal has operated at utilization rates [ ] where it produces high-carbon wire rod.185 South Africa’s excess capacity is significant, and in 2016, it was [ ] that entered the United States.186

Demand for CASWR in South Africa has been poor,187 with apparent consumption decreasing by [ ] from 2014 to 2016.188 And [ ] estimates that demand for CASWR will decline another [ ] by the end of 2017.189 In fact, earlier this year, South Africa’s economy slipped into a recession190 and Standard and Poor’s (S&P) downgraded the country’s credit rating to “junk status.”191 Similarly, the IMF recently cut the country’s growth forecast amidst political uncertainty due to corruption scandals.192 The South African construction industry has contracted throughout 2017, putting additional pressure on South African producers to export their CASWR.193

184 [ ], attached as Exhibit 15; Petition, Volume I at 34.
186 Compare Prehearing Staff Report at C-3 – C-4 (Table C-1) with [ ], attached as Exhibit 11 to Nucor’s Post-Conference Brief.
187 [ ], attached as Exhibit 11 to Nucor’s Post-Conference Brief.
188 [ ], attached as Exhibit 15.
189 Id.
190 See Arabile Gumede, Amogelang Mbatha, and Aarti Bhana, South Africa Has Second Recession in Eight Years, Bloomberg.com (June 6, 2017), attached as Exhibit 16.
191 See South Africa’s credit rating has been cut to junk status, BBC.com (Apr. 3, 2017), attached as Exhibit 17.
192 See IMF cuts South Africa growth forecasts as politics takes its toll, AF.Reuters.com (Oct. 10, 2017), attached as Exhibit 18.
South African producers have also recently confirmed the dismal state of the country’s economy and declining home market demand for South African CASWR.\textsuperscript{194} In its latest consolidated financial statements, ArcelorMittal South Africa confirms that “domestic steel demand \{is\} at a seven-year low.”\textsuperscript{195} The company goes on to state that “domestically the economy continues to struggle due to a lack of investments, particularly in the construction and manufacturing sectors, and as cheap imports of primary and finished products continue to flood the local steel market.”\textsuperscript{196} Specifically, South African producers are also being increasingly displaced in their home market as “the local steel industry continue to be threatened by imports entering the market, primarily from China.”\textsuperscript{197}

Despite this weak demand in their small home market, South African producers are expected to increase their CASWR production by \[ \] in 2017.\textsuperscript{198} \[ \] predicts that South African CASWR production will increase an additional \[ \] in 2018 and will continue to increase in the coming years.\textsuperscript{199} At the same time, South Africa is also encountering trade barriers in export markets such as \[ \], Chile, \[ \], Indonesia, \[ \], Malaysia, Mexico, \[ \], and \[ \].\textsuperscript{200} As a result, any capacity expansions in South Africa will not be used to satisfy home market demand but will likely be directed to attractive exports markets. It is therefore not surprising that the United States was the top export destination

\textsuperscript{195} Id.
\textsuperscript{196} Id.
\textsuperscript{197} Id.
\textsuperscript{198} \[ \], attached as Exhibit 15.
\textsuperscript{199} Id.
\textsuperscript{200} See Prehearing Staff Report at VII-72 (Table VII-40); Summary of Third Country Barriers on Carbon and Alloy Steel Wire Rod From Subject Countries, attached as Exhibit 9 to Nucor’s Post-Conference Brief.
for South African CASWR in 2016. Nor is it surprising that in the first three quarters of 2017, South African imports have increased by 59 percent over the same period in 2016.

As South African CASWR producers continue to increase production while struggling with weak domestic demand conditions and greater competition from low-priced foreign product, they will progressively look to the United States as an outlet for dumping their low-priced CASWR and cause further material injury to the U.S. industry in the absence of trade relief.

6. Spain

Spain maintained substantial CASWR production capacity of [ ] short tons during the POI and had an excess capacity of [ ] short tons (i.e., almost [ ] of Spanish producers’ total capacity) in 2016. That Spanish producers had [ ] short tons of excess capacity in 2016 also meant that they had enough CASWR available to satisfy a significant [ ] percent of apparent U.S. consumption reported for 2016. Significantly, Spanish CASWR excess capacity increased each year of the POI, rising slightly from [ ] short tons in 2014 to [ ] short tons in 2015, and then rising sharply to [ ] short tons in 2016. Excess capacity in Spain is expected to remain at around [ ] short tons in 2017.
Questionnaires received by the Commission to date indicate that Spanish producers expect to further increase production into 2017 and 2018 to [ ] short tons, from an average of [ ] short tons produced over the POI.\textsuperscript{207} According to recent reports, CASWR producers have invested significantly in restarting and increasing wire rod operations in Spain.\textsuperscript{208} However, Spanish domestic demand is weak.\textsuperscript{209} According to [ ] data, Spanish consumption of wire rod has decreased over the POI from approximately [ ] short tons to [ ] short tons.\textsuperscript{210}

Spanish CASWR producers are facing [ ] domestic competition in Algeria, which is a traditionally significant export market for Spain.\textsuperscript{211} In January 2016, the Algerian government began to impose import quotas on certain steel products, including CASWR.\textsuperscript{212} According to government sources, [ ] Export data show that the quota had a significant effect of reducing Spanish wire rod imports, as Spanish exports to Algeria plunged 85 percent, from 83,478 short tons in 2014 to 12,576 short tons in 2016.\textsuperscript{214} Algeria is an important market for European steel long products producers, especially Spanish and Italian producers. The import quotas force these producers to shift exports to alternative products (\textit{i.e.}, to wire rod), and to

\begin{footnotesize}
\begin{enumerate}
\item[207] Prehearing Staff Report at VII-36 (Table VII-18).
\item[208] \textit{See}, e.g., [ ], attached as Exhibit 2W to Nucor’s Post-Conference Brief; [ ], attached as Exhibit 2X to Nucor’s Post-Conference Brief; [ ], attached as Exhibit I-15 (Attachment 6) to Petition, Volume I.
\item[209] [ ], attached as Exhibit 10 to Nucor’s Post-Conference Brief.
\item[210] \textit{Id.}
\item[211] [ ], attached as Exhibit I-15 (Attachment 6) to Petition, Volume I.
\item[212] \textit{See}, e.g., [ ], attached as \textbf{Exhibit 11}.
\item[213] \textit{Id.}
\item[214] \textit{See} Prehearing Staff Report at VII-38 (Table VII-20).
\end{enumerate}
\end{footnotesize}
alternative markets, including the United States, resulting in harm to U.S CASWR producers. Similarly, Spanish producers face a number of adverse trade barriers in third-country markets, including [ ]\textsuperscript{215}

With plans to increase wire rod production despite insufficient domestic demand conditions and negative trade barriers in numerous non-U.S. markets, Spanish CASWR producers are likely to direct their increasing volumes of unfairly priced product into the United States. Recent Spanish import data support this. From 2014 to 2016, Spanish imports to the United States increased by 129 percent, rising from 35,357 short tons in 2014, to 79,999 short tons in 2015, and 78,711 short tons in 2016\textsuperscript{216}. Spanish imports sprang up another 12.7 percent from January 2017 to September 2017 as compared to the same period last year\textsuperscript{217}. Spanish producers are reliant on exports and have reported that they will export more than [ ] short tons of CASWR or essentially [ ] production in 2017 and 2018\textsuperscript{218}.

During the preliminary phase of this investigation, Spanish CASWR producers argued that they focus on two products – suspension spring wire rod and tire cord/tire bead wire rod\textsuperscript{219}. Yet there is nothing unique about any of these products, as they could all potentially be made using the same equipment in the United States. Indeed, [ ] in the

\textsuperscript{215} See id. at VII-72 (Table VII-40).
\textsuperscript{216} CASWR Import Volume and Value, attached as Exhibit I-8 to Petition, Volume I.
\textsuperscript{217} See Prehearing Staff Report at C-3.
\textsuperscript{218} See id. at VII-36 (VII-18).
\textsuperscript{219} See Conf. Tr. at 48 (Mr. Bond).
United States.\textsuperscript{220} For instance, [ ] produces 9254 suspension spring wire and competes head to head with subject imports on a daily basis.\textsuperscript{221}

As Spanish CASWR producers increasingly ramp up production in the face of weak domestic market conditions, they will look to the United States as an attractive market for dumping their significant excess CASWR capacity. Such an increase in unfairly traded Spanish wire rod imports would cause further material injury to the U.S. industry in the absence of trade relief.

7. Turkey

Turkish exporters have demonstrated a “hit-and-run” pattern of targeting the United States. This may be due in part to the fact that Turkish CASWR producers are increasingly being pushed out of their home market by Chinese imports. [ ]\textsuperscript{222}

Indeed, Turkish CASWR producer, [ ]\textsuperscript{223}

As a result, [ ] such as CASWR.\textsuperscript{224}

\begin{itemize}
\item \textsuperscript{220} See [ ]\textsuperscript{220};
\item \textsuperscript{221} See Conf. Tr. at 93-94 (Mr. Bond).
\item \textsuperscript{222} See [ ], attached as Exhibit I-15, Attachment 7 to Petition, Volume I.
\item \textsuperscript{223} See [ ], attached as Exhibit I-15, Attachment 7 to Petition, Volume I.
\item \textsuperscript{224} See id.
\end{itemize}
CASWR producers in Turkey have continued to expand their capacity during the POI, despite dwindling demand. Turkey’s [225]...

[226] With [...

]. The [ ] reports that [ ].

According to [227], Turkish CASWR producers had excess capacity of [ ] short tons in 2016, which is equal to [ ] of their total capacity. This was also enough to cover [ ] percent of apparent U.S. consumption in 2016 as reported in U.S. producers’ questionnaires.229 As Turkey’s domestic market weakens, these conditions are expected to push Turkish CASWR producers to export markets. Specifically, [ ] predicts [230].

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225 See [
attached as Exhibit I-15, Attachment 7 to Petition, Volume I.
226 See [
attached as Exhibit 2Y to Nucor’s Post-Conference Brief.
227 See [ attached as Exhibit 10 to Nucor’s Post-Conference Brief.
228 Summary of Prior Proceedings Concerning CASWR, attached as Exhibit I-14 to Petition, Volume I; id. at 34.
229 Prehearing Staff Report at C-5 (Table C-2).
230 See [ attached as Exhibit 10 to Nucor’s Post-Conference Brief.
Turkish CASWR producers continue to target the United States with their exports. Indeed, imports from Turkey in the first nine months of the year have already surpassed the country’s 2016 import volume.\textsuperscript{231} From January-September 2016 to the same period in 2017, Turkish imports increased 82 percent, rising from 69,753 short tons to 127,088 short tons.\textsuperscript{232} Imports from Turkey are currently the largest source of subject CASWR into the United States.\textsuperscript{233}

In addition, Turkish exports to world markets continue to soar in 2017.\textsuperscript{234} In fact, in the first three quarters of 2017, Turkish producers exported over 1 million short tons of CASWR – a 45 percent increase over its 2016 volume.\textsuperscript{235} Without trade relief, opportunistic Turkish producers will continue to ship massive quantities of wire rod to the United States.

Finally, existing trade barriers against Turkey wire rod imports in countries other than the United States strongly indicate that Turkish imports will significantly increase exports to the U.S. market absent the imposition of an order. Specifically, Turkish producers are facing increasing trade barriers in many of its other export markets, including \[ \] , Chile, \[ \] , \[ \] , Malaysia, \[ \] , Morocco, \[ \] , and \[ \] .\textsuperscript{236} In the absence of trade relief, the U.S. market will certainly witness imports of Turkish wire rod surge into the United States, and cause further material injury and threat of injury to the U.S. industry.

\textsuperscript{231} Prehearing Staff Report at C-3.
\textsuperscript{232} Id.
\textsuperscript{233} Id.
\textsuperscript{234} \textit{Steel exports up by 7pct in Jan-Sept 2017 YOY} – CIB, MEsteel (Oct. 8, 2017), attached as Exhibit 21.
\textsuperscript{235} Compare id. with Prehearing Staff Report at VII-44 (Table VII-24).
\textsuperscript{236} See Prehearing Staff Report at VII-72 (Table VII-40).
8. Ukraine

Ukrainian producers are extremely interested in dumping their excess capacity to the United States and will stop at nothing to ensure their unfettered access to the U.S. market. Three years ago at the Commission’s 2014 sunset hearing, Ukrainian respondents testified that:

Obviously prices can change over time. However, at least over the last two years, and continuing to today, prices in the U.S. market are not sufficiently attractive to our company to cause us to disrupt the relationships we have built with our long-term customers in Ukraine and other close regional markets and to send our wire rod halfway around the world. There is no economic incentive to do so and we do not have free capacities in any way.\(^\text{237}\)

This was false testimony. Contrary to their arguments, Ukrainian CASWR prices are amongst the lowest in the world\(^\text{238}\) and certainly much lower than U.S. prices.\(^\text{239}\) In 2016, the AUVs for Ukrainian wire rod were $322 per short ton – nearly 40 percent below the AUVs of U.S. commercial shipments during the same year.\(^\text{240}\) Even as U.S. prices declined by more than 26 percent from 2014 to 2016, Ukrainian imports rose 1004 percent.\(^\text{241}\) At the same time, Ukrainian producers reported declining sales to both its home market and all other markets, which demonstrates that Ukrainian producers disrupted existing relationships to increase CASWR shipments “halfway around the world.”\(^\text{242}\)

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\(^{237}\) Hearing Transcript, Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Investigation Nos. 701-TA-417 and 731-TA-953, 957-959, 961 and 962 (Sunset Review) (Apr. 22, 2014) (“Sunset Tr.”) at 165 (Ms. Dimitrova), attached as Exhibit 14 to Nucor’s Post-Conference Brief.

\(^{238}\) See Prehearing Staff Report at VII-75 (Table VII-41).

\(^{239}\) Compare id. at VII-52 with id. at C-5 (Table C-2).

\(^{240}\) Compare id. at VII-52 with id. at C-5 (Table C-2).

\(^{241}\) See id. at C-3 (Table C-1), C-5 (Table C-2).

\(^{242}\) See id. at VII-75 (Table VII-41); Sunset Tr. at 165 (Mr. Baranetskyi), attached as Exhibit 14 to Nucor’s Post-Conference Brief.
While the Ukrainian respondents argued at the Staff Conference that political turmoil has caused Yenakiieve to cease operations at the mill, other Ukrainian producers are capable of producing and shipping large quantities of wire rod to the United States. Indeed, [ ] alone has over [ ] short tons of unused capacity that it has targeted at the United States during the POI. Imports from [ ] increased by a staggering [ ] percent doing the POI in spite of the political turmoil in Ukraine. Further, in direct conflict with Ukrainian respondent’s 2014 testimony that “it is highly unlikely that {increased} imports would come from ArcelorMittal Kriviyi Rih {since} ArcelorMittal established marketing policies would not allow it to compete with ArcelorMittal sizeable investments in the U.S.” As the Commission lifted the order on Ukrainian wire rod in the 2014 sunset review, the exact opposite occurred. [ ] immediately shipped [ ] short tons of CASWR to the United States. When ArcelorMittal shuttered its Georgetown mill due to a continuance of surging CASWR imports, [ ]’s imports accelerated (along with those of other [ ]) to [ ] short tons in 2015. The mill’s imports accounted for [ ] percent of the imports from Ukraine that year. Although U.S. demand remained flat, [ ] and other Ukrainian imports continued to surge into the United States and account for the largest subject import source in 2016.

243 Sunset Tr. at 28 (Mr. Baranetskyy).
244 See [ ].
245 See id.
246 See id.
247 See Sunset Tr. at 160-161 (Ms. Dimitrova), attached as Exhibit 14 to Nucor’s Post-Conference Brief.
248 See [ ].
249 See CASWR Import Volume and Market Share, attached as Exhibit I-10 to Petition, Volume I.
During the interim period, Ukrainian imports have continued to pour into the U.S. market.\footnote{See Prehearing Staff Report at C-3 (Table C-1).} While [\footnote{See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}], in the first nine months of the year, 116,417 short tons of Ukrainian wire rod was imported into the United States.\footnote{See Prehearing Staff Report at C-3 (Table C-1).} [\footnote{See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}] import data shows that [\footnote{See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}], and [\footnote{See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}], accounted for [\footnote{See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}]; [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}] percent of Ukraine’s 2017 import volume or [\footnote{See Exhibit 6; See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}] short tons. Importer questionnaires also confirm that these [\footnote{See Exhibit 6; See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}] of Ukrainian imports into the United States from January 2017 to September 2017.\footnote{See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].} The import volume from [\footnote{See Ukraine: Metinvest reselling DMK products to clear debts, The Ukrainian (Oct. 31, 2017), attached as Exhibit 22.}] and [\footnote{See Ukraine: Metinvest reselling DMK products to clear debts, The Ukrainian (Oct. 31, 2017), attached as Exhibit 22.}] through the third quarter of 2017 is more than [\footnote{See Exhibit 6; See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].}] percent of the 2017 import volume each subject country with the exception of Turkey.\footnote{See Exhibit 6; See [\footnote{Prehearing Staff Report at C-3 (Table C-1).}].} Even without the import volume from [\footnote{See Ukraine: Metinvest reselling DMK products to clear debts, The Ukrainian (Oct. 31, 2017), attached as Exhibit 22.}], the import volume from Ukrainian producers is a real and imminent threat to the domestic industry.

While the political turmoil in Ukraine has tempered Yenakiieve’s wire rod exports, Metinvest B.V., Yenakiieve’s parent company, still supplies raw materials to Ukrainian CASWR producers, such as Dneprovsky Iron and Steel Works.\footnote{See Ukraine: Metinvest reselling DMK products to clear debts, The Ukrainian (Oct. 31, 2017), attached as Exhibit 22.} Further, former managers of Yenakiieve
were appointed to run Dneprovsky Iron and Steel Works,\textsuperscript{257} and have likely used their expertise and connections to distributors to push Ukrainian rod into the United States.\textsuperscript{258} Additionally, Metinvest has arranged a complex scheme to resell Dneprovsky Iron and Steel Works’ long products to “clear debts.”\textsuperscript{259} Indeed, in August 2017, Metinvest resold 15,432 short tons of Dneprovsky Iron and Steel Works’ long products, which was worth over $8 million.\textsuperscript{260} Although the Yenakiieve plant is now located in the temporary non-controlled area\textsuperscript{261}, its parent company, Metinvest, is still very active in supporting the production and exportation of Ukrainian CASWR.

Thus, Ukrainian producers are in dire need of a large export market to offload huge volumes of CASWR. Declining demand in Ukraine’s home market, makes it more likely that those volumes are sent to the United States.

9. United Arab Emirates

CASWR producers from the UAE are operating at substantially low capacity utilization and can target their unused capacity at the United States. According to \[ \text{[ ]} \] Emirati producers are operating at \[ \text{[ ]} \] percent capacity utilization.\textsuperscript{262} Despite the data provided to the Commission, Emirates Steel publicly stated that in 2016 that \[ \text{“[ ]”}\textsuperscript{263} \] Moreover, industry publications

\textsuperscript{257} See Press Release, Metinvest, Expropriation of the Entities in Donbass: Entire Ukraine Will Feel the Loss of These Enterprises by the End of Summer, Says Metinvest CEO (Apr. 12, 2017), attached as Exhibit 23.

\textsuperscript{258} See \[ \text{[ ]} \], attached as Exhibit 6; \[ \text{[ ]} \].

\textsuperscript{259} See Ukraine: Metinvest reselling DMK products to clear debts, The Ukrainian (Oct. 31, 2017), attached as Exhibit 22.

\textsuperscript{260} See id.

\textsuperscript{261} See Press Release, Metinvest, Expropriation of the Entities in Donbass: Entire Ukraine Will Feel the Loss of These Enterprises by the End of Summer, Says Metinvest CEO (Apr. 12, 2017), attached as Exhibit 23.

\textsuperscript{262} See Petition, Volume I at 34.

\textsuperscript{263} \[ \text{[ ]} \], attached as Exhibit 2Z to Nucor’s Post-Conference Brief.
report that Emirates Steel has the capacity to produce [ ] short tons of wire rods per annum, yet the respondent reported that its capacity is [ ] percent [ ] than this figure.264

Emirati CASWR producers are export oriented. In fact, only “[ ]” Emirates Steel’s reported exports increased by [ ] percent during the POI.265 Given that imports from the UAE increased by an astronomical [ ] percent from 2014 to 2016,266 the Commission should find that CASWR from the UAE will increase rapidly absent trade orders.

10. United Kingdom

[ ] capacity of CASWR among British producers has been large and relatively steady, with an increase in 2016 as compared to 2014.267 According to responses submitted by CASWR producers in the United Kingdom, [ ] capacity increased from 2014 to 2016, rising from [ ] short tons in 2014 to [ ] short tons in 2016.268 These volumes were equal to over [ ] percent of UK producers’ CASWR production capacity each year.269 British producers’ plans to increase wire rod production, a weak domestic market, and the existence of export barriers in third-country markets, indicate that CASWR imports from the UK are poised to surge into the U.S. market. Available evidence indicates that

264 See Prehearing Staff Report at VII-55.
265 [ ], attached as Exhibit I-15 to Petition, Volume I.
266 [ ], attached as Exhibit 2Z to Nucor’s Post-Conference Brief.
267 CASWR Import Volume and Value, attached as Exhibit I-8 to Petition, Volume I.
268 Prehearing Staff Report at VII-63 (Table VII-33).
269 Id.
270 Id.
Despite plans to increase CASWR production, UK producers are facing declines in domestic demand. In fact, British CASWR producers [271] Overall demand in the UK has slowed this year and the IMF recently slashed the country’s economic growth outlook.272 Demand from the automotive industry has declined as “confidence was hit by Brexit uncertainty” and “uncertainty regarding the national air quality plans.”273 Indeed, investment in the British “car industry is on course to crash by half this year.”274 And economic uncertainty has also hit the British construction sector, with demand falling to the “lowest level since July 2016 when builders feared that the Brexit vote would trash their order books.”275 In fact, “Britain’s builders are facing a recession as commercial property demand slumps and few new infrastructure projects are commissioned.”276 This “clear downturn” in construction will likely continue into the foreseeable future.277

271 Nick Cole, Arc furnaces to brighten up British Steel? Scunthorpe Telegraph (June 1, 2017), attached as Exhibit 24.
272 [ ], attached as Exhibit I-15, Attachment 10 to Petition, Volume I.
275 William Turvill, The real Brexit car crash: Jobs fears as investment in the UK motor industry will dive by half from last year's £1.66billion, This is Money (Oct. 21, 2017), attached as Exhibit 27.
277 See id.
278 See id.; Tommy Stubbington, Brexit puts construction on course for recession, The Times (Oct. 8, 2017), attached as Exhibit 29.
Moreover, CASWR producers in the UK face numerous trade barriers on their exports to countries other than the United States. These third-country markets include Chile, Indonesia, Malaysia, Morocco, and Vietnam. Notably, British CASWR exports are subject to import duties of percent in , percent in , percent in , and 13.9 percent in Malaysia, and . In light of declining domestic demand and multiple trade barriers in other export markets, British producers’ plans to expand CASWR production strongly indicates that unfairly priced CASWR from the UK will imminently surge into the United States at the direct expense of domestic CASWR producers.

D. Subject Producers are Export-Oriented

subject producers rely heavily on exports. From 2014 to 2016, CASWR producers in , Italy, Korea, Russia, Turkey, and the UAE reported that they increased exports. Further, exports from , Italy, Russia, South Africa, Spain, and Turkey increased during the interim period. Similarly, Spanish and Ukrainian CASWR producers reported that exports account for a significant share of their production and that they expanded exports to the United States during the POI. Finally, British CASWR producers “[ ]” With their ability

279 See Prehearing Staff Report at VII-72 (Table VII-40).
280 See id.
281 See id.; Summary of Third Country Barriers on Carbon and Alloy Steel Wire Rod From Subject Countries, attached as Exhibit 9 to Nucor’s Post-Conference Brief.
282 See Prehearing Staff Report at VII-11, VII-17, VII-23, VII-55.
283 See id. at VII-11, VII-23, VII-29, VII-36, VII-42.
284 See id. at VII-36, VII-49.
285 [ ], attached Exhibit I-15, Attachment 10 to Petition, Volume I.
to dump CASWR in other large markets impeded, reliance on exports to maintain production, and weak global demand, CASWR producers in the subject countries have every reason to continue to aggressively target U.S. sales. For all these reasons, the Commission should find that the domestic industry is vulnerable to material injury caused by the subject imports.

E. The U.S. Market is Attractive to Subject Producers

The U.S. market’s importance to subject producers is demonstrated by the growing volumes of subject imports over the POI. From 2014 to 2016, subject imports increased 56 percent to reach more than 700,000 short tons.\(^{286}\) Subject imports not only filled the void left by Chinese imports but surpassed China’s peak volume\(^{287}\) in both 2015 and 2016.

The U.S. market contains few barriers to trade and is attractively priced. Throughout the POI, prices in the United States were consistently greater than the prices subject producers could obtain in their home markets or in other non-subject markets.\(^{288}\) In fact, [ \(\ldots\) ] reports that U.S. prices for CASWR in November 2017 are \(\$[\ldots]\) higher than all other world markets.\(^{289}\) Given these facts, these export oriented producers will continue to flood the U.S. market absent relief.

Global overcapacity will also lead subject producers to further increase their exports to the United States. Indeed, the global CASWR industry continues to suffer from massive and chronic overcapacity. Production of CASWR in the subject countries has outpaced demand growth,
resulting in substantial excess capacity.\textsuperscript{290} As global demand for CASWR remains poor and shows no signs of any significant improvement, such excess capacity will likely persist for the foreseeable future.\textsuperscript{291}

Furthermore, subject producers continue to face growing import competition in their home markets from CASWR producers with excess capacity, forcing subject producers from their home and traditional export markets. As global overcapacity persists and subject producers experience weak demand conditions in other markets, the open, large, and attractive U.S. market will continue to be a primary target for subject producers’ excess capacity.

In addition, as discussed below, \[ \] subject countries all face import restrictions in major markets.\textsuperscript{292} Specifically, barriers to entry against subject imports of CASWR are currently in place in \[ \], Chile, Eurasian Economic Commission (\textit{i.e.}, Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan), India, Indonesia, Iran, Malaysia, Mexico, Morocco, Pakistan, \[ \], and Vietnam.

In sum, substantial global capacity, unfairly traded imports in the subject producer’s home markets, and third-country trade barriers demonstrate that subject producers will likely target their imports at the United States in the foreseeable future, absent trade relief.

\textsuperscript{290} See [ ], attached as Exhibit I-14 to Petition, Volume I; [ ], attached as Exhibit 10 to Nucor’s Post-Conference Brief.

\textsuperscript{291} [ ], attached as Exhibit I-14 to Petition, Volume; [ ], attached as Exhibit 10 to Nucor’s Post-Conference Brief.

\textsuperscript{292} See Prehearing Staff Report at VII-72 (Table VII-40); see also Summary of Third Country Barriers on Carbon and Alloy Steel Wire Rod from Subject Countries, attached as Exhibit 9 to Nucor’s Post-Conference Brief.
F. Third Country Barriers Encourage Subject Producers to Redirect Imports to the United States

[ ] countries at issue are subject to severe import restrictions in third-country markets, and new restrictions are likely.\textsuperscript{293} As indicated by the number and magnitude of trade barriers facing subject producers in countries other than the United States, producers from [ ] subject countries have significant incentives to redirect their unfairly traded CASWR into markets like the United States in the absence of an order. For example, subject imports from six of the ten subject countries – Italy, Korea, Russia, Spain, UAE, and UK – face safeguard duties in Vietnam of [ ] percent on wire rod imports.\textsuperscript{294} Ukrainian wire rod producers have been subject to antidumping duty and [ ] in Mexico [ ].\textsuperscript{295} And CASWR producers in all ten subject countries face [ ]\textsuperscript{296}

Moreover, new trade barriers to imports from the subject countries are fast approaching. All ten subject countries are expected to soon face duties on steel wire rod imported to [ ].\textsuperscript{297} In Vietnam, the government is taking affirmative steps to address the circumvention of existing safeguard

\textsuperscript{293} See Prehearing Staff Report at VII-72 (Table VII-40).
\textsuperscript{294} See id. at VII-72 (Table VII-40); Vietnam ([ ]), attached as Exhibit 9 to Nucor’s Post-Conference Brief.
\textsuperscript{295} See Prehearing Staff Report at VII-72 (Table VII-40); Mexico (WTO, Semi-Annual Report Under Article 16.4, G/ADP/N/286/MEX (Sept. 7, 2016), attached as Exhibit 9 to Nucor’s Post-Conference Brief.
\textsuperscript{296} See Prehearing Staff Report at VII-72 (Table VII-40); Nucor’s Post-Conference Brief at Exhibit 9.
\textsuperscript{297} See Prehearing Staff Report at VII-72 (Table VII-40); [ ], attached as Exhibit 9 to Nucor’s Post-Conference Brief.
measures affecting imports from countries including Italy, Korea, Russia, Spain, UAE, and the UK.\textsuperscript{298} And despite some opposition from [\textsuperscript{299}]

Because of significant existing trade barriers and the potential for new ones, it is likely that subject producers will divert shipments from third-country export markets to the United States. As such, in the absence of new antidumping and countervailing duty orders, foreign producers from [\textsuperscript{299}], Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, UAE, and the UK threaten the U.S. CASWR industry with imminent material injury.

G. **Significant Rates of Increase of the Volume and Market Penetration of Subject Imports Indicate a High Likelihood that Imports Will Increase Substantially**

The volume of CASWR from the subject countries increased at astonishing rates during the POI. As Chinese CASWR peaked in 2013 and showed no signs of slowing down in 2014, subject imports comprised only a small portion of the market.\textsuperscript{300} In the first five months of 2014, subject imports totaled approximately 88,000 short tons – a mere fraction of the devastating 363,409 short tons of Chinese imports that continued to wreak havoc on the U.S. industry in the first half of 2014.\textsuperscript{301} However, with substantial import duties looming, Chinese imports quickly

\textsuperscript{298} See Prehearing Staff Report at VII-72 (Table VII-40); Vietnam ([\textsuperscript{\textemdash}]), attached as Exhibit 9 to Nucor’s Post-Conference Brief.

\textsuperscript{299} See Prehearing Staff Report at VII-72 (Table VII-40); [\textsuperscript{\textemdash}]), attached as Exhibit 9 to Nucor’s Post-Conference Brief.

\textsuperscript{300} See Monthly Import Statistics, attached as Exhibit 15 to Nucor’s Post-Conference Brief; USITC Pub. 4509, at C-1.

\textsuperscript{301} See Monthly Import Statistics, attached as Exhibit 15 to Nucor’s Post-Conference Brief.
subsided and subject imports began to accelerate. From June to December 2014, subject import volume increased to 364,718 short tons or nearly tripling their import volume once Chinese imports retreated from the market. And those opposing relief essentially agreed that subject imports filled the void that was left by Chinese producers leaving the market. In fact, subject imports penetrated the U.S. market faster and to a greater extent than unfairly traded Chinese imports. By the end of 2015, subject imports exceeded the volume level of Chinese imports that the Commission found materially injured the domestic industry.

During the POI, subject imports increased 56 percent to 701,654 short tons in 2016. In doing so, subject imports captured percentage points of market share. Without trade relief, domestic CASWR producers will continue to lose even greater volumes to dumped and subsidized subject imports. This is evident by the short tons of wire rod that U.S. purchasers shifted from domestic product to subject imports, principally due to their lower prices.

H. **Subject Imports that are Entering the U.S. Market Will Continue to Suppress and Depress Prices**

During the POI, subject imports entered the U.S. at very low prices and will continue to do so in the imminent future. Subject imports undersold domestic CASWR in percent of the pricing comparisons by volume and at margins of up to percent during the POI. In 2016, the subject import AUVs were $425, well below the $529.00 AUV of domestic producers’

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302 See id.
303 See id.
304 Compare USITC Pub. 4509 at C-3 (Table C-1), with CASWR Import Volume and Value, attached as Exhibit 1-8 to Petition, Volume I.
305 See Prehearing Staff Report at C-4 (Table C-1).
306 See id. at C-5 (Table C-2).
307 See id. at V-37 (Table V-13).
308 Id. at V-30 (Table V-10a).
shipments during that same year. \(^{309}\) Domestic producers U.S. net sales AUVs decreased approximately 26 percent over the POI due to dumped and subsidized CASWR being imported at exceptionally low prices\(^{310}\) and will decline further if trade relief is not granted.

From 2014 to 2016, subject CASWR AUVs fell 31.7 percent to a mere $425 per short ton, and will likely continue to enter the United States at similarly low prices.\(^{311}\) In fact, despite preliminary duties being imposed, some U.S. importers still have significant orders of low-priced subject CASWR that are scheduled to be delivered in the fourth quarter.\(^{312}\) These subject imports will continue to depress and suppress U.S. prices in the imminent future. While the filing of the petitions has allowed U.S. prices to rise during the interim period, subject CASWR AUVs were still substantially below domestic prices (i.e., $116 per short ton).\(^{313}\) If relief is not granted, subject imports, which have largely retreated due to this case, will rush back into the market and prices will collapse again. Thus, the domestic CASWR industry is threatened with material injury because the low prices of subject CASWR will continue to depress and suppress U.S. prices.

I. **Inventories of the Subject Merchandise Threaten Further Material Injury**

In addition to subject producers’ substantial excess capacity, significant inventories of subject merchandise imminently threaten the domestic market. The Prehearing Staff Report confirms that both subject producers and importers maintain [ ]\(^{314}\) In September 2017, subject producers reported end-of-period inventories of [ ] tons, an

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\(^{309}\) Id. at III-9 (Table III-5); IV-5 (Table IV-2).

\(^{310}\) Id. at C-5 (Table C-2).

\(^{311}\) Id. at C-3, C-5.

\(^{312}\) See Prehearing Staff Report at VII-71 (Table VII-39) (showing at least [ ] short tons of CASWR that will be delivered between October and December of this year).

\(^{313}\) See id. at C-3, C-5.

\(^{314}\) See id. at VII-67 (Table VII-36); VII-70 (Table VII-38).
percent over end-of-period inventories in September 2016.\textsuperscript{315} Going forward, subject producers have projected that they will maintain significant inventories\textsuperscript{[ }, which can be used to target the U.S. market.\textsuperscript{316} Indeed, the massive inventories of low-priced subject merchandise held by subject producers and importers could immediately enter the United States and completely devastate the U.S. market in the absence of trade relief. Thus, the massive inventories of both subject producers and importers threaten the U.S. CASWR industry with further material injury.

\textbf{J. Subject CASWR Producers Are Capable of Shifting Their Product Mix to Produce Additional CASWR}

Subject producers in each subject country have the ability to shift production between subject merchandise and other products,\textsuperscript{317} and thus could substantially increase their CASWR exports to the United States if the order is not imposed. In this investigation, the majority of subject CASWR producers responded that they were capable of switching between subject and non-subject wire rod.\textsuperscript{318} The vast majority of subject CASWR producers reported that they could switch production to CASWR from other products or produced other products with the same equipment as CASWR, such as concrete reinforcing bar.\textsuperscript{319} Companies can and have increased CASWR production on equipment being used to produce other products, which is very likely to

\begin{itemize}
\item \textsuperscript{315}\textit{Id.} at VII-67 (Table VII-36).
\item \textsuperscript{316}\textit{Id.}
\item \textsuperscript{317}\textit{See id.} at II-7.
\item \textsuperscript{318}\textit{See e.g., [ ]; [ ]}; [ ]
\item \textsuperscript{319}\textit{See Prehearing Staff Report at VII-49.}
\end{itemize}
occur absent the imposition of orders. As a result, the Commission should conclude that subject producers’ ability to product shift further threatens the U.S. industry with material injury.

K. The Turkish and Italian Governments Encourage CASWR Exports Through Subsidies

Italian and Turkish CASWR are subsidized and subject imports will likely continue to increase in the imminent future as a result. In fact, the Department of Commerce (“Commerce”) preliminarily found that the Italian government subsidized its CASWR producers at rates between 1.70 percent and 44.18 percent. Likewise, Commerce determined that Turkish CASWR producers received subsidies up to 2.27 percent. These subsidies, which include inputs for less than adequate remuneration and energy subsidies, allow Italian and Turkish CASWR producers to increase production and export CASWR at extremely low prices. Indeed, during the interim period, the AUVs for Italian CASWR were priced $202 per short ton below the AUVs of U.S. produced wire rod. Similarly, Turkish imports were priced $137 per short ton below U.S. produced wire rod in that same period. Additionally, Turkish and Italian CASWR producers benefit from substantial export subsidies, such as export loans, credit, and insurance at preferential rates contingent on exporting and preferential income tax treatment or exemptions, contingent on

320 Carbon and Alloy Steel Wire Rod from Italy, 82 Fed. Reg. 41,931 (Dep’t Commerce Sept. 5, 2017) (prelim. affirm. countervailing duty deter.).


323 Prehearing Staff Report at C-3, C-5.
These government policies and massive subsidies increase the likelihood that subsidized Turkish and Italian CASWR imports will significantly increase in the imminent future.

L. Subject Imports are Hindering the Domestic Industry’s Development and Production Efforts

Dumped and subsidized imports from the subject countries will continue to negatively impact the domestic industry’s development and production efforts if orders are not imposed. U.S. producers were unable to earn adequate rates of return on investments, which threatens additional injury in the form of inhibiting future investments. Indeed, almost every U.S. producer reported declining returns on investments and canceling or delaying new investments because of the surge in subject imports. For example,

- [ ]

- [ ]

- [ ]

- [ ]

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325 [ ]
326 See [ ].
327 [ ].
328 See [ ].
Further, subject imports have hindered the domestic industry’s research and development ("R&D") efforts, particularly with respect to TB/TC products. Low subject import prices for TB/TC products have prevented certain U.S. producers from expanding their product range to include these products. Indeed, without being able to achieve sufficient returns, certain U.S. producers cannot justify the necessary testing, product trials, and other development activities that are required to commercially produce new products. As [332]

Similarly, [332]

Several parties opposing trade relief claim (inaccurately) that U.S. industry does not produce TB/TC products,334 but paradoxically, it is the [334]

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329 [ ].
330 See [ ].
331 [ ].
332 See [ ].
333 See [ ].
334 See Conf. Tr. at 15 (Mr. Nolan), 46 (Mr. Ryoo).
In short, subject imports have prevented the domestic industry from making the investments necessary to develop, maintain, and expand production and overall operations.

IV. THE COMMISSION SHOULD FIND THAT CRITICAL CIRCUMSTANCES EXIST

The record presents overwhelming evidence that critical circumstances exist. Commerce has issued affirmative preliminary critical circumstances determinations in its countervailing duty (“CVD”) against all Turkish CASWR, except imports from Habas and Icdas.\(^{336}\) In relation to the AD investigations, Commerce found that critical circumstances exist for all producers in Russia,\(^{337}\) South Africa,\(^{338}\) Spain,\(^{339}\) and the UK.\(^{340}\) As a result, the Commission must now determine whether critical circumstances exist.\(^{341}\)

Because Turkish, Russian, South African, Spanish, and British CASWR imported prior to the effective date of relief is likely to seriously undermine the remedial effect of a future order,\(^{342}\)

\(^{335}\) See [        ].

\(^{336}\) Turkey CVD Prelim. Memo at 5-6.


\(^{338}\) Preliminary Decision Memorandum accompanying Certain Carbon and Alloy Steel Wire Rod From the Republic of South Africa, 82 Fed. Reg. 50,383 (Dep’t Commerce Oct. 31, 2017) (prelim. affirm. deter. of sales at less than fair value, prelim. affirm. deter. of critical circumstances, and prelim. deter. of no shipments) at 11-16.


\(^{342}\) See 19 U.S.C. § 1673d(b)(4)(A)(i). The SAA indicates that the Commission’s critical circumstances determination is intended to determine “whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order.” SAA at 877, reprinted in 1994 U.S.C.C.A.N. 4040, 4204.
the Commission should make an affirmative finding of critical circumstances in this case. The
critical circumstances provision serves two important purposes. First, the legislative history states
that the critical circumstances provision was “designed to provide prompt relief to domestic
industries suffering from large volumes of, or a surge over a short period of, imports.”\(^{343}\) Second,
the critical circumstances provision serves to “deter exporters whose merchandise is subject to an
investigation from circumventing the intent of the law by increasing their exports to the United
States during the period between initiation of an investigation and a preliminary determination by
\{Commerce\}.\(^{344}\) Each of the three critical circumstances factors that Congress has directed the
Commission to consider are met in this case: the timing and volume of subject imports, coupled
with a rapid increase in inventories and other relevant circumstances, all indicate that the
effectiveness of any eventual trade relief will be undermined if critical circumstances are not
found.

As an initial matter, the Commission should, for purposes of this case, alter its current
critical circumstances analysis to better reflect Congressional intent. In particular, the Commission
should not duplicate Commerce’s analyses; nor should it discount or ignore its sister agency’s
findings. Commerce has already found that subject imports from these five countries increased
massively over a relatively short period of time comparing pre-petition and post-petition periods.
As a result, the Commission should accept Commerce’s findings for its timing and volume analysis
instead of conducting a repetitive analysis of the same imports. The Commission’s traditional
six-month comparison period rarely reflects commercial reality as U.S. importers start to place

\(^{343}\) See H.R. Rep. No. 96-317 (1979) at 63; See also ICC Industries, Inc. v. United States, 812 F.2d 694, 699-700 (Fed. Cir. 1987).

additional orders for subject imports on the day that they learn petitions are filed. But regardless of whether the Commission modifies its approach or uses its traditional analysis, the facts of this record support an affirmative finding that critical circumstances exist.

Second, while the Commission must consider whether there was a rapid increase in inventories, the statute clearly contemplates that the agency conduct a factor test. In prior cases, the Commission has placed significant emphasis on whether inventories rapidly increased, and declined to find critical circumstances on this basis alone. But rapidly increasing inventories are only one among a host of “circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.” And because the Commission’s inventory reporting is simply a snapshot of the last day of the comparison period, it may be less indicative of whether the remedial effects of the order have been undermined. As described below, the Commission should find that critical circumstances exist.

A. The Timing and Volume of Subject Imports Suggest that Critical Circumstances Exist

For its timing and volume analysis, the Commission should accept Commerce’s findings that there was a massive increase in subject imports over a relatively short period of time. The Commission essentially conducts the same analysis as Commerce by considering import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstance determination.345 In fact, if the Commission used the same comparison period as Commerce, it would reach the same conclusions as to the timing and volume of subject imports.

Accordingly, the Commission should accept Commerce’s findings instead of conducting a duplicative analysis of increasing post-petition imports.

To the extent the Commission relies on its traditional analysis, the circumstances of the wire rod investigation warrant departure from the six-month time frame normally considered in the Commission’s critical circumstances analysis for Russian imports.

1. Using a Four-Month Comparison Period, the Commission Should Find that the Timing and Volume of Subject Imports Indicates that Critical Circumstances Exist for Russian Imports

The Commission should use a four-month comparison period for its “timing and volume” analysis for Russian imports. A four-month period represents the most relevant period to analyze whether importers rushed subject merchandise into the United States to undermine significantly the remedial effects of the orders. First, because the lead times associated with imported subject merchandise, a four-month comparison period signifies the latest period where importers could purchase subject merchandise and minimize the risk that the shipment would arrive in the United States after Commerce issued its preliminary determination.346

Second, Russian CASWR producers refused to participate in the preliminary phase of the Commission’s and Commerce’s investigations.347 As such, by June 22, 2017, Commerce indicated that the behavior of Russian CASWR producers would not be tolerated and the agency “alerted the Office of Investigations that {Commerce} will be imminently issuing preliminary determinations for investigations on several countries.”348 As a result, the Commission issued draft questionnaires to interested parties (including the Russian government), and stated that “the

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346 See Preliminary AD Determination - Russia.
347 See Preliminary Determination; Preliminary AD Determination - Russia.
348 See E-mail from Michael G. Szustakowski to Interested Parties, re: USITC Draft Questionnaires – Wire Rod (June 22, 2017), attached as Exhibit 30.
Commission’s final phase investigation will start.” Given that the Commission’s final investigation was commenced at the end of June 2017 and that importers of Russian CASWR as well as Russian producers were on notice that Commerce could issue early preliminary determinations, a four-month period represents the most appropriate comparison period.

The Commission has used shorter comparison periods in past cases. For example, in Synthetic Indigo from China, one of the three past cases where the Commission found that critical circumstances existed, the Commission used a three-month comparison period. There the Commission selected a three month comparison period because “subject imports may have been suppressed because they would have been within 90 days of Commerce’s pending preliminary determination.” Based on the three-month comparison period, the Commission found that imports increased significantly. However, after the three month surge, import volumes fell significantly and thereafter remained well below previous levels.

Here, Russian CASWR imports reached period highs four months after the petition was filed (i.e. July 2017), then [ ]. The decrease in imports after July 2017 reflects that “subject imports may have been suppressed because they would have been within 90 days of Commerce’s pending preliminary determination.”

349 See id.
351 Id. at 15.
352 Id.
353 Id.
354 Prehearing Staff Report at IV-10 (Table IV-4).
355 See USITC Pub. 3310 at 15.
Using a four-month comparison period, the Commission should find that the timing and volume of subject imports support an affirmative critical circumstances determination. In particular, Russian imports increased [ ] percent, exploding from [ ] short tons in December 2016-March 2017 to [ ] short tons in April 2017-July 2017.\textsuperscript{356} The Commission has found that an increase subject imports over [ ] percent supports an affirmative finding that critical circumstances exist.

2. \textbf{Using the Traditional Six-Month Comparison Period, the Commission Should Find that the Timing and Volume of Subject Imports Indicates that Critical Circumstances Exist for Turkish, South African, Spanish, and British Imports}

In conducting its critical circumstances analysis, the Commission normally considers a six-month comparison period. The record shows a sudden and significant increase in subject imports subsequent to the filing of the petition. U.S. importers rushed to bring in imports from Turkey, South Africa, Spain, and the UK prior to the imposition of preliminary duties, undermining the intended trade relief for the U.S. industry.

As the Prehearing Staff Report confirms, imports from South Africa skyrocketed after the petition was filed from pre-petition levels. From October 2016 to March 2017, South African imports totaled only 4,930 short tons.\textsuperscript{357} After the petition was filed, South African imports increased by 432 percent to reach 26,226 tons.\textsuperscript{358} As South African imports quadrupled from pre-petition levels, the Commission should find that the timing and volume of these imports demonstrates that critical circumstances exist.

\textsuperscript{356} Prehearing Staff Report at IV-10 (Table IV-4).
\textsuperscript{357} See id. at IV-11 (Table IV-5).
\textsuperscript{358} See id.
Similarly, imports from the UK, Spain, and Turkey rapidly entered the United States to beat preliminary duties.\textsuperscript{359} British imports increased 194.1 percent from pre-petition levels. From October 2016 to March 2017, imports from the UK were only 5,112 short tons. However, from April 2017 to September 2017, imports climbed to 27,204 short tons. With respect to Spain, there were only \[\] short tons of imports from October 2016 to March 2017.\textsuperscript{360} But post-petition imports increased by \[\] percent as Spanish CASWR reached \[\] short tons from April 2017 to September 2017.\textsuperscript{361} Likewise, pre-petition Turkish imports increased by \[\] percent over the six-month period, leaping from \[\] short tons to a \[\] short tons.

Given these massive and sudden increases in subject CASWR imports, the Commission should find that the timing and volume of subject imports from South Africa, UK, Spain, and Turkey indicate that critical circumstances exist.

B. Inventory Levels Suggest that Critical Circumstances Exist

1. The Rapid Increase in Inventories of Subject Merchandise Demonstrates that Critical Circumstances Exist

The second statutory factor in the Commission’s critical circumstances analysis requires it to analyze whether there is a rapid increase in inventories of subject imports.\textsuperscript{362} Congress has stated that “imports that remain in inventories . . . represent an additional blow to an already-injured industry.”\textsuperscript{363} Because the presence of inventories of subject imports is particularly relevant to whether the effect of an order will be undermined, the Commission should ensure that it considers all evidence of rapidly increasing inventories.

\textsuperscript{359} See id. at IV-9, IV-12, IV-13.
\textsuperscript{360} See id. at IV-13 (Table IV-7); IV-12 (Table IV-6).
\textsuperscript{361} See id. at IV-12 (Table IV-6).
Here, inventories of Russian and British CASWR increased during POI. U.S. importers saw Russian inventories grow by [ ] percent, from [ ] short tons at the end of September 2016 to [ ] short tons in September 2017.\textsuperscript{364} Inventories of Russian CASWR in September 2017 [ ].\textsuperscript{365} Similarly, inventories of CASWR from the UK rose [ ] percent from [ ] short tons in September 2016 to [ ] short tons in September of the following year.\textsuperscript{366}

[ ] from during the interim period, [ ], [ ], actually [ ].\textsuperscript{367} [ ], thus, appear to be understated since [ ], yet [ ].\textsuperscript{368}

Although [ ] inventories declined at the end of September 2017, given the substantial volume of such imports, the CASWR inventory is likely being held by purchasers. For instance, [ ], [ ]\textsuperscript{369} Given that [ ] purchased large quantities of CASWR from [ ] during the interim period,\textsuperscript{370} the Commission should attribute these purchases to inventories of these subject countries. Thus, the

\textsuperscript{364} See Prehearing Staff Report at C-3 (Table C-1).
\textsuperscript{365} See id.
\textsuperscript{366} See id.
\textsuperscript{367} [ ].
\textsuperscript{368} Id.
\textsuperscript{369} [ ].
\textsuperscript{370} [ ].
Commission should find that the rapid increase in inventories of subject merchandise demonstrates that critical circumstances exist.

2. **Because Wire Rod is Produced to Order, the Commission Should Find that Importers’ Inventory Increases are “Rapid”**

   Virtually all wire rod is produced to order.\textsuperscript{371} U.S. producers reported that [ ] percent of their 2016 U.S. commercial shipments were produced to order.\textsuperscript{372} More importantly, importers reported that [ ] percent of their 2016 U.S. commercial shipments were produced to order.\textsuperscript{373} Nonetheless, the reported inventory data does not include the significant inventories held by U.S. purchasers. The continued build-up and presence of large inventories of dumped and subsidized Turkish, Russian, Spanish, South African, and British CASWR has continuing knock-on effects for U.S. producers. These include increasing domestic inventories as U.S. producers are increasingly unable to sell wire rod to consumers working off subject rod.\textsuperscript{374} The fact that there are increasing inventories of subject wire rod – a product that is primarily produced to order – is peculiar in itself, and suggests that subject inventories are being built up in order to decrease the effectiveness of trade relief. Thus, the Commission should find that importers’ inventory increases are rapid.

\textsuperscript{371} Prehearing Staff Report at II-12.
\textsuperscript{372} Id.
\textsuperscript{373} Id.
\textsuperscript{374} Id. at C-9 (Table C-1). U.S. producers’ inventories increased [ ] percent from September 2016 to September 2017. Given that the vast majority of wire rod is produced to order, see id. at II-12, this domestic inventory buildup is a palpable sign of distress and further demonstrates the material injury that has been caused – and which is continuing – by reason of subject imports.
3. Additional Circumstances Indicate that the Remedial Effect of the Antidumping and Countervailing Duty Orders Have Been Seriously Undermined

The third statutory factor in the Commission’s critical circumstances determination requires the agency to analyze whether any other circumstances indicate that the remedial effect of the antidumping order will be seriously undermined.\textsuperscript{375} In past cases, the Commission has considered whether adverse inferences should result in an affirmative critical circumstances determination.\textsuperscript{376} In addition, the SAA states that Commission may analyze any of the factors reviewed prior to the 1988 amendments to the critical circumstances provision.\textsuperscript{377} The most relevant such factors to this case are (1) whether foreign economic conditions led to the massive imports and (2) whether such foreign economic conditions are likely to persist.\textsuperscript{378} These additional circumstances indicate that the remedial effect of the orders will be undermined.

As discussed above, demand for CASWR in Turkey, Russia, Spain, South Africa and the UK is weak and will remain so for the foreseeable future. Moreover, global overcapacity and excess capacity within the subject countries will likely persist because they are fundamental characteristics of the current steel industry. [ ] subject countries are export platforms and exports comprise a significant portion of their production. Finally, U.S. prices are higher than those in each of these subject countries, which will incentivize subject producers to target the

\textsuperscript{376} Certain Crepe Paper Products From China, USITC Pub. 3749, Inv. No. 731-TA-1070A (Jan. 2005) (Final) at 16, n.117 (“USITC Pub. 3749”) (“We have denied Petitioners’ request that we draw adverse inferences against U.S. importers in considering available import and inventory data. The data collected by the Commission through its questionnaires generally covered all known major importers of crepe paper. . . (one major importer was unable to provide inventory data).”).
\textsuperscript{377} See SAA at 877, reprinted in 1994 U.S.C.C.A.N. 4040, 4204 (“The new factors track the language of the Agreement, and essentially are reformulations of many of the factors in the current statute. The new list is not exclusive. The factors provided in existing statute, even though not specifically mentioned in the bill, may be relevant in particular investigations.”).
United States with their dumped and subsidized CASWR. Thus, the Commission should find that foreign economic conditions that led to the massive surge in imports will likely persist and determine that critical circumstances exists for Turkish, Russian, Spanish, South African, and British CASWR imports.

Finally, and most importantly, the Commission should conclude that the years of poor financial performance and under investment has left this industry in a vulnerable position. The post-petition surge has delayed the domestic industry’s recovery, which should be sharper and have occurred earlier. The post-petition influx of subject imports filled sales orders that could have been supplied with domestic rod.

As the Commission has recognized in prior cases, the steel industry is capital intensive. Forestalling recovery for even one or two fiscal quarters significantly undermines the remedial effects of antidumping and countervailing duty orders. Indeed, a delayed recovery in financial performance means that the domestic CASWR industry is unable to raise the capital necessary to remain competitive in a global marketplace. Lagging financial performance negatively impacts investor confidence, bond ratings, and future investments. Thus, the Commission should find that critical circumstances exist because the remedial effects of the antidumping and countervailing duty orders have been significantly undermined.
V. CONCLUSION

For the foregoing reasons, Nucor requests that the Commission make an affirmative final determination that there is a reasonable indication of material injury and threat of material injury by reason of CASWR from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom.

Respectfully submitted,

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<td>Arable Gumede, Amogelang Mbatha, and Aarti Bhana, <em>South Africa has Second Recession in Eight Years</em>, Bloomberg.com (June 6, 2017)</td>
<td>Public</td>
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<td>17</td>
<td><em>South Africa’s credit rating has been cut to junk status</em>, BBC.com (Apr. 3, 2017)</td>
<td>Public</td>
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<td>18</td>
<td><em>IMF cuts South Africa growth forecasts as politics takes toll</em>, AF.Reuters.com (Oct. 10, 2017)</td>
<td>Public</td>
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<td>Exhibit No.</td>
<td>Exhibit</td>
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<td>21</td>
<td><em>Steel exports up by 7pct in Jan-Sept 2017 YOY – CIB, MEsteel</em> (Oct. 8, 2017)</td>
<td>Public</td>
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<tr>
<td>22</td>
<td><em>Metinvest reselling DMK products to clear debts</em>, The Ukrainian (Oct. 31, 2017)</td>
<td>Public</td>
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<td>23</td>
<td>Press Release, Metinvest, Expropriation of the Entities in Donbass: Entire Ukraine Will Feel the Loss of These Enterprises by the End of Summer, Says Metinvest CEO (Apr. 12, 2017) (excerpts)</td>
<td>Public</td>
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<tr>
<td>24</td>
<td>Nick Cole, <em>Arc furnaces to brighten up British Steel?</em> Scunthorpe Telegraph (June 1, 2017)</td>
<td>Public</td>
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<td>27</td>
<td>William Turvill, <em>The real Brexit car crash: Jobs fears as investment in the UK motor industry will dive by half from last year’s £1.66billion</em>, This is Money (Oct. 21, 2017)</td>
<td>Public</td>
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<td>29</td>
<td>Tommy Stubbington, <em>Brexit puts construction on course for recession</em>, The Times (Oct. 8, 2017)</td>
<td>Public</td>
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<td>30</td>
<td>E-mail from Michael G. Szustakowski to Interested Parties, re: <em>USITC Draft Questionnaires – Wire Rod</em> (June 22, 2017)</td>
<td>BPI</td>
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EXHIBIT 1
REDACTED
IN FULL
EXHIBIT 2
NEWS & EVENTS

PITTINI GROUP’S WIRE ROD ROLLING MILL IN OSOPPO CELEBRATES 46 YEARS OF ACTIVITY.
On the 12th of October 1971, that is to say 46 years ago, the first Ferriere Nord’s wire rod rolling mill started working. The first Pittini Group’s wire rod rolling...

12 OCTOBER 2017
read more >

PITTINI – MESH 2017
The event “Pittini – Mesh”, held on the 5th and 6th of October, was attended by over 40 companies coming from 12 different countries. The wide range of meshes produced...

12 OCTOBER 2017
read more >

MORE THAN 200 PEOPLE VISITED FERRIERE NORD SPA DURING THE DIM DAYS
In occasion of the DIM – Danielli Innovation Meeting, Ferriere Nord welcomed more than 200 people among entrepreneurs, economists and experts in the steel industry. During the 4th and the...

9 OCTOBER 2017
read more >

ALL NEWS >

SALES
Ferriere Nord S.p.A. can rely on a well-established commercial network on the Italian territory as well as in 21

QUALITY
The Quality Management System at Ferriere Nord S.p.A. is ISO 9001:2008 compliant and is certified by the notified body IGQ. The quality of products is confirmed by many certifications,
European countries. The Company has always been customer-oriented, which were issued at the national and European levels by numerous official control and certification bodies.
The wire rod obtained from the hot rolling of billets both in Osoppo and in Verona plants, is characterised by high quality standards in every field of application: drawing, concrete reinforcing, wire welding, metal working, pre-stressed concrete braids and strands.

Both plants rely on a two-strand mill designed for the production of smooth wire rod (diameters from 5.5 mm to 21.5mm) and ribbed wire rod (diameters from 6mm to 16mm).

Above all the rolling mill located in Verona produces medium and high carbon weldable steel wire rods suitable for drawing and pre-stressed concrete stranding and for the production of bead wire and mechanical springs.

Wire rod for drawn wires is manufactured so as to obtain the best drawing with good surface finish. Therefore it is suitable for chemical pickling and mechanical descaling. It is produced in qualities that allow to reach diameter reductions lower than one millimeter or in grades having silicon contents that ensure the best hot zinc plating can be obtained. Boron wire rods are very ductile and can achieve larger cross-section reductions while still being highly workable.

Wire rod for reinforced concrete structures is designed so that the resulting products, after processing – cold rolled wires, electro-welded meshes and lattice girders – comply with the specifications laid down in the regulations in force in Italy and abroad.

Also wire rod Fe36 is worth mentioning, as it meets the features required by steel S235JR according to norm EN 10025-2, as per the European Regulation 305/2011 no.Fe36-CPR-2013-07.

Wire rod for welding wires has low impurity contents to ensure proper behaviours when further processed, with fast diameter reductions and related mechanical stress relieving.
**High carbon** wire rods G3V80 and G3V82 are destined to the production of braids and strands for pre-stressed concrete as they reach high ductility strengths testified by breaking point values till 1240 MPa, with a minimum necking of 30%.

High carbon wire rods G3V60 and G3V72 are used to produce meshes to reinforce tyres or to produce springs.

Finally also **medium carbon** wire rods are manufactured. They are suitable for the production of nails, clips and other various applications.

[Download the catalogue](http://www.ferriere.pittini.it/en/products/rods/)

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>LOW CARBON CONTENT</th>
<th>MEDIUM-HIGH CARBON CONTENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Classification</td>
<td>Technical sheet</td>
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<tr>
<td>G3V20</td>
<td>EN ISO 16120-4 C2002</td>
<td>SPV109i</td>
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<tr>
<td>G3V42</td>
<td>EN ISO 16120-4 C4202</td>
<td>SPV107i</td>
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<td>G3V48</td>
<td>EN ISO 16120-4 C4802</td>
<td>SPV107i</td>
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<td>G3V55</td>
<td>EN ISO 16120-4 C5502</td>
<td>SPV103i</td>
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<tr>
<td>G3V60</td>
<td>EN ISO 16120-4 C6002</td>
<td>SPV110i</td>
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<tr>
<td>G3V66</td>
<td>EN ISO 16120-4 C6602</td>
<td>SPV104i</td>
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<td>G3V72</td>
<td>EN ISO 16120-4 C7202</td>
<td>SPV105i</td>
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<td>G3V78</td>
<td>EN ISO 16120-4 C7802</td>
<td>SPV106i</td>
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<tr>
<td>G3V80</td>
<td>EN ISO 16120-4 C8002</td>
<td>SPV107i</td>
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<tr>
<td>G3V82</td>
<td>EN ISO 16120-4 C8202</td>
<td>SPV108i</td>
</tr>
</tbody>
</table>
EXHIBIT 3
REDACTED IN FULL
EXHIBIT 4
Tighter fiscal and monetary policies and financing provided by the Government of Russia will help temporarily address domestic and external imbalances.

Restoring economic growth will require measures to enhance competitiveness and private sector growth, including efforts to further improve the business environment, reform state-owned enterprises, and address NPLs that undermine the ability of the banking system to finance new and competitive firms.

Further strengthening fiscal performance is critical to reduce external vulnerability—a permanent relief to external imbalances will be gradually obtained only by addressing fiscal and quasi-fiscal risks.

Recent Economic Developments

The economy continued to contract in 2016, but started stabilizing in the first quarter of 2017. The contraction decelerated in Q4’2016, supported by high growth rates in agriculture (9.7 percent y/y) and industry (3.5 percent y/y) due to improving external demand. In Q1’2017, real GDP grew by 0.3 percent y/y for the first time in two years. It was backed up by further growth in agriculture (1.7 percent y/y), mining and manufacturing (2.1 percent and 5.1 percent, respectively). On the services side, retail trade contracted by 1.4 percent in Q1’2017, but wholesale trade and transportation turned positive (0.2 and 3.9 percent, respectively).

Significant external adjustment has been achieved through a considerable reduction in aggregate expenditures in the face of difficult external conditions. The magnitude of the adjustment is visible in the decline in the current account deficit from $5.2 billion in 2014 to $1.7 billion (about 3.6 percent of GDP) in 2016 due to compression of imports. The adjustment followed the implementation of tighter fiscal policy and a 10 percent decline in real bank credit in 2016, while in Q1’2017 this decline accelerated to 20 percent y/y. The annualized inflation rate slowed down to 7.6 percent in Q1’2017. Between Q1’2016 and Q1’2017, the BYN vis-à-vis the Russian Ruble depreciated by 14.8 percent, while against the US$ it appreciated by 6 percent. As of May 1, 2017, forex reserves (excluding monetary gold) stood at US$3.3 billion (enough to cover 1.4 months of goods and services).

Expenditure were adjusted to meet declining revenues and rising public debt expenditures. In 2016, real general government revenues fell by 0.7 percent, while expenditure on public debt service increased by almost 17 percent in real terms. In this situation, the fiscal authorities cut capital expenditures by 11 percent and decreased public sector real wages by 1.5 percent. Despite these measures, the excesses of the past expansionary policies continued to feed quasi-fiscal deficits. An estimate of quasi-fiscal deficits for 2014–2016 is based on the discrepancy between the increase in the gross general government debt outstanding (17.1 percent of GDP) and the sum of the overall general government balances (4.1 percent of GDP).

The gas and oil dispute between Belarus and Russia has been resolved, and further financial assistance to Belarus is expected. The Heads of the State meeting between Belarus and Russia finally brought an end to the energy dispute between the two countries. Russia is expected to provide a bilateral loan of up to US$1 billion and restore oil supplies to the originally agreed volumes of 24 million tons per year, while Belarus cleared its gas arrears of US$726 million. The gas price for Belarus is expected to be reduced only slightly in 2018–2019, upon additional discussions with Russia. Finally, Belarus is expected to receive the third and fourth tranches of the loan (US$300 million each) from the Eurasian Fund for Stabilization and Development. If implemented as announced, these agreements will help Belarus roll over its bilateral debt with Russia, contribute to Belarus’s budget higher export duties on oil products produced from Russian crude oil, and will support the international reserves.

Household incomes continue to deteriorate amid weak labor market. During 2016 and early 2017, the number of jobs lost in the economy exceeded the number of jobs created—by about 14 percent on average. Real wages fell by 4 percent vis-à-vis 2015 and by more than 6 percent in some regions (Gomel and Grodno). Real disposable incomes were down by 7.3 percent y/y for the whole economy, while in Gomel, Grodno, and Vitebsk oblasts the fall was close to 9 percent y/y. During 2016, the rise in official poverty has been small—0.6 percent—contained by a 10 percent increase in spending on targeted social assistance. To offset the decline of incomes, households continued to reduce their foreign currency savings—in 2016, net sales of foreign currency went up by 5.6 percent, amounting to US$1.9 bn.
Medium-term Outlook

In the medium term economic recovery is expected to remain weak as structural bottlenecks persist and domestic demand remains subdued. GDP is projected to decline by 0.4 percent in 2017, followed by modest growth of 0.7 percent in 2018 and 1.2 percent in 2019. Recovery in the manufacturing sector is expected to be supported by gradual improvements in external demand, although structural bottlenecks continue to undermine competitiveness. However, domestic demand will remain constrained as low investment will lead to low capacity utilization, low output and low income growth. In order to escape this low growth trap, productivity increases are required.

Downside risks to medium-term outlook remain significant. First, there is a risk of a disorderly unwinding of financial sector imbalances if mechanisms for addressing insolvent SOEs and NPL resolution are not put in place. Large historic lending at subsidized rates, especially in foreign currency to insufficiently-hedged borrowers, has contributed to rising shares of bad loans in the banking system and exposed banks to currency-induced credit risks. Second, large external debt repayments, maturing in 2017 and 2018, continue to pose a risk of disorderly adjustment in external imbalances. In 2017, the Government will allocate US$3.4 billion (up to 7.5 percent of the projected GDP) on foreign public debt repayment and payment of interest. Meeting all financing needs, including repayment of US$800 million Eurobond in January 2018, will depend on Belarus’s ability to mobilize additional foreign exchange resources from international capital market and/or ability to borrow in foreign currency on the domestic market.

Further strengthening fiscal performance is critical to reduce Belarus’s external vulnerability. This vulnerability is noticeable in the high degree of dollarization of the economy, in currency mismatches in the asset-liability position of the banking sector, and in the limited power of traditional monetary policy instruments. The recent agreement between Belarus and Russia provides temporary relief to balance of payments pressures; but a more durable solution is needed to address fiscal and quasi-fiscal risks. This will require considerable improvement in the management of SOEs, reform of energy subsidies, prudent wage policy, careful scrutiny of all planned investments, and efforts to improve tax collection without undermining business activities that will ultimately support economic recovery.

Despite progress in the business environment, rekindling economic growth on a sustained basis remains a challenge for Belarus. The government has made positive steps in improving domestic business environment and reducing regulatory burden, as reflected in the 2017 Doing Business rankings. Nevertheless, these positive steps need to be complemented by efforts to restructure the enterprise sector to facilitate the exit of inefficient companies and create conditions for the emergence of new more productive firms. Domestically, the persistence of unresolved credit hampers the functioning of the banking system and limits its ability to finance new and healthy businesses, especially in the private sector. The economic loss implicit in the bad loans de facto reduces the capital of the banking sector and its capacity to lend, with adverse implications for growth rebound. Externally, weak growth of the Russian economy does not bode well for growth of Belarus’s exports. Currently, 57 percent of Belarus’s merchandise trade and 67 percent of non-oil exports depend on the market sentiments in the Russian and other CIS economies. Special Topic Note focuses on the consequences of lower commodity prices for the Belarusian economy. For Belarus the key to making exports a solid driver of economic growth is product and market diversification, underpinned by a competitive economy.

### Key Macroeconomic Indicators

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<tbody>
<tr>
<td>GDP, at constant market prices</td>
<td>1.7</td>
<td>-3.9</td>
<td>-2.6</td>
<td>-0.4</td>
<td>0.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Private Consumption</td>
<td>4.3</td>
<td>-2.4</td>
<td>-5.8</td>
<td>-0.1</td>
<td>0.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Government Consumption</td>
<td>-2.0</td>
<td>-0.4</td>
<td>-4.7</td>
<td>1.2</td>
<td>0.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Gross Fixed Capital Investment</td>
<td>-5.3</td>
<td>-15.9</td>
<td>-18.4</td>
<td>-12.2</td>
<td>3.9</td>
<td>5.8</td>
</tr>
<tr>
<td>Inflation (Consumer Price Index)</td>
<td>18.1</td>
<td>13.5</td>
<td>11.8</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Exports, goods and services, % change (real US$)</td>
<td>5.3</td>
<td>-2.0</td>
<td>-0.8</td>
<td>-0.1</td>
<td>2.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Imports, goods and services, % change (real US$)</td>
<td>2.4</td>
<td>-8.5</td>
<td>-3.1</td>
<td>-1.1</td>
<td>2.4</td>
<td>3.2</td>
</tr>
<tr>
<td>Current Account Balance, % of GDP</td>
<td>-6.9</td>
<td>-3.7</td>
<td>-3.6</td>
<td>-3.8</td>
<td>-3.8</td>
<td>-3.7</td>
</tr>
<tr>
<td>Financial and Capital Account, % of GDP</td>
<td>7.5</td>
<td>4.3</td>
<td>4.2</td>
<td>4.4</td>
<td>4.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Fiscal Balance, % of GDP, (net of quasi-fiscal expenditures)</td>
<td>1.1</td>
<td>1.2</td>
<td>1.6</td>
<td>0.7</td>
<td>0.9</td>
<td>1.3</td>
</tr>
<tr>
<td>General Government Debt, % of GDP</td>
<td>38.8</td>
<td>47.7</td>
<td>47.7</td>
<td>50.9</td>
<td>54.2</td>
<td>55.9</td>
</tr>
<tr>
<td>Poverty rate ($5.00 a day, PPP terms)</td>
<td>0.3</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: Belarusian authorities and World Bank staff projections. Annual percentage change, unless otherwise noted; f=forecast.

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             Kiryl Haiduk KHaiduk@worldbank.org
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EXHIBIT 5
REDACTED
IN FULL
EXHIBIT 6
EXHIBIT 7
EXHIBIT 8
COMMISSION IMPLEMENTING REGULATION (EU) 2017/1019
of 16 June 2017
imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed
on imports of certain concrete reinforcement bars and rods originating in the Republic of Belarus

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on
protection against dumped imports from countries not members of the European Union (\textsuperscript{1}) (the basic Regulation'), and
in particular Article 9(4) thereof,

Whereas:

A. PROCEDURE

1. Provisional Measures

(1) The European Commission (the Commission) initiated on 31 March 2016 \textsuperscript{2} an investigation following
a complaint lodged on 15 February 2016 by the European Steel Association (EUROFER or the complainant') on
behalf of producers representing more than 25\% of the total Union production of rebars.

(2) The Commission imposed on 20 December 2016 a provisional anti-dumping duty on imports of certain
concrete reinforcement bars and rods originating in the Republic of Belarus (Belarus' or the country concerned)
by Implementing Regulation (EU) 2016/2303 \textsuperscript{3} (the provisional Regulation).

2. Subsequent procedure

(3) Subsequent to the disclosure of the essential facts and considerations on the basis of which a provisional anti-
dumping duty was imposed (the provisional disclosure), the complainant and the sole Belarusian exporting
producer made written submissions making known their views on the provisional findings. The parties who so
requested were granted an opportunity to be heard.

(4) Hearings took place with the Belarusian exporting producer and with Union producers.

(5) The Commission considered the oral and written comments submitted by the interested parties and, where
appropriate, modified the provisional findings.

(6) In order to verify the questionnaires replies mentioned in recitals (124) and (133) of the provisional Regulation,
which were not verified at the provisional stage of the procedure, verification visits were carried out at the
premises of the following parties:

a) Unrelated importer in the Union:

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<td>Dufersco Deutschland GmbH, Germany</td>
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b) Union users:

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<tr>
<td>ATG Deutschland GmbH, Germany</td>
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<tr>
<td>Tilts Ltd, Latvia</td>
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</table>

\textsuperscript{1} OJ L176, 30.6.2016, p. 21.
\textsuperscript{2} OJ C114, 31.3.2016, p. 3.
\textsuperscript{3} Commission Implementing Regulation (EU) 2016/2303 of 19 December 2016 imposing a provisional anti-dumping duty on imports of
(7) The Commission informed all parties of the essential facts and considerations on the basis of which it intends to impose a definitive anti-dumping duty on imports of rebars (the definitive disclosure). All parties were granted a period within which they could make comments on the definitive disclosure. The Commission analysed injury indicators excluding data pertaining to the Italian market for which all parties were informed (the additional final disclosure). Subsequently, all parties were granted a period within which they could make comments on the additional disclosure. The comments submitted by the interested parties were considered and taken into account where appropriate.

3. Sampling

(8) In the absence of comments concerning the method of sampling, the provisional findings set out in recitals (7) to (10) of the provisional Regulation are confirmed.

4. Investigation period and period considered

(9) In the absence of comments concerning the investigation period (IP) and the period considered, the periods established in recital (14) of the provisional Regulation are confirmed.

B. PRODUCT CONCERNED AND LIKE PRODUCT

(10) As set out in recitals (15) to (16) of the provisional Regulation, the product subject to investigation was defined as 'certain concrete reinforcement bars and rods, made of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling and also those containing indentations, ribs, grooves or other deformations produced during the rolling process, originating in Belarus and currently falling within CN codes ex 7214 10 00, ex 7214 20 00, ex 7214 30 00, ex 7214 91 10, ex 7214 91 90, ex 7214 99 10, ex 7214 99 71, ex 7214 99 79 and ex 7214 99 95 (rebars' or 'the product concerned'). High fatigue performance iron or steel concrete reinforcing bars and rods are excluded'.

(11) Already at provisional stage of the investigation, the exporting producer from Belarus pointed to an alleged inconsistency between the complaint (referring to two CN codes) and the notice of initiation (NoI) (referring to nine CN codes). After explanations given in this regard in the provisional regulation, the Belarusian exporter changed the nature of its claim and requested the inclusion of an additional sentence in the descriptive part of the product concerned in order to make it clear that round bars and other types of bars without indent, ribs or other deformations, which are also covered by the additional seven CN codes, are not included in the product concerned.

(12) On the other hand, contrary to the claim of the Belarusian company, the complainant claimed that round bars and other bars without deformation should be included in the product scope.

(13) After careful examination, the Commission concludes that the descriptive part of definition of the product concerned in the complaint and in the NoI clearly does not encompass round bars and bars without deformation and, therefore, these bars fall outside the product scope. Furthermore, all the data concerning product concerned collected for the dumping calculations and injury analysis did not include data referring to the round bars or bars without deformation. Therefore, the definition of the product scope should make it clear that round bars and bars without deformation are not part of the product concerned. Hence, the Commission accepts the changes in the definition of the product concerned suggested by the Belarusian exporting producer. During this assessment, the Commission verified that the CN codes ex 7214 99 71 and ex 7214 99 79 referred exclusively to round bars and bars without deformation and, therefore, excluded the reference made to them in the definition of the product scope. The Commission also noticed that these bars had been incorrectly included in the information set out in recitals (62), (63), (65) and (103) of the provisional Regulation (Union consumption, volume and market share of the imports concerned, prices of imports, and imports from third countries) and therefore this data was revised accordingly.
(14) Taking into account the above, the Commission clarifies the definition of the product concerned as followed:

"The product concerned is certain concrete reinforcement bars and rods, made of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, whether or not twisted after rolling, containing indentations, ribs, grooves or other deformations produced during the rolling process, originating in Belarus and currently falling within CN codes ex 7214 10 00, ex 7214 20 00, ex 7214 30 00, ex 7214 91 10, ex 7214 91 90, ex 7214 99 10 and ex 7214 99 95 ("the product concerned"). High fatigue performance iron or steel concrete reinforcing bars and rods and other long products, such as round bars are excluded."

C. DUMPING

(15) In the absence of comments concerning details of dumping calculation, the provisional findings and conclusions set out in recitals (19) to (55) of the provisional Regulation are confirmed.

D. UNION INDUSTRY

(16) In the absence of any comments concerning the Union industry, the provisional findings and conclusions set out in recitals (56) to (59) of the provisional Regulation are confirmed.

E. INJURY

(17) As mentioned in the recitals (13) and (14), the round bars and bars without deformation are not part of the product concerned. These products are currently falling within CN codes ex 7214 99 71 and 7214 99 79. The revised information presented in the tables, as set out in recitals (62), (63) and (65) of the provisional Regulation, is as follows:

1. Union consumption

<table>
<thead>
<tr>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
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<tbody>
<tr>
<td>Consumption</td>
<td>9 308 774</td>
<td>8 628 127</td>
<td>9 239 505</td>
<td>9 544 273</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>93</td>
<td>99</td>
<td>103</td>
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</tbody>
</table>

2. Volume and market share of the imports concerned

<table>
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<tbody>
<tr>
<td>Volume (tonnes)</td>
<td>159 395</td>
<td>140 970</td>
<td>236 109</td>
<td>457 755</td>
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<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>88</td>
<td>148</td>
<td>287</td>
</tr>
<tr>
<td>Market share on EU consumption (%)</td>
<td>1.8</td>
<td>1.6</td>
<td>2.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>95</td>
<td>149</td>
<td>280</td>
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Prices of imports

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
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<tbody>
<tr>
<td>Average price (in EUR/tonne)</td>
<td>495</td>
<td>463</td>
<td>436</td>
<td>372</td>
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<tr>
<td>Index (2013 = 100)</td>
<td>100</td>
<td>93</td>
<td>88</td>
<td>75</td>
</tr>
</tbody>
</table>

(18) The correction of the figures above did not have any impact on the injury assessment. Indeed, the trends observed were the same and therefore the Commission's findings in recitals (62) to (66) of the provisional Regulation are confirmed.
3. Unreliability of certain injury data of the Union industry as a result of price-fixing

(19) As described in recital (132) of the provisional Regulation, the Belarusian exporting producer and one of the non-sampled Union importers raised the issue of alleged price-fixing among the Union producers, which would have rendered the injury data unreliable. This claim was further developed by the Belarusian company in its submission after provisional disclosure. The Belarusian exporting producer indicated that a cartel investigation was currently being conducted by Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato (AGCM)) with regard to certain companies located in Northern Italy. One of the companies concerned is part of the sample of the Union producers in the current antidumping investigation.

(20) Following this claim, the Commission requested relevant information from AGCM to evaluate whether and to what extent those facts influence the reliability of the injury data of the Union industry in the present antidumping proceedings.

(21) According to the case-law, in a situation where an investigation into anti-competitive behaviour is pending at a national competition authority, the Commission has to consider whether the Union industry, through this behaviour, has contributed to the injury suffered and establish that the injury on which it bases its conclusions did not derive from the anti-competitive behaviour. The Commission may in such a situation not wait until the competent national authority concludes its investigation, but has to request the relevant information from the parties and the national authorities, as appropriate, under the procedural rules for anti-dumping investigations and carry out an assessment of that information (1).

(22) Following a request based on Article 6(3) of the basic Regulation, AGCM has informed the Commission that on 21 October 2015 it opened a formal investigation with respect to six Italian producers of concrete reinforcement bars and welded wire for an alleged infringement of Article 101 TFEU (2). One of these companies is the Italian sampled producer in the current anti-dumping investigation. AGCM extended the proceedings in September 2016 to also cover under the investigation two additional Italian producers. Following the in-depth assessment of all available information, AGCM issued a Statement of Objections that was communicated to the relevant companies on 18 January 2017. The anti-competitive conduct being investigated concerns an alleged exchange of information and price collusion between the eight Italian companies that would cover several phases of the value added chain of their activities from the purchase of inputs, through the levels of production capacity and effective production, up to the sale of the output, which would have taken place over the period 2010 to 2016. On account of its supply and demand side characteristics, the relevant geographic market was defined as national in the formal decision to launch the investigation.

(23) The information submitted by AGCM shows that the product concerned in this investigation, rebar and welded wire overlaps with the products subject to the antitrust investigation, and also that the alleged cartel was in force during the whole investigation period. In these circumstances, the Commission considers that the data of the sampled Italian producer is not reliable for the purpose of the injury analysis.

(24) As a result, the Commission has analysed Union consumption, volume and market share of the imports concerned and also the macroeconomic and microeconomic injury indicators excluding data pertaining to the Italian market. For the sake of transparency, the relevant figures excluding the Italian companies are presented below.

(a) Union consumption

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption (in tonnes)</td>
<td>7 400 363</td>
<td>7 241 202</td>
<td>7 917 877</td>
<td>8 149 861</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>98</td>
<td>107</td>
<td>110</td>
</tr>
</tbody>
</table>


(2) Case T-742.
(b) Volume and market share of the imports concerned

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume (tonnes)</td>
<td>159 395</td>
<td>140 970</td>
<td>236 109</td>
<td>457 755</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>88</td>
<td>148</td>
<td>287</td>
</tr>
<tr>
<td>Market share on EU consumption (%)</td>
<td>2.2</td>
<td>1.9</td>
<td>3.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>90</td>
<td>138</td>
<td>261</td>
</tr>
</tbody>
</table>

(25) Macroeconomic indicators (tables):

(a) Production, production capacity and capacity utilisation

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production volume (tonnes)</td>
<td>10 108 006</td>
<td>9 652 130</td>
<td>10 283 598</td>
<td>9 605 712</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>95</td>
<td>102</td>
<td>95</td>
</tr>
<tr>
<td>Production capacity (tonnes)</td>
<td>13 850 553</td>
<td>14 047 161</td>
<td>14 173 253</td>
<td>13 910 700</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>101</td>
<td>102</td>
<td>100</td>
</tr>
<tr>
<td>Capacity utilisation (%)</td>
<td>73</td>
<td>69</td>
<td>73</td>
<td>69</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>94</td>
<td>99</td>
<td>95</td>
</tr>
</tbody>
</table>

(b) Sales volume, market share and growth

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volume unrelated (tonnes)</td>
<td>6 358 083</td>
<td>6 177 049</td>
<td>6 232 069</td>
<td>6 229 333</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>97</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Market share unrelated sales (%)</td>
<td>86</td>
<td>85</td>
<td>79</td>
<td>76</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>99</td>
<td>92</td>
<td>89</td>
</tr>
<tr>
<td>Sales volume related (tonnes)</td>
<td>355 888</td>
<td>361 542</td>
<td>730 267</td>
<td>625 858</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>102</td>
<td>205</td>
<td>176</td>
</tr>
<tr>
<td>Market share related sales (%)</td>
<td>5</td>
<td>5</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>104</td>
<td>192</td>
<td>160</td>
</tr>
</tbody>
</table>
(c) Employment and productivity

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>4314</td>
<td>4103</td>
<td>4278</td>
<td>4189</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>95</td>
<td>99</td>
<td>97</td>
</tr>
<tr>
<td>Productivity (MT/employee)</td>
<td>2343</td>
<td>2353</td>
<td>2404</td>
<td>2293</td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>100</td>
<td>103</td>
<td>98</td>
</tr>
</tbody>
</table>

(26) Microeconomic indicators (tables — indexed for confidentiality reasons):

(a) Average unit selling prices on the Union market and unit cost of production

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average unit selling price in the Union to unrelated customers (EUR/tonne)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>93</td>
<td>89</td>
<td>78</td>
</tr>
<tr>
<td>Unit cost of goods sold (EUR/tonne)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>96</td>
<td>91</td>
<td>81</td>
</tr>
</tbody>
</table>

(b) Profitability, cash flow, investments, return on investments and ability to raise capital

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability of sales in the Union to unrelated customers (% of sales turnover)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>-593</td>
<td>-435</td>
<td>-603</td>
</tr>
<tr>
<td>Cash flow (EUR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>35</td>
<td>51</td>
<td>14</td>
</tr>
<tr>
<td>Investments (EUR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>83</td>
<td>79</td>
<td>72</td>
</tr>
<tr>
<td>Return on investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>-606</td>
<td>-500</td>
<td>-645</td>
</tr>
</tbody>
</table>

(c) Stocks

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing stocks (tonnes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index (2012 = 100)</td>
<td>100</td>
<td>85</td>
<td>106</td>
<td>73</td>
</tr>
</tbody>
</table>
(d) Labour costs

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average labour costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>per employee (EUR)</td>
<td>100</td>
<td>100</td>
<td>104</td>
<td>103</td>
</tr>
<tr>
<td>Index ((2012 = 100))</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(27) On that basis, the Commission notes that the development of the injury indicators without the data pertaining to Italy is practically the same to the one reflecting the whole Union market including Italy. It can therefore be concluded that following the exclusion of data relating to the Italian market from the injury analysis, the situation of the Union industry is still one of material injury within the meaning of Article 3(5) of the basic Regulation.

(28) As far as undercutting is concerned, the Commission first notes that the undercutting margin found at provisional stage was 4.5%. The Commission has re-examined the existence of undercutting in the light of the findings above in recitals (19) to (23). Undercutting is established by using data from the sampled companies. Hence, the Commission has excluded from the undercutting calculations the data relating to the Italian producer that is part of the sample. The undercutting margin based on all sampled companies minus the Italian one remains significant at a level of 4.4%.

(29) The Belarussian exporting producer also claimed that the undercutting (and underselling) calculations should not be done by comparison to the prices of all transactions of the sampled Union producers but only in comparison to those happening where the competition with Belarusian import takes place. Undercutting calculations are normally performed on the basis of dumped imports of the product concerned into the Union with all comparable sales of the Union industry. However, given the specific circumstances of this case and the particular characteristics of the product concerned, the Commission has also calculated an undercutting margin by limiting the analysis to those Member States where the Belarusian products were first sold, mainly in the Netherlands, Germany, Poland, and Lithuania. This approach is based on the conservative assumption that the immediate and direct pressure exercised by the dumped imports on Union sales prices first took place in those Member States. Any subsequent trickling through of the effect to other Member States has thus deliberately been ignored. Under this scenario, the duly adjusted weighted average sales prices of the Belarusian dumped imports were compared to the corresponding sales prices of the sampled Union producers, excluding the one located in Italy, charged to unrelated customers in those regions where direct competition with Belarusian products occurred. This resulted in an undercutting margin of 2.8%, instead of the 4.5% margin as established in recital (68) of the provisional Regulation.

(30) The product concerned by this investigation can be considered a commodity product, which is very price sensitive. It is therefore concluded that even an undercutting margin of 2.8% is significant and sufficient to cause price depression as explained in recitals (83), (84) and (98) of the provisional Regulation.

(31) Following final disclosure, the Belarussian exporting producer also claimed that the findings above in recitals (19) to (23) would most likely have spill-over effects on other Member States, especially in France, where the parent company of one of the Italian producers has a subsidiary holding a strong market position. However, with respect to the alleged anti-competitive conduct in Italy, AGCM has defined the relevant geographic market as national. Moreover, the evidence of the file summarized in recitals (19) to (23) on its own does not support such a claim. This claim is therefore rejected.

4. Conclusion on injury

(32) In the absence of any additional comments with regard to injury to the Union industry, the provisional findings and conclusions set out in recitals (70) to (95) of the provisional Regulation are confirmed.

F. CAUSATION

1. Effect of dumped imports

(33) In the absence of any comments with regard to the effect of dumped imports on the economic situation of the Union industry, the findings and conclusions set out in recitals (97) to (100) of the provisional Regulation are confirmed.
2. **Effect of other factors**

2.1. **Export performance of the Union industry**

(34) In the absence of any comments with regard to export performance of the Union industry, the conclusion set out in recital (101) of the provisional Regulation is confirmed.

2.2. **Sales to related parties**

(35) In the absence any comments with regard to the sales to related parties, the conclusions set out in recitals (102) to (103) of the provisional Regulation are confirmed.

2.3. **Imports from third countries**

(36) As mentioned in the recitals (13) and (14), the round bars and bars without deformation are not part of the product concerned. The revised information presented in the tables, as set out in recital (103) of the provisional Regulation, is as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume (tonnes)</td>
<td>195366</td>
<td>184632</td>
<td>201617</td>
<td>215046</td>
</tr>
<tr>
<td>Index ((2012 = 100))</td>
<td>100</td>
<td>95</td>
<td>103</td>
<td>110</td>
</tr>
<tr>
<td>Market share (%)</td>
<td>2.1</td>
<td>2.1</td>
<td>2.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Average price (EUR/tonne)</td>
<td>551</td>
<td>495</td>
<td>483</td>
<td>431</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume (tonnes)</td>
<td>47702</td>
<td>79184</td>
<td>105909</td>
<td>116927</td>
</tr>
<tr>
<td>Index ((2012 = 100))</td>
<td>100</td>
<td>166</td>
<td>222</td>
<td>245</td>
</tr>
<tr>
<td>Market share (%)</td>
<td>0.5</td>
<td>0.9</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Average price (EUR/tonne)</td>
<td>566</td>
<td>479</td>
<td>455</td>
<td>415</td>
</tr>
<tr>
<td>Turkey</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume (tonnes)</td>
<td>92920</td>
<td>136128</td>
<td>195115</td>
<td>103484</td>
</tr>
<tr>
<td>Index ((2012 = 100))</td>
<td>100</td>
<td>147</td>
<td>210</td>
<td>111</td>
</tr>
<tr>
<td>Market share (%)</td>
<td>1.0</td>
<td>1.6</td>
<td>2.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Average price (EUR/tonne)</td>
<td>515</td>
<td>472</td>
<td>456</td>
<td>419</td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume (tonnes)</td>
<td>66295</td>
<td>6089</td>
<td>24771</td>
<td>112605</td>
</tr>
<tr>
<td>Index ((2012 = 100))</td>
<td>100</td>
<td>9</td>
<td>37</td>
<td>170</td>
</tr>
<tr>
<td>Market share (%)</td>
<td>0.7</td>
<td>0.1</td>
<td>0.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Average price (EUR/tonne)</td>
<td>501</td>
<td>489</td>
<td>441</td>
<td>393</td>
</tr>
<tr>
<td>Rest of the World</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume (tonnes)</td>
<td>124713</td>
<td>155609</td>
<td>192020</td>
<td>288853</td>
</tr>
<tr>
<td>Index ((2012 = 100))</td>
<td>100</td>
<td>125</td>
<td>154</td>
<td>232</td>
</tr>
<tr>
<td>Market share (%)</td>
<td>1.3</td>
<td>1.8</td>
<td>2.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Average price (EUR/tonne)</td>
<td>732</td>
<td>667</td>
<td>568</td>
<td>469</td>
</tr>
</tbody>
</table>

(37) The correction of the figures above did not have any impact on the findings in recital (104) of the provisional Regulation. Indeed, throughout the period considered the prices of imports from the third countries were on average always higher than the prices of the Union industry. The only exporting country with lower average prices than the Union industry was Belarus in the IP which was the same year when volumes of imports from Belarus increased most rapidly. Therefore the Commission's findings in recital (104) of the provisional Regulation are confirmed.
With regard to the imports from third countries, the Belarusian exporting producer did not agree with the Commission's conclusion that individual market shares of third countries, with exception of Ukraine's, had increased only marginally. The Belarusian exporting producer supported its opinion with imports statistics for the year 2016, which is a period subsequent to the IP. Furthermore, it pointed out to an alleged discrepancy between the import figures reported in table 6.3.3 of the provisional Regulation and available Eurostat statistics.

In response to this claim, it should first be noted that post IP trends and data are normally not taken into account in the injury and causation analysis. While the Commission agreed in the recital (111) of the provisional Regulation to collect and review certain post IP data, it was undertaken in the context of the claims concerning the impact of so called 'VAT fraud scheme', the alleged subsequent gap between demand and supply of the product concerned on the markets of Poland and the Baltic States, and the abnormally high level of IP export volumes from Belarus allegedly resulting from that scheme.

Secondly, the Commission cannot base its finding concerning the effects of imports from third countries on post IP import figures presented by the interested party, since it should only analyse trends observed during the period considered (2012-2015), and on which it collected information during the investigation. As explained in recital (39), in this investigation, the Commission assessed limited post IP data to address an exceptional situation, that is, the VAT fraud scheme. Thus, the findings of recital (104) of the provisional Regulation which relate to changes of market shares of third countries during the period under consideration, which ends in 2015, were confirmed.

Even if the development of imports from third countries after IP were taken into account, it would not change the Commission's conclusion on the potential impact of these imports on the situation of the Union industry, as those prices remained higher than prices of imports from Belarus.

Finally, with regard to the alleged discrepancy between the import figures reported in the provisional Regulation and Eurostat statistics, it should be noted that the latter statistics include also import volumes of so-called high fatigue performance bars which are not part of the product scope of this procedure and were not reported in table 6.3.3 of the provisional Regulation (1). Taking into account the above, the claims of the Belarusian exporting producer concerning the impact of third countries' imports are rejected.

In the absence of other comments with regard to the imports from third countries, the conclusions set out in recital (104) of the provisional Regulation are confirmed.

2.4. Costs evolution

In the absence of any comments with regard to the costs evolution, the conclusion set out in recital (105) of the provisional Regulation is confirmed.

2.5. Impact of the so-called 'VAT fraud scheme'

The Belarusian exporting producer reiterated in its submission the comments made at the provisional stage of the investigation with regard to the impact of the so-called VAT fraud scheme on the Union market, and claimed the Commission had failed to discharge its duty of investigating the matter. According to the exporting producer, this scheme was the main reason for the financial difficulties of some Union producers. As a result of this fraud scheme two producers located in Latvia (in early 2013) and Slovakia (in late 2014) went bankrupt and stopped production of the like product. Furthermore, one Union producer in Poland stopped the production of the like product for 3 months in 2014 due to upgrading its machinery. All these events together allegedly led to a shortage of supply mainly on the Polish and on the Baltic markets from 2013 onwards. This alleged gap would have been filled by the Belarusian exports.

The Belarusian exporting producer further claimed that, because of the VAT scheme, the year 2015 (IP) was an 'unusual year' in terms of high volumes of the product concerned exported to the Union and that export volumes started to decrease already at the end of the IP and continued decreasing after the IP.

(1) Namely, export volumes to Ireland and UK were excluded.
In response to these claims, the Commission first looked into the exports data provided by the Belarusian statistics office and noted the following. The increase in the volume of exports by the exporting producer to the Union correlated with the decrease in the volume exports of the exporting producer to the Russian market. As described in the table below, between 2013 and 2015, the Belarusian exporting producer decreased its sales to Russia significantly by around 370,000 tonnes and increased its sales to the Union market by approximately the same amount, i.e. 380,000 tonnes.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total exports sales</td>
<td>836</td>
<td>787</td>
<td>878</td>
<td>831</td>
<td>689</td>
</tr>
<tr>
<td>Index 2012 = 100</td>
<td>100</td>
<td>94</td>
<td>105</td>
<td>99</td>
<td>82</td>
</tr>
<tr>
<td>Exports to Russia</td>
<td>545</td>
<td>591</td>
<td>474</td>
<td>221</td>
<td>157</td>
</tr>
<tr>
<td>Index 2012 = 100</td>
<td>100</td>
<td>108</td>
<td>87</td>
<td>41</td>
<td>29</td>
</tr>
<tr>
<td>Total exports to EU</td>
<td>170</td>
<td>147</td>
<td>255</td>
<td>530</td>
<td>250</td>
</tr>
<tr>
<td>Index 2012 = 100</td>
<td>100</td>
<td>86</td>
<td>150</td>
<td>312</td>
<td>147</td>
</tr>
<tr>
<td>Exports to Baltic States</td>
<td>105</td>
<td>110</td>
<td>140</td>
<td>137</td>
<td>132</td>
</tr>
<tr>
<td>Index 2012 = 100</td>
<td>100</td>
<td>105</td>
<td>133</td>
<td>130</td>
<td>126</td>
</tr>
<tr>
<td>Exports to Poland</td>
<td>2</td>
<td>5</td>
<td>50</td>
<td>150</td>
<td>15</td>
</tr>
<tr>
<td>Index 2012 = 100</td>
<td>100</td>
<td>250</td>
<td>2,500</td>
<td>7,500</td>
<td>750</td>
</tr>
<tr>
<td>Exports to Other Member States</td>
<td>63</td>
<td>32</td>
<td>65</td>
<td>243</td>
<td>103</td>
</tr>
<tr>
<td>Index 2012 = 100</td>
<td>100</td>
<td>51</td>
<td>103</td>
<td>386</td>
<td>163</td>
</tr>
</tbody>
</table>

Source: Extracts from the Belarus statistics office.

Secondly, the Commission evaluated the situation on the Polish and the Baltic States' markets. Concerning 2013, Polish and Baltic states' markets were faced with the decrease of production of one Polish producer and the stop of production of one Latvian producer. Moreover, from 1 October 2013 the Polish government applied reverse charge VAT mechanisms to some 40 steel products, from fencing and pipes to finished flat-steel products as well as rebars, and thus tackling the VAT fraud scheme. The analysis of the export sales from Belarus to the Union market showed that the Belarusian exporting producer sales to Poland and the Baltic States remained stable, at around 110,000 tonnes compared with 2012. Therefore it is concluded that the Belarusian exporting producer did not take advantage of the alleged shortage of supply by the Union production in 2013 and that the other Union producers present in the market were able to supply the market either from stocks or by re-directing export sales to these markets.

Concerning 2014, one Polish producer stopped production for one quarter in order to upgrade its machinery and one Slovak producer stopped its production in August 2014 (the company was declared in bankruptcy in February 2015). The quantity not available as a result of those events is estimated at around 133,000 tonnes.

The analysis of the export sales from Belarus to the Union market showed that the Belarusian exporting producer sales to Poland and the Baltic States indeed increased by around 75,000 tonnes. However the exporting producer also increased its sales to other Union markets such as Germany from basically minimal quantities to around 120,000 tonnes. Therefore the argument that the Belarusian exporting producer increased its sales to the Union market only because of the exceptional market situation in Poland and the Baltic states is rejected, as it also increased (at even higher pace) its sales to other parts of the Union market where no exceptional circumstances existed.

Analiza wpływu zmian administracyjnych na wielkość szarej strefy na rynku pretołów zbrojeniowych i sytuacje sektora finansów publicznych' Ernst & Young, Warsaw March 2014.
Concerning the investigation period, the Latvian producer re-opened in March 2015. The Polish production was back to normal. Therefore, there was no longer an exceptional market situation in these parts of the Union market.

Despite this, the Belarusian exporting producer increased its sales to Poland even further and it maintained its sales to the Baltic States compared to 2014. Moreover the sharpest increase took place on other parts of the Union market (mainly in Bulgaria, the Netherlands, and Germany).

Therefore, it is concluded that the increase of the Belarusian exports to the European Union was not due to the gap between demand and supply in the Union market but to the redirection of the volume lost on the Russian market. Thus, the claim of inadequate assessment of the impact of the VAT fraud scheme in the provisional determination is unfounded and is, therefore, rejected.

In accordance with recital (111) of the provisional Regulation the Commission assessed the volume imports after the investigation period. The data showed that the imports from Belarus decreased somewhat, but they were still well above the 2013 levels and more or less at 2014 levels. Therefore the argument that the increase of imports from Belarus was temporary in nature and was explained by the particular market situation on certain Union market segments is rejected.

In the absence of other comments with regard to the VAT fraud scheme and post IP developments, the findings and conclusions set out in recitals (106) to (111) of the provisional Regulation are confirmed.

3. Conclusion on causation

In summary, the Commission considers that none of the arguments put forward by the interested parties after the provisional disclosure were able to alter the provisional findings which established a causal link between the dumped imports and the material injury suffered by the Union industry during the IP. Thus, the conclusions set out in recitals (112) to (115) of the provisional Regulation are confirmed.

The Commission has found that the only other factor that may have had an impact on the situation of the Union industry was imports from third countries, as stated in the recital (104) of the provisional Regulation. However, the Commission concluded that those imports could not break the causal link between Belarusian dumped imports and the material injury found to the Union industry and that the dumped imports from Belarus remained the main cause of injury.

Based on the above analysis, which distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the dumped imports, it is concluded that the dumped imports from Belarus caused material injury to the Union industry within the meaning of Article 3(6) of the basic Regulation.

G. UNION INTEREST

1. Interest of the Union industry

In the absence of any comments with regard to the interest of the Union industry, the conclusions set out in recitals (117) to (122) of the provisional Regulation are confirmed.

2. Interest of users and importers

The Belarusian exporting producer claimed in its submissions that the Commission’s assessment of Union interest did not take into account particular problems of importers and users located in the Baltic States. It claimed that, due to logistic reasons (such as, railway connections or certificate requirements), Belarus is the only source of supply of rebars for those companies.

In this regard, the Commission confirmed that the only cooperating user located in the Baltic States experienced certain technical problems with deliveries from the Union producers (none of them being located in the Baltic States). On the other hand, this company stated that purchases from Belarus could be, and in the post IP period effectively were, replaced by purchases from Russia and to some extent also from Ukraine.
Furthermore, the Commission received very low cooperation from the companies located in the Baltic States, which seems to indicate that they do not perceive that they would be negatively affected by potential antidumping measures concerning Belarusian imports of the product concerned.

In the absence of other comments with regard to the interest of the users and importers, the conclusions set out in recitals (123) to (131) and recital (134) of the provisional Regulation are confirmed.

3. Potential absorption of the duties

In its submission after the provisional disclosure, the complainant claimed that the level of antidumping duty proposed at provisional stage (12.5 %) would not be sufficient, as the measure could easily be absorbed by the Belarusian exporting producer, which is a state-owned company, located in a non-market economy country with alleged favourable access to the subsidized raw material metal scrap.

With regard to this claim, it should be stressed that the potential absorption can only be a matter of a separate anti-absorption investigation on the basis of Article 12 of the basic Regulation and cannot affect in advance the level of antidumping measures imposed in the original investigation. Furthermore, the evidence available in this investigation does not support the allegation of the easy access to a subsidized raw material by the Belarusian producer: in fact, the Commission found that the company purchases most of its raw material from Russia and Ukraine, countries considered as market economies.

4. Strategic importance of the EU-Belarus cooperation in the steel sector

In its submission after the provisional disclosure, the Belarusian exporting producer and the Belarusian authorities referred to the strategic importance of the cooperation with the EU in the steel sector, and the fact that measures may negatively affect Belarusian purchases of capital equipment in the Union, the establishment of network of related trading companies in the Union, and any cooperation with European financial institutions.

In response to this point, the Commission underlines that the measures have as sole purpose to restore a level playing field on the Union market. It is not of a punitive nature. If the exporting producer increases its prices durably, so that dumping ceases to exist, it can ask for a refund and an interim review. Therefore, the Commission does not consider those considerations to be relevant for the assessment of Union interest.

5. Conclusion on Union interest

In summary, none of the arguments put forward by the interested parties demonstrates that there are compelling reasons against the imposition of measures on imports of the product concerned from Belarus. Any negative effects on unrelated users and importers can be mitigated by the availability of alternative sources of supply. Moreover, when considering the overall impact of the anti-dumping measures on the Union market, the positive effects, in particular on the Union industry, appear to outweigh the potential negative impacts on the other interested parties. Thus, the conclusions set out in recitals (135) to (137) of the provisional Regulation are confirmed.

H. DEFINITIVE ANTI-DUMPING MEASURES

1. Injury elimination level (injury margin)

1.1. Target profit

Following provisional disclosure, the Union industry contested the target profit used in order to determine the injury elimination level as set out in recital (143) of the provisional Regulation. The same claims were reiterated after final disclosure.

The target profit used in the provisional injury margin calculations amounted to 4.8 %. This figure was based on the 2012 profit margin found for a very similar product, HFP rebars, and used in the recent anti-dumping procedure concerning imports of HFP rebars originating in China (1).

(1) OJ L 204, 29.7.2016, p. 70.
(71) The complainant in its submission contested the use of the same target profit used in the HFP rebars investigation and claimed that these two products and their respective markets are different. The complainant suggested using a target profit even higher than originally proposed in the complaint, 16% or 17%, which was the profit achieved by the Union producers in 2006 or considered 'desirable in the long term for the sound steel industry' (1).

(72) In this regard, the target profit used in these proceedings, which the Commission found to be the most appropriate, is based on the figure actually achieved in 2012 (which is within the period considered) by the Union producers of a very similar product manufactured to a large extent using the same facilities for production of the product concerned in this investigation. It is also recalled that in the complaint EUROFER requested a target profit of 9.9%, which was used in an investigation on wire rod, a product definitely more distant from the product concerned than HFP rebars. Finally, the purpose of the establishment of the injury margin is to remove the part of injury caused by dumped imports, but not by other factors such as the economic crisis. While the profit of 1.3%, which was the only profit achieved by the Union industry in the period considered (2), was found to be inappropriate due to the impact of the VAT fraud scheme, it appears more congruous to use a profit margin that was achieved by the industry in the same period, verified and found appropriate for a very similar product in an antidumping procedure with mostly overlapping periods. The claim of the Union industry is therefore rejected.

1.2. Post importation costs

(73) In the provisional calculation of the injury margin, an adjustment of 2% was used for post-importation costs (3). In its submission after provisional disclosure, the Belarusian exporting producer claimed that in this particular case a higher figure of 4-6% should be used, since this level of adjustment would better reflect the actual post-importation costs the importers/users have to cover.

(74) Following this claim, the Commission looked in more detail into the level and structure of the importation and post-importation costs declared by the cooperating importer and users referred to in recital (6).

(75) Based on the findings of the verification visits of these companies, the Commission does not find grounds to change the level of adjustment. The actual post importation costs for the importer and one of the users were (on average for the whole IP) below 2%. Only for one company (the German user), post importation costs were higher than 2%, within the claimed range of 4-6%. However, this company had non-standard post importation operations for the transport of the product concerned from its warehouses to inland production sites. These are not standard post-importation costs, common to importers, but costs very specific to this company's operation. It should be stressed that, for the purpose of the injury margin calculations, export prices are established at an EU border level (adjusted for post-importation costs) and compared with ex-works prices of the Union producers. Costs of transportation of the product to the users' production sites are not relevant in this context and thus are not taken into account. Based on the above, the Commission confirms the post-importation cost established at provisional stage at 2% as reasonable. The claim is therefore rejected.

1.3. Other issues concerning injury margin calculation

(76) After provisional disclosure, both the complainant and the Belarusian exporting producer raised several additional minor points with regard to the injury margin calculations.

(77) The complainant indicated that the establishment of the CIF price for the undercutting and underselling calculations should not be based on transfer price to related importers but recalculated from the independent re-sales. The Commission hereby confirms that in fact the CIF price used for the calculation of undercutting and underselling at the provisional stage is based on independent re-sales.

(1) By McKinsey report delivered to the OECD Steel Committee meeting December 2013.

(2) Profit achieved in a year 2012; for the other years of the period considered, i.e. 2013-2015, the Union producers recorded a loss.

(3) Specific disclosure received by the interested parties Annex 3.
The complainant proposed an 'alternative' method of cost allocation between different types of product for the calculation of undercutting and underselling. However, this proposal was made after provisional measures when all the questionnaire replies were already verified on spot and calculations completed. In any event, cost allocation is irrelevant for the injury margin calculation in this case, as the injury margin was based on per product type ex-work prices and not on per product type costs. The claim is therefore rejected.

The complainant also proposed to base the injury margin not on the data of the whole IP but on a chosen quarter of IP where the margin would be 'more representative'. However, the complainant failed to provide any evidence that there are any special circumstances in this case which would justify departing from the standard practice of the Commission to base the injury margin on the whole IP. The claim is therefore rejected.

The Commission has decided to apply caution as far as the calculation of the injury margin is concerned. Indeed, given the unreliability of certain data for the reasons set out above at recitals (19) to (23) and the specificities of this case, the Commission has revised the calculation of the injury elimination level by excluding data from the sampled Italian producer and limiting the calculation to sales in the Netherlands, Germany, Poland, and Lithuania. This calculation is a mirror of the undercutting calculation mentioned above in recital (29) that resulted in an undercutting margin of 2.8%. On this basis, the revised injury margin is established at a level 10.6%.

After final disclosure, the complainant contested the methodology followed by the Commission in this case, on the grounds that the Commission had de facto narrowed down the scope of the investigation to reduce it to a regional investigation. It also claimed that the above injury elimination level would not remove injury to the overall Union industry. The complainant further noted that the Belarusian dumped imports took place in 16 different Member States, i.e. many more than those used by the Commission for its establishment of the injury margin.

In this respect, it should be noted that the Commission has actually based his injury analysis on the situation of the overall Union industry, and has concluded that removing Italy from the assessment does not change the injury picture. As far as the injury elimination level is concerned, even though imports from Belarus indeed took place in a number of Member States (in fact 13), the Commission based the injury elimination calculations on the data pertaining only to the companies in the sample, which sold the like product in a more limited number of countries, for the reasons explained in recital (29). This is without prejudice to the possibility, for all interested parties, to request an interim review once the findings of the cartel investigation are finalized, and depending on the situation prevailing at that time.

1.4. Conclusion on injury elimination level

In the absence of any other comments regarding the injury elimination level, the level of the definitive injury elimination level is established at 10.6%.

2. Definitive measures

In view of the conclusions reached with regard to dumping, injury, causation and Union interest, and in accordance with Article 9(4) of the basic Regulation, definitive anti-dumping measures should be imposed on the imports of the product concerned at the level of the injury margin, in accordance with the lesser duty rule.

After final disclosure the Belarusian exporting producer claimed that the circumstances of the case justified the imposition of measures under the form of a partial duty free amount, i.e. that the first 200 000 tons imported would be free of duty, and that the duration of the measures should be limited to two years.

It is recalled that dumping results from price discrimination and therefore the remedy should consist of anti-dumping duties or a price undertaking. A duty free quota as requested by the Belarusian exporter does not contain any price element which would remedy injurious dumping and can therefore not be accepted. In this case there is also no justification for reducing the period of application of the measures. Should the circumstances change, the Belarusian has the possibility to request a review of the measures pursuant to Article 11(3) of the basic Regulation. The claims are therefore rejected. It is also recalled that the Commission may revisit the findings should the cartel investigation put in question the definitive findings set out in this regulation.
(87) On the basis of the above, the rate at which such duties will be imposed are set as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Injury margin (%)</th>
<th>Dumping margin (%)</th>
<th>Definitive anti-dumping duty rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMZ</td>
<td>10,6</td>
<td>58,4</td>
<td>10,6</td>
</tr>
<tr>
<td>All other companies</td>
<td>10,6</td>
<td>58,4</td>
<td>10,6</td>
</tr>
</tbody>
</table>

3. **Definitive collection of the provisional duties**

(88) In view of the dumping margins found and given the level of the injury caused to the Union industry, the amounts secured by way of the provisional anti-dumping duty, imposed by the provisional Regulation, should be definitively collected.

(89) The Committee established by Article 15(1) of Regulation (EU) 2016/1036 did not deliver an opinion,

HAS ADOPTED THIS REGULATION:

**Article 1**

1. A definitive anti-dumping duty is imposed on imports of certain concrete reinforcement bars and rods, made of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, whether or not twisted after rolling, containing indentations, ribs, grooves or other deformations produced during the rolling process. High fatigue performance iron or steel concrete reinforcing bars and rods are excluded. Other long products, such as round bars are excluded. The product is originating in Belarus and is currently falling within CN codes ex 7214 10 00, ex 7214 20 00, ex 7214 30 00, ex 7214 91 10, ex 7214 91 90, ex 7214 99 10 and ex 7214 99 95 (TARIC codes: 7214 10 00 10, 7214 20 00 20, 7214 30 00 10, 7214 91 10 10, 7214 91 90 10, 7214 99 10 10, 7214 99 95 10).

2. The rate of the definitive anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the product described in paragraph 1 shall be 10,6 %.

3. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

**Article 2**

The amounts secured by way of the provisional anti-dumping duties pursuant to the Implementing Regulation (EU) 2016/2303 shall be definitively collected.

**Article 3**

This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 June 2017.

For the Commission
The President
Jean-Claude JUNCKER
EXHIBIT 9
Analytical report:
Monitoring of the situation in the field of economic security of Belarus (September 2017)
The risks to economic security

Only by early October the details of the Russian-Belarusian oil agreements were publicly announced. Russian oil supplies to the Belarusian refineries in 2017 will amount to 18 million tons, which is formally lower than last year’s level. However, the refining such a volume of oil allows Belarusian enterprises to obtain maximum profitability. The remaining 6 million tons (determined on the basis of the total oil supply to Belarus at the level of 24 million tons per year) will be re-exported in unrefined form, and the export duty from this operation will go to the Belarusian budget. Taking into account the ongoing modernization of the refineries, this combination is the most financially beneficial for the budget of Belarus. The total effect of such scheme will amount to about USD 500 million a year for the Belarusian budget (taking into account the transportation of all oil through the pipeline and the refusal from the obligation to return to Russia certain volume of oil products). The issue of Belarus’ refusal from the Baltic ports in favor of Russian ones for exporting oil products is being discussed slowly.

The risks of economic recession

As predicted, improve of the situation in the agriculture resulted into further acceleration of country’s GDP. According to the results of 8 months, its growth reached 1.6% (source). As before, this achievement was based on the growth of industry by 6.1%. At the same time, the authorities predict a slowdown of this indicator, since the observed growth is mostly of a restorative nature and in the second half of the year the effect of the low base effect will be exhausted. Thus, one can observe the sales fall in July-September after growth in first half of the year at such industrial flagships like Belarusian Metallurgical Company (USD 37 million), Minsk Tractor Plant (USD 36 million), Minsk Automobile Plant (USD 11.5 million) “Amkador” (USD 10 million). Partially this decline will be compensated by the acceleration of retail trade turnover, which since the beginning of the year has grown by 1.9%. Its further growth can be expected with the growth of incomes of the population. The construction is still in a significant depression: it has fallen by 7.3% since the beginning of the year and is still languidly reacting to a significant decrease in housing loans for the population.

Recognizing the limited potential for restorative growth of traditional industry, the authorities are trying to make small and medium business, as well as IT, the point of growth. It is planned to achieve this goal through a radical liberalization of the conditions for the work of the private sector. Within this policy, about 10 presidential decrees are expected to be signed in October, which can significantly change the business climate in the country. Among the abovementioned decrees, there should also be one on the digitalization of the economy, creating special conditions for the work of IT companies and regulating some issues of the functioning of the “new economy”. The decree on the development of trade and household services in rural areas (significant tax breaks for these activities are provided) and a decree on regulating the activities of natural persons (certain types of activities for the provision of personal services without legal registration and with just paying a fixed fee are allowed) can be considered to be the first signs of liberalization decrees.

In fact, the authorities’ strategy is to create a new efficient and fast-growing sector of the economy next to the traditional post-Soviet economy (similar plans were
announced by the Minister of Economy Mikalai Snapkou in 2012). At the same time, serious structural reforms in the public sector are not yet discussed, and the practice of supporting the public sector and creating soft budget constraints for it is preserved. Such tactics involve a number of risks: thus, the creation of preferential terms in one segment of the economy can lead to the flow of business activity there and encourage the use of schemes for the unreasonable use of the benefits provided. The question of law enforcement practice remains open, especially in the situation of increasing competition due to the liberalization of some sectors of the economy and the potential losses of state-owned enterprises as a result of this. In general, the achieved effect may be insignificant against the background of maintaining the dominant low-performing public sector, which has a preferential access to state and bank financing, as well as to the labour market (for example, through the obligatory placement of university graduates).

The risks of financial volatility

In August, the National Bank continued to soften monetary policy, having reported about another reduction in the refinancing rate for the 8th time since the beginning of the year. As a result, from October 18, its level will be 11%, which is much lower than at the beginning of the year (18%) and very close to the minimum for the last 10 years (10.5% at the end of 2010). The key prerequisite for this decision was a record decrease in annual inflation, which in July was only 5.3% (source). For the first time in the history of sovereign Belarus, deflation was recorded for the second consecutive month (0.1% in July and 0.8% in August). According to the estimates of the National Bank, seasonal factors played not a major role in the slowdown of inflationary processes, and its development has fundamental nature.

However, it should be noted, that this time the reduction in the refinancing rate is not accompanied by a decrease in rates for liquidity provision operations to banks. At the same time, the National Bank points to certain risks associated with further weakening of monetary policy. In particular, the regulator worries about the existing level of inflation expectations in the economy, as well as an increase in the active component in the BYN money supply structure, which can create additional inflationary pressures from the demand side. In general, according to the leadership of the National Bank, we should not expect a significant reduction in the refinancing rate in 2018 below the planned level of 10%.

It is obvious that inflationary pressure in the economy may intensify as a result of the weakening of the national currency and unbalanced growth in the incomes of the population. And if the first risk at the moment can become real only in case of a significant drop in oil prices, which is not expected for most of the forecasts, then the second one is provoked by the actions of the government. The latter continues to pursue a policy of administrative stimulation of wage growth, the level of which in August reached the level of BYN 844, or USD 435. At the same time, its further increase with the current speed will lead to a violation of the equivalence of real wages and productivity growth (in January-July, this indicator dropped to 1). Such policy will result in ultimate increase of the payments balance deficit. The external borrowings or using the accumulated gold and foreign exchange reserves of the country will be necessary to finance it. Already by the end of August, we can record some deterioration of the situation in the currency market of the country: although the size of the net sale of currency by the population grew to USD 149 million, for the first time in a year its level
was surpassed by the net purchase of currency by resident legal entities (USD 167.3 million).

The positive news is the continued growth of the country’s gold reserves, which exceeded the level of USD 7.2 billion as of October 1. The next USD 700 million loan allocated to the Government of Belarus in September for refinancing old debts should also contribute to maintaining the achieved level. At the same time, the authorities significantly changed the planned proportions of net repayment and refinancing of the state debt for the next year, which is also aimed at preserving the size of the gold reserves. Thus, according to the plan of the Government, from USD 2.5 billion of expenditures necessary to fulfill external obligations, about USD 1.6-1.7 will be refinanced. New placements on the Eurobond market, as well as regular Russian loans could be the main sources of refinancing. The implementation of the developed IMF program is still frozen until the request for its renewal and fulfilling the conditions set by the Fund for its beginning by Belarusan authorities.

The change in the policy of servicing the public debt was reflected in the budget plan of the Government for 2018. Thus, while preserving the surplus nature of the republican budget, the size of the expected surplus has decreased by almost three times (from BYN 1.4 billion to BYN 500 million). This reduction will be caused, apparently, by the authorities’ plans to increase government investment spending. Thus, the Government planned to increase the commissioning of housing with state support in 2018 by one third. While additional projects were included into the state program of innovative development of the economy until 2020. In general, it is planned to ensure an annual growth of investment spending in the economy at almost 7% over the next 3 years. The implementation of these plans without increasing foreign direct investment is also fraught with risks of increasing the balance of payments deficit and worsening of the situation in the domestic foreign exchange market.

Conclusions

The slowing of inflation and the growing gold reserves allow the authorities to more actively pursue mitigation of monetary policy. The budgetary policy is also gradually softened, which is accompanied by a reduction in the budget deficit and an increase in investment spending. Potential risks are increasing, but in general the situation does not pose a serious threat to financial stability. The improvement of economic dynamics is still conditioned by cyclical factors, and the size of economic growth is largely determined by external economic conditions.
EXHIBIT 10
Deutsche Bank: Italy 'is a crisis waiting to happen' Germans send Rome shock threat

ITALY is on the brink of triggering the “next financial crisis” as the weakest link in Europe in a move that threatens to bring the eurozone down, strategists from a top German bank have warned.

By Rebecca Perring

13:11, Tue, Sep 19, 2017 | UPDATED: 21:31, Tue, Sep 19, 2017

Economist: EU's situation "worse than Great Depression"

The Mediterranean country is already engulfed by a £310billion (€349billion) debt mountain that banks accumulated during a three-year recession.

And today Deutsche Bank's strategists warned of more political and economic uncertainty from the eurozone's third largest economy,

They said: "A country nearing an election and with high populist party support, with a generationally underperforming economy, a comparatively huge debt burden.

"And a fragile banking system which continues to have to deal with legacy toxic debt holdings ticks a number of boxes to us for the ingredients of a potential next financial crisis."
Italy could be on the brink of a financial crisis
Deutsche Bank issued a warning over Italy

A fragile banking system which continues to have to deal with legacy toxic debt holdings ticks a number of boxes to us for the ingredients of a potential next financial crisis

Deutsche Bank

This could push Italy back into recession and, in a doomsday scenario, generate a Greek-type meltdown that Europe would find almost impossible to contain.

The warnings echoed earlier concerns Italy’s series of economic and political crises could blow up to rip apart the eurozone, as disastrous Greece almost did last year.

Aside from its banking troubles, Rome’s already feeble economic outlook has also been hurt by the fallout from Britain’s momentous vote to leave the European Union (EU).

The German bank also identified 10 other issues that could cause disaster between now and 2020 in their annual study entitled ‘The Next Financial Crisis’.

**Italy in crisis**

Sun, July 2, 2017

**Express Pictures reports on the variety of crisis’ in Italy**
Among the issues is the warning of a crisis in China and in Japan, along with global trade imbalances and a rising populism in the wake of Britain’s momentous Brexit vote.

Italy’s populist party Five Star Movement is gathering momentum as the latest opinion polls showed it neck-and-neck with the ruling Democratic Party.

Deutsche Bank strategists Jim Reid, Nick Burns, Sukanto Chanda and Craig Nicol warned there are “a number of areas of the global financial system that look at extreme levels.”

They said: "This includes valuations in many asset classes, the incredibly unique size of central bank balance sheets, debt levels, multi-century all-time lows in interest rates and even the level of potentially game changing populist political support around the globe.

“If there is a crisis relatively soon, within the next 2-3 years, it would be hard to look at these variables and say that there was no way of spotting them.”
Italy threatens to rip apart the eurozone

Juncker thanks Italy for 'saving the face of Europe'

"If there is a crisis relatively soon, within the next 2-3 years, it would be hard to look at these variables and say that there was no way of spotting them."

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Korean builders are struggling with deteriorating conditions at home and abroad, raising concerns over the impact of the slumping construction industry on the country’s economy.

Local construction orders dropped 3.4 percent from a year earlier in August, following a 33.6 percent decrease in the previous month, according to data from Statistics Korea.

The value of accomplished construction works across the country also declined 2 percent on-month in August.

This downward trend is set to be precipitated by the government’s measures aimed at curbing rising house prices and a planned cut in public infrastructure spending.

A continuous decline in overseas orders has been exacerbating the difficulties of Korean construction firms.

The amount of orders gained by Korean builders abroad last year stood at $28.2 billion, the lowest level in a decade, according to the International Contractors Association of Korea.
The figure for this year is seen to fall short of last year’s as the country’s construction companies received overseas orders worth $20.5 billion as of mid-September.

“A boom in housing construction since 2013 has led to an increase in construction investment. With no substitute for it in sight, the construction business is expected to only deteriorate,” said Oh Ji-yoon, an analyst at the Korea Development Institute, a state-run think tank.

Construction investment made a contribution of 1.6 percentage points to the country’s economic growth rate of 2.8 percent last year, according to data from the Ministry of Strategy and Finance.

Ministry officials have adhered to the 3 percent growth target for this year. But the goal will likely be out of reach as the construction sector slumps amid weak consumer spending and stalled industrial output.

Construction investment rose 0.3 percent from a year earlier in the April-June period of the year, one-twentieth of the increase rate in the preceding quarter.

Although excessive reliance on construction investment for growth is undesirable, leaving the difficulties facing local contractors unaddressed will cause a wide range of negative effects on the economy, economists say.
A major concern is job losses in the construction sector, which employs more than 7 percent of the country’s workforce.

The number of workers hired by local builders declined from about 2 million in May to 1.92 million in August, according to the state statistics office.

A study by the Hyundai Research Institute, a private think tank, estimates a 10 percent reduction in construction investment will result in the loss of 262,000 jobs.

Reflecting their sense of crisis, heads of the country’s five major construction associations held a joint news conference last month to call for keeping government infrastructure spending for next year at this year’s level.

Under the government-draft budget bill, expenditure on social overhead capital is set to be cut by 20 percent from this year to 17.7 trillion won ($15.4 billion) in 2018 as part of efforts to raise funds for implementing President Moon Jae-in’s election pledges to expand welfare benefits. The SOC spending planned for next year is the lowest since 2004, when 16.2 trillion won was set aside for the purpose.

A statement issued by the construction business leaders noted investing an additional 1 trillion won in infrastructure would lead to creating 14,000 new jobs.

Studies show the construction sector tends to create more jobs than other industries when the same amount of investment is made.

A sharp cut in infrastructure spending might complex the predicament of local builders, which already remain vulnerable to a slump in the housing market.

Four of the five largest construction companies in the country rely housing construction for more than 50 percent of their turnover.

Smaller construction firms face a more immediate danger of being pushed over the cliff. Some of them have received no orders so far this year, having difficulties paying wages, industry officials say.

Finance Minister Kim Dong-yeon, who doubles as deputy prime minister for economic affairs, has said consideration could be given to encouraging SOC-related public corporations to advance investment to the early part of next year if infrastructure spending cut hurts regional economies and employment.

But experts raise the need to reconsider the plan for reducing government infrastructure expenditure, saying delayed SOC investment would undermine the country’s competitiveness and cause more costs in the future.

They say it is also necessary to find new breakthroughs in overseas construction markets.

Korean construction firms’ focus on low-value projects mostly in Middle East countries can no longer be maintained amid lowering oil prices and mounting competition from Chinese and other foreign builders.

Overseas construction orders received by Korean contractors have continued to decrease in the years since peaking at $71.6 billion in 2010.

Efforts should be stepped up to work out ways to garner more value-added construction orders abroad through close coordination between the government and private contractors, experts say.

By Kim Kyung-ho (khkim@heraldcorp.com)
EXHIBIT 14
Park Han-woo, president of Kia Motors, the sister company of South Korea’s largest carmaker Hyundai Motor, called the current situation faced by the auto industry here "worse than a crisis."

Speaking at a forum held by the Korea Automobile Manufacturers Association on Aug. 21, Park said, “The situation seems to be more difficult than when we were suffering from the Asian financial crisis.” He was referring to the late 1990s when the East Asian miracle became a financial nightmare.

Major concerns include the continued drop in sales in and out of the country as well as a legal battle over workers’ request to recognize bonuses as part of their ordinary pay.

Rising labor costs are a major threat to carmakers here, as they make them less capable of investing in research and development, automakers claimed. Without resolving the labor issue, the industry has no future, they added.

On Thursday, Kia got the verdict from a local court to pay 422.3 billion won ($375.5 million) in compensation, as it ruled bonuses and meal allowances should be paid to workers as part of “ordinary wages.”

Kia is to appeal the case, as it claims the ruling would force the carmaker to provide additional overdue payments for the nine-year period between 2008 to 2017. The ruling only covers three years of unpaid wages between 2008 and 2011. If so, it is estimated to cost the carmaker around 1 trillion won.

“What worries me more is the payment that could be added in the future, not the compensation,” Park had said, adding that the carmaker may have to pay 50 percent more for overtime allowances from now on. The carmaker also fears that the ruling would encourage a similar move by workers at Hyundai Motor and cause a "domino effect" in the entire industry, which suffers from high labor costs and low productivity.

According to Korea Automobile Manufacturers Association, workers at five automakers in South Korea were paid an annual wage of 91.2 million won on average, higher than workers at Toyota and Volkswagen, the two biggest carmakers in the world.
The tough labor market conditions have also stoked speculations that companies might pull out from the industry here. For instance, rumors that GM Korea might withdraw from Korea have long been circulating.

Though the US automaker has denied the rumors, the Korean market seems to be less attractive than before for foreign investors.

Not only rising labor costs, but also the weakening compact car market worldwide has been hurting GM’s performance here, according to industry insiders. Korea was GM’s manufacturing hub for compact cars and sedans.

The auto industry has been one of the major industries leading South Korea’s economic growth, which depends heavily on exports.

After reaching its peak in 2012 with outbound shipments of 3.17 million vehicles that year, the number of exports of made-in-Korea vehicles declined to 2.62 million last year, dragging Korea down from the world’s third-largest car exporter in 2015 to the fifth largest in 2016.
Among major issues troubling the industry are the ongoing labor disputes, Beijing's apparent economic retaliation against Korea over the deployment of a US anti-missile system here, and emerging protectionism around the world.

But there are also fundamental problems that have been left unaddressed for years, experts say.

One of them is the parent-subsidiary structure that has helped major carmakers like Hyundai and Kia reduce production costs.

In the fast-evolving market, such a structure hinders the flexibility of the companies, making them more vulnerable to changes, say experts.

"Due to a change in motorists' preferences and the business landscape, price competitiveness is no longer the key to securing the top spot in the auto industry," said Kwon Soon-wu, an analyst covering the auto sector at SK Securities. "Carmakers have to either use the best auto parts or the most suitable ones through open sourcing," said Kwon.

Hyundai Motor and Kia Motors, South Korea's top two automotive companies, have championed combustion engine powered sedans, with the sales of the combined two ranking No. 5 among global automakers, until last year.

Hyundai and Kia are still dominant players here, as they have a combined 70 percent of the market.

GM Korea is the third largest with 7.2 percent, followed by SsangYong and Renault Samsung with 5.8 percent and 5.3 percent, respectively. The remaining 11.8 percent is taken up by imported cars, according to KAMA's July data.

However, Hyundai and Kia, though strong in the sedan segment, did not see the worldwide popularity of sport utility vehicles coming.

And it was a big miss. The global market for small SUVs has posted years of rapid growth since 2012, according to data compiled by industry tracker IHS Markit.

In 2016, the segment reached some 4.8 million units and is forecast to reach 5.66 million units this year.
"The growing demand for SUVs is related to the oil price that fell considerably from past years. The management at Korean automakers failed to see that coming and are a step behind releasing new models," said Kim Bum-joon, a researcher at LG Economic Research Institute.

Kim Pil-soo, a professor at Daelim University, also believes that the passive decision-making process of Korean automakers stems from the nature of chaebol management – in which a member of the owner family exercises the ultimate power.

"This extremely hierarchical system at Hyundai Motor makes it difficult for the carmaker to be cross-checked in terms of its quality and also to devise creative future strategies," he said, stressing that Hyundai is the only family-run business among top global carmakers.

"In order to transform itself from a fast follower to a fast mover, Hyundai should be open to many ideas. ... Being controlled under the leadership of a charismatic owner may be less valid."

The carmaker has also been relatively less active in seeking partnership with global IT companies that are moving to create new markets for electric vehicles and driverless cars.

"The prolonged parent-subsidiary structure has blinded local carmakers from catching the latest trends. They also overlooked the emergence of IT companies and Silicon Valley startups entering the auto market," Kwon of SK Securities noted.

For example, last March, US-based chipmaker Intel acquired Mobileye, an Israeli tech company that develops vision-based driver assistance systems, for $15.3 billion to get a head start in the fast-growing autonomous driving industry.

Last week, Fiat Chrysler said it had agreed to join BMW Group, Intel and Mobileye in developing an autonomous driving platform.

According to a report by global market research firm Navigant Research released last April, Hyundai Motor Group ranked No. 10 in self-driving technology among 18 global carmakers developing autonomous driving systems.

US-based auto giant Ford was named the leading company in automated driving, showing a jump from the fifth spot in 2015 due to investments on key auto parts and IT companies, the acquisition of the shuttle service Chariot and a newly implemented business model, the report added.

As a late comer to self-driving systems, Hyundai Motor recently stepped up efforts to catch up with competitors, following the consumer electronics show this January.

At this year’s CES in Las Vegas, Hyundai Motor Group Vice Chairman Chung Eui-sun conducted a test drive of the company’s level-four automated vehicle Ioniq EV.

In February, the company expanded its division for self-driving systems, called the Intelligent Safety Technology Center, to mass produce high level self-driving cars by 2020 and commercialize fully autonomous vehicles by 2030.

Doctor Lee Jin-woo, who had led the development of automated cars at GM, was hired as head of the center.

Meanwhile, high interdependence among Hyundai, Kia and their affiliates poses greater risks for the automakers, Kwon said.

The plummeting sales of Hyundai Motor and Kia Motors, which recorded a decline for four quarters in a row, have taken a toll on their affiliates such as auto parts supplier Hyundai Mobis, steelmaker Hyundai Steel, logistics company Hyundai Glovis and auto parts maker Hyundai Wia.

Hyundai Motor posted 24.3 trillion won in revenue and an operating profit of 1.3 trillion won in the second quarter of this year, showing a 1.5 percent drop and 23.7 percent dip on-year respectively, the company said.
Hyundai's decline also affected the overall performance of its affiliates. The operating profit of Hyundai Mobis -- where 70 percent of the company's sales are generated from business with Hyundai affiliates -- dipped 22.8 percent on-year between April and June this year, the company said.

In the cited period, Hyundai Wia's operating profit plummeted 66.8 percent, while the operating profit of Hyundai Steel fell 18.8 percent.

The ambiguous identity of Korean cars are also problem. They are not as cheap as they were before. They are also not leaders in terms of technology and design.

"Korean carmakers are stuck between Japanese and Chinese automakers," said Lee Jae-il, an analyst at Eugene Investment & Securities.

"They are not on an equal level with Japanese automakers in terms of technical skills, while Chinese carmakers are quickly absorbing technological knowhow based on a 50:50 joint venture system with foreign carmakers."

By The Korea Herald Auto Team

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EXHIBIT 15
REDACTED IN FULL
EXHIBIT 16
South Africa Has Second Recession in Eight Years

By

Arabile Gumede

, 

Amogelang Mbatha

, and

Aarti Bhana

June 6, 2017, 5:33 AM EDT Updated on June 6, 2017, 11:18 AM EDT

Gross domestic product contracted 0.7% in first quarter

Median of 19 economists’ estimates was for 1% expansion

South Africa’s economy fell into a recession for the first time since 2009 after it contracted for a second straight quarter in the first three months of the year as all bar two industries shrank.

Gross domestic product receded an annualized 0.7 percent in the first quarter from a contraction of 0.3 percent in the previous three months, Statistics South Africa said in a report released on Tuesday in the capital, Pretoria. The median of 19 economists’ estimates in a Bloomberg survey was for 1 percent expansion. There was only one forecast for a contraction.

While rains are helping Africa’s most-industrialized economy recover from a 2015 drought that was the worst since records started more than a century earlier, political uncertainty has hampered implementing reforms aimed at boosting growth. President Jacob Zuma changed his cabinet and fired Pravin Gordhan as finance minister in March, a move that saw the nation lose its investment-grade status with two ratings companies for the first time in 17 years.

“There is a risk that these contractions are not over and we could see another negative coming out in the second quarter of this year,” Annabel Bishop, the chief economist at Investec Ltd., said by phone from Johannesburg.

Industry Performance

All industries except agriculture and mining contracted in the quarter, the statistics office said. The finance, real estate and business services industry shrank 1.2 percent, the first decline since at least the first quarter of 2013.

The rand lost 0.8 percent to 12.8140 per dollar by 5:13 p.m. Yields on rand-denominated government bonds due December 2026 rose 4 basis points to 8.48 percent, the first increase in five days. The six-member banks index extended declines after the release, dropping 1.7 percent in Johannesburg.

S&P Global Ratings and Fitch Ratings Ltd. affirmed South Africa’s debt at the highest non-investment grade last week, with both companies saying policy uncertainty, political turmoil and slow economic growth pose a risk to fiscal consolidation. Moody’s Investors Service, which rates the nation at two levels above junk, has the nation on review for a downgrade.
“The rating agencies, even if they have already done their assessments, will no doubt be downgrading their GDP outlook off the basis of these numbers,” Gina Schoeman, an economist at Citigroup Inc. in Johannesburg, said by phone.

South Africa's growth slowed to 0.3 percent last year, the lowest rate since 2009, after low commodity prices, the effects of the prior year’s drought and weak demand for locally made goods weighed on output. Unemployment rose to a 14-year high in the first quarter. The business confidence index remains near the lowest level in more than two decades.

Confidence Shock

The first-quarter numbers “don’t reflect the confidence shock we expect post the cabinet reshuffle and credit downgrades,” Jason Muscat, a senior economic analyst at Johannesburg-based First National Bank, said in an emailed note. “We don’t expect the figure to put a rate cut on the table, but it may give Moody’s something to think about.”

The central bank on May 25 left its benchmark repurchase rate unchanged at 7 percent and reduced its forecast for growth this year to 1 percent from 1.2 percent, because of the anticipated impact of the downgrades. The contraction in the first quarter introduces “a significant downward bias” to its 2017 growth forecast of 1.3 percent, the National Treasury said in an emailed statement Tuesday.

“The current growth rate, if sustained, will lead to a further decline in GDP per capita and revenue, risking the sustainability of our fiscal framework and more importantly undermining the delivery of social services,” the Treasury said.

— With assistance by Renee Bonorchis
South Africa's credit rating has been cut to junk status by the ratings agency S&P Global.

The agency said that political upheaval, including the recent sacking of finance minister Pravin Gordhan, was endangering the economy.

S&P also expressed concern over government debt, and in particular the expense of supporting the state energy firm Eskom.

The news put more pressure on the rand, which was down 2% against the dollar.

The sacking of Mr Gordhan, seen as a safe pair of hands and with a reputation for financial prudence, led to a 4% fall in the rand on Friday and prompted strong criticism.

His replacement as finance minister by Malusi Gigaba was part of a cabinet reshuffle by President Jacob Zuma.

However the country's deputy president, Cyril Ramaphosa, called Mr Gordhan's sacking "totally, totally unacceptable" and Gwede Mantashe, secretary-general of the ruling African National Congress (ANC), also opposed it.

The financial downgrading is likely to make it more expensive for South Africa to borrow money on the international markets, as lending to the country would be seen as riskier.

'Trust eroded'
S&P explained its decision, stating that: "Internal government and party divisions could, we believe, delay fiscal and structural reforms, and potentially erode the trust that had been established between business leaders and labour representatives (including in the critical mining sector)."

"An additional risk is that businesses may now choose to withhold investment decisions that would otherwise have supported economic growth," S&P added.

The agency also raised concern about the level of borrowing by state energy firm Eskom.

The government guarantees 350bn rand ($25bn) of its debt, which is equivalent to about 7% of the nation's economic output.

- **Fallout from South Africa's ministerial 'massacre'**
- **Call to reform SA economy 'radically'**

For his part, Mr Gigaba spoke at the weekend of plans to "radically transform" the country's economy.

While he has a track record of policymaking, most recently as home affairs minister, he lacks a background in economics.

That prompted criticism that Mr Gigaba was too inexperienced for the job.

In 2014, the ANC adopted "radical economic transformation" policies to boost the economic position of the black majority in the post-apartheid nation.

But many in the ruling party believe the process has been "too slow and in many instances superficial", said Mr Gigaba on Saturday.

"The ownership of wealth and assets remains concentrated in the hands of a small part of the population," he said.

But Mr Gigaba added that he did not "seek to implement a reckless lurch in a particular direction".

"We will stay the course in terms of the fiscal policy stance approved by government," the new minister said.

South Africa's economy expanded by 0.3% in 2016, compared with 1.3% in the previous year.
Junk status

S&P lowered its credit rating on South African government debt from BBB- to BB+, which makes the debt "non-investment grade" or "speculative", or in the shorthand term, "junk".

If another ratings agency follows suit, many international investment funds, under their own rules, will be unable to lend to the South African government by buying its bonds, which are glorified IOUs.

On Monday, Moody's Investors Service placed South African government debt on review for a possible downgrade.

Like S&P it expressed concern over the political upheaval: "Moody's could downgrade South Africa's issuer rating if the rating agency were to conclude that recent events signalled a deterioration in the effectiveness of government or in the credibility of its policy-making."
JOHANNESBURG (Reuters) - The International Monetary Fund cut its South African economic growth forecast for this year on Tuesday, saying rising political uncertainty has dented consumer and business confidence.

The IMF said it expected South Africa’s economy to grow by 0.7 percent this year, down from an earlier projection of 1 percent given in July.

“Growth is projected to remain subdued ... despite more favourable commodity export prices and strong agricultural production, as heightened political uncertainty saps consumer and business confidence,” the global lender said.

South African growth should tick up to 1.1 percent next year, slightly lower than an earlier forecast of 1.2 percent, the IMF added in its October world economic outlook.

South Africa’s Treasury said in February it expected the economy to grow 1.3 percent in 2017, but Finance Minister Malusi Gigaba is due to announce revised projections on Oct. 25 when he presents his medium term budget policy statement to parliament.
South Africa slipped into recession earlier this year as rising inflation and high unemployment hit consumer spending, but a rebound in agricultural output has since helped the economy to return to growth.

Investors' nerves, however, have been tested by the sacking of respected finance minister Pravin Gordhan in March, subsequent credit downgrades to sub-investment grade and allegations of corruption in state-owned firms.

A leadership contest in the ruling African National Congress (ANC) party has also heightened political uncertainty.

In December the ANC will choose a new party leader to succeed President Jacob Zuma, whose tenure has been tainted by a series of corruption scandals. Zuma can remain as head of state until an election in 2019.

The IMF maintained its GDP growth projection for Nigeria at 0.8 percent this year, a performance underpinned by a recovery in oil production and farming after the economy contracted in 2016.

"However, concerns about policy implementation, market segmentation in a foreign exchange market that remains dependent on central bank interventions and banking-system fragilities are expected to weigh on activity in the medium term," the IMF said.

Economic growth in Kenya is seen slowing to 5 percent this year from 5.8 percent last year, the IMF said.

In September, Kenya lowered its 2017 economic growth forecast to 5.5 percent due to drought and political uncertainty.

Reporting by Alexander Winning; Editing by Olivia Kumwenda-Mtambo and Andrew Heavens
EXHIBIT 19
The order books of South Africa’s seven largest construction companies recorded a 26% contraction in the first quarter of this year.

JOHANNESBURG - The order books of South Africa’s seven largest construction companies recorded a 26percent contraction in the first quarter of this year.

The decline translated to an average contraction of about 3.8percent a company, according to an analysis done by business risk specialist Bryte Insurance based on the recent financial results of the seven companies.

Bryte said this came at a time when the contribution of the construction sector to national GDP eased 0.32percent in the first quarter of this year and was forecast to continue to decline for the remainder of this year.

Statistics South Africa reported a 12.9percent or R5.8billion decrease in the value of approved building plans between January and May this year compared to last. Xolile Kahla, a product technical specialist at Bryte Insurance, said yesterday that the first two quarters of the year had proven to be challenging for the construction sector, because of depressed macro factors and low business and investor confidence.

The Bryte construction activity monitor showed a 15percent year-on-year contraction in activity in the insured construction activity in the second quarter of this year. This downward pressure was also reflected in the stock
performance on the JSE as recorded by the heavy construction index, which includes all listed companies in this category, Bryte said.

Share prices fell by 12.88 percent month-on-month in the second quarter of this year compared to the 2.39 percent decline in the same quarter of last year.

Similar trends were evident in the Construction Industry Development Board (CIDB) SME Business Conditions Survey report released this week, with general building confidence declining to 40 index points in the third quarter from 42 in the previous quarter.

The report said civil contractor confidence dropped to 38 index points from 43 in the previous quarter as construction activity slowed and weighed on profitability.

Ntando Skosana, the project manager for monitoring and evaluation at the CIDB, said business confidence declined in the SME segment in both the building and civil engineering sectors and marked the second consecutive year that confidence had been below the neutral 50-point mark.

The report said its profitability indicator for the building industry sank to “an all-time low” with an overwhelming net majority of 68 percent of respondents reporting reduced profits compared to 56 percent in the second quarter.

It said contractors were also less keen to hire workers and its employment indicator deteriorated to its worst level since the third quarter of 2011, with a net majority of 51 percent of respondents reporting fewer employees during the survey quarter compared to 41 percent in the previous quarter.

- BUSINESS REPORT
EXHIBIT 20
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017
### Salient features

- **Safeguard duties** on hot rolled products have been approved and await implementation.
- **Imports have continued** despite duties and designation of steel.
- **Additional sales** of 6,000 tonnes of heavy sections and rails due to manufacturing agreement with Highveld Steel.
- **Borrowing base facility** of R4.5 billion was concluded.
- **ArcelorMittal South Africa** improved on B-BBEE status to level 3.
- **Domestic steel demand** at a seven-year low.
- **Coal prices spike** at USD300 per tonne in quarter 2.
- **Higher iron ore prices**
- **Impacted negatively by exchange rate volatility**.

The analysis on the following pages relates to the six months ended 30 June 2017 (current year) compared to the six months ended 30 June 2016 (prior year) except where otherwise indicated.
Overview

The company's results were negatively impacted in the first half of the year by the weakening South African economy. Business confidence in South Africa declined further as a result of the recession; with a 0.7% decrease in GDP during the first quarter of 2017; the downgrade to sub-investment grade and the highest unemployment rate since 2004.

The domestic and export steel markets in which the company operates are extremely constrained because of minimal local investment and infrastructure spend, high raw material costs and the volatility of the exchange rate. Local apparent steel consumption decreased by 3.8% as a result of subdued economic growth. In addition, South Africa and key African markets continue to import large quantities of steel, especially from China. Despite the import duties and designation of steel, half a million tonnes of steel were still imported into South Africa. To address the surge in imports, safeguards on hot rolled products have been approved by government and the implementation is pending.

ArcelorMittal South Africa's operating and headline losses increased by R714 million and R1 161 million respectively in the first half of the year compared to the same period last year. This is due to the higher imported coking coal and iron ore costs, relatively strong rand/US dollar exchange rate and continued weakening of the South African economy. The company paid a premium for coke that was imported due to the refurbishment of the coke batteries at Newcastle Works. The company has restructured its balance sheet by replacing overnight facilities with a three-year borrowing base facility of R4 500 million.

Safety remains our number one priority and it is with great regret that we report three fatalities at our plants this year, all contractor employees. This is completely unacceptable and we remain committed to achieving zero harm. The lost time injury frequency rate improved from 0.90 to 0.62.

Despite the positive progress on safeguards on flat products, import duties and the designation of local steel for government infrastructure projects, the group and the local steel industry continue to be threatened by imports entering the market, primarily from China. ArcelorMittal South Africa has implemented various initiatives to return the group to profitability and to generate positive cash flows. In order to address the current challenges, the group is in the process of exploring several additional initiatives, including additional cost-saving interventions, assessing the profitability of various product lines and the implementation of structural changes (restructuring) in the next six months. Further information will be provided as soon as the necessary investigations and decisions have been finalised.

Markets

The global steel demand has shown some improvement in H1 2017, mainly attributed to the positive market environment of developed countries. However, China's steel demand has been relatively flat compared to the last half of 2016. Demand improved due to the improvement in finished steel prices in key markets such as China, Europe and particularly in the USA, where imports of steel have increased in recent months after declining in H2 2016. Hot rolled coil (HRC) and rebar prices gained 14% and 18% respectively compared to H2 2016. The cost of iron ore and coking coal increased on average by US$22 (42%) and US$95 (112%) per tonne respectively compared to H1 2016. Due to the lag in the impact of prices, as a result of stockholding, coking coal prices are expected to remain high in Q3 2017.

The overall African markets have remained positive due to the drive towards infrastructure investments in the rail, roads and energy projects, specifically in the west and east sub-Saharan regions. In the southern African region, fiscal concerns and weak commodity prices have hampered investment progress. South African producers lost sales in African markets due to cheap imports into Africa.

Despite the improvements in global steel demand and steel prices, domestically the economy continues to struggle due to a lack of investments, particularly in the construction and manufacturing sectors, and as cheap imports of primary and finished products continue to flood the local steel market.

ArcelorMittal South Africa Limited

Condensed consolidated financial statements for the six months ended 30 June 2017
Steel Exports up by 7pct in Jan-Sept 2017


According to the data published by Turkish Steel Exporters' Association (CIB=Çelik İhracatçıları Birliği), Turkish steel exports increased by 7 pct YoY to 13.1 mln tons in the first nine months of 2017. Export value increased by 23.4 pct to USD 8.2 bln. In Jan-Sept 2017, EU remains the top destination for Turkish steel exports. Steel exports to EU were 4 mln tons, a considerable 53 pct increase against the same period last year. Turkish steel exports to Middle East were 3 mln tons and that of North Africa were 1.1 mln tons.

Exports to North America were at 1.8 mln tons. Turkish steel exports to Central & South American region grew by 40 pct to 937,000 tons and exports to Far East countries amounted to 872,000 tons, up by 525 pct YoY, in the first nine months of 2017.

In Jan-Sept 2017, notable increase in Turkish steel exports to Spain, Singapore, Italy, and Canada was observed when compared to last year, but significant decline was seen in Turkish steel exports to Oman, Iraq, Egypt and USA.

Turkey’s most exported steel product, rebar, declined by 23 pct to 4.1 mln tons in Jan-Sept 2017. Hot rolled steel exports amounted to 1.9 mln tons followed by welded pipe and wire rod exports of 1.4 mln tons and 968,000 tons respectively. Section steel exports were 1 mln tons.

In September 2017, Turkish steel exports totaled 1 mln tons, down by 19pct YoY. In terms of value exports were amounted to USD 746 mln, increased by 4.16 pct YoY.

Commenting on steel export statistics, Namik Ekinci, Chairman of the Steel Exporters’ Association said that during the first nine months of 2017, Turkish rebar exports dropped due to strong demand in domestic market.

Source: MEsteel.com

Admin TOA
Ukraine: Metinvest reselling DMK products to clear debts

31.10.2017 Leave a comment

Dneprovsky Iron and Steel Combine, Metinvest Group of Companies

By admin

Metinvest B.V. has started reselling a part of metal manufactured by Dneprovsky Iron and Steel Combine, which it receives as payment for raw materials, supplied previously and being supplied still.

According to Maxim Zavgorodniy, the executive director of ISD, the owner of DMK, the works supplies only a part of its products to clear debts.

"The scheme is complex. As soon as DMK clears its debts, it will be selling its products on its own", he said.

In August Metinvest resold 55 thousand tons of square billets valued at $26 million and 14 thousand tons of long rolled metal at $8 million. (Ukrainian metal)
EXHIBIT 23
Rinat Akhmetrov and Vadim Novinsky's Metinvest Group announced the loss of control over all enterprises located in the temporarily occupied territories in mid-March. This had been preceded by the trade blockade, ongoing fighting in the ATO area and continuing shelling of Avdiivka, where Group's coke and by-product plant is located. Yuriy Ryzhenkov, Metinvest's CEO, spoke to HB Business about the meaning of the lost entities to Metinvest and actions Group intends to take to sustain the operation of other entities.

— When did you find out about the takeover of the company's entities in so-called DNR/LNR, and what was your reaction?

— I guess we need to take a look back. We have been hearing about the expropriation of these entities since 2014. As soon as these formations emerged, from day one they started making statements, such as: "take away from oligarchs, nationalize and so on". So, this was nothing especially new to us. This time, however, armed people entered the plants and took control of property that did not belong to them. That is the main difference. It should be borne in mind, though, that this did not happen overnight. First mentions about this date back to December or November last year. Later, there was another scenario, where this would have happened unless blocked railway tracks had been released by 1 April. After that, they started speaking of 1 March, but nothing happened. While on 15 March, they started expropriating SCM's entities. Separatists came to Komsomolets Donbassa mine (belongs to DTEK - Ed.) and started to take coal away. They came to our Yenakieve Iron and Steel Works, and this was when we realized that the control was lost. One cannot say this came as a surprise. We looked at different scenarios of likely developments since the blockade started. At that point, we had already made a decision to recognize the loss of control as soon as someone starts to take away our products from the enterprises or bring in their raw materials and make attempts to process them, and give orders to dispose of our property. This happened on 15 March, and we decided that we can no longer be accountable for developments in that territory.

— Losing these enterprises - how critical is it?

— These enterprise represent a sizable part of our Group. They accounted for 5% of Metinvest's EBITDA in 2016. Furthermore, some of them, for example, Yenakiieve Steel, were a focus of Group's investments in the last decade. These were ones of the most state-of-the art enterprises.

— I heard you had invested one billion US dollars in Yenakiieve Steel ...

— When it comes to Yenakiieve, the only thing that was left unfinished there was building a new sinter plant (works commenced at the beginning of 2014, but were not finished - Ed.). Had we built the new sinter plant, Yenakiieve plant would have become an absolutely state-of-the art facility. Everything else had been put in order already. The plant had new blast furnaces in operation, complete with pulverized coal injection that was launched in 2014. There was a new oxygen plant that was built together with French Air Liquide. There were continuous casting machines in operation that were built in the last decade. This was, indeed, a modern plant and a very good asset from the technological standpoint. Unfortunately, all of it has been lost. On the other hand, one should put things into perspective. In the last three years, these plants would be repeatedly shut down and relaunched. Total losses incurred by Metinvest's enterprises located in the
appropriate to take the strategic material out of the country when it is short. Second, and more important, is to understand how the scrap market can be deregulated in terms of scrap collection, acceptance and some other things to stimulate scrap collection. Third, but not the least, is we need professional scrap supply companies in Ukraine that will not only collect scrap but also demolish the old buildings and recover scrap from reinforced concrete structures, and so on. Such companies exist in Ukraine but they are very few. Something needs to be done to trigger their development so we have more players in the market willing to do this business.

– **Former managers of Metinvest enterprises were recently appointed at Dneprovsky Iron and Steel Works. How did they come there and what is the purpose?**

– As we all know coke was mainly supplied to Dneprovsky Iron and Steel Works from Alchevsk Coke (located on the temporarily non-controlled territory – editor). When the supply was blocked, the enterprise was left without coke and had to stop its operation. I want to emphasize that it is important for us that this enterprise continues to operate. It is a key consumer of our iron ore materials on the controlled territory of Ukraine and it is a crucially important client for us. I think it is an important asset for its owners. As I understand this is the first time the enterprise faces a full stop, and they are looking for ways to recover it. I think this might be the reason for inviting the former general director of Yenakiieve Steel to work for them. Aleksandr Podkorytov has, unfortunately, gained vast experience in re-starting operations since he had to do it many times in the last three years. His contract expired in the early April. Taking into account that Yenakiieve Steel is not presently under our control and its further operation is not clear, we reached a mutual agreement with Aleksandr not to extend his contract. That was the time when the owners of IUD who control Dneprovsky Iron and Steel Works needed this type of an expert, so they made Aleksandr an offer. It remains for me to wish Aleksandr success as he faces the challenge.

– **Are there entities in Ukraine that would be of interest to you?**

– There is Unisteel in Kryviy Rih with which we make galvanized steel together under a tolling arrangement. There is Module Ukraine in Kamenets-Podolskiy that applies colour coating to our coils under a tolling arrangement. Cooperation with these enterprises is certainly interesting for us, and we are glad to have these projects. I think there are many other interesting enterprises in Ukraine, and we are willing to discuss cooperation opportunities to improve the products for our customers and the level of customer service we provide.
EXHIBIT 24
Arc furnaces to brighten up British Steel?

The announcement comes after British Steel announced a “remarkable” financial turnaround

Pictured at the British Steel press conference to announce first year profits of £47 million are from left CEO Peter Bernscher; Financial Director Steve Mason, Paul McBean chair of the works multi-union committee, Managing Director Paul Martin and Executive Chairman Roland Junck.
The Scunthorpe-based British Steel business is looking at introducing electric arc furnaces to run alongside the traditional blast furnaces, executive chairman Roland Junck revealed when announcing the company’s first year trading results.

The use of such furnaces recycling scrap metal could maximise the profits from making liquid steel.

Mr Junck told a press conference: “We are working on it. But it is not an easy option.”

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Earlier the company announced during the first of trading the cost of raw materials, coal and iron ore, used in traditional steel-making had soared by 44 per cent.

British Steel reported a pe-tax profit of £47 million since family investment firm Greybull Capital bought the former Tata Steel Long Products business last June.

It was the first time since 2008 the Scunthorpe steelworks has been in the black and was in stark contrast to a £79 million loss in 2015-16.

The U-turn was achieved despite a slight drop in steel production to 2.7 million tonnes and sales to 2.5 million tonnes.
British Steel announces £126million turnaround in its first year. Pictured: a worker at British Steel's Scunthorpe works.

Company chiefs insisted that even better times were ahead for the town's 3,000 employees, who since June 1 will share a five per cent stake in British Steel.

Newly-appointed chief executive officer Peter Bernscher said: “British Steel has achieved a remarkable turn-around but this is just the beginning.

“To guarantee our future as a sustainable business for decades to come we must now seize and capitalise on the opportunities that have been created.”

Managing director Paul Martin revealed a £40 capital investment programme had been set aside for 2017-18. Of that sum, around £35 million would be spent on upgrading the 2,000-acre site which has produced steel since 1890.

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- British Steel's fantastic birthday gift to Scunthorpe workers

Stressing he had “great optimism” for the future, Mr Junck said he could see no reason why the profit could not be doubled to £100 million next year.

Mr Junck added: “In 12 month we have started transforming from an inward-looking production hub into a profitable, more agile business by controlling costs, improving our product range and quality and through strategic investments.”
"After significant capital investment we have made a small net profit and although it hasn’t been easy an entrepreneurial spirit is starting to flow through British Steel.

It means we are fast becoming the efficient, customer-based business we need to be”.

Asked if Greybull Capital had given a commitment to the future of British Steel, Mr Junck said the owners were in for the long-term and not after a quick sale.

British Steel chief executive Peter Bernscher.

Mr Martin said another sign of the success of British Steel was a ten-fold increase in applications for jobs in the past year.

Since last June 500 new employees have joined the company.

Paul McBean, the chairman of the works multi-union committee, however warned: "Today’s news isn’t mission accomplished and people should be in no doubt a lot of hard work lies ahead”.

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- 120 jobs up for grabs for maintenance at British Steel

Calling for more government support, the union chief added: “I have great confidence in our employees and as we continue our growth, they will ensure British Steel keeps flying the flag for manufacturing excellence at home and abroad”.

The use of electric arc furnaces allows steel to be made from a 100 per cent scrap metal feedstock.
This greatly reduces the energy required to make steel when compared with primary steel-making from ores.

Another benefit is flexibility: while blast furnaces cannot vary their production by much and can remain in operation for years at a time, arcs can be rapidly started and stopped, allowing the steel mill to vary production according to demand.

As the arcs require large amounts of electrical power, many companies schedule their operations to take advantage of off peak electricity pricing.
EXHIBIT 25
UK economic growth outlook slashed by IMF due to weak pound and spiking inflation

The IMF described the UK's medium-term growth outlook as 'highly uncertain'

Josie Cox Business Editor | @JosieCox_London | Tuesday 10 October 2017 13:01 BST | 7 comments
The IMF slashed its outlook for UK economic growth this year, citing a slump in private consumption and a dramatic tumble in the value of the pound weighing on household spending.

In its twice yearly benchmark World Economic Outlook, the Washington-based organisation raised growth forecasts for all advanced economies aside from the UK.

It said that it now anticipates the UK economy - which grew at just half the rate of the eurozone's in the second half of this year - to expand by 1.7 per cent in 2017 and by 1.5 per cent in 2018.

Its 2017 forecast back in April had been for the economy to grow by 2 per cent. It said that it had revised that figure due to weaker-than-expected growth during the first two quarters of the year. In an interim forecast published in July it already said that it expected growth of just 1.7 per cent this year.

"The slowdown is driven by softer growth in private consumption as the pound's depreciation weighed on household real income," it said.
future economic relationship with the EU, and the extent of the
close in barriers to trade, migration, and cross-border
financial activity.

The British economy displayed surprising resilience in the
immediate aftermath of the Brexit vote, with an expansion of 0.5
per cent in the third quarter of the year and 0.7 per cent in the
final quarter. But it's since started to splutter.

Jaclyn Smith is About To Turn 72 & Is Unrecognizable Today

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Deputy Didn’t Know A Secret Camera Was Filming Everything

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Do You Come From Royal Blood? Your Last Name May Tell You.

Ancestry

GDP growth was just 0.3 per cent in the second quarter of 2017,
according to the Office for National Statistics. Growth over the
same period in the 19-member single currency bloc was 0.6 per
cent. And because of the pound’s slump, UK inflation has spiked.

It hit 2.9 per cent in August, matching a reading from May,
which itself was the highest since June 2013. Annual total wage
growth in the three months to July was just 2.1 per cent,
highlighting the squeeze that UK households are feeling.

The IMF said that it only expects the UK to outperform a small
handful of its peers this year, including with Italy which is
expected to grow by 1.5 per cent, France, by 1.6 per cent and
Japan by 1.5 per cent.

But its latest forecast is marginally higher than the 1.6 per cent
growth pencilled in by the Organisation for Economic Co-
operation and Development for this year. Even more
pessimistically, the Centre for Economics and Business Research
anticipates that the UK economy will grow by just 1.3 per cent in
2017, representing a substantial downward revision from an
earlier forecast of 1.7 per cent.

Donald Trump is refusing to eat any Japanese food

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expected to grow 2.2 per cent this year and 2.3 per cent in 2018.

It projects world growth to increase from 3.2 per cent in 2016 to

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EXHIBIT 26
UK car manufacturing falls in September

26 October 2017 | Business

Brexit

UK car production fell during September as confidence was hit by Brexit uncertainty, according to a major car industry body.

Plans to improve air quality also added to the decline in car output, the Society of Motor Manufacturers and Traders (SMMT) said.

A 14% fall in demand in the UK market drove the overall drop, it said.

But a government spokesperson said "the UK's automotive industry remains a great British success story".
BlackBerry's bet on driverless cars

Diesel and petrol car ban: Clean air strategy 'not enough'

Mike Hawes, SMMT chief executive, said: "With UK car manufacturing falling for a fifth month this year, it's clear that declining consumer and business confidence is affecting domestic demand and hence production volumes."

"Brexit is the greatest challenge of our times and yet we still don't have any clarity on what our future relationship with our biggest trading partner will look like, nor detail of the transitional deal being sought," he said.

Mr Hawes said that "uncertainty regarding the national air quality plans also didn't help the domestic market for diesel cars, despite the fact that these new vehicles will face no extra charges or restrictions across the UK."

In July government set out statutory plans to reduce roadside nitrogen dioxide pollution.
Mr Hawes added that "leaving the EU with no deal would be the worst outcome for our sector" and urged the government to "safeguard the competitiveness of the industry".

UK car output fell more than 4% to 153,224 vehicles in September.

Production also fell in April, May, June, and August.

Domestic demand dropped 14.2% to 31,421 units in September, contributing to an overall year-to-date production decrease of 2.2%.

But a Department for Business, Energy and Industrial Strategy spokesperson said: "We have seen significant recent investment in the UK from companies in the sector."

The government has already put £260m into "advanced propulsion" research, and has invested £246m over four years in battery technology, the spokesperson said.

"This will ensure the UK builds on its strengths and leads the world in the design, development and manufacture of electric batteries to secure the future of our automotive sector in the low carbon economy," the spokesperson added.

In September general UK manufacturing growth accelerated, a closely watched survey indicated.

Arndt Ellinghorst, head of global automotive research at Evercore ISI, said consumer confidence had been on the decline.

But he said UK car production had been at a "very high level" earlier in the year, and was "due to correct anyhow".

He added that about 70% of UK car production was for export, so the "overall numbers are still ok", and that manufacturers such as BMW were doing well.
EXHIBIT 27
The real Brexit car crash: Jobs fears as investment in the UK motor industry will dive by half from last year's £1.66 billion

Investment in the car industry is on course to crash by half this year with major manufacturers drastically cutting back amid Brexit uncertainty.

Vauxhall has already put the brakes on decisions relating to UK investment and there are growing fears that Ford may be preparing to follow suit.

Last year saw £1.66 billion invested in the industry, but figures from the Society of Motor Manufacturers and Traders (SMMT), seen by The Mail on Sunday, show just £647.4 million of investment has been tracked by the body so far this year. A significant shortfall is now expected on last year's total.

Vauxhall will be slashing 400 of its 1,800 jobs in Cheshire by Christmas due to a drop in demand

Vauxhall revealed last week it would be slashing 400 of 1,800 jobs at Ellesmere Port in Cheshire by Christmas, citing falling customer demand. And despite the company saying it is committed to the site, industry sources have suggested more UK cuts could be on the way.

Workers are nervously awaiting news on whether it will continue to make the Astra at Ellesmere Port from 2021.

The decision was expected by the end of this year but PSA Group – the French company which bought Vauxhall this year – has said it is not in 'a position to consider future investments', in part because it does not have 'enough visibility
on the future trading relationship with the EU'.

One senior industry source said: 'I think there will be some bigger decisions to come from PSA and quite possibly – or even probably – that would involve some plant closures.

'I hope to goodness they’re not in the UK, but at the moment the uncertainty around Brexit is not helping.'

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SMMT chief executive Mike Hawes said: 'What we’re hearing anecdotally is that manufacturers are waiting as long as they can to see what the relationship is going to be with our biggest market,' he said.

'The indications I have are that some investors are sitting on their hands.'

The SMMT has warned that a hard Brexit – under which the UK would have to trade with the EU under World Trade Organisation rules – would cost the industry an extra £2.7 billion a year on imports and £1.8 billion on exports.

The Unite union is also worried about jobs at Ford’s plant in Bridgend, South Wales, where 1,765 workers are based. The future of the factory was thrown into doubt last month when the US carmaker confirmed that a contract to make engines for Jaguar Land Rover would be terminating early – in September 2020.

David Bailey, professor of industrial strategy at Aston Business School in Birmingham, said he was concerned that Ford had yet to commit to replacing this contract and safeguarding jobs.
A Vauxhall employee works on a production line at the car factor in Ellesmere Port

‘Nothing has been announced to replace it in terms of a sizeable engine production,’ Bailey told The Mail on Sunday. ‘I would have expected that to have been announced by now and I think the uncertainty around Brexit has played into that.’

Steve Nash, chief executive of the Institute of the Motor Industry, said future UK motor industry investment would ‘almost inevitably’ go into reverse without an EU deal.

Pro-Brexit economist Gerard Lyons said it was ‘not a surprise’ that the auto sector is pressing the Government on tariff-free access. But he added that the Government could ease adjustment costs for the industry using savings from leaving the EU.

He said: ‘Of the areas that trade with the EU, naturally it’s the auto sector that has greater concerns, because the nature of the Customs Union was always to protect the auto industry across Europe.’
EXHIBIT 28
Britain's builders are facing a recession as commercial property demand slumps and few new infrastructure projects are commissioned.

Housebuilding is the only area of growth and even that slowed down last month, according to a survey of the industry published by IHS Markit.

Activity in the sector fell with the purchasing managers' index (PMI) score dropping to 48.1 in September, below the 50 level that indicates growth.

Use regions/landmarks to skip ahead to chart.

**Construction output fell last month. Source: IHS Markit**

Long description.

No description available.

**Structure.**

Chart type: line chart.
line with 125 data points.
The chart has 1 X axis displaying values.
The chart has 1 Y axis displaying PMI, above 50 = growth.

**Chart graphic.**
Construction output fell last month

Source: IHS Markit

That is the lowest level since July 2016 when builders feared that the Brexit vote would trash their order books.

Businesses are commissioning fewer new commercial developments with builders reporting a sharp decline in work in the market.

“This reading is significantly worse than expected and shows that economic uncertainty continues to have a serious impact on the construction industry. Construction is an economic bellwether, so the concern will spread well beyond the sector,” said Richard Threlfall, head of infrastructure, building and construction at KPMG.

“There is a clear downturn in commercial construction, which is likely to continue. This is because new orders are dropping off, hitting pipelines.”

Civil engineering work fell at its fastest pace in more than four years as completed projects are not replaced with new jobs.

Eye-catching infrastructure projects such as the Hinkley Point nuclear plant have been given the go-ahead, but overall the limited number of new projects is hitting the construction sector Credit: EDF Energy

Both the commercial and civil indices fell to 45.7 in September, while housing showed to 53.1, its lowest level in six months.

“The construction sector is entering its own recession, as Brexit risk dampens demand for commercial buildings and as housing demand cools,” said Samuel Tombs at Pantheon Macroeconomics.

Official figures showed the construction sector contracted by 0.5pc in the second quarter of the year and Mr Tombs expects another decline in the third quarter, putting the industry into official recession territory.

Construction accounts for only a small proportion of GDP, however, at around 6pc.

The manufacturing industry and the dominant services sector are still growing so economists expect a moderate expansion overall in the third quarter of the year.
Brexit puts construction on course for recession

Tommy Stubbington

October 8 2017, 12:01 am, The Sunday Times

Brexit contingency plans have put the construction industry on shaky ground

ALAMY

The construction industry is heading for recession as Brexit uncertainty delays big projects, official figures are set to show this week.

City economists are forecasting a 0.2% decline in output for the sector in August. That would leave it needing an unprecedented rebound in September to avoid shrinking for a second consecutive quarter — the definition of recession.

Although construction accounts for about only 6% of GDP, experts say the sector’s woes are a worrying sign for the wider economy. “Construction is something of a bellwether,” said Rob Wood, chief UK economist at Bank of America Merrill Lynch.
A survey last week by IHS Markit showed that fewer new infrastructure projects were being commissioned. Also, demand for commercial property is waning as some companies activate Brexit contingency plans.
EXHIBIT 30
REDACTED
IN FULL