

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

Date: 27 November, 2017

Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates and the United Kingdom.) Investigation Nos.: 701-TA-573-574 and) 731-TA-1349-1358 (Final)) No. Pages: 4) Status: Final Phase of Countervailing Duty and Antidumping Duty Investigations) This proceeding is conducted by the Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. This document contains no business proprietary information.
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Submitted Electronically VIA EDIS
From: The Ministry of Economic Development
of the Russian Federation
To: The Honorable Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, S.W. Washington, DC 20436

Re: Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Turkey, Ukraine, United Arab Emirates and the United Kingdom: Brief of the Ministry of Economic Development of the Russian Federation

Dear Secretary Barton:

On behalf of the Ministry of Economic Development of the Russian Federation, we hereby file the present brief in the frames of the abovementioned proceeding.

The Ministry of Economic Development takes this opportunity to renew to the U.S. International Trade Commission the assurances of its highest consideration.



Anatoly Y. Chaplin
Deputy Head of the Department,
Ministry of economic development of the Russian Federation

U.S. INTERNATIONAL TRADE COMMISSION

Public Certificate of Service

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

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

I, Anatoly Y. Chaplin, certify that copies of **the Brief of the Ministry of Economic Development of the Russian Federation** in the above-referenced final phase investigation are being served on this 27th day of November 2017, by hand delivery or e-mail, on the following parties:

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BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION

**Brief
of the Ministry of Economic Development of the Russian Federation**

On May 12, 2017, the United States International Trade Commission (Commission) issued its preliminary injury determinations. According to Commission's findings, domestic industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of carbon and certain alloy steel wire rod (wire rod) from Italy and Turkey, and less-than-fair-value ("LTFV") imports of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom. On September 6, 2017, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the antidumping duty investigations of imports of wire rod from Belarus, the Russian Federation (Russia) and the United Arab Emirates. On November 21, 2017 Commerce issued its final determinations in the abovementioned antidumping duty investigations. According to these final determinations, Commerce established dumping margin of 756.93 % for Russian producers NLMK-Ural and Abinsk Electric Steel Works Ltd. and 436.80 % for other companies. Moreover, the Department of Commerce found that critical circumstances exist in case of Russia and instructed U.S. Customs and Border Protection to collect antidumping duties retroactively.

The Russian side is deeply concerned about determinations made by Commission and Commerce concerning imports of wire rod from Russia. We are of the position that subject imports did not cause material injury to domestic producers and in respect of Commerce findings, we believe that there is no ground for retrospective imposition of antidumping duties.

1) Negative critical circumstances

In accordance with Section 733 (c) of the Tariff Act 1930, in making determination regarding critical circumstances Commerce should consider certain factors:

A) - is there a history of dumping and injury caused by dumping imports in the USA or elsewhere;

or - did importers know that the exporter was selling subject merchandise below its fair value and these imports are likely to cause material injury;

B) is there a massive import of subject merchandise over a relatively short period.

Bearing in mind that to evaluate import volumes over a relatively short period the Commerce generally relies on monthly data for a period of equal length before and after the filing of the petition and generally focuses on a six-months period before and after filing¹, we would like to point out that imports of the subject merchandise from Russia actually fell after the filing of the petition. The petition was filed on March 28, 2017. Therefore, the six-months period of comparison are October 2016 through March 2017 and April through September 2017. Imports from Russia accounted for 35,891 short tons in the period from October 2016 through March 2017 and 35,171 short tons in the period from April 2017 through September 2017². In this regard positive critical circumstances consideration is not warranted.

Moreover, we would like to attract attention of the investigating authorities to the evidence provided by Russian exporter NLMK-Ural in its pre-hearing brief that NLMK-Ural ceased making any sales to the United States after the filing of the petition, executing only U.S. sales contracts that preceded the filing of the petition. NLMK-Ural also provided evidence that average prices on shipments of wire rod from Russia to the USA were higher after the filing of the petition compared to before. This evidence substantiates the fact that imports from Russia do not undermine the remedial effect of the anti-dumping duty to be applied. So, in accordance with Section 733(c) of the Tariff Act 1930 and article 10.6 of the Agreement on Implementation of Article VI GATT-1994, retrospective imposition of antidumping duty is not warranted.

2) Absence of material injury

The Russian side rest assured that imports from Russia did not cause any injury to the U.S. domestic industry. We are of the position that domestic industry failed to substantiate its allegations concerning material injury caused by imports.

One of the allegations, provided by the domestic industry in the Petition was that U.S. wire rod prices declined due to subject imports. In its Preliminary determinations

¹ See Emulsion Styrene-Butadiene Rubber from Brazil, Korea, Mexico and Poland. Inv. Nos. 731-TA-1337, USITC Pub. 4717 (Aug. 2017) at 32, 33.

² NLMK-Ural' Pre-hearing Brief, page 4.

Commission noted that 7 of 10 U.S. producers had to either reduce their prices or roll-back announced price increases in order to compete with subject imports³. Commission also stated that 7 of 22 purchasers reported that domestic producers of wire rod had reduced prices in order to compete with low-priced imports⁴. However, American Wire Producers Association (AWPA), which represents entities that account for 75-85 % of wire rod consumption in the U.S., has challenged the findings of the Commission. AWPA provided evidence that scrap prices are key indicator of market changes in the U.S. wire rod prices. As it was noted in AWPA pre-hearing brief, during the period from 2014 to 2015, prices for scrap were showing a declining trend and prices for wire rod were also declining. However, as soon as scrap prices reversed course in 2016, wire rod prices likewise increased – as evidenced by the repeated price increase announcements from the U.S. rod mills in 2016 and 2017. AWPA stated that throughout 2016 and continuing into late 2017 Petitioners have imposed numerous significant price increases for all of their wire rod products. These price increases began more than a year before filing the petition and are continuing today. Such evidence compromise the Commission’s findings about price effect of the subject imports.

Some of the U.S. producers mentioned that they had to stop its production due to subject imports. ArcelorMittal plant (Georgetown, SC) idled in April 2015 and Republic Steel (Lorain, Ohio) stopped the operation in March 2016. We would like to reiterate that the reasons for the closure or suspension in operations of those mills were caused by other reasons and therefore could not be attributed to the subject imports. The plant in Georgetown was closed because of the problem with raw material delivery, which increased the mill’s cost structure, while at the same time one of ArcelorMittal’s domestic competitors – Nucor Steel – built its own rod mill in Georgetown⁵ intensifying the competition in the local wire rod market.

³ Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Turkey, Ukraine, United Arab Emirates and the United Kingdom, Inv. Nos.701-TA-573-574 and 731-TA-1349-1358 (Preliminary), Publication 4693, May 2017. USITC Preliminary Injury Determination. page V-10

⁴ Ibidem, page V-11.

⁵ Page 27-29 <https://www.awpa.org/wp-content/uploads/2017/04/AWPA-Postconference-Brief-Public-Version-24-Apr-2017.pdf>

We firmly believe that the AWWPA in its Post-conference Brief provided sufficient evidence that the reasons for Republic Steel's decision to idle its Lorain plant appear to have nothing to do with subject imports.

We would appreciate it if the Commission supports above arguments and issues negative final determination in relation to injury caused by subject imports.

A handwritten signature in black ink, appearing to read 'A. Chaplin', with a stylized flourish extending to the right.

Respectfully submitted,
Anatoly Y. Chaplin