

June 26, 2020

Inv. Nos. 701-TA-417 & 731-TA-953, 957-959
and 961 (Third Rev.)

PUBLIC VERSION

The Honorable 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 Brazil, Indonesia, Mexico, Moldova and Trinidad and Tobago*: Nucor and Commercial Metals Company's Post-Hearing Brief

Dear Secretary Barton:

On behalf of Nucor Corporation and Commercial Metals Company, please find enclosed the public version of Nucor and Commercial Metals Company's Post-Hearing Brief.

The requisite certification is enclosed in accordance with sections 201.6 and 207.3 of the Commission's rules. In addition, the enclosed comments have been served on all parties, 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 Brazil, Indonesia, Mexico,
Moldova, and Trinidad and Tobago***

**Investigation Nos. 701-TA-417 and 731-TA-953, 957-959, and 961
(Third Review)**

CERTIFICATION OF COUNSEL

In accordance with section 201.6(b)(3)(iii) of the Commission's regulations, 19 C.F.R. § 201.6(b)(3)(iii), I, Alan H. Price, hereby certify that information substantially identical to the information for which business proprietary treatment has been requested in this submission is not available to the general public.

In accordance with section 207.3(a) of the Commission's regulations, 19 C.F.R. § 207.3(a), I further certify that the information contained in this submission is accurate and complete to the best of my knowledge.

This certification is made in accordance with 28 U.S.C. § 1746. I declare under penalty of perjury of the laws of the United States of America that the foregoing statements are true and correct to the best of my information and belief.

Dated: June 25, 2020



Alan H. Price

CERTIFICATE OF SERVICE

PUBLIC SERVICE

***Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova and
Trinidad and Tobago***

Inv. Nos. 701-TA-417 & 731-TA-953, 957-959 and 961 (Third Rev.)

I certify that a copy of this public submission was served on the following parties, via
electronic service, on June 26, 2020.

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF:

CARBON AND CERTAIN ALLOY STEEL WIRE
ROD FROM BRAZIL, INDONESIA, MEXICO,
MOLDOVA AND TRINIDAD AND TOBAGO

)
) Inv. Nos. 701-TA-417 & 731-TA-953, 957-959
) and 961 (Third Rev.)
)
) Business Proprietary Information Removed
) from Pages 2-14, the Exhibit List, and in
) Exhibits 1-4, 6-11, 14-18, 29, 65, 77, 83, 90, 95,
) 99, 103-105, 107
)
)
) PUBLIC VERSION

NUCOR AND COMMERCIAL METALS COMPANY'S POST-HEARING BRIEF

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June 25, 2020

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I. INTRODUCTION

Revocation of the orders will lead to continuation or recurrence of material injury to the domestic carbon and certain alloy steel wire rod (“wire rod”) industry in the reasonably foreseeable future. Subject producers face high excess capacity in their home markets, and have attractive pricing and volume-based selling opportunities here. Subject rod is highly substitutable with U.S. rod and has previously captured U.S. market share by underselling. U.S. wire rod producers have been rocked by two rounds of unfairly traded imports and, most recently, the COVID-19 pandemic is deteriorating demand conditions. They are in no position to weather additional dumped and subsidized rod from the five subject countries.

A single Mexican producer argues that the order on its country should be revoked; no other subject country producers filed briefs or appeared at the hearing. These arguments are unconvincing and misleading. As Mr. Altschuler acknowledged at the hearing, “credibility always matters.”¹ The International Trade Commission (the “Commission”) should consider the probative value of arguments made by a company that consistently misrepresents information to government agencies,² knowingly fails to provide or acknowledge publicly available information that directly contradicts sworn testimony before the Commission, and habitually circumvents U.S. AD orders. Rather than allow for another round of low-priced imports from the subject countries, including from Mexico, to harm U.S. producers and their workers, the Commission should vote to keep the orders in place against all subject countries.

¹ Hearing Transcript, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine*, Inv. Nos. 701-TA-417 & 731-TA-953, 957-959, 961, and 962 (Third Rev.) (June 16, 2020) at 190 (Altschuler) (“Hearing Tr.”).

² See Issues and Decision Memorandum accompanying *Carbon and Certain Alloy Steel Wire Rod from Mexico*, 82 Fed. Reg. 23,190 (Dep’t Commerce May 22, 2017) (final results of antidumping duty admin. rev. and final deter. or no shipments; 2014-2015) at 8 (“Thus, we have no confidence in either the originally submitted cost information or the reallocation of the costs. Thus, we find that we cannot rely on Deacero’s reported cost information, and without reliable cost information, we are unable to calculate a margin for Deacero.”) (emphasis added); see also Answers to Commissioner Questions at Section V.E, attached at **Exhibit 1**.

II. CONDITIONS OF COMPETITION

A. Demand in the United States is Declining

Overall U.S. demand for wire rod declined []% from 2017 to 2019, and has left the domestic industry vulnerable.³ From January to May 2020, demand fell by another []% compared to the same period in 2019.⁴ As Mr. Zernikow testified, “the last five weeks that I had took in comparison to what we had seen last year, and without a doubt we are beginning to see decreased order activity.”⁵ Due to COVID-19, U.S. demand in 2020 is projected to remain below 2019 levels as explained in **Exhibit 1**.

B. The Domestic Industry Has Sufficient Capacity to Supply U.S. Demand

The domestic industry has the capacity to supply the entire U.S. market.⁶ U.S. mills produce virtually all qualities of wire rod sold in the United States, and certainly the standard low and high carbon industrial quality wire rod offered by the subject countries.⁷ While there was a brief period in 2018 when U.S. purchasers were “hedge or panic buying” in excess of true market demand for wire rod, industry witnesses testified that “those situations quickly balance themselves out with typical market dynamics.”⁸ U.S. production declined 11.4% from 2018 to 2019, and fell even lower in 2020.⁹ Any claim that the U.S. industry does not have sufficient capacity to supply U.S. demand for wire rod is belied by the facts.

1. Deacero’s Section 232 Exclusion Analysis Is Flawed and the Domestic Industry Can Meet Domestic Demand

Beyond Deacero’s failure to provide or identify the underlying source documents of its

³ Prehearing Report to the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago*, Inv. Nos. 701-TA-417 & 731-TA-953, 957-959 and 961 (Third Rev.) (May 28, 2020) at C-3 (Table C-1) (“Prehearing Report”).

⁴ [], attached at **Exhibit 2**.

⁵ Hearing Tr. at 47 (Zernikow). Nucor’s []. See [], attached at **Exhibit 3**.

⁶ See Prehearing Report at C-4 (Table-1); see also Domestic Industry’s Cumulation Presentation, attached at **Exhibit 4**. Contrary to Deacero’s claims, subject imports are not needed to supply U.S. demand. Moreover, Deacero’s arguments suggest that its incorrect perception of U.S. demand would lead Mexican producers to increase shipments to the United States to fill a purported void that does not exist.

⁷ See Written Testimony of Mr. Zernikow, attached at **Exhibit 5**; Prehearing Report at IV-7, IV-8 (Table IV-2).

⁸ See Hearing Tr. at 53 (Zernikow); see also *id.* at 54-55 (Dillon); *id.* at 55-56 (Goettl).

⁹ See Prehearing Report at C-5 (Table C-1); Written Testimony of Mr. Zernikow, attached at **Exhibit 5**.

“black box” Section 232 exclusion analysis, Deacero’s claims that the U.S. industry cannot meet domestic demand are without merit. As an initial matter, 232 exclusions are not actual import volumes, they are merely a *license* to import steel products without a duty. Further, Commerce imposes exclusion process constraints limiting when and who can submit an objection. This process, which Commerce acknowledges has been fraught with issues undermining Deacero’s analysis, including [

]. As explained in **Exhibit 1**, the purported 1.9 million tons excluded through the 232 process over three years (averaging 630,000 tons per year) neither reflects the domestic industry’s inability to supply wire rod nor serves as an accurate barometer of U.S. consumption. There are a [

], including [

]. Regardless, the reported capacity, production, and official import data in the Prehearing Report provide the best evidence of U.S. demand and supply conditions, and as described above, U.S. capacity exceeds U.S. demand.¹¹

2. **Deacero Conflates Wire and Wire Rod Rendering Its Arguments Patently Misleading**

Deacero conflates U.S. production and capacity of wire rod with those of wire.¹² Demonstrating a fundamental misrepresentation of the U.S. wire rod industry, both Deacero’s

¹⁰ [

]. See [], attached at **Exhibit 6**. Additionally, [

]. See Mid Continent 232 Exclusion Documents, attached at

Exhibit 7.

¹¹ Prehearing Report at C-3 – C-5 (Table C-1).

¹² Hearing Tr. at 110 (Pratt) (“Our exclusion requests were for wire rather than wire rod, but capacity for wire is essentially equal to the capacity for wire rod”) (emphasis added); *id.* at 186 (Jeong) (“{A}ll of the U.S. suppliers that we were trying to get supplied rod or wire from were also rod suppliers. So their capacity for wire and wire rod are linked and, you know, essentially equal. It’s just not a reasonable assertion to say we would have had rod, we could have sold you rod but not wire. So we believe that’s an unreasonable statement.”) (emphasis added).

counsel and witness testified that a wire rod producer's capacity is essentially equal to wire capacity.¹³ This is inaccurate. [

].¹⁴ By conflating wire production with wire rod production, Deacero advances misleading arguments that have nothing to do with the production or supply of the domestic like product. Thus, Deacero's references to exclusions that were granted for Mid Continent's *wire* are not relevant to the Commission's analysis of the domestic industry's ability to supply *wire rod*. But it does impugn Deacero's credibility given that Mr. Altschuler and Ms. Jeong failed to provide to the Commission with Nucor's public surrebuttal, which explains that Nucor was willing to supply 100% of Mid Continent's *wire rod* requirements, and arranged to supply 100% of the *wire rod* to other independent wire drawers to fully support 100% of Mid Continent's *wire* requirements.¹⁵

Based on Deacero's witness testimony, it is clear that Mid Continent and Deacero were simply successful at gaming the 232 exclusion process and illustrates Deacero's continued interest in the U.S. market. As fully documented in **Exhibit 1**, Mid Continent grossly inflated its wire tonnage requirements from 3,000 tons per month to 7,000 tons per month and then required that such volume be sourced from only one domestic company.¹⁶ While Nucor was able to broker 100% of Mid Continent's wire requirements using wire rod produced at Nucor facilities, [

].¹⁷ With respect to credibility, this sole source requirement presented to Commerce to obtain an exclusion is in stark contrast to Mid Continent's hearing testimony asserting that "{i}t is important to have multiple sources of raw

¹³ *Id.* at 110 (Pratt); *id.* at 186 (Jeong).

¹⁴ Declaration of [], attached at **Exhibit 8**. Other U.S. producers, such as []. See [], attached at

Exhibit 9; [], attached at **Exhibit 10**.

¹⁵ See Mid Continent 232 Exclusion Documents, attached at **Exhibit 7**.

¹⁶ See *id.*

¹⁷ []

].

materials in case there is any supply disruption with any given vendor.”¹⁸ Moreover, [] Commerce granted an exclusion for 86% of Mid Continent’s requested volume, Mid-Continent never responded or purchased the remaining 14% of its purported requirements from Nucor. Mid Continent’s exclusion highlights two salient issues that undermine Deacero’s exclusion analysis: 1) the tonnage requested and granted does not necessarily reflect the amount of product that will be imported or consumed; and 2) [

], such as requiring that the product be sole sourced.

C. The U.S. Market Is Attractively Priced

The U.S. is an attractive market.¹⁹ It provides friendly logistics and the ability to absorb large volumes of imported wire rod, unlike other markets in Europe, Asia, and Latin America. Prices in the other subject countries as well as in their traditional export markets are much lower than U.S. prices.²⁰ Further, the Commission’s experience in the original investigation, two reviews, and two original investigations involving 11 countries demonstrates that the U.S. has historically been and currently is an attractively priced market for imported wire rod.²¹

At the hearing, the single Mexican respondent claimed that U.S. prices are not attractive to Mexican producers.²² Its own data shows otherwise. In 2017, Mexico’s export average unit value (“AUV”) of \$384 per ton [

] ²³ as Deacero sold a more costly product to produce at a discount to push volume into the U.S. without duties. In 2018 and 2019, Mexican producers reported export shipment AUVs to the United States of [] indicating that [

¹⁸ Hearing Tr. at 109 (Pratt).

¹⁹ See Domestic Industry’s Cumulation Presentation, attached at **Exhibit 4**.

²⁰ See *id.*; Prehearing Report at IV-54 (Table IV-23).

²¹ See USITC Pub. 3546; USITC Pub. 4014; USITC Pub. 4472; USITC Pub. 4509; USITC Pub. 4752.

²² Hearing Tr. at 127 (Villanueva).

²³ Compare [

], with [

(Quantity []; value []; AUV is []; see also
Hearing Tr. at 63 (Holt).

].²⁴ Mexican export shipment AUVs are also [] of other subject producer's AUVs, demonstrating that Mexican wire rod export pricing [].

D. Freight Costs are No Barrier to Exporting Wire Rod to the United States

Freight has not been an impediment to unfairly traded imports growing their market share in the U.S. market. Deacero's witness testified that "we simply cannot afford to compete in certain parts of the U.S. market, including the Northeast, the Northwest, and part of the Midwest, because the freight costs are prohibitive to the expansion."²⁵ The Prehearing Report contradicts this testimony with [], which confirm that "the sole responding importer from Mexico during 2017-19 {(i.e., []}." ²⁶ Once wire rod is delivered to a U.S. port or otherwise crosses the border, the U.S. inland transportation cost to ship wire rod would be similar from each subject country.

Mexico's increasing exports to Canada and other export markets also undermine Deacero's arguments that it cannot export to certain U.S. regions.²⁷ Regardless of transportation mode, a truck, train, or ship must bypass the United States to reach Canada. And to be clear, freight costs from Mexico to ship wire rod to the northwestern or northeastern U.S. would be similar to or less than the freight costs from subject countries to the same U.S. regions.²⁸ If Deacero can ship substantial volumes of [

], it can certainly can ship to the United States.²⁹ [

²⁴ Compare Prehearing Report at IV-39 (Table IV-16), with IV-42 (Table IV-18).

²⁵ Hearing Tr. at 107 (Villanueva); see also *id.* at 127-128 (Villanueva) ("{H}onestly speaking, the wire rod doesn't travel well on wheels. And when I say wheels I mean truck or rail.").

²⁶ Prehearing Report at II-6. Deacero also concedes that it easily sells into the Midwest to its affiliated customer. Hearing Tr. at 128 (Villanueva) ("Our cost, let's say from Laredo, Texas up to a certain point in Missouri it costs us \$70 a ton.").

²⁷ In addition to Canada, Mexico exports to Colombia, Guatemala, El Salvador, Peru, and Costa Rica. Given the locations of Mexican wire rod mills, these export markets are likely accessed by barge, truck, or train. Prehearing Report at IV-41 (Table IV-18).

²⁸ Answers to Commissioner Questions at Section XI, attached at **Exhibit 1**.

²⁹ Declaration of [], attached at **Exhibit 99**.

].³⁰ The bottom line is that Mexico, just like the other subject countries, will compete under the same conditions of competition because of the higher prices and better returns to ship to the United States than to other markets.

III. ALL SUBJECT WIRE ROD IMPORTS SHOULD BE CUMULATIVELY ASSESSED

In the last sunset review, the Commission found that imports from each of the five subject countries would have a discernible adverse impact and compete under the similar conditions of competition.³¹ As explained below, the record here is even stronger and supports the Commission majority's prior determination to cumulate all subject countries. Because no party has argued that Brazilian, Indonesian, Moldovan, or Trinidadian imports should be decumulated, this section explains why imports from Mexico would compete under similar conditions of competition and provides information on the current status of the mill in Trinidad.

A. Mexican Producers Will Compete Under the Same Conditions of Competition

1. Declining Demand in Mexico and Its Traditional Export Markets Encourages Mexican Producers to Export to the United States at Low Prices

At the hearing, the single Mexican respondent claimed that it has been largely unaffected by COVID-19 and it forecasts that wire rod sales in 2020 will increase above 2019 levels.³² Unfortunately, not many reputable forecasters share this rosy outlook on Mexican demand, including the other Mexican producers that did not appear before the Commission and maintain significant excess capacity.³³ As explained in **Exhibit 1**, Mexican wire rod producers have disclosed to their investors that demand in Mexico is declining and that COVID-19 is exacerbating these deteriorating conditions. For example:

³⁰ See Declaration of [], attached at **Exhibit 11**. [], attached at **Exhibit** _.

³¹ USITC Pub. 4472 at 14-18, 26-27, 56. Commissioner Johanson found that Mexican imports would have a discernible adverse impact but that Mexican imports would compete under different conditions of competition. As explained in **Exhibit 1** at Section VIII, the reasons for Chairman Johanson dissent from the majority there no longer apply today.

³² Hearing Tr. at 102 (Guerra).

³³ See Domestic Industry's Cumulation Presentation, attached at **Exhibit 4**.

- “The Mexican government recently cut spending in response to a downward trend in international crude oil prices, and it may further cut spending in the future. These cuts could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects.”³⁴
- “Global steel production has been and will continue to be affected by volatility in the market due to the COVID-19 pandemic. We expect steel consumption in the automotive and construction industries to be lower due to delays and reduced demand for steel products in North America and globally. These developments and other consequences of the COVID-19 outbreak have and could continue to materially adversely affect our results of operations, financial condition and cash flows.”³⁵
- The COVID-19 virus is impacting economic activity worldwide. . . . In Mexico, the company continues to operate its main production lines, meeting reduced market demand, mainly from the auto industry but also gradually from other sectors as they scale back operations.³⁶

Declining demand for wire rod in Mexico and in alternative export markets will force Mexican producers to export large volumes of wire rod to the United States and compete “primarily on the basis of price”³⁷ similar to imports from the other subject countries.

2. Mexican Producers Have Growing Excess Capacity

Reported Mexican excess capacity is large and growing. Contrary to Deacero’s claims, Grupo Simec built a new 600,000-ton capacity mill in 2018 that produces wire rod that will be targeted at the United States.³⁸ It is operating at 20% capacity.³⁹ While Deacero testified that it does not compete with Simec in the Mexican market, [

].⁴⁰ Additionally, Greenberg Traurig LLP represents Grupo Simec in the rebar sunset review before the Commission, yet has affirmatively disclaimed knowledge of Grupo Simec’s production of wire rod at its new mill in Tlaxcala.⁴¹ Had respondent’s counsel bothered to review its client’s website, it would show that Grupo Simec

³⁴ Grupo Simec 20-F Annual Report Excerpts at 15, attached at **Exhibit 12**.

³⁵ *Id.* at 12.

³⁶ Ternium 20-F 2019 Annual Report Excerpts at 87, attached at **Exhibit 13**.

³⁷ Grupo Simec 20-F Annual Report Excerpts at 25, attached at **Exhibit 12**.

³⁸ See [], attached at **Exhibit 14** ([

].”).

³⁹ Grupo Simec 20-F Annual Report Excerpts at 38, attached at **Exhibit 12**.

⁴⁰ See [], attached at **Exhibit 15**.

⁴¹ Hearing Tr. at 170 (Jeong); APO Service List, *Steel Concrete Reinforcing Bar from Mexico and Turkey*, Inv. Nos. 701-TA-502 & 731-TA-1227 (Rev.) (May 13, 2020), attached at **Exhibit 100**.

produces “*wire rod*” and “special bar quality *wire rod*” at the “Simec Tlaxcala” plant.⁴² Grupo Simec only reported wire rod capacity covered by the “[]” plant⁴³ confirming that it did not report production capacity at the “Simec Tlaxcala” plant.⁴⁴

Notwithstanding the unreported Mexican capacity documented herein, Mexican producers reported nearly [] tons of excess and divertible capacity available to export to the United States.⁴⁵ Over []

[].⁴⁶ This is important []

[].⁴⁷ As the other subject countries are also plagued with substantial excess capacity,⁴⁸ there is no basis to conclude that Mexican producers would use their excess capacity any differently. In fact, Grupo Simec, a Mexican producer with substantial excess capacity that failed to appear at the hearing, explains in its 2019 annual report that the high fixed costs of running a steel mill encourages steel producers globally to maximize production and exports by lowering prices even in the face of poor export market demand and pricing.⁴⁹

⁴² Grupo Simec Website Excerpts, attached at **Exhibit 19**.

⁴³ See Grupo Simec 20-F Annual Report Excerpts at 39, attached at **Exhibit 12**.

⁴⁴ *Id.* at 34. Additional evidence demonstrates that TYASA has [] its capacity to produce wire rod from the last review, increasing from []. See TYASA Quality Manual, attached at **Exhibit 101**; Prehearing Report at IV-35 n.29.

⁴⁵ Domestic Industry’s Cumulation Presentation, attached at **Exhibit 4**.

⁴⁶ See Declaration of [], attached at **Exhibit 11**. [], attached at **Exhibit 107**.

⁴⁷ Tr. at 33-34 (Mr. Price).

⁴⁸ Domestic Industry’s Cumulation Presentation, attached at **Exhibit 4**.

⁴⁹ Grupo Simec 20-F Annual Report Excerpts at 25, attached at **Exhibit 12** (“Competition in the steel industry is significant. Competition in the steel industry exerts a downward pressure on prices, and, due to high start-up costs, the economics of operating a steel mill on a continuous basis may encourage mill operators to establish and maintain high levels of output even in times of low demand, which further decreases prices and profit margins.”).

3. Mexican Producers Will Increase Exports to the United States if the Orders are Revoked

The single Mexican respondent asserted that “there are constraints and commitments that really limit Deacero’s ability to increase sales to any one market.”⁵⁰ Yet, publicly available export data contradicts its sworn testimony. From 2017 to 2019, Mexican producers increased exports by 30%, including doubling shipments from 71,607 tons to 114,635 tons to its largest export market, Colombia.⁵¹ Further, Mexico’s ability to shift exports between markets demonstrates that it is opportunistic and will seize any opportunity to send large volumes of wire rod to the United States.⁵² Put simply, in the event of revocation, Mexican producers, like the other export-oriented subject producers that elected not to participate in the review, will increase exports significantly to a large U.S. market that can easily absorb significant quantities of imports.

4. Because Subject Imports from Mexico Remain Considerably Below Pre-Order Levels, Continue to Undersell The U.S. Product, Are Concentrated in Industrial Grades, They Will Compete Under the Same Conditions of Competition

In the second sunset review, the Commission found that imports from each subject country, including Mexico, remained considerably below pre-order levels, continued to undersell the U.S. product, and focused “primarily on low-carbon and high-carbon industrial grade wire rod.”⁵³ The facts here continue to support cumulation of all subject countries. Contrary to Deacero’s claims of focusing on higher end wire rod,⁵⁴ the only subject imports that entered the U.S. during this review period were from Mexico, and they [

].⁵⁵ Mexican subject imports also continued to undersell the U.S. product in 70%

⁵⁰ Hearing Tr. at 127 (Villanueva).

⁵¹ Prehearing Report at IV-41 (Table IV-18). Mexican producers also grew their exports to four other export markets during the review period, including Canada, Guatemala, and Peru, and Costa Rica by 135%, 697%, 569%, and 883% respectively, while decreasing exports to El Salvador by 71%. *Id.* There were no constraints preventing Mexican producers from increasing exports to five of its top seven markets except that these markets are relatively much smaller than the United States.

⁵² Deacero testified that it is able to shift production with its customers demands and also conceded it will “continue to do business with {U.S. customers} and grow their business together.” Hearing Tr. at 153 (Villanueva).

⁵³ USITC Pub. 4472 at 26.

⁵⁴ Hearing Tr. at 128 (Villanueva).

⁵⁵ Prehearing Report at V-16.

of the quarterly comparisons.⁵⁶ Imports from Mexico were relatively small and well below pre-order levels demonstrating an inability to sell large volumes without dumping just like the other four subject countries.⁵⁷ Thus, if the orders are revoked, Mexican producers, as along with all other subject producers, would export large volumes of wire rod to the United States and compete based on price for sales of low and high industrial wire rod grades.

5. Repeated Circumvention Demonstrates Mexico's Continued Interest

In the last sunset review, the Commission considered Deacero's circumvention of the orders as evidence of its continued interest in the United States.⁵⁸ After blatantly circumventing the wire rod order for a second time as well as the rebar order, there is no doubt that Deacero remains extremely interested in the United States despite its hearing testimony. That its imports increase when the company is circumventing demonstrates that Deacero intends to expand its sales of wire rod in the United States. As explained in **Exhibit 1**, every argument that Deacero and its counsel presented to the Commission regarding 4.4 mm wire rod has been analyzed and rejected by Commerce in the 4.4 mm circumvention investigation and there is no need to re-litigate those issues here. The Commission should, however, consider that Deacero priced its circumventing 4.4 mm wire rod at approximately \$[] per ton below the 2017 shipment AUVs for U.S. product, which is affirmative evidence that Mexican producers would continue underselling the domestic like product and at even greater margins if the orders are revoked.⁵⁹

6. The 232 Continues to Impose Similar Conditions of Competition on the Subject Countries

Under the discipline of the orders, imports from each of the subject countries, including Mexico, have remained far below pre-order levels prior to the imposition of the Section 232.⁶⁰ The

⁵⁶ *Id.* at Appendix E, p. E-5 (Table E-2).

⁵⁷ *Id.* at C-3 (Table C-1).

⁵⁸ Repeated circumvention also does not demonstrate a difference in competition given that Brazil also exported non-subject wire rod to the United States during the POR. *Id.* at I-19; USITC Pub. 4472 at 7-9.

⁵⁹ *Compare* Prehearing Report at V-7 – V-10 (Tables V-3 – V-6), *with* [] and []; AUV is []; value [] (Quantity []).

⁶⁰ Prehearing Report at Appendix C.

orders, not the 232 tariffs, will continue to function as the primary restraint on subject import volume. While the 232 remedy is discretionary, the purpose of the 232 remedy is to limit imported steel products to protect the national security of the United States.⁶¹ Whether subject imports face an immediate tariff or a delayed tariff through a surge mechanism,⁶² they are competing under the same conditions of competition designed to limit imports. Pursuant to the US-Mexico Agreement, if Mexican wire rod imports surge from historical levels, the U.S. *may* re-impose Section 232 duties on Mexican wire rod.⁶³ But if the United States does so, Mexico can impose tariffs on other U.S. steel products exported to Mexico. Given the [

] Mexican producers continue to increase exports well beyond historical levels. To date, no 232 duties have been reinstated against imported Mexican steel products, including on wire rod or rebar.⁶⁴ Thus, the ultimate U.S. remedy is to reinstate 232 duties on wire rod, which would cause Mexican imports to face an immediate tariff just like imports from the other subject countries.

B. Low-Priced Imports from Trinidad Will Surge Into The United States In the Foreseeable Future

The Commission has found that export-oriented steel mills can compete under similar conditions of competition although the steel mill was not producing steel at the time of the determination and should do the same here.⁶⁵ As explained in **Exhibit 1**, the Point Lisas mill in Trinidad [] will increase shipments to the United States if the order is revoked.⁶⁶ Contrary to the Prehearing Report, [

⁶¹ USITC Pub. 4795 at 16.

⁶² Mexican producers have additional incentives to increase exports since tariffs would be delayed and the Mexican government can retaliate against the United States.

⁶³ Prehearing Brief of Nucor and Commercial Metals Company, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago*, Inv. Nos. 701-TA-417 & 731-TA-953, 957-959 and 961 (Third Rev.) (June 8, 2020) at Exhibit 76.

⁶⁴ Domestic Industry's Cumulation Presentation, attached at **Exhibit 4**.

⁶⁵ See USITC Pub. 4838.

⁶⁶ Answers to Commissioner Questions at Section X, attached at **Exhibit 1**.

].⁶⁷ [

].⁶⁸ This is consistent with the time it took Liberty Steel to restart the Georgetown, SC mill upon acquisition.⁶⁹ In fact, the [

]. [

].⁷⁰ [

].

IV. SUBJECT IMPORTS WILL HAVE MATERIAL ADVERSE EFFECTS ON THE U.S. WIRE ROD INDUSTRY IN THE EVENT OF REVOCATION

A. Subject Import Volume Would Be Significant If the Orders are Revoked

As explained above, excess capacity in the subject countries remains substantial, and subject producers would likely direct significant export shipments to a large and attractive U.S. market if the orders are revoked. Current combined production capacity in the subject countries has expanded from [] tons per year in 2013⁷¹ to nearly [] tons per year in 2019, based on low-end Staff estimates.⁷² The single Mexican respondent that appeared at the hearing conceded that it would grow its sales to its five to seven customers.⁷³ But these customers

⁶⁷ See Declaration of [], attached at **Exhibit 16**; [], attached at **Exhibit 17**; [], attached at **Exhibit 18**.

⁶⁸ [], attached at **Exhibit 18**. The Commission considers the foreseeable future to be two years in steel cases. [], attached at **Exhibit 17**.

⁶⁹ Tr. at 59-60 (Mr. Dillon).

⁷⁰ See Declaration of [], attached at **Exhibit 16**.

⁷¹ Confidential Views of the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago*, Inv. Nos. 701-TA-417 & 731-TA-953, 957-959 and 961 (Second Rev.) (July 7, 2014) at 62.

⁷² See Prehearing Report at IV-20.

⁷³ Tr. at 153 (Mr. Villanueva).

are [

].⁷⁴ Thus, the record demonstrates that subject import volume would increase significantly in the reasonably foreseeable future if the orders are revoked.

B. Revocation of the Orders Would Have Significant Negative Price Effects

The pricing behavior of subject imports in the original investigation is the best information of how subject imports would behave in the absence of a dumping order. While the composition of the Mexican industry has changed since the original investigation, the record shows that Mexican producers undersold the domestic producers in 81% and 70% of the quarterly comparisons during the second review and third review, respectively.⁷⁵ Additionally, because 4.4 mm wire rod is a substitute for 5.5 mm wire rod,⁷⁶ these circumventing products undersold the domestic like product by at least \$[] quarterly comparison in 2017.⁷⁷ That is, with or without the discipline of the orders, the common denominator is that Mexican producers continue to undersell the domestic like product.

Despite Deacero's claims, and as explained in **Exhibit 1**, the Commission has reviewed the relationship between scrap and prices in multiple steel cases and has consistently found that demand and supply conditions determine selling prices.⁷⁸ And while small volumes of unfairly traded imports can have negative price effects on the U.S. market, first there is typically a volume effect as underselling causes U.S. producers to lose sales. Then as subject imports grow in

⁷⁴ See, e.g., []

[]
]; []

⁷⁵ Prehearing Report at V-17 (Table V-8). The underselling margins range from []% to []% and at an average margin of []%.

⁷⁶ See Issues and Decision Memorandum accompanying *Carbon and Certain Alloy Steel Wire Rod From Mexico*, 84 Fed. Reg. 9089 (Dep't Commerce Mar. 13, 2019) (final affirm. deter. of circumvention of the antidumping duty order).

⁷⁷ Compare Prehearing Report at V-7 – V-10 (Tables V-3 – V-6), with [] and []; AUV is []; value []

⁷⁸ USITC Pub. 4752 at II-2 – II-20.

appreciable volumes and low prices are spread among customers, U.S. producers are forced to lower prices to maintain market share. This is supported by the two ITC final determinations during this review period.⁷⁹ The likely price effects of revoking the orders on the subject countries, including from Mexico, will be significant underselling and the depression and suppression of U.S. wire rod prices.

C. Subject Imports Will Injure the Already Vulnerable Domestic Industry

Before the COVID-19 outbreak, demand in the market began to soften, cutting short the gradual recovery from two rounds of unfairly traded imports.⁸⁰ Virtually all trade and financial indicators declined from 2018 to 2019.⁸¹ As Commissioner Stayin acknowledged, the COVID-19 pandemic has caused the idling of production plants, which heightens the vulnerability of the U.S. industry.⁸² Revocation of the orders on the subject countries would result in lower sales, prices, operating income/profits, as well as lost worker hours, potential lay-offs, and the curtailment or shuttering of production at domestic wire rod mills. In this vulnerable state, the domestic industry simply cannot afford for the orders on the subject countries to be revoked.

V. CONCLUSION

For the reasons described above, Nucor and CMC urge the Commission to retain the trade orders on Brazilian, Indonesian, Mexican, Moldovan, and Trinidadian wire rod.

Respectfully submitted,

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⁷⁹ USITC Pub. 4509 at 17-18; USITC Pub. 4752 at 37.

⁸⁰ Prehearing Report at C-3 – C-4 (Table C-1).

⁸¹ *Id.*

⁸² Hearing Tr. at 82 (Commissioner Stayin).

EXHIBIT LIST		
Exhibit No.	Exhibit	Security
1	Answers to Commissioner Questions	Public
2	[]	Public
3	[]	Public
4	Domestic Industry's Cumulation Presentation	Public
5	Written Testimony of Mr. Zernikow	Public
6	[]	Public
7	Mid Continent 232 Exclusion Documents	Public
8	Declaration of []	Public
9	[]	Public
10	[]	Public
11	Declaration of []	Public
12	Grupo Simec 20-F Annual Report Excerpts	Public
13	Ternium 20-F 2019 Annual Report Excerpts	Public
14	[]	Public
15	[]	Public
16	Declaration of []	Public
17	[]	Public
18	[]	Public
19	Grupo Simec Website Excerpts	Public
20	Joe Deaux and Jenny Leonard, <i>U.S. Poised to Slap 10% Tariff Again on Aluminum From Canada</i> , Bloomberg (June 23, 2020)	Public

EXHIBIT LIST		
Exhibit No.	Exhibit	Security
21	U.S. Imports of Wire Drawn - C&A from Mexico	Public
22	Amy Ebben, <i>U.S. Steel Market Update</i> , ArcelorMittal USA (Dec. 31, 2019) (excerpts)	Public
23	<i>Global Economic Prospects June 2020 Report</i> , The World Bank (excerpts)	Public
24	Sean Szymkowski, <i>COVID-19 Shut Down 93% of All U.S. Auto Production</i> , Road Show (Apr. 3, 2020)	Public
25	Breanna Noble, <i>Auto industry recovery from COVID-19 could take years, signaling slow climb back</i> , Detroit News (June 11, 2020)	Public
26	Commercial Metals Company (CMC) Q3 2020 Earnings Call Transcript (June 18, 2020) (excerpts)	Public
27	Matt Tinder, <i>Architecture billings downward trajectory moderates</i> , The American Institute of Architects (June 24, 2020)	Public
28	Michael Tomera and Jeff Sorensen, <i>COVID-19: What it means for metals manufacturing</i> , PWC (accessed June 19, 2020)	Public
29	[]	Public
30	Timna Tanners and Wilfredo Ortiz, <i>Sluggish Post-COVID-19 U.S. Steel Recovery – Downgrading STLD to Underperform</i> , BofA Securities (May 5, 2020)	Public
31	Terence P. Stewart <i>et al.</i> , <i>Surging Steel Imports Put Up To Half a Million U.S. Jobs At Risk</i> , Economic Policy Institute (May 13, 2014)	Public
32	<i>Monthly Outlook</i> , Wells Fargo Securities (June 9, 2020)	Public
33	<i>GDPNow</i> , Federal Reserve Bank of Atlanta (Latest Estimate June 17, 2020)	Public
34	<i>GDPNow</i> , Federal Reserve Bank of Atlanta (Latest Estimate June 1, 2020)	Public
35	<i>Worldsteel Short Range Outlook</i> , Worldsteel Association (June 4, 2020)	Public
36	<i>Worldsteel Short Range Outlook June 2020</i> , Worldsteel Association	Public

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37	<i>IHS Markit Ongoing COVID-19 impact drags output down further in May</i> (June 1, 2020)	Public
38	James Mintert and Michael Langemeir, <i>COVID-19 Continues to Impact Farmer Sentiment; Majority Indicate Economic Assistance Bill Necessary</i> , Purdue Center for Commercial Agriculture (June 2, 2020)	Public
39	<i>Construction Starts Post Small Gain in May</i> , Dodge Data & Analytics (June 15, 2020)	Public
40	<i>Construction Employment Rises From April To May In 45 States, Slips In 5; Association Survey Finds Job Losses May Widen Without Federal Funding</i> , The Construction Association (June 19, 2020)	Public
41	<i>Construction Jobs Rise By 464,000 Jobs But Remain 596,000 Below Recent Peak; Association Calls For Infrastructure Funds To Stem Losses, Aid Economy</i> , The Construction Association (June 5, 2020)	Public
42	<i>Construction Employment Declines In 326 Out Of 358 Metro Areas In April; Association Says New Transportation Proposal Could Help Restore Jobs</i> , The Construction Association (June 3, 2020)	Public
43	<i>Construction Spending Shrinks 2.9 Percent In April As Public Agencies, Private Owners Halt Work; Association Urges Boost To Federal Financing</i> , The Construction Association (June 1, 2020)	Public
44	Matt Tinder, <i>Architecture billings continue historic contraction</i> , The American Institute of Architects (May 20, 2020)	Public
45	Oil Market Report – June 2020 Analysis, IEA	Public
46	<i>ABI April 2020: Business conditions at architecture firms weaken even further</i> , Architecture Billings Index	Public
47	Kevin Mackie, <i>The Architectural Billings Index is Pointing to A W-Shaped Recovery</i> , Seeking Alpha (June 8, 2020)	Public
48	Paul Bartholomew, <i>COVID-19 speeds up global manufacturing, steel production shifts</i> , S&P Global Platts (May 28, 2020)	Public

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49	<i>JP Morgan predicts that Mexico's economy will fall 10.5% in 2020</i> , Explica (June 12, 2020)	Public
50	<i>Economic slowdown likely to continue in 2020</i> , Deloitte Insights (Dec. 17, 2019)	Public
51	<i>Industry challenges in Mexico</i> , AMM (Feb. 3, 2020)	Public
52	Ternium's Investor Presentation (May 2020)	Public
53	<i>The Latin American Steel Market: an Overview</i> , Alacero Presentation to OECD Steel Committee (Mar. 2020)	Public
54	<i>Mexico's construction sector expects 8-10% output fall in 2020- industry association</i> , Reuters (June 22, 2020)	Public
55	Sharay Angulo, <i>Battered Mexican construction sector hopes to exit slump in 2020</i> , Reuters (Dec. 20, 2019)	Public
56	<i>Why Mexico's construction sector is so disappointed with AMLO</i> , BNamericas (May 6, 2020)	Public
57	Emily Thomas, <i>GlobalData: Mexico's construction industry forecast to contract in 2020</i> , World Cement (Apr. 27, 2020)	Public
58	Santiago Perez, <i>Mexican City's Residents Reject Constellation Brewery in Referendum</i> , The Wall Street Journal (Mar. 23, 2020)	Public
59	Mark Stevenson, <i>Mexico Referendum Cancels Partially Built \$13 Billion Airport</i> , AP News (Oct. 29, 2018)	Public
60	Dave Graham, <i>Mexico's President Defiant in Row with Canada Over Pipeline Contracts</i> , Reuters (June 27, 2019)	Public
61	Mexico's Production of Light Vehicles	Public
62	Auto Sales of Passenger (Light) Vehicles	Public
63	Mexico's Exports of Light Vehicles	Public

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Exhibit No.	Exhibit	Security
64	<i>IHS Markit trims 2020 global light vehicle sales and production forecasts</i> , IHS Markit (Apr. 30, 2020)	Public
65	IHS Markit Forecast	Public
66	<i>IHS Markit Mexico Manufacturing PMI Business conditions continue to deteriorate sharply amid coronavirus lockdown</i> , IHS Markit (June 1, 2020)	Public
67	Sara Warden, <i>Chinese Steel Return to Weigh on Latin America: Alacero</i> , Argus (May 13, 2020)	Public
68	<i>Alacero sees risks from Chinese steel industry</i> , Steel Orbis (May 14, 2020)	Public
69	<i>Latin America Steel industry reduces production in response to lower demand</i> , Alacero (June 2020)	Public
70	<i>Global Economic Prospects: Latin America and the Caribbean</i> , World Bank (June 2020)	Public
71	Fabian Diego Miguel III de la Paz, <i>Moody's cuts outlook on Brazilian, Russian steel as COVID-19 throttles demand</i> , S&P Global (Apr. 9, 2020)	Public
72	Dan Weatherly, <i>Brazil's construction industry contracts amid COVID-19</i> , Construction Global (June 18, 2020)	Public
73	<i>Indonesia: Steel industry sees drop in demand due to COVID-19</i> , South East Asia Iron and Steel Institute (May 27, 2020)	Public
74	Min Zhang and Gavin Maguire, <i>Banking on stimulus, China steelmakers ramp up production</i> , Reuters (Apr. 30, 2020)	Public
75	Reserved	
76	Reserved	
77	Jessica Zong, <i>Coronavirus woes push down export prices for Chinese wire rod</i> , Metal Bulletin (Feb. 12, 2020)	Public
78	Chris Newman, <i>Chinese steel inventories soar to strain capacities</i> , Argus Metals (Feb. 14, 2020)	Public

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Exhibit No.	Exhibit	Security
79	Chinese Exports of Wire Rod	Public
80	News Release, <i>USITC Makes Determination in Five-Year (Sunset) Reviews Concerning Carbon and Certain Alloy Steel Wire Rod from China</i> (June 3, 2020)	Public
81	Simon J. Evenett, <i>What's Next for Protectionism? Watch Out for State Largess, Especially Export Incentives, in Covid-19 and Trade Policy: Why Turning Inward Won't Work</i> (Richard E. Baldwin and Simon J. Evenett eds., 2020) (excerpts)	Public
82	Yunindita Prasidya, <i>Steel industry sees severe drop in demand amid pandemic</i> , The Jakarta Post (May 22, 2020)	Public
83	[]	Public
84	Hearing Transcript, <i>Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine</i> , Inv. Nos. 701-TA-417 & 731-TA-953, 954, 957-959, 961, and 962 (Second Rev.) (Apr. 22, 2014) (excerpts)	Public
85	<i>Notice of Inquiry Regarding the Exclusion Process for Section 232 Steel and Aluminum Import Tariffs and Quotas</i> , 85 Fed. Reg. 31,441 (Dep't Commerce May 26, 2020)	Public
86	Nucor Narrative Objection to CSI	Public
87	Press Release, <i>Section 232 Tariff Exclusion Process Hurting Essential U.S. Aluminum Workers</i> , Aluminum Association (Apr. 27, 2020)	Public
88	Christine McDaniel, <i>US Sees Large Uptick in Requests for Steel and Aluminum Tariff Relief While an Economic Downturn is on the Horizon</i> , Mercatus Center, George Mason University (Apr. 24, 2020)	Public
89	Mid-South Wire Company Section 232 Exclusion Request Objection	Public
90	[] (excerpts)	Public

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91	<i>The Threat of Deindustrialization Continues to Grow</i> , Alacero (May 31, 2019)	Public
92	<i>Colombian steel sector plans investments and trade barriers</i> , South East Asia Iron and Steel Institute (Oct. 25, 2018)	Public
93	Ternium Colombia Website Excerpts	Public
94	Robert J. Damuth, <i>Estimating the Price Elasticity of Ferrous Scrap Supply</i> , Nathan Associates (Feb. 25, 2011)	Public
95	[]	Public
96	SIMA U.S. Imports Steel Mill Products	Public
97	U.S. Imports of Steel Mill Products from Indonesia	Public
98	News Release, <i>USITC Votes to Continue Investigations Concerning Prestressed Concrete Wire Strand from Argentina, Colombia, Egypt, Indonesia, Italy, Malaysia, Netherlands, Saudi Arabia, Spain, Taiwan, Tunisia, Turkey, Ukraine, and United Arab Emirates</i> (May 29, 2020)	Public
99	Declaration of []	Public
100	APO Service List, <i>Steel Concrete Reinforcing Bar from Mexico and Turkey</i> , Inv. Nos. 701-TA-502 & 731-TA-1227 (Rev.) (May 13, 2020)	Public
101	TYASA Quality Manual	Public
102	SIMA Rebar Imports From Mexico	Public
103	[]	Public
104	[]	Public

EXHIBIT LIST		
Exhibit No.	Exhibit	Security
105	[]	Public
106	Monthly Mexico Imports Statistics	Public
107	[]	Public
108	Mid Continent 232 Exclusion Documents	Public