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

Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)

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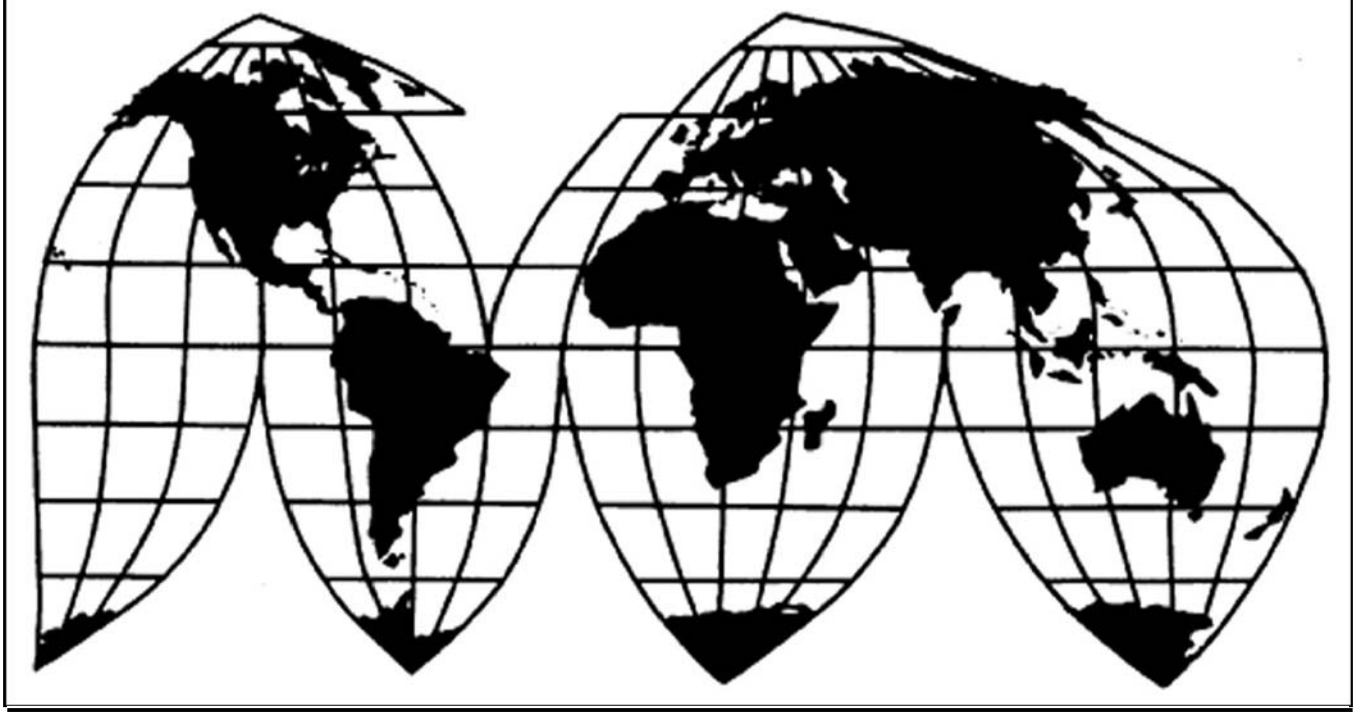
U.S. International Trade Commission



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U.S. International Trade Commission

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Special assistance from

Gabriel Ellenberger, Research Assistant
Darlene Smith, Statistical Assistant
Craig Anthony Rychel, Investigations Intern

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)

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

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order on carbon and certain alloy steel wire rod from Brazil, and the antidumping duty orders on carbon and certain alloy steel wire rod from Brazil, Indonesia, Mexico,[2] Moldova, Trinidad and Tobago,[3] and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission further determines that revocation of the antidumping duty order on carbon and certain alloy steel wire rod from Canada would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[4]

BACKGROUND

The Commission instituted these reviews on September 4, 2007 (72 F.R. 50696) and determined on December 10, 2007 that it would conduct full reviews (72 F.R. 73880, December 28, 2007). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on January 14, 2008 (73 F.R. 2273). The hearing was held in Washington, DC, on April 17, 2008, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] Chairman Daniel R. Pearson dissenting with respect to Mexico.

[3] Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun dissenting with respect to Trinidad and Tobago.

[4] Commissioners Charlotte R. Lane and Dean A. Pinkert dissenting with respect to Canada.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the countervailing duty order on carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] We further determine that revocation of the antidumping duty order on wire rod from Canada would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

I. BACKGROUND

Original Determinations. In October 2002, the Commission determined that a domestic industry was materially injured by reason of subsidized imports of wire rod from Brazil and Canada and by reason of less than fair value imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.[3] The U.S. Department of Commerce ("Commerce") published countervailing duty orders on subject imports from Brazil and Canada on October 22, 2002.[4] Commerce subsequently revoked the countervailing duty order on subject imports from Canada.[5] Commerce published antidumping duty orders on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine on October 29, 2002.[6]

Respondents from Canada, Mexico, and Trinidad and Tobago filed actions challenging affirmative Commission determinations.[7] Mexican producer Sicartsa filed a request for a NAFTA

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[1] Chairman Pearson determines that revocation of the antidumping duty orders on wire rod from Mexico and Trinidad and Tobago would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun; Separate and Dissenting Views of Chairman Daniel R. Pearson.

Commissioner Okun determines that revocation of the antidumping duty order on wire rod from Trinidad and Tobago would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun.

[2] Commissioner Lane and Commissioner Pinkert determine that revocation of the antidumping duty order on wire rod from Canada would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. They join sections I, II, III.A.-C., and IV.A.-D. of this opinion.

[3] Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine, Inv. Nos. 701-TA-417-421, 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Pub. 3546 (Oct. 2002) ("Original Determinations"). The Commission determined that subject imports from Germany were negligible. Notwithstanding the case caption, there was no final Commission determination concerning subject imports from Turkey; that investigation had previously been terminated in light of a negative Commerce subsidy determination.

[4] 67 Fed. Reg. 64871 (Oct. 22, 2002).

[5] 69 Fed. Reg. 3330 (Jan. 23, 2004).

[6] 67 Fed. Reg. 65944-47 (Oct. 29, 2002).

[7] Petitioners challenged the Commission's determination that subject imports from Germany were negligible. That litigation is still active, as the Court of International Trade vacated a prior order dismissing the action pending entry of a final judgment in the Gerdau Ameristeel action discussed below.

(continued...)

Binational Panel review, but did not pursue the litigation, which was terminated at the parties' consent.[8] Canadian producer Ivaco did pursue its request for Binational Panel review. The panel affirmed the Commission's affirmative determination after one remand.[9]

There is active litigation concerning the affirmative determination on subject imports from Trinidad and Tobago. In contrast to the other affirmative determinations, in which the Commission cumulated all subject imports, the Commission made its affirmative determination on subject imports from Trinidad and Tobago on a non-cumulated basis, pursuant to the Caribbean Basic Economic Recovery Act (CBERA).[10] The Trinidadian producer, then named Caribbean Ispat, appealed the Commission's determination. The Court of International Trade sustained the Commission.[11] The Federal Circuit then reversed on appeal.[12] On remand, a divided Commission made a negative determination, with the Commission plurality indicating that the negative determination was due solely to the application of the legal standard concerning causation that the Federal Circuit compelled the Commission to use.[13] The CIT sustained the negative determination on remand.[14] Petitioners appealed to the Federal Circuit, where the case has been briefed and argued, and is currently awaiting decision.

While the litigation is pending, the antidumping duty order on subject imports from Trinidad and Tobago continues to be effective.[15] Thus, notwithstanding the Commission's negative determination on

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[7](...continued)

The petition also included subject imports from Egypt, South Africa, and Venezuela. The investigations concerning imports from these three subject countries were terminated after the Commission found in its preliminary determination that imports from these three subject countries were negligible. Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, South Africa, Trinidad and Tobago, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-417-421, 731-TA-953-963 (Preliminary), USITC Pub. 3456 (Oct. 2001). Petitioners challenged the Commission's consequent termination of the investigations concerning subject imports from Egypt, South Africa, and Venezuela. That litigation, captioned Gerdau Ameristeel U.S. Inc. v. USITC, is still active. Currently before the CIT is the Commission's third remand determination, in which it again determined that subject imports from Egypt, South Africa, and Venezuela were negligible. Carbon and Certain Alloy Steel Wire Rod From Egypt, South Africa, and Venezuela, Inv. Nos. 731-TA-955, 960, and 963 (Preliminary) (Third Remand), USITC Pub. 3987 (March 2008).

[8] 68 Fed. Reg. 47547 (Aug. 11, 2003).

[9] In re Carbon and Certain Alloy Steel Wire Rod from Canada, File No. USA-CDA-2002-1904-09 (Binational Panel Apr. 18, 2005); In re Carbon and Certain Alloy Steel Wire Rod from Canada, File No. USA-CDA-2002-1904-09 (Binational Panel Aug. 12, 2004).

[10] Original Determinations, USITC Pub. 3546 at 18, 36-38. See 19 U.S.C. § 1677(7)(G)(ii)(III).

[11] Caribbean Ispat, Ltd. v. United States, 366 F. Supp.2d 1300 (Ct. Int'l Trade 2005).

[12] Caribbean Ispat, Ltd. v. United States, 450 F.3d 1336 (Fed. Cir. 2006).

[13] Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago, Inv. No. 731-TA-961 (Final) (Remand), USITC Pub. 3903 (Jan. 2007) ("Trinidad Remand Determination").

[14] Mittal Steel Point Lisas Ltd. v. United States, 495 F. Supp.2d 1374 (Ct. Int'l Trade 2007).

[15] The statute requires the Commission to modify any "final disposition" of an antidumping or countervailing duty investigation or review "consistent with the final disposition of the court." 19 U.S.C. § 1516(c)(3). An appealed CIT judgment is not a "final disposition" for purposes of this provision. Timken Co. v. United States, 893 F.2d 337, 339-40 (Fed. Cir. 1990). Even a Federal Circuit judgment is not a "final disposition" until at least the period necessary to file a writ of certiorari to the Supreme Court has expired. Fujitsu General America, Inc. v. United States, 283 F.3d 1364, 1378-79 (Fed. Cir. 2002).

remand – and the CIT's affirmance of that determination – we must render a determination in the review of the antidumping duty order on subject imports from Trinidad and Tobago.[16]

Reviews. The Commission instituted these five-year reviews on the outstanding wire rod orders on September 4, 2007.[17] There were responses to the notice of institution from: (1) six domestic producers; (2) Ivaco Rolling Mills 2004 L.P. and Sivaco Ontario (collectively "Ivaco"), producers and exporters of subject merchandise from Canada; (3) Hylsa, S.A. de C.V., a producer of subject merchandise from Mexico; and (4) JSCC Moldova Steel Works ("MSW"), a producer of subject merchandise from Moldova. On December 10, 2007, the Commission determined that the domestic interested party group response was adequate for all reviews, and that the respondent interested party group response was adequate for the reviews on the orders on subject imports from Canada and Moldova, and inadequate for all other reviews. The Commission decided to conduct full reviews in the reviews of the orders on subject imports from Canada and Moldova in light of the adequate domestic and respondent interested party responses. It determined to conduct full reviews in each of the other reviews to promote administrative efficiency.[18]

Parties to the Proceeding. The Commission received two sets of briefs from domestic interested parties. One set of briefs was jointly filed by Gerdau Ameristeel US Inc., Arcelor Mittal USA, Inc., Keystone Consolidated Industries, Inc., and Rocky Mountain Steel Mills (collectively "Gerdau Parties"). Each of these entities is a domestic producer of wire rod. The other set of briefs was jointly filed by domestic wire rod producers Nucor Corp., Cascade Steel Rolling Mills, Inc., and Republic Steel (collectively "Nucor Parties"). Gerdau Parties and Nucor Parties, which both appeared at the Commission hearing, will be referenced collectively as "Domestic Producers."

The Commission received several sets of briefs from parties that support revocation of the orders. Ivaco, Hylsa, De Acero de C.V. (a producer of subject merchandise from Mexico), and the American Wire Producers Association (AWPA) (an association of U.S. purchasers of wire rod) filed briefs. Ivaco, Hylsa, De Acero, AWPA, and Lincoln Electric Co. (a U.S. purchaser of wire rod) appeared at the Commission hearing. The Government of Ukraine filed a prehearing statement.[19] MSW filed a posthearing statement.

Data Coverage. In these reviews, the Commission received questionnaire responses from ten domestic producers believed to have accounted for all domestic production of wire rod in 2007 and 26 U.S. importers believed to have accounted for 90 percent of 2007 subject imports and 73 percent of total wire rod imports in 2007 from other sources. The Commission also received foreign producers' questionnaires from three Brazilian producers that estimate they account for *** percent of that country's total production; two Canadian producers accounting for all production of that country's subject merchandise; three producers in Mexico that estimate that they account for *** percent of that country's total production; the sole known producer of subject merchandise in Moldova; the sole producer of subject merchandise in Trinidad and Tobago; and one Ukrainian producer estimated to account for the

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[16] See generally Tin- and Chromium-Coated Steel Sheet from Japan, Inv. No. 731-TA-860 (Review), USITC Pub. 3860 at 4 (June 2006).

[17] 72 Fed. Reg. 50696 (Sept. 4, 2007).

[18] See Confidential Report (CR) and Public Report (PR), Appendix A (reproducing Explanation of Commission Determinations on Adequacy).

[19] Ukraine also submitted final comments which contained new factual information in violation of 19 U.S.C. § 1677m(g) and 19 C.F.R. § 207.68(b). We have accordingly disregarded the third, fourth, and fifth paragraphs of the first page of Ukraine's final comments, as well as the first paragraph of the second page.

vast majority of that country's production. The Commission received no questionnaire response from any Indonesian foreign producer.[20]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

In making its determination under section 751(c) of the Act, the Commission defines "the domestic like product" and the "industry."[21] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[22] The Commission's practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.[23]

A. Domestic Like Product

> The Department of Commerce has defined the scope of the orders under review as follows: certain hot–rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross–sectional diameter.[24]

This definition is subject to several lengthy exclusions. Among the items excluded from the scope are rebar; articles made with stainless steel, tool steel, high nickel steel, ball bearing steel, and free machining steel;[25] grade 1080 tire cord quality rod;[26] and grade 1080 tire bead quality rod.[27]

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[20] CR at I-18, PR at I-14.

[21] 19 U.S.C. § 1677(4)(A).

[22] 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[23] See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (February 2003).

[24] 73 Fed. Reg. 1321, 1322 (Jan. 8, 2008).

[25] As the scope definition states:

> Specifically excluded are steel products possessing the above–noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (''HTSUS'') definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (i.e., products that contain by weight one or more of the following elements: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium).

73 Fed. Reg. at 1322.

[26] Grade 1080 tire cord quality wire rod is defined as:

> wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross–sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non–deformable inclusions greater than 20 microns and no

(continued...)

In the original determinations, the Commission determined to include in the domestic like product grade 1080 tire cord quality wire rod and grade 1080 tire bead quality wire rod, which Commerce had excluded from the scope.[28] The Commission observed that Commerce had retained tire cord wire rod and tire bead wire rod of both higher and lower grades in the scope, and that the record did not contain information indicating that the differences among grades of tire bead or tire cord wire rod were significant. Instead, it found that other domestic tire cord wire rod and tire bead wire rod articles that corresponded directly to products within the scope closely shared physical characteristics, uses, prices, channels of distribution, and production processes with the excluded grade 1080 articles.[29] The Commission rejected arguments asserted by respondents that several specialty types of wire rod should be considered separate like products.[30] Accordingly, the Commission defined a single domestic like product consisting of all wire rod, including the grade 1080 tire cord and grade 1080 tire bead wire rod that Commerce had excluded from the scope.[31]

No party in these reviews argued that the Commission should depart from the like product definitions it adopted in the original investigations. Additionally, the record in these reviews indicate no

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[26](...continued)
deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium.
73 Fed. Reg. at 1322.

[27] Grade 1080 tire bead quality rod is defined as:
wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross–sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non–deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).
73 Fed. Reg. at 1322.

[28] Commerce made these scope exclusions after the Commission issued its preliminary determinations. The petitioners supported including these excluded articles in the domestic like product. Original Determinations, USITC Pub. 3546 at 6.

[29] Original Determinations, USITC Pub. 3546 at 7-8.

[30] These included tire cord quality wire rod, cold heading quality (CHQ) wire rod meeting Industrial Fasteners Institute specification IFI-140, and clean steel precision bar in coils. The Commission found that, although each of these products was a high-end product that met exacting quality requirements, there was no clear dividing line between any one of these products and other wire rod products. See Original Determinations, USITC Pub. 3546 at 8-12. Instead, the Commission concluded that "the wire rod industry is composed of so many different products, used in so many different applications, that the only clear dividing line is between wire rod and other steel products." Id. at 12.

[31] Original Determinations, USITC Pub. 3546 at 12.

material changes in pertinent product characteristics from the original investigations or any other reason to revisit the like product definition.[32] Consequently, we continue to define the domestic like product to encompass all wire rod, including the grade 1080 tire cord and grade 1080 tire bead wire rod that Commerce has excluded from the scope.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[33] In the original determinations, the Commission defined the domestic industry to encompass all domestic producers of wire rod.[34]

In light of our domestic like product definition, we continue to find one domestic industry consisting of all domestic producers of wire rod. The only domestic industry issue in these five-year reviews is whether any producers should be excluded under the related parties provision.[35] Three domestic producers of wire rod are related parties. Domestic producer Arcelor Mittal USA is a related party because it has common ownership with Arcelor Mittal entities that exported subject merchandise from Canada, Mexico, and Trinidad and Tobago during the period of review.[36] Domestic producer *** is a related party because it imported subject merchandise during the period of review.[37] Domestic Producer Gerdau Ameristeel is under common control with ***, which exported subject merchandise from Brazil during the period of review.[38] Consequently, it is also a related party.[39] Gerdau Parties argue that all

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[32] CR at I-27-36, PR at I-22-27.

[33] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

[34] The Commission found that three domestic producers were subject to exclusion pursuant to the related parties provision because they had imported subject merchandise during the period examined. However, it concluded that appropriate circumstances did not exist to exclude any of these producers from the domestic industry. Original Determinations, USITC Pub. 3546 at 14. The Commission further concluded that a fourth producer that purchased subject merchandise during the period examined was not a related party because its purchases were insufficient to constitute direct or indirect control of an importer. Id.

[35] 19 U.S.C. § 1677(4)(B).

[36] 19 U.S.C. § 1677(4)(B)(ii)(III); see CR/PR, Tables I-13-14.

[37] 19 C.F.R. § 1677(4)(B)(i); CR at III-14, PR at III-7.

[38] Tr. at 70 (Kerkvliet); *** Foreign Producers Questionnaire.

[39] 19 U.S.C. § 1677(4)(B)(ii)(III). In light of Nucor Parties' arguments, we have also examined whether domestic producer Sterling is a related party. Neither Sterling nor its parent Leggett & Platt imported subject merchandise during the period of review. CR at III-14, PR at III-7; CR/PR, Table I-14. *** during the period of review. *** Purchasers Questionnaire. The Commission has concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant share of an importer's purchases and the importer's purchases were substantial. See, e.g., Foundry Coke From China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9; Certain Cut-to-Length Steel Plate From the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors From China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997).

(continued...)

domestic producers should be included in the domestic industry. Ivaco argues that appropriate circumstances exist to exclude related party Arcelor Mittal USA from the domestic industry.

We conclude that appropriate circumstances do not exist to exclude Arcelor Mittal USA from the domestic industry. In 2007, Arcelor Mittal USA was the *** largest domestic wire rod producer, accounting for *** percent of domestic production.[40] Arcelor Mittal USA supports continuation of all orders under review.[41] In 2007, Arcelor Mittal USA produced *** short tons of wire rod.[42] Arcelor Mittal mills in Canada, Mexico, and Trinidad and Tobago exported *** short tons of subject merchandise to the United States in 2007.[43] Arcelor Mittal USA's operating margin was *** of the six years of the period of review.[44]

The record does not indicate that the activities of the Arcelor Mittal group importing subject merchandise have benefitted Arcelor Mittal USA. While it is true, as Ivaco contends, that Arcelor Mittal USA's financial results could be characterized as different from the rest of the industry, particularly inasmuch as***,[45] we do not examine variance from the industry average in isolation to determine whether there are appropriate circumstances warranting exclusion. Instead, we examine whether differences in financial performance indicate that the related party producer experienced a substantial benefit from its relation to subject imports.[46] [47] Because the record does not support such a conclusion with respect to Arcelor Mittal USA, Arcelor Mittal USA has substantial production operations, and Arcelor Mittal principally supplied the U.S. market with domestic production, as opposed to subject imports, we conclude that appropriate circumstances do not exist for its exclusion from the domestic industry.

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[39](...continued)

The record does not indicate that *** controlled large volumes of subject imports. The only non-domestic supplier that *** and thus were not a predominant share. Compare *** Purchasers Questionnaire, response to questions II-1, V with *** Importers Questionnaire, response to question II-7a. *** also reported purchases of subject imports from *** during each year of the period of review. However, these purchases were very small in comparison with total subject imports from ***; moreover, ***. Compare *** Purchasers Questionnaire, response to questions II-1, V, with CR/PR, Table IV-1. It is true that ***. Id. However, nothing in the record links these purchases to a specific importer; moreover, the record indicates that there were several firms importing subject merchandise from *** during the period of review, and that some of these importers imported wire rod from additional subject and nonsubject sources as well. CR/PR, Table I-14. In light of these considerations, we conclude that Sterling is not a related party.

[40] CR/PR, Table I-13.

[41] CR/PR, Table I-13.

[42] CR/PR, Table IV-12.

[43] See CR/PR, Table IV-12. Consequently, in 2007 Arcelor Mittal's exports of subject merchandise were *** percent of its production of the domestic like product. There were *** exports of subject merchandise to the United States in 2007 by Arcelor Mittal mills in Brazil or Ukraine. CR/PR, Tables IV-15, IV-35.

[44] CR/PR, Table III-13.

[45] CR/PR, Table III-13.

[46] See, e.g., Allied Mineral Products, Inc. v. United States, Slip Op. 04-139 at 6-8 (Ct. Int'l Trade Nov. 12, 2004).

[47] In these reviews, Vice Chairman Aranoff and Commissioner Pinkert do not rely on individual company operating income margins in assessing whether particular related parties benefit from importation of subject merchandise. Rather, they have based their determination regarding whether to exclude related parties principally on the ratios of subject imports to domestic shipments and on whether the parties' primary interests lie in domestic production or importation.

We similarly conclude that appropriate circumstances do not exist for exclusion of related party producers *** and Gerdau Ameristeel. The imports of *** and the exports of the affiliates of Gerdau Ameristeel of subject merchandise during the period of review were each small, both in absolute terms and relative to the respective U.S. producer's domestic production.[48] Consequently, we conclude that neither producer benefitted from its or its affiliates' activities in the import or export of subject merchandise. We therefore define the domestic industry to encompass all U.S. producers of wire rod.

III. CUMULATION[49]

A. Overview

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[50]

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[48] In 2007, *** was the *** largest domestic wire rod producer, accounting for *** percent of domestic production. It *** on continuation of the orders under review. CR/PR, Table I-13. *** imported subject merchandise ***. It stated that ***. CR at III-14, PR at III-7. *** annual imports of subject merchandise during the period of review ranged from *** short tons, and in no year did these imports exceed *** percent of *** domestic production. CR/PR, Table III-10. *** operating margin was *** of the period of review. CR/PR, Table III-13. Although *** financial performance was better than most domestic producers, it could not be characterized as an outlier in any calendar year during the period of review. Moreover, the firm's subject imports were so small, in both absolute terms and relative to its U.S. production, that they did not accord any significant benefit to the firm.

In 2007, Gerdau Ameristeel was the *** domestic wire rod producer, accounting for *** percent of domestic production. Gerdau Ameristeel supports continuation of all orders under review. CR/PR, Table I-13. Gerdau *** only exports of subject merchandise to the United States during the period of review were *** short tons in 2002. *** Foreign Producers Questionnaire, Response to Question II-16a. During that year, Gerdau Ameristeel's total commercial sales and transfers were *** short tons; the sum of this producer's total commercial sales and related transfers was at least *** short tons during every year of the period of review. CR/PR, Table III-13. Gerdau Ameristeel's operating margin was *** of the six years of the period of review, ***. Id. The *** nature of Gerdau *** exports during the period of review, Gerdau Ameristeel's *** domestic production, and Gerdau Ameristeel's *** operating performance all indicate that Gerdau's limited export activities during the period of review have not accorded any substantial benefit to Gerdau Ameristeel.

[49] Chairman Pearson and Commissioner Okun note that while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports which are likely to compete under similar conditions of competition, they next proceed to consider whether those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. 3933 (July 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation).

[50] 19 U.S.C. § 1675a(a)(7).

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Act.[51] [52]

The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[53] Only a "reasonable overlap" of competition is required.[54] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[55] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[56] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

In the original determinations, for purposes of the determinations on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, and Ukraine, the Commission cumulated imports from these six subject countries and subject imports from Trinidad and Tobago. With respect to fungibility, it found that domestically produced wire rod and wire rod from each of the subject sources was generally interchangeable. It also found a reasonable product overlap between the domestic industry and the subject imports, and between subject imports from each of the subject countries. It observed, however, that there was somewhat less overlap between subject imports from Canada, on the one hand, and subject imports from Moldova and Ukraine, on the other hand, than between other subject country

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[51] 19 U.S.C. § 1677(7)(G)(I).

[52] See, e.g., Allegheny Ludlum Corp. v. United States, 475 F. Supp.2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

[53] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[54] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle From Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); Static Random Access Memory Semiconductors From the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[55] 19 U.S.C. § 1675a(a)(7).

[56] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

combinations.[57] The Commission found sufficient geographic overlap, because the domestic like product and imports from all subject countries were generally marketed throughout the United States.[58] The Commission also found an overlap of channels of distribution because both the domestic like product and the subject imports were sold *** to end users.[59] The domestic like product and imports from all subject countries were present in the U.S. market throughout the period examined.[60]

For purposes of the determination on subject imports from Trinidad and Tobago, the Commission did not cumulate subject imports from Trinidad and Tobago with any other subject imports. The statute precluded such cumulation, because Trinidad and Tobago was a beneficiary country under CBERA.[61]

In these reviews, we find that the statutory threshold for cumulation is satisfied, because the reviews were initiated on the same day, September 4, 2007.[62] In contrast to the original investigations, imports from all seven subject countries are eligible for cumulation in these five-year reviews.[63]

B. Likelihood of No Discernible Adverse Impact

Based on the record, we do not find that subject imports from any of the subject countries are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders covering those imports.

Mexico is the only subject country for which a no discernible adverse impact argument has been asserted.[64] In the original investigations, the quantity of subject imports from Mexico increased from 122,038 short tons in 1999 to 266,925 short tons in 2001.[65] Subject imports from Mexico declined to 123,380 short tons in 2002, declined further in 2003, rose to 68,498 short tons in 2004, and since 2005 have not exceeded 11,480 short tons.[66] During the period of review, the share of the quantity of apparent

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[57] Original Determinations, USITC Pub. 3546 at 19-21.

[58] Original Determinations, USITC Pub. 3546 at 22.

[59] Original Determinations, USITC Pub. 3546 at 22; Confidential Original Determinations at 33.

[60] Original Determinations, USITC Pub. 3546 at 23.

[61] Original Determinations, USITC Pub. 3546 at 18.

[62] See 72 Fed. Reg. 50696 (Sept. 4, 2007).

[63] The CBERA exception to cumulation is applicable to cumulation in original investigations. Section 771(7)(G)(i) of the Act requires the Commission in certain circumstances to cumulate subject imports in analyzing material injury by reason of subject imports in original investigations "subject to clause (ii)." 19 U.S.C. § 1677(7)(G)(i). Clause (ii) contains four exceptions to cumulation, including the CBERA exception. 19 U.S.C. § 1677(7)(G)(ii). By contrast, section 752(a)(7) of the Act, which governs cumulation in five-year reviews, permits the Commission to cumulate subject imports under three conditions: (1) all reviews were initiated on the same day; (2) the subject imports would be likely to compete with each other and the domestic like product; and (3) the subject imports are not likely to have no discernible adverse impact on the domestic industry. 19 U.S.C. § 1675a(a)(7). Neither section 752(a)(7) of the Act nor the CBERA provision cross-reference each other.

[64] Because Chairman Pearson has found that subject imports from Mexico would likely compete in the U.S. market under different conditions of competition than other subject imports, he does not reach the issue of whether revocation of the antidumping duty order on subject imports from Mexico is likely to have no discernible adverse impact on the domestic industry.

[65] CR/PR, Table I-1.

[66] CR/PR, Table IV-1.

U.S. consumption represented by subject imports from Mexico ranged from 0.1 percent in 2006 and 2007 to 1.6 percent in 2002.[67]

The Commission received responses to its questionnaires from three producers that collectively estimate that they accounted for *** percent of subject wire rod production in Mexico during 2007: De Acero, Hylsa, and Sicartsa.[68] The questionnaire responses indicate that there is excess capacity in the Mexican industry. During the last three calendar years of the period of review, capacity utilization of the reporting Mexican producers was under *** percent; by contrast, capacity utilization had been as high as *** percent earlier in the period of review.[69] Hylsa and De Acero argue that Mexican wire rod producers are unable to produce at stated rolling capacity because of difficulties in obtaining billets. Producers' questionnaire responses and other information in the record do not corroborate this assertion.[70] Moreover, the inventories of the reporting Mexican producers were *** higher in 2007 both on an absolute basis and as a ratio to shipments than they were at the beginning of the period of review in 2002.[71] Consequently, we find that the record indicates that the Mexican wire rod industry does not lack the ability to increase shipments to the United States.

We acknowledge that the Mexican industry is heavily focused on supplying its home market and that Mexico was increasingly a net importer of wire rod during the period of review.[72] Notwithstanding this, the Mexican industry consistently exported subject wire rod to other North, Central, or South American markets during the period of review, with considerable annual fluctuation in the quantities shipped to individual markets.[73] Moreover, the Mexican industry focuses on producing industrial quality wire rod products, which are also the predominant products the domestic industry supplies to the U.S. market.[74] In light of this overlap in product mix, excess capacity, and increasing inventories, we find that some increase in subject imports from Mexico is likely upon revocation.[75] Because of these considerations, we do not find that subject imports from Mexico would have no discernible adverse impact on the domestic industry if the antidumping duty order was revoked.

No party argued that imports from any of the other subject countries would have no discernible adverse impact on the domestic industry upon revocation, and the record does not support such a

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[67] CR/PR, Table I-16.

[68] CR at IV-69, PR at IV-33. *** data suggest that the three reporting producers may account for a lower share (although still a majority) of production. CR at IV-69-71, PR at IV-33-34.

[69] CR/PR, Table IV-25.

[70] DeAcero ***. De Acero Foreign Producers Questionnaire, responses to questions II-5, II-8. Hylsa ***. Hylsa Foreign Producers Questionnaire, response to question II-5. Sicartsa is an integrated operation that mines its own iron ore and produces billets as well as rolling rebar and wire rod. Hylsa Posthearing Brief, ex. 6 at 57.

[71] CR/PR, Table IV-25.

[72] CR/PR, Tables IV-11, IV-25.

[73] CR/PR, Tables IV-25, IV-26.

[74] See CR/PR, Tables IV-5, IV-27.

[75] De Acero and Hylsa argue that they are either historically disinclined or poorly located geographically to export more than insignificant volumes of subject merchandise to the United States. Even assuming these representations are accurate, these two individual firms do not constitute the entire Mexican industry. We observe in this regard that the Sicartsa complex contains a port facility on Mexico's Pacific Coast, which, according to its owner Arcelor Mittal, "gives Sicartsa a privileged position to reach North American, South American, and Asian markets." Hylsa Posthearing Brief, ex. 6 at 57.

finding.[76] Each of these countries' industries has exported substantial quantities of subject merchandise during the period of review.[77] Most of the industries in these subject countries have substantial excess capacity.[78] Several of the industries expanded their capacity during the period of review.[79] Based on these considerations, we do not find that subject imports from Brazil, Canada, Indonesia, Moldova, Trinidad and Tobago, or Ukraine would likely have no discernible adverse impact on the domestic industry if the orders under review were revoked.

C. Likelihood of a Reasonable Overlap of Competition

With regard to likely overlap of competition, the relevant inquiry is whether there would likely be competition even if there are no current imports from a subject country.[80] Only a "reasonable overlap" of competition is required.[81] We analyze below the four factors the Commission typically examines in determining whether there would likely be a reasonable overlap of competition.[82]

Fungibility.[83] The questionnaires asked market participants whether wire rod from different sources was interchangeable. A majority of U.S. producers said wire rod from different sources was always interchangeable in every comparison between the domestic like product and subject imports and among subject imports from different sources.[84] A majority of purchasers said that wire rod was at least frequently interchangeable in all comparisons between the domestic like product and the subject imports, and in all but two comparisons between subject imports from different sources.[85] A plurality or majority of importers said that wire rod was at least frequently interchangeable in all but two comparisons between

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[76] Chairman Pearson and Commissioner Okun have found that subject imports from Canada and Trinidad and Tobago are likely to compete in the U.S. market under different conditions of competition than other subject imports. They consequently do not reach the issue of whether revocation of the antidumping duty orders on subject imports from Canada or Trinidad and Tobago is likely to have no discernible adverse impact on the domestic industry.

[77] CR/PR, Tables IV-15, IV-19, IV-22, IV-29, IV-32, IV-35.

[78] CR/PR, Tables IV-15 (Brazil), IV-22 (information available on Indonesia), IV-32 (Trinidad and Tobago), IV-35 (Ukraine).

[79] CR/PR, Tables IV-15 (Brazil), IV-22 (information available on Indonesia), IV-35 (Ukraine).

[80] See generally Chefline Corp. v. United States, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[81] See Mukand Ltd. v. United States, 937 F. Supp. 910, 917 (Ct. Int'l Trade 1996).

[82] For the reasons stated above, in light of their decision to exercise their discretion not to cumulate imports from particular subject countries due to differences in likely conditions of competition, Chairman Pearson does not find it necessary to address likely reasonable overlap of competition for subject imports from Canada, Mexico, and Trinidad and Tobago, and Commissioner Okun does not find it necessary to address likely reasonable overlap of competition for subject imports from Canada and Trinidad and Tobago.

[83] Commissioner Lane notes that, with respect to fungibility, her analysis does not require such similarity of products that a perfectly symmetrical fungibility is required and that this factor would be better described as an analysis of whether subject imports from each country and the domestic like product could be substituted for each other. See Separate Views of Commissioner Charlotte R. Lane, Certain Lightweight Thermal Paper from China, Germany, and Korea, Inv. Nos. 701-TA-451 and 731-TA-1126-1128 (Preliminary), USITC Pub. 3964 at 32-33 (Nov. 2007).

[84] CR/PR, Table II-6.

[85] In the two exceptions, a majority of purchasers comparing subject imports from Brazil and Mexico and Canada and Mexico said the products were at least sometimes interchangeable. CR/PR, Table II-6.

the domestic like product and the subject imports.[86] A majority of importers stated that wire rod was at least sometimes interchangeable in comparisons between subject imports from different sources.[87]

The Commission also sought product mix data from the domestic and subject industries, requesting breakouts of shipments in six different product categories and a residual category. The domestic industry shipped products in each of the categories, with the two largest being low and medium-low carbon industrial and standard quality ("low carbon industrial quality") (53.6 percent of 2007 shipments), and high and medium-high carbon industrial and standard quality ("high carbon industrial quality") (21.9 percent of 2007 shipments).[88] For each subject country except Canada, the vast majority of imports or shipments during the period of review was in these two categories.[89] For Canada, a majority of imports to the United States in 2007, as well as three of the five prior years in the period of review, was cold-heading quality (CHQ).[90] CHQ was also the largest category of shipments by the Canadian industry for each year in the period of review.[91] Nevertheless, the low carbon industrial and high carbon industrial quality categories combined for *** percent of Canada's imports to the United States in 2007.[92]

Geographic Overlap. Five of ten responding U.S. producers and seven of 15 responding importers of subject merchandise reported selling nationwide.[93] Importers that reported selling nationwide or in multiple geographic regions across the country imported merchandise from each of the seven subject countries.[94]

Channels of Distribution. The overwhelming majority of domestically produced wire rod is sold directly to end users.[95] The majority of wire rod imported from subject sources other than Trinidad and Tobago during the period of review was also sold directly to end users.[96] By contrast, the majority of subject imports from Trinidad and Tobago was sold to a ***.[97]

Simultaneous Presence in Market. Imports from all seven subject countries were present in the U.S. market during 2002, although imports from Indonesia, Moldova, and Ukraine were each present during only two months of that year. Since 2003, subject imports from Brazil, Indonesia, Moldova, and Ukraine have essentially been absent from the U.S. market. Subject imports from Canada have been

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[86] The comparisons in which at least a plurality of importers did not respond that products were at least frequently interchangeable were United States-Indonesia and United States-Ukraine. CR/PR, Table II-6.

[87] CR/PR, Table II-6.

[88] CR/PR, Table IV-5.

[89] CR/PR, Tables IV-5, IV-17, IV-27, IV-30, IV-33, IV-37. For each of these countries except Indonesia and Mexico, the majority of imports and shipments for every year was in the low carbon industrial quality category.

[90] CR/PR, Table IV-5.

[91] CR/PR, Table IV-21.

[92] CR/PR, Table IV-5.

[93] CR at II-1, PR at II-1.

[94] See *** Importers Questionnaires (response to question III.B.9), CR/PR, Table I-14.

[95] CR/PR, Table II-1.

[96] CR/PR, Table II-1.

[97] CR at II-3, PR at II-1; CR/PR, Table II-1.

present in each month, subject imports from Mexico have been present in 56 of 60 months, and subject imports from Trinidad and Tobago have been present in 53 of 60 months.[98]

Analysis. Market participants overwhelmingly find wire rod from different sources to be at least sometimes interchangeable. CHQ grades constitute a *** greater proportion of subject imports from Canada than of shipments of the domestic like product or imports from other subject countries. Nevertheless, there is a sufficient overlap between the subject imports from Canada, the domestic like product, and imports from other subject sources in industrial quality grades to support a finding of fungibility.

The domestic like product and imports from subject sources other than Trinidad and Tobago are predominantly sold directly to end users and sold throughout the United States. While Trinidadian imports, unlike the other subject imports, are *** sold through distributors, this does not indicate a lack of overlap of competition. The *** to which Arcelor Mittal Trinidad currently sells its shipments, ***, handles U.S. marketing for several domestic, subject, and nonsubject mills.[99]

The absence of imports from several of the subject countries from the U.S. market during the bulk of the period of review was influenced by the imposition of the orders. We find that upon revocation subject imports will likely be simultaneously present in the market as they were during the original investigations.

No party has argued that a reasonable overlap of competition is not likely. In view of that fact and the foregoing considerations, we conclude that there will be a likely reasonable overlap of competition between the domestic like product and imports from subject imports, and among imports from the different subject countries, should the orders be revoked.

[98] CR/PR, Table IV-7.

[99] CR at II-3, IV-37, PR at II-1, IV-19. Additionally, importers of wire rod from Trinidad and Tobago also imported wire rod from *** during the period of review. CR/PR, Table I-14.

D. Other Considerations[100]

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether the subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine are likely to compete under similar or different conditions in the U.S. market.[101]

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[100] Commissioner Lane and Commissioner Pinkert do not join this section of the opinion. Where, in a five-year review, they do not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the order were revoked, and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, they cumulate such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. In these reviews, they find there is no such condition or propensity with respect to the imports from any of the subject countries. Consequently, they cumulate subject imports from all seven subject countries.

Ivaco's arguments on differences in pricing, product mix, and volume trends with respect to Canada do not relate to such a set of circumstances. Commissioner Lane and Commissioner Pinkert acknowledge that subject imports from Canada consistently oversold the domestic like product during the period of review, but find that subject imports from Canada are likely to be priced more competitively if the order were revoked, as they were during the original investigation. CR/PR, Table V-10. Moreover, they note that Canada maintains significant "divertible capacity" that is not currently being directed to the U.S. market and is likely to be diverted to that market in the event of revocation, given that Canadian producers ship almost all of their exports to the U.S. market. CR/PR, Table IV-19 (only *** percent of 2007 Canadian shipments went to non-U.S. export markets). Canada's total 2007 divertible capacity (which we define as excess capacity, end-of-period inventories, and exports) was *** short tons; *** short tons of that capacity were exported to the United States in 2007, and an additional *** short tons were available for export.

Although subject imports from Canada unquestionably include high value, specialized products, Canadian producers manufacture and ship a wide range of products. The share of Canadian producers' total shipments of subject merchandise in the low/medium-low carbon quality and high/medium-high carbon quality wire rod increased over the period of review, while the share of higher-value CHQ and welding quality wire rod decreased. CR/PR, Table IV-21. Unlike subject imports from several of the subject countries, subject imports from Canada remained in the U.S. market in significant volumes despite the order. In fact, despite a declining market, their share of the U.S. market in 2007 by quantity was higher than in either 1999 or 2000. CR/PR, Table I-1. Commissioner Lane and Commissioner Pinkert conclude that subject imports from Canada would be likely to continue to compete in the U.S. market with a wide range of products and with competitive prices if the order were revoked, a circumstance that would make the U.S. market even more accessible.

Hylsa argues that subject imports from Mexico should not be cumulated with other subject imports because of likely differences in conditions of competition. Hylsa maintains in this regard that wire rod consumption in Mexico exceeds production, the Mexican industry is not export-oriented, and Mexico borders on the United States (and its producers thus operate in a more integrated manner with U.S. purchasers than most of the other subject producers). Hylsa Posthearing Brief at 12-13.

None of these circumstances significantly limits the ability of subject imports from Mexico to compete in the U.S. market. As we indicated in our discernible adverse impact analysis, the Mexican industry focuses on producing industrial quality wire rod products, which are also the products the domestic industry predominantly supplies to the U.S. market. CR/PR, Tables IV-5, IV-27. In 2007, subject producers in Mexico had significant unused production capacity, exports to nearby markets other than the U.S. market, and *** short tons in end-of-period inventories. CR/PR, Tables IV-25, IV-26. Finally, Hylsa's argument regarding Mexico's proximity to the United States fails to demonstrate that Mexican wire rod (1) is not likely to compete with the domestic like product and/or wire rod from other subject countries, or (2) would likely be limited in its competition with those products.

[101] See, e.g., Allegheny Ludlum Corp., 475 F. Supp. 2d at 1378 (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews).

1. *Canada*

We determine that subject imports from Canada are likely to compete in the U.S. market under sufficiently different conditions of competition than imports from the other subject countries that we decline to exercise our discretion to cumulate subject imports from Canada with any other subject imports. Subject imports from Canada have exhibited different volume trends than have imports from the other subject countries since imposition of the orders. While there was some reduction in the quantity of subject imports from Canada immediately after imposition of the orders, these imports remained in the U.S. market in substantial quantities. Indeed, the *** percentage share of apparent U.S. consumption that subject imports from Canada held during 2007 is greater than the market penetration that these imports held during two calendar years examined in the original investigations.[102] By contrast, during the latter portion of the period of review, the quantity and market penetration of subject imports from Mexico and Trinidad and Tobago were far lower than the levels attained during the original period of investigation. Subject imports from Brazil, Moldova, and Ukraine exited the U.S. market after 2002, and subject imports from Indonesia exited after 2004.[103]

The Canadian industry has also shown different trends in capacity since the original period of investigation than industries in the other subject countries. Canadian capacity for production of wire rod was lower in 2007 than in either 2001 or 2002.[104] By contrast, the capacity of the industry in every other subject country increased or was stable during the period of review.[105]

Subject imports from Canada have followed different pricing patterns than have imports from other subject sources since the period examined in the original investigations. During the original investigations, subject imports from Canada oversold the domestic like product in 54 of 78 quarterly comparisons. By contrast, imports from every other subject country undersold the domestic like product in at least 69 percent of comparisons.[106] Similarly, during the period of review, subject imports from Canada oversold the domestic like product in 117 of 118 quarterly comparisons. Subject imports from Mexico undersold the domestic like product in almost half (26 of 54) of all comparisons, and imports from every other subject country undersold the domestic like product in the majority of comparisons.[107]

Finally, there are distinctions in the product mix between subject imports from Canada and the other subject imports. During every year of the period of review, at least *** percent of the subject imports from Canada – which remained present in the U.S. market in appreciable quantities – consisted of CHQ and welding quality categories.[108] Of the other subject countries, only Mexico and Trinidad and Tobago exported any of these categories to the United States during the period of review.[109] More importantly, these categories constituted only negligible to modest shares of the total shipments of the

[102] CR/PR, Table I-1.

[103] CR/PR, Table I-1.

[104] CR/PR, Tables IV-18, IV-19.

[105] CR/PR, Table IV-8. Moreover, 2007 capacity utilization in Canada of *** percent was higher than 2007 (or most recent available) reported capacity utilization in all but one of the other subject countries. See CR/PR, Tables IV-15, IV-19, IV-22, IV-25, IV-29, IV-32, IV-35.

[106] CR/PR, Table V-10.

[107] CR/PR, Table V-9.

[108] CR/PR, Table IV-5.

[109] CR/PR, Table IV-5.

industry of each subject country other than Canada.[110] Although, as we found above, there is an overlap of competition between subject imports from Canada and imports from the other subject countries in industrial quality grades, Canadian producers heavily participate in the U.S. market in more specialized products which the other subject industries have not offered, and are unlikely to offer, in significant quantities in the U.S. market. Thus, we conclude that Canadian producers will, upon revocation, likely export a different mix of products to the United States than will other subject producers.

In light of these differences in volume trends, capacity trends, pricing patterns, and product mix, we conclude that subject imports from Canada are likely to compete in the U.S. market under different conditions of competition than imports from other subject countries. Accordingly, we have declined to exercise our discretion to cumulate subject imports from Canada with any other subject imports.

2. *Other Subject Countries*

We do not find any significant differences in likely conditions of competition among imports from subject sources other than Canada.[111] The information available indicates that the industry in each of these countries produces a product mix focusing heavily on low-carbon and high-carbon industrial grade products.[112] Each of the other subject countries had largely similar volume trends during the period of review.[113] In the original investigations, the market penetration of five of the six subject countries other than Canada increased from 1999 to 2001, and the remaining country's market penetration was unchanged.[114] Each of the subject countries other than Canada had significant quantities of unused capacity during portions of the period of review.[115] We accordingly exercise our discretion to cumulate imports from the remaining subject countries.[116]

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[110] CR/PR, Tables IV-17, IV-27, IV-30, IV-33, IV-37.

[111] Chairman Pearson joins this discussion insofar as it concerns subject imports from Brazil, Indonesia, Moldova, and Ukraine. Commissioner Okun joins this discussion insofar as it concerns subject imports from Brazil, Indonesia, Mexico, Moldova, and Ukraine. Chairman Pearson and Commissioner Okun find that subject imports from Trinidad and Tobago will likely compete in the U.S. market under different conditions of competition than imports from other subject sources, and Chairman Pearson further finds that subject imports from Mexico will likely compete in the U.S. market under different conditions of competition than imports from other subject sources. See their Dissenting Views.

[112] CR/PR, Tables IV-5 (information available on Indonesia), IV-17, IV-27, IV-30, IV-33, IV-37.

[113] CR/PR, Table IV-1.

[114] CR/PR, Table I-1.

[115] CR/PR, Tables IV-15, IV-22, IV-25, IV-29, IV-32, IV-35.

[116] Vice Chairman Aranoff, Commissioner Okun, and Commissioner Williamson considered Hylsa's arguments concerning why the Commission should exercise its discretion not to cumulate subject imports from Mexico, but found them unpersuasive in light of the considerations discussed above.

Vice Chairman Aranoff and Commissioner Williamson exercise their discretion to cumulate subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine. Chairman Pearson exercises his discretion to cumulate subject imports from Brazil, Indonesia, Moldova, and Ukraine. Commissioner Okun exercises her discretion to cumulate subject imports from Brazil, Indonesia, Mexico, Moldova, and Ukraine.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF ANTIDUMPING AND COUNTERVAILING DUTY ORDERS ARE REVOKED

A. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[117] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[118] Thus, the likelihood standard is prospective in nature.[119] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[120] [121] [122]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[123] According to

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[117] 19 U.S.C. § 1675a(a).

[118] SAA at 883-84. The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." Id. at 883.

[119] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[120] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), aff'd without opinion, 140 Fed.Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[121] For a complete statement of Commissioner Okun's interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

[122] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade's interpretation of "likely," but she will apply the Court's standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

[123] 19 U.S.C. § 1675a(a)(5).

the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[124]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[125] It directs the Commission to take into account its prior injury determination,[126] whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[127]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[128] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[129]

In evaluating the likely price effects of subject imports if the orders under review were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject

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[124] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[125] 19 U.S.C. § 1675a(a)(1).

[126] As stated above, the remand determination concerning subject imports from Trinidad and Tobago is not yet final. Consequently, we have generally cited our original determination concerning Trinidad and Tobago. In any event, all four Commissioners who issued opinions in connection with the remand determination concluded that application of the statutory criteria of volume, price, and impact would have warranted issuance of an affirmative determination. See Trinidad Remand Determination, USITC Pub. 3903 at 6-11. The plurality reached a negative determination solely by virtue of its application of the "replacement/benefit" test mandated by the Federal Circuit. See id. at 14, 22.

While the issue was not briefed by the parties in these reviews, we have previously explained that the "replacement/benefit test" articulated by the Federal Circuit in Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006), is not applicable to five-year reviews. Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan, Inv. Nos. 701-TA-415, 713-TA 933-934 (Review), USITC Pub. 3994 at 28 n.203 (April 2008).

[127] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

Commerce has not made duty absorption findings with respect to any of the orders under review. CR at I-19 n.31, PR at I-15 n.31.

[128] 19 U.S.C. § 1675a(a)(2).

[129] 19 U.S.C. § 1675a(a)(2)(A-D).

imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[130]

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[131] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[132] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders were revoked.[133]

As stated above, the Commission has relatively complete data coverage for the domestic industry and the industries in all subject countries except Indonesia. We have relied on the facts otherwise

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[130] See 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[131] 19 U.S.C. § 1675a(a)(4).

[132] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce conducted expedited sunset reviews of each of the antidumping duty orders. With respect to the antidumping duty order on subject imports from Brazil, Commerce found likely margins of 94.73 percent for Belgo Mineira and 74.45 percent for all others. With respect to the antidumping duty order on subject imports from Canada, Commerce found likely margins of 3.86 percent for Ispat Sidbec Inc., 9.90 percent for Ivaco, and 8.11 percent for all others. With respect to the antidumping duty order on subject imports from Indonesia, Commerce found likely margins of 4.06 percent for P.T. Ispat Indo and all others. With respect to the antidumping duty order on subject imports from Mexico, Commerce found likely margins of 20.11 percent for Sicartsa and all others. Commerce published a countrywide likely margin of 369.10 percent for subject imports from Moldova. With respect to the antidumping duty order on subject imports from Trinidad and Tobago, Commerce published a likely margin of 11.40 percent for Caribbean Ispat and all others. With respect to the antidumping duty order on subject imports from Ukraine, Commerce published a likely margin of 116.37 percent for Krivorozhstal and all others. 73 Fed. Reg. 1321, 1323 (Jan. 8, 2008).

With respect to the countervailing duty order on subject imports from Brazil, Commerce conducted an expedited sunset review and found likely subsidy rates of 2.76 percent for Gerdau, 6.74 percent for Belgo Mineira, and 5.64 percent for all others. 73 Fed. Reg. 1323, 1325 (Jan. 8, 2008). Commerce further concluded that three of Brazil's countervailable subsidy programs were prohibited subsidies within the meaning of Article 3.1 of the WTO Agreement on Subsidies and Countervailing Measures. See generally CR at I-22, PR at I-17.

[133] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

available when appropriate in these reviews, which consist primarily of information from the original investigations, information submitted in these reviews, and information available from published sources.[134] [135]

B. The Original Determinations

In the original determinations, the Commission characterized wire rod as an intermediate product used to make a variety of products. It stated that there was a continuum of wire rod products; the Iron and Steel Society divided wire rod into 11 major categories. Categories corresponded to various levels of quality and end uses.[136] Apparent U.S. consumption of wire rod, measured by quantity, declined from 1999 to 2001. Purchasers asserted that a reason for the decline in demand was increased imports of downstream products incorporating wire rod.[137]

At the time of the original determinations, the domestic industry consisted of 12 producers. The producers were dispersed geographically and most individual producers produced a variety of products. Five domestic producers experienced bankruptcies or partial to full shutdowns of their wire rod operations late in the period examined. As a result, the domestic industry's capacity declined in 2001. The Commission observed that, while the domestic industry's capacity was less than apparent U.S. consumption of wire rod, the industry never operated near full capacity at any time during the period examined.[138]

The Commission stated that most purchasers reported that subject imports from most sources and the domestic like product were used in the same applications. Purchasers identified quality, price, and availability, in that order, as the most important factors in selecting a supplier.[139]

The share of the U.S. market held by nonsubject imports was relatively stable from 1999 to 2001. Wire rod imports from all countries except Canada and Mexico were subject to a tariff rate quota that the

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[134] 19 U.S.C. § 1677e(a) authorizes the Commission to "use the facts otherwise available" in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int'l Trade 2002) ("the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.").

[135] Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." SAA at 869.

[136] Original Determinations, USITC Pub. 3546 at 23.

[137] Original Determinations, USITC Pub. 3546 at 24.

[138] Original Determinations, USITC Pub. 3546 at 24.

[139] Original Determinations, USITC Pub. 3546 at 25.

President imposed affective March 1, 2000 as a safeguard measure under section 203(a)(3) of the Trade Act of 1974.[140]

The Commission found that cumulated subject import volume and market penetration rose during the period of investigation. The volume of subject imports increased from 2000 to 2001 despite a simultaneous decline in U.S. apparent consumption. The Commission further found that the increase in market share by cumulated subject imports came at the expense of the domestic industry. Accordingly, the Commission found the volume of cumulated subject imports, and the increase in that volume, to be significant both in absolute terms and relative to production or consumption in the United States.[141]

The Commission emphasized that purchasers ranked price as the second most important factor, after quality, in selecting a wire rod supplier. A majority of responding purchasers indicated that they always or usually purchased wire rod offered at the lowest price. Additionally, the Commission found that the subject imports and the domestic like product, insofar as they were the same type of wire rod product, were highly interchangeable.[142]

The Commission found significant underselling of the domestic like product by the cumulated subject imports. Cumulated subject imports undersold the domestic like product in approximately two-thirds of all comparisons. The Commission highlighted the consistently high underselling margins of subject imports from Brazil, Moldova, and Ukraine.[143] The Commission further concluded that the subject imports suppressed prices to a significant degree, as the domestic industry could not raise prices to cover increased costs.[144]

The Commission found that the domestic industry lost market share as the volume of the cumulated subject imports increased, notwithstanding declines in apparent consumption. Indicators such as production, domestic shipments, and capacity utilization declined from 1999 to 2000, and then fell more sharply from 2000 to 2001.[145] The Commission characterized the domestic industry's increasing operating losses as the "most striking negative performance indicator for the domestic industry."[146] It also referenced declines in employment-related indicators from 2000 to 2001. The Commission acknowledged that while factors other than cumulated subject imports contributed to the domestic industry's financial problems, "subject imports were a significant cause of material injury to the entire industry, playing a significant role in the adverse market conditions facing the domestic industry, including the loss of sales and market share to lower-priced subject imports."[147] It consequently concluded that cumulated subject imports had a significant impact on the domestic industry.[148]

In the original determination concerning Trinidad and Tobago, the Commission observed that Trinidad and Tobago was the second or third largest source of subject imports during the period of investigation. It noted that the volume and market penetration of subject imports from Trinidad and Tobago increased during the period. The Commission emphasized that the Trinidadian subject imports were concentrated in low carbon industrial quality products, and that the market for such products was

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[140] Original Determinations, USITC Pub. 3546 at 25-26.

[141] Original Determinations, USITC Pub. 3546 at 27-28.

[142] Original Determinations, USITC Pub. 3546 at 28.

[143] Original Determinations, USITC Pub. 3546 at 28-29.

[144] Original Determinations, USITC Pub. 3546 at 29-30.

[145] Original Determinations, USITC Pub. 3546 at 31.

[146] Original Determinations, USITC Pub. 3546 at 32.

[147] Original Determinations, USITC Pub. 3546 at 32.

[148] Original Determinations, USITC Pub. 3546 at 33.

very price sensitive. The Commission found that, in light of the price-sensitive market, the volume of subject imports from Trinidad and Tobago was significant.[149]

The Commission emphasized the nature of the price competition between subject imports from Trinidad and Tobago and the domestic like product. Both the domestic like product and the subject imports from Trinidad and Tobago were concentrated in the price-sensitive low carbon industrial quality category.[150] Subject imports from Trinidad and Tobago undersold the domestic like product in 70.8 percent of quarterly comparisons. In light of the importance of price in purchasing decisions and the significant and increasing volume of Trinidadian subject imports, the Commission found this underselling to be significant. The Commission further found that subject imports from Trinidad and Tobago had significant price-suppressing effects, for reasons paralleling those presented in the cumulated analysis.[151] The impact discussion in the original determinations concerning subject imports for Trinidad and Tobago referenced the discussion for cumulated subject imports.[152]

C. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[153]

1. *Demand Conditions*

Wire rod continues to be used as an intermediate product. Most wire rod is sold to wire drawers, which use the wire rod as an input in the production of such products as nails, wire hangers, galvanizing wire, netting, and strand.[154] Consequently, demand for wire rod depends on the demand for these downstream products. The parties agree that the most important factor in the level of demand for wire rod is construction activity.[155]

Apparent U.S. consumption of wire rod was lower at the conclusion of the period of review than at its inception, but fluctuated on an annual basis. Apparent consumption declined from 7.8 million short tons in 2002 to 6.6 million short tons in 2003, and then rose to a period high of 8.1 million short tons in 2004. Apparent consumption then declined to 6.5 million short tons in 2005, increased to 7.1 million short tons in 2006, and then declined to a period low of 5.9 million short tons in 2007.[156] Apparent U.S. consumption exceeded the capacity of the domestic industry throughout the period of review.[157]

Market participants cited several different reasons for recent decreases in U.S. demand, including declines in construction activity, a weakened U.S. automotive market, and increases in imports of finished

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[149] Original Determinations, USITC Pub. 3456 at 36-37.

[150] Original Determinations, USITC Pub. 3546 at 37.

[151] Original Determinations, USITC Pub. 3546 at 37-38.

[152] Original Determinations, USITC Pub. 3546 at 38.

[153] 19 U.S.C. § 1675a(a)(4).

[154] CR at II-14, PR at II-9; Tr. at 20-21 (Kerkvliet).

[155] CR at II-14-15, PR at II-9.

[156] CR/PR, Table I-16.

[157] See CR/PR, Tables I-16, III-5.

downstream wire products.[158] Market participants provided mixed assessments of likely future demand for wire rod in the United States.[159] Many market participants, including several domestic producers, anticipate further declines in U.S. demand.[160]

2. *Supply Conditions*

Throughout the period of review the domestic industry was the largest supplier of wire rod to the U.S. market. The domestic industry's share of U.S. apparent consumption fluctuated on an annual basis, increasing in 2003, declining to a period low of 50.3 percent in 2004, increasing in 2005, declining in 2006, and increasing to a period high of 69.6 percent in 2007.[161] There has been considerable restructuring of the domestic industry since the original investigations. Several firms declared bankruptcy. Some firms closed operations, while others reorganized. Current producers Arcelor Mittal USA, Charter, Gerdau Ameristeel, and Nucor are all the product of mergers of previously distinct wire rod producers.[162] Mid-American began production operations in 2004.[163] Several domestic producers have expanded or made improvements to their production facilities during the period of review.[164] As a result of these changes, the domestic industry's capacity was greater in 2007 than it was in 2002.[165] Two producers anticipate further capacity increases between 2008 and 2010.[166]

As previously discussed, domestic producers Arcelor Mittal USA and Gerdau Ameristeel are affiliated with producers of subject merchandise. Arcelor Mittal produces wire rod in Brazil, Canada, Mexico, Trinidad and Tobago, Ukraine, and several nonsubject countries, in addition to the United States.[167] Gerdau Ameristeel is affiliated with Gerdau, S.A., which owns wire rod mills in Brazil.[168]

Nonsubject imports were the next largest supplier to the U.S. wire rod market after the domestic industry. The share of apparent U.S. consumption supplied by nonsubject countries increased irregularly from 29.2 percent in 2002 to a period high of 35.9 percent in 2006, and then declined to a period low of 16.9 percent in 2007.[169] China was a major supplier of nonsubject imports during the period of review

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[158] CR at I-49, II-15, PR at I-34, II-9-10.

[159] CR at II-17, PR at II-11.

[160] CR at II-17, PR at II-11; Tr. at 104 (Kerkvliet), 105 (Simon), 105 (Nystrom).

[161] CR/PR, Table I-16.

[162] CR/PR, Figure I-2, CR at I-38, PR at I-29. Arcelor Mittal USA consists of former producers Ispat Inland (owned by Arcelor Mittal's predecessor Mittal Steel) and Georgetown Steel (which Mittal Steel acquired in 2005). Charter consists of former producer Birmingham Steel (acquired in 2002) combined with pre-existing operations. Gerdau Ameristeel consists of former producers Co-Steel and Ameristeel (merged in 2002) and North Star (acquired in 2004). Nucor consists of former producer Connecticut Steel (acquired in 2006) combined with pre-existing operations. CR/PR, Figure I-2, Table III-1.

[163] CR/PR, Table III-1.

[164] CR at III-3, PR at III-3; CR/PR, Table III-2.

[165] CR/PR, Table III-5.

[166] CR/PR, Table III-3.

[167] CR/PR, Table IV-12, CR at IV-36, PR at IV-19.

[168] CR at IV-42, PR at IV-20.

[169] CR/PR, Table I-16. This figure does not include merchandise from subject countries that is outside the scope definition or is not subject to an order.

and the largest individual source of supply during 2005 and 2006.[170] While it was also the largest source of supply during 2007, the quantity of Chinese imports dropped by over half between 2006 and 2007.[171] The parties agree that a major cause for this decline was a change in Chinese export tax policies affecting wire rod.[172] The decline in imports from China accounted for approximately half of the decline in nonsubject imports from 2006 to 2007.[173]

During the period of review, subject imports supplied smaller quantities of wire rod to the U.S. market than did either the domestic industry or nonsubject sources. The share of apparent U.S. consumption held by subject imports fell irregularly from *** percent in 2002 to a period low of *** percent in 2006, and then increased to *** percent in 2007. Canada continued to be the largest supplier of subject imports.[174]

3. *Other Conditions*

Wire rod sold in the United States is categorized by "quality" according to end use. There are at least 11 major "quality" categories.[175] The Commission asked market participants to classify shipments into seven different categories. The domestic industry produces merchandise in each category: the three largest are low carbon industrial quality (accounting for 53.6 percent of U.S. producers' domestic shipments in 2007), high carbon industrial quality (21.9 percent of shipments), and CHQ (14.2 percent of shipments).[176] Low carbon industrial quality also constituted a majority of 2007 shipments for five of the six subject countries whose industries provided data.[177] For the remaining subject country, Canada, CHQ was the largest category in 2007, but low carbon industrial quality still constituted *** percent of the Canadian subject producers' total shipments that year.[178]

Particularly for industrial quality grades, domestically produced wire rod and subject imports of the same type tend to be highly substitutable.[179] While respondents did not contest this proposition, their witnesses claimed that there are quality distinctions and limited substitutability between certain specialty products imported from Canada and domestically produced wire rod.[180]

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[170] In addition to China, other major nonsubject suppliers during the period of review included Turkey, Germany, and Japan. CR/PR, Table IV-3.

[171] CR/PR, Table IV-3.

[172] Gerdau Parties Prehearing Brief at 6; Ivaco Prehearing Brief at 24-25.

[173] CR/PR, Table IV-3. The parties did not agree on why nonsubject imports from sources other than China declined during 2007. Domestic Producers asserted that purchasers that previously augmented inventories drew them down in 2007 as prices for imports rose more rapidly than those for the domestically produced product. See Tr. at 77-78 (Kerwin), 103 (Simon), 120 (Simon). Respondents disputed that the declines in nonsubject imports were part of a cyclical drawdown process. AWPA stated that by February 2008 its members' inventories were at historic lows. AWPA Posthearing Brief at 11, ex. 7.

[174] CR/PR, Table I-16.

[175] CR at I-27-28, PR at I-22; CR/PR, Table I-12.

[176] CR/PR, Table IV-5.

[177] CR/PR, Tables IV-17, IV-27, IV-30, IV-33, IV-37. There are no data concerning shipments by producers in Indonesia.

[178] CR/PR, Table IV-21.

[179] CR at II-18-19, PR at II-11.

[180] Tr. at 181 (DeShane), 266-70 (Goldsmith).

Most U.S. wire rod producers use minimill technology to melt scrap in an electric arc furnace.[181] As a result, the principal inputs used in the production of wire rod by U.S. minimills are billets (typically produced from steel scrap), natural gas, and electricity.[182] The price of steel scrap has increased dramatically – albeit with some fluctuations – since 2002, and increases have been particularly dramatic in 2008.[183] Natural gas and electricity prices have risen since 2002.[184]

Data published by a commercial monitoring service indicate that worldwide consumption of wire rod products increased throughout the period of review.[185] This service projects that consumption of the wire rod product it measures will continue to increase through 2011, with the ***.[186] Most market participants that responded to the Commission questionnaire also anticipated that worldwide wire rod demand would increase.[187] Worldwide production of wire rod is forecast to increase in tandem with demand; ***.[188]

D. Revocation of the Antidumping and Countervailing Duty Orders on Cumulated Subject Imports Is Likely to Lead to Continuation or Recurrence of Material Injury

1. *Likely Volume of Subject Imports*

For each cumulation combination under consideration, cumulated subject import volume declined during the period of review. For the six subject countries on which the Commission has reached affirmative determinations (Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine), the quantity of subject imports declined sharply after imposition of the orders. From a period peak of *** short tons in 2002, the quantity of cumulated subject imports declined sharply in 2003, rose in 2004 to 359,053 short tons, declined sharply in 2005 to 117,355 short tons, rose in 2006, and then declined, reaching a period low of 103,569 short tons in 2007.[189] The share of apparent U.S. consumption held by subject imports from these six countries followed similar trends. From a period high of *** percent in 2002, these imports' share of apparent U.S. consumption declined in 2003, rose in 2004, declined in 2005 to a period low of 1.8 percent, rose in 2006, and then again reached the period low of 1.8 percent in

[181] CR at I-30, PR at I-24.

[182] CR at V-1, PR at V-1.

[183] CR/PR at V-1, Figure V-1.

[184] CR/PR, Table V-1.

[185] CR/PR, Table IV-42. The wire rod product measured in the reports and projections on worldwide production and consumption does not necessarily correspond to either Commerce's scope definition or the Commission's definition of the domestic like product.

[186] CR/PR, Table IV-43.

[187] CR at II-17, PR at II-11.

[188] CR/PR, Tables IV-39-40.

[189] CR/PR, Table IV-1.

2007.[190] [191] [192] [193] Accordingly, the orders have had a substantial restraining effect on imports from these subject countries.

The industries in the cumulated subject countries are substantial. Even the smallest industry in any subject country, that of Moldova, had a capacity of *** short tons in 2007.[194] Aggregate capacity reported by producers in Brazil, Moldova, Mexico, Trinidad and Tobago, and Ukraine for 2007 – which accounts for a substantial majority of the actual capacity in these subject countries – was 10.8 million short tons.[195] [196] The most recent information available for Indonesia, which is for 2006, indicates that capacity in that country is ***.[197] Thus, total capacity in the cumulated subject countries far exceeds the 5.9 million short tons of apparent U.S. consumption of wire rod in 2007.[198]

There is considerable unused capacity (in other words, the difference between capacity and production) in the cumulated subject countries. The aggregate unused capacity in 2007 for Brazil,

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[190] CR/PR, Table I-16.

[191] Commissioner Lane and Commissioner Pinkert have cumulated imports from all seven subject countries. From a period peak of *** short tons in 2002, the quantity of cumulated subject imports declined in 2003, rose in 2004, declined in 2005 to a period low of *** short tons, rose *** in 2006 to *** short tons, and rose further in 2007 to *** short tons. From 2003 to 2007, the vast majority of subject imports were from Canada. CR/PR, Table IV-1. Cumulated subject imports' share of apparent U.S. consumption, measure by quantity, followed similar trends. From a period high of *** percent in 2002, subject imports' share of apparent U.S. consumption declined irregularly to a period low of *** percent in 2006. This share increased to *** percent in 2007. CR/PR, Table I-16.

[192] Chairman Pearson has cumulated subject imports from Brazil, Indonesia, Moldova, and Ukraine. Subject imports from these four countries largely disappeared from the U.S. market after imposition of the orders. From a period peak of *** short tons in 2002, the quantity of subject imports declined to 29,937 short tons in 2004. Imports from these four subject countries were not present in the U.S. market in 2003, 2005, 2006, and 2007. CR/PR, Table IV-1. The share of apparent U.S. consumption held by subject imports from these subject countries was *** percent in 2002, 0.4 percent in 2004 and zero in all other years. CR/PR, Table I-16.

[193] Commissioner Okun has cumulated subject imports from Brazil, Indonesia, Mexico, Moldova, and Ukraine. The quantity of subject imports from these five countries declined sharply after imposition of the orders. From a period peak of *** short tons in 2002, the quantity of subject imports declined sharply in 2003, rose in 2004, declined sharply in 2005 to 12,551 short tons, reached a period low of 4,256 short tons in 2006, and rebounded slightly to 8,244 short tons in 2007. After 2002, the bulk of these imports were from Mexico. CR/PR, Table IV-1. The share of apparent U.S. consumption held by subject imports from these subject countries followed similar trends. From a period high of *** percent in 2002, these imports' share of apparent U.S. consumption never exceeded 0.3 percent in any subsequent year except 2004, when their share was 1.2 percent. CR/PR, Table I-16.

[194] CR/PR, Table IV-8.

[195] CR/PR, Table IV-8.

[196] Commissioner Lane and Commissioner Pinkert note that total capacity in 2007 for all subject countries for which data were reported was *** short tons. If 2006 data for Indonesia were included, total capacity for all subject countries would be *** short tons. See CR/PR, Tables IV-8, IV-22.

Chairman Pearson notes that total reported capacity in 2007 for Brazil, Moldova, and Ukraine was *** short tons. If 2006 data available for Indonesia were included, total capacity for the subject countries he has cumulated would be *** short tons. See id.

Commissioner Okun notes that total reported capacity in 2007 for Brazil, Mexico, Moldova, and Ukraine was *** short tons. If 2006 data available for Indonesia were included, total capacity for the subject countries she has cumulated would be *** short tons. See id.

[197] CR/PR, Table IV-22. Because no Indonesian producer responded to the Commission's questionnaire and the most recent Indonesian industry data available are for 2006, we have reported Indonesia's data separately.

[198] CR/PR, Table I-16.

Mexico, Moldova, Trinidad and Tobago, and Ukraine reported in the questionnaires was 2.7 million short tons.[199] [200] Available information for 2006 indicates that there were *** short tons of unused capacity in Indonesia.[201] A monitoring service reports that two new wire rod mills are projected to begin production in Brazil between 2008 and 2010. The capacity that will be added by these new mills will be *** short tons in 2008, increasing to *** short tons in 2009 and *** short tons in 2010.[202]

We find that producers in the subject countries will likely direct substantial quantities of this unused and new capacity to the United States market should the pertinent orders be revoked.[203] [204] [205] In 2006, the most recent year for which such data are available, the United States was the world's largest single market for wire rod imports.[206] The cumulated subject countries, in the aggregate, exported

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[199] CR/PR, Tables IV-15, IV-25, IV-29, IV-32, IV-35.

[200] Commissioner Lane and Commissioner Pinkert note that total reported unused capacity in 2007 for all subject countries for which questionnaire data are available was *** short tons. Chairman Pearson notes that total reported unused capacity in 2007 for Brazil, Moldova, and Ukraine was *** short tons. Commissioner Okun notes that total reported unused capacity in 2007 for Brazil, Mexico, Moldova, and Ukraine was *** short tons.

[201] CR/PR, Table IV-22.

[202] CR at IV-46, PR at IV-23.

[203] We have also considered in our analysis of likely subject import volume several other statutory factors. Reported end-of-period inventories for 2007 for Brazil, Mexico, Moldova, Trinidad and Tobago, and Ukraine were 493,966 short tons. CR/PR, Tables IV-15, IV-25, IV-29, IV-32, IV-35. In 2007, there were no U.S. inventories of imports from these subject countries. CR/PR, Table IV-4.

There are existing or potential barriers to exports of wire rod applicable to two of the cumulated subject countries. Wire rod exports from Ukraine are subject to quotas in Russia and the European Union, although the EU quota may be revoked upon Ukraine's entry to the EU. CR at IV-34, PR at IV-16. Wire rod from Moldova is currently subject to an antidumping investigation in the EU, although no provisional or final duties have yet been imposed. Id.

Some producers in the cumulated subject countries produce other products in the same facilities where they produce wire rod. Wire rod producers in Brazil produce nonsubject wire rod products. CR at IV-45, PR at IV-22. Wire rod producers in Mexico, Trinidad and Tobago, and Ukraine additionally produce ***. CR at IV-69-70, IV-75, IV-89, IV-96, PR at IV-34-35, IV-40, IV-42. Domestic Producers concede, however, that wire rod is currently a less attractive product in the U.S. market than is this alternative product. Tr. at 24 (Kerkvliet), 33-34 (Simon).

[204] In addition, Commissioner Lane and Commissioner Pinkert took into consideration end-of-period inventories in the subject countries to find that significant additional volumes of cumulated subject imports are likely upon revocation. Reported end-of-period inventories for 2007 for Brazil, Canada, Mexico, Moldova, Trinidad and Tobago, and Ukraine were *** short tons, or *** percent of apparent U.S. consumption in that year. See CR/PR, Tables I-16, IV-15, IV-19, IV-25, IV-29, IV-32, IV-35. U.S. inventories of subject merchandise from Canada were *** short tons in 2007. CR/PR, Table IV-4.

[205] Commissioner Okun notes that end-of-period inventories for 2007 for Brazil, Mexico, Moldova, and Ukraine were *** short tons. CR/PR, Tables IV-15, IV-25, IV-29, IV-35.

[206] CR/PR, Table IV-46. The data in this table include some varieties of wire rod excluded from Commerce's scope definition.

Public data are not available for 2007, the year when nonsubject wire rod imports to the United States declined and AWPA contends that the United States became an unattractive export market. However, AWPA's principal argument to the Commission was that the United States market can easily absorb additional quantities of imports in light of its members' stated difficulties in obtaining wire rod. In light of this, the large U.S. market would still attract additional quantities of imports.

substantial quantities of wire rod during the period of review.[207] Indeed, in 2006, Ukraine ranked third and Brazil ranked fifth among all world exporters of wire rod.[208]

We have also examined two considerations that respondents contend will serve to deter additional exports from entering the United States upon revocation. Respondents first contend that the United States is an unattractive export market because U.S. prices are below those available to exporters in other markets. While such an alleged price differential might discourage exporters from shifting to the United States exports currently destined for other markets, it would not likely deter a producer from using some excess or new capacity to ship product not sold to other markets to the United States. Indeed, no respondent argued that a subject producer could not profitably sell subject merchandise in the United States upon revocation.

Moreover, the record in these reviews indicates that the United States has been the highest priced market, or among the highest priced markets, for wire rod during most of the period of review.[209] It is true that one monitoring service reported that prices in 2008 in some world markets, particularly in Europe, were appreciably higher than those in the United States.[210] Nevertheless, even in 2008, U.S. prices were higher than those reported in several markets in the Far East.[211] In light of these considerations, we decline to give dispositive weight to the pricing data provided both in the monitoring service materials and information submitted by respondents showing wire rod was priced lower in the U.S. market than in other world markets during 2008.[212]

Respondents next contend that Gerdau and Arcelor Mittal are unlikely to increase exports from subject countries in a manner that would impair the operations of their domestic production affiliates. Gerdau, however, does not act as a single entity. Gerdau indicates the following: (1) its individual mills control their sales; (2) Gerdau S.A., which operates subject wire rod mills in Brazil, does not coordinate sales with Gerdau Ameristeel; and (3) Gerdau Ameristeel has no control over the price, volume, or customer choice of Gerdau, S.A. in the United States.[213] Given that Gerdau does not act as a single entity,

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[207] See generally CR/PR, Tables IV-15, IV-22, IV-25, IV-29, IV-32, IV-35.

[208] CR/PR, Table IV-47. Again, 2006 is the most recent year for which these data are available. The data in this table include some varieties of wire rod excluded from Commerce's scope definition.

[209] CR/PR, Tables IV-44, IV-45.

[210] CR/PR, Table IV-44. Because these services report prices in dollars, the relatively higher European prices appear to reflect the decreased value of the U.S. dollar compared to currencies such as the Euro.

[211] CR/PR, Tables IV-44, IV-45. Far Eastern markets are major export destinations for Indonesia. CR/PR, Table IV-23.

[212] We observe that the information presented by respondents to support the proposition that U.S. prices for wire rod are currently lower than those in the rest of the world consisted largely of testimony by industry witnesses and press reports. Such anecdotal comments regarding pricing are, in our view, less probative in these reviews than the empirical data provided by the monitoring services.

Respondents further argue that even when U.S. prices are nominally higher than those in other world markets, high and increasing ocean freight rates would make exports to the United States unattractive. However, there is no discernible historical relationship between ocean freight rates and import levels. Ocean freight rates increased dramatically during portions of 2004, a year in which total imports of wire rod to the United States increased dramatically. Conversely, total wire rod imports fell substantially in 2005 notwithstanding a decline in ocean freight rates that year. Compare CR/PR, Table IV-1 with Ivaco Prehearing Brief, ex. 4.

[213] CR at IV-42, PR at IV-21. We observe that neither of Gerdau S.A.'s mills in Brazil ***. See *** Foreign Producers Questionnaires.

While AWPA asserts that Gerdau Ameristeel has circulated price lists offering for sale both domestically produced and Brazilian wire rod, Gerdau Ameristeel indicates that it has no such practice. Specifically, it states that

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the record does not provide a basis for us to conclude that Gerdau S.A.'s affiliation with Gerdau Ameristeel will serve materially to restrain Gerdau S.A.'s exports to the United States upon revocation of the orders from Brazil.

By contrast, Arcelor Mittal does act as a single entity in the United States. ***.[214] Even assuming arguendo that Arcelor Mittal's corporate structure will serve to deter it from exporting large additional quantities of subject merchandise upon revocation in light of a desire to protect Arcelor Mittal USA,[215] [216] much of the unused and additional capacity in the subject countries is attributable to companies not controlled by Arcelor Mittal.[217]

Consequently, producers in the cumulated subject countries that would not be restrained from increasing subject imports to the United States upon revocation control a significant quantity of unused and projected new capacity. Given these producers' overall export orientation on a cumulated basis and the size and the relative attractiveness of the U.S. market, we conclude that there will be a significant increase in cumulated subject imports to the United States, both in absolute terms and relative to U.S. consumption, upon revocation.[218]

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[213](...continued)
***. Gerdau Parties Posthearing Brief, ex. 3, ¶ 9.

[214] CR at IV-37, PR at IV-19.

[215] Chairman Pearson and Commissioner Okun find that the incorporation of Arcelor Mittal USA in a single unified entity that controls all production in, and imports from, Trinidad and Tobago will serve to deter the exportation to the U.S. market of Trinidadian wire rod. The volumes and prices of such exports likely would not materially injure the domestic industry.

[216] Vice Chairman Aranoff and Commissioner Pinkert find that Arcelor Mittal will likely balance the interests of its various wire rod operations, including its U.S. operations, in deciding whether to export subject merchandise to the United States. In 2007, Arcelor Mittal's exports of subject merchandise (excluding exports from Canada) totaled *** percent of its domestic production, and *** percent including Canada. CR/PR at Table IV-12.

[217] The amount of reported unused capacity in 2007 for Brazil, Mexico, and Moldova attributable to producers not controlled by Arcelor Mittal is *** short tons. See Foreign Producers Questionnaires. (All reported unused capacity in Trinidad and Tobago and Ukraine is attributable to Arcelor Mittal.) All unused capacity in Indonesia, as well as any unused capacity from producers in Brazil, Mexico, and Ukraine that did not respond to the Commission's questionnaires, is attributable to firms not controlled by Arcelor Mittal. See CR at IV-36 n.19, PR at IV-19 n.19. All new capacity projected for Brazil is attributable to firms not controlled by Arcelor Mittal. CR at IV-46, PR at IV-23.

[218] Should the Federal Circuit affirm the Commission's negative remand determination in the original investigation concerning subject imports from Trinidad and Tobago, and should the Supreme Court not grant any writ of certiorari filed to review the Federal Circuit's judgment, the antidumping duty order on subject imports from Trinidad and Tobago will be revoked. Because of this circumstance, Gerdau Parties have suggested that the Commission should consider whether it would have reached the same determination had it not cumulated subject imports from Trinidad and Tobago with other subject imports. See Gerdau Parties Posthearing Brief, ex. 1 at 47-48. Those Commissioners who have not examined subject imports from Trinidad and Tobago on a non-cumulated basis agree that such an examination is appropriate in the event the antidumping duty order on subject imports from Trinidad and Tobago is ultimately revoked.

Accordingly, Vice Chairman Aranoff and Commissioners Lane, Williamson, and Pinkert note that their findings on both the magnitude of unused and new capacity available for export to the United States, and the attractiveness of the U.S. market as a destination for such capacity, would not be appreciably different if subject imports from Trinidad and Tobago were not included in the cumulated analysis. They find that the likely volume of cumulated subject imports would remain significant even in that circumstance.

2. *Likely Price Effects of Subject Imports*

Price plays an important role in purchasing decisions for wire rod. Purchasers variously listed price most frequently as the first, second, or third most important factor in selecting a supplier.[219] It was characterized as a "very important" purchasing factor by 38 out of 41 purchasers. No other factor was characterized as "very important" by as many purchasers.[220]

Two other factors pertinent to the importance of price were discussed in section IV.C.3. above. First, both the domestic like product and the cumulated subject imports tend to be concentrated in the industrial quality grades. Second, particularly for these industrial quality grades, the domestic like product and subject imports are considered good substitutes. In light of this and the importance of price in purchasing decisions, the industrial quality grades of wire rod are highly price sensitive.

Most U.S. producers and importers set prices on a transaction-by-transaction basis.[221] While some purchasers and producers testified that they had entered into long-term agreements,[222] there was considerable purchaser testimony that long-term contracts were frequently problematic, citing concerns including legal liability, product supply, and price fluctuations.[223] A producer testified that long-term contracts are not as prevalent as they were in the past.[224]

The Commission collected quarterly pricing data on six wire rod products for purposes of these reviews – two industrial quality products, a mesh quality product, a product for spring applications, a CHQ product, and a welding quality product.[225] Prices for the domestically produced products were higher at the conclusion of the period than at its inception. For each of the products, prices for the domestically produced product increased most rapidly during 2004. Prices for each of the products also increased during 2007. Nevertheless, for each product, prices for the domestic like product were at or near their peak levels during 2004 or 2005.[226] The pricing patterns observed during the period of review corroborate the testimony of domestic industry witnesses that prices for both lower-value and higher-value wire rod products tend to follow the same trends.[227]

The record further indicates that domestic producers have sought to impose numerous price increases in 2008.[228] The producers contend and the purchasers acknowledge that these increases reflect rising raw material costs.[229]

We previously found that upon revocation, significant additional quantities of cumulated subject imports are likely. The quantities of additional cumulated subject imports upon revocation are likely to exceed greatly any amount needed to rectify what purchasers maintain are short supply conditions that

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[219] CR/PR, Table II-3.

[220] CR/PR, Table II-4.

[221] CR at V-8, PR at V-7.

[222] Tr. at 64 (Cheek, Kerkvliet), 253 (De Shane), 273 (Woltz).

[223] Tr. at 255 (McCall), 273 (Robertson), 273-74 (Woltz), 275 (McCall), 277 (De Shane).

[224] Tr. at 65 (Simon).

[225] CR at V-9, PR at V-8.

[226] See CR/PR, Tables V-2, V-5, V-7 (peak price for domestic product reached in 2004), V-3 (fourth quarter 2004 price only $2 below 2007 peak); V-4 (peak price for domestic product reached in 2005, second highest in 2004), V-6 (*** prices for domestic product reached in 2005, *** in 2004).

[227] Tr. at 90 (Simon, Cheek, and Kerkvliet).

[228] See AWPA Prehearing Brief, exs. 2-10.

[229] Tr. at 23 (Kerkvliet), 103-04 (Cheek), 248 (McCall), 249 (Moffitt).

have existed in the U.S. market during 2008. Consequently, importers will need to sell the subject imports on the basis of price, not merely availability.[230] [231] The cumulated subject imports predominantly undersold the domestic like product during both the original investigations and the period of review.[232] [233] [234] [235] In light of the likely volume of cumulated subject imports and their historic pattern of underselling, we conclude that significant underselling by cumulated subject imports is likely upon revocation.

The cumulated subject imports will also have likely significant price-suppressing or -depressing effects. As previously discussed, raw material costs for domestic producers, particularly the price of scrap, generally rose during the latter portion of the period of investigation. Indeed, the unit raw material costs of the domestic industry increased during every year of the period of review. The unit metal spread – the difference between average sales values and raw material costs – declined from 2004 to 2007.[236] Similarly, the ratio of cost of goods sold to net sales increased by over ten percentage points from 2004 to 2007, reaching 94.6 percent in 2007.[237] Significant additional quantities of low-priced subject imports will likely exacerbate the domestic industry's recent inability to raise prices commensurately with increases in costs.

We accordingly conclude that the subject imports are likely to have significant price effects.[238]

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[230] Respondents contend that Gerdau, S.A. and Arcelor Mittal are unlikely to import subject merchandise at prices that would harm their domestic affiliates. For the reasons stated in the discussion of likely volume, we do not accept this argument with respect to Gerdau, S.A., because Gerdau's Brazilian operations will likely conduct marketing operations in the United States independently of Gerdau Ameristeel. Even assuming arguendo that Arcelor Mittal will not intentionally price any additional subject imports at levels that would harm the operations of Arcelor Mittal USA, the likely volume of additional subject imports from entities not controlled by Arcelor Mittal will be sufficiently large to cause significant price effects.

[231] Chairman Pearson and Commissioner Okun, and Vice Chairman Aranoff and Commissioner Pinkert, refer to their footnotes in section IV.D.1. above about the likely behavior of Arcelor Mittal.

[232] For the six subject countries on which the Commission has made affirmative determinations, cumulated subject imports undersold the domestic like product in 154 of 192 quarterly comparisons during the period examined in the original investigations and in 51 of 85 quarterly comparisons during the period of review. CR/PR, Tables V-9-10.

[233] Commissioner Lane and Commissioner Pinkert note that for all seven subject countries, cumulated subject imports undersold the domestic like product in 178 of 270 quarterly comparisons during the period examined in the original investigations. CR/PR, Table V-10. Under the discipline of the orders, with imports from several of the seven subject countries having exited the market, there was underselling during 52 out of 203 quarterly comparisons during the period of review. CR/PR, Table V-9. They find that without the discipline of the orders subject imports, including those from Canada, will be priced more competitively in the U.S. market.

[234] For the subject countries that Chairman Pearson has cumulated, cumulated subject imports undersold the domestic like product in 81 of 94 quarterly comparisons during the period examined in the original investigations and in all 17 quarterly comparisons during the period of review. CR/PR, Tables V-9-10.

[235] For the subject countries that Commissioner Okun has cumulated, cumulated subject imports undersold the domestic like product in 117 of 146 quarterly comparisons during the period examined in the original investigations and in 43 of 71 quarterly comparisons during the period of review. CR/PR, Tables V-9-10.

[236] CR/PR, Table III-13.

[237] CR/PR, Table III-12.

[238] Vice Chairman Aranoff and Commissioners Lane, Williamson, and Pinkert note that their findings on likely significant underselling and likely significant price-suppressing and -depressing effects of the subject imports would not be different had they not cumulated subject imports from Trinidad and Tobago. As previously discussed, likely subject import volume would still be significant even if they had not cumulated Trinidad and Tobago. Moreover, the

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3. *Likely Impact of Subject Imports*

Since imposition of the orders, the domestic industry's capacity has increased. Capacity increased irregularly from a period low of 4.8 million short tons in 2002 to a period high of 5.4 million short tons in 2007.[239] During this period, one producer (Mid-American) began production operations, and another (Sterling) restarted production at a previously closed facility.[240] Two domestic producers anticipate increasing their capacity during 2008 or 2009.[241]

The domestic industry's production fluctuated within a fairly narrow range during the period of review. Production increased from 4.04 million short tons in 2002 to a period high of 4.09 million tons in 2004, declined to a period low of 3.74 million short tons in 2005, and then increased the next two years, reaching 4.07 million short tons in 2007.[242] Because capacity increased more rapidly than production, capacity utilization declined over the period of review. Capacity utilization was at a period high of 84.6 percent in 2002. It fluctuated before reaching a period low of 69.4 percent in 2005. Capacity utilization increased the subsequent two years, reaching 74.9 percent in 2007.[243]

Domestic producers' U.S. shipments also fluctuated during the period of review. Domestic producers' U.S. shipments increased from 3.99 million short tons in 2002 to a period high of 4.14 million short tons in 2003, declined the next two years, reaching a period low of 3.73 million short tons in 2005, and then increased the next two years, reaching 4.08 million short tons in 2007.[244] Inventories declined from a period peak of 250,935 short tons in 2002 to a period low of 136,816 short tons in 2003 and fluctuated thereafter. Inventories were 152,512 short tons in 2007.[245]

Employment levels fluctuated over a fairly narrow range during the period of review. The 2,397 production employees in 2007 were fewer than the 2,461 employees in 2002. Hourly wages rose during every year of the period of review. Productivity fluctuated on an annual basis, ranging from a period low of 727.7 short tons per thousand hours in 2002 to a period high of 786.2 short tons per thousand hours in 2007.[246]

In contrast to the period examined in the original investigations, domestic producers generally operated profitably during the period of review. However, operating performance fluctuated considerably on an annual basis. Operating performance declined in each year that apparent U.S. consumption

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[238](...continued)
underselling data for the periods examined during both the original investigations and these reviews do not change appreciably if data from Trinidad and Tobago are excluded.

[239] CR/PR, Table III-5.

[240] CR/PR, Table III-1.

[241] CR/PR, Table III-3.

[242] CR/PR, Table III-5.

[243] CR/PR, Table III-5. Respondents assert that the domestic industry's capacity utilization data are seriously understated, and that the industry is now effectively operating at full capacity. Several domestic producers credibly testified at the Commission hearing, however, that they were ready and able to add additional shifts, which would permit them to operate at full capacity, if they could anticipate or receive sufficient purchase commitments. Tr. at 115-16 (Simon), 116 (Kerkvliet), 117 (Nystrom).

[244] CR/PR, Table III-8.

[245] CR/PR, Table III-9.

[246] CR/PR, Table III-11.

declined and reached its peak during 2004, the year that consumption was at its height.[247] The domestic industry had a 4.6 percent operating profit in 2002, a 3.4 percent operating loss in 2003, and a period high 14.0 percent operating profit in 2004. Operating performance declined in the subsequent three years. In 2007, the industry had a 3.2 percent operating profit, with four of the ten domestic producers posting operating losses.[248] The industry's capital expenditures in 2007 were above the period low reached in 2002, but below the period high reached in 2005.[249]

As discussed above, the orders have restrained the volume of cumulated subject imports shipped to the U.S. market. By restraining the volume of such imports, the orders contributed to the industry's improved financial performance during the period of review.[250] [251]

We previously found that a significant volume of additional cumulated subject imports will likely enter the U.S. market if the antidumping and countervailing duty orders are revoked, that these imports will likely significantly undersell the domestic like product, and that these imports will likely have significant price-suppressing or -depressing effects. The quantity of additional imports will likely be significantly greater than needed to rectify any current shortages of supply that may exist in the U.S. market. Moreover, given that wire rod demand in the United States was lower in 2007 than in any prior year during the period of review,[252] and is anticipated by many market participants to decline further in the foreseeable future,[253] the additional imports will not simply be absorbed by increased demand. In these circumstances, we find that revocation of the antidumping and countervailing duty orders on the cumulated subject imports would likely have a significant adverse impact on the domestic industry's output, sales, market share, employment, profits, and return on investment.

We consequently determine that revocation of the antidumping and countervailing duty orders on subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be

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[247] Compare CR/PR, Tables III-12, I-16.

[248] CR/PR, Table III-12.

[249] CR/PR, Table III-15. Research and development expenses were at a period high in 2007. Most domestic producers, however, did not incur research and development expenses during any portion of the period of review. Id.

[250] Chairman Pearson, Commissioner Okun, and Commissioner Pinkert do not find that the domestic industry is currently in a vulnerable state. Since 2004, the industry has been much more profitable than it was during the three full years of the original period of investigation. Although Domestic Producers have argued that current profitability levels are low, the industry has historically had relatively low operating margins, with the exception of 2004. See Ivaco Prehearing Brief, ex. 16. It has generally been able to increase its prices to cover cost increases. It has strengthened its dominant position in the U.S. market, increasing its market share by 18.1 percentage points from 2002 to 2007, and by 15.9 percentage points from 2006 to 2007. Although lower apparent U.S. consumption, fewer production workers, and higher unit COGS in 2007 than in 2002 suggest some degree of vulnerability, there is a new entrant to the industry, and capacity, production, shipments, and sales have all increased since 2005. In addition, productivity and capital expenditures are higher in 2007 than they were in 2002. CR/PR, Table I-1.

[251] Vice Chairman Aranoff, Commissioner Lane, and Commissioner Williamson find that the domestic industry is currently in a vulnerable or weakened state as contemplated by the statute. Demand in the United States for wire rod reached a period low in 2007, and further declines are anticipated. Domestic industry capacity utilization improved somewhat since 2005, but remained below levels during 2002-04. Unit COGS are increasing faster than shipment unit values, and operating income margins, while positive, are low. Although prices have risen over the period, reflecting the increased raw material costs, the underselling by the subject imports during the original investigation period continued during the review period.

[252] CR/PR, Table I-16.

[253] CR at II-17, PR at II-11.

likely to lead to the continuation or recurrence of material injury to the domestic wire rod industry within a reasonably foreseeable time.[254] [255] [256] [257]

E. Revocation of the Antidumping Duty Order on Subject Imports from Canada Is Not Likely to Lead to Continuation or Recurrence of Material Injury

1. *Likely Volume of Subject Imports*

While the quantity of subject imports from Canada fell immediately after imposition of the antidumping duty order, these imports have maintained a sizeable presence in the U.S. market. The quantity of subject imports from Canada attained a period peak of *** short tons in 2002. Canadian subject imports fell in 2003, rose in 2004, and fell the next two years, reaching a period low of *** short tons in 2006. Subject imports from Canada then increased to *** short tons in 2007.[258] The share of apparent U.S. consumption represented by subject imports from Canada was at a period high of *** percent in 2002, and fell the next four years, reaching a period low of *** percent in 2006. This share then increased to *** percent in 2007.[259] During the period examined in the original investigations, the annual market penetration of subject imports from Canada ranged from *** percent in 1999 to *** percent in 2001.[260]

The Canadian industry has limited means or incentive to increase exports to the United States significantly. The industry's capacity allocated to production of subject merchandise declined during the period of review, and the subject Canadian producers do not have any plans to increase capacity.[261] In

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[254] Vice Chairman Aranoff, Commissioner Lane, Commissioner Williamson, and Commissioner Pinkert have found the cumulated subject imports will likely have a significant adverse impact because of their likely significant volume and likely significant price effects. As explained above, they would have found likely subject import volume and likely price effects to be significant even if they had not cumulated subject imports from Trinidad and Tobago. They consequently find that they would have found subject imports likely to have a significant adverse impact even if they had not cumulated subject imports from Trinidad and Tobago.

[255] Commissioner Lane and Commissioner Pinkert determine that revocation of the antidumping and countervailing duty orders on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to the continuation or recurrence of material injury to the domestic wire rod industry within a reasonably foreseeable time. They do not join the remainder of this opinion.

[256] Chairman Pearson determines that revocation of the antidumping and countervailing duty orders on subject imports from Brazil, Indonesia, Moldova, and Ukraine would be likely to lead to the continuation or recurrence of material injury to the domestic wire rod industry within a reasonably foreseeable time.

[257] Commissioner Okun determines that revocation of the antidumping and countervailing duty orders on subject imports from Brazil, Indonesia, Mexico, Moldova, and Ukraine would be likely to lead to the continuation or recurrence of material injury to the domestic wire rod industry within a reasonably foreseeable time.

[258] CR/PR, Table IV-1.

[259] CR/PR, Table I-16.

[260] CR/PR, Table I-1.

[261] CR/PR, Table IV-19, CR at IV-56, IV-59, PR at IV-27. We have relied on the capacity data provided by the two subject Canadian producers, Ivaco and Arcelor Mittal Canada, in their questionnaires. Gerdau Parties question the accuracy of the questionnaire data on capacity in Canada, because the *** monitoring service reports greater capacity. The differences between the *** data and the questionnaire data are principally due to a mathematical error *** and by *** inclusion of wire rod capacity Ivaco uses to produce merchandise excluded from Commerce's scope definition. CR at IV-55 n.43, PR at IV-26 n.43. In light of these discrepancies, we find that the questionnaire (continued...)

2007, Canada's capacity utilization was *** percent and unused capacity was only approximately *** short tons.[262] End-of-period inventories of the subject merchandise in Canada in 2007 were *** short tons, had declined from the levels of 2006, and were only *** percent of that year's total shipments.[263] We further find it is unlikely that the Canadian industry will seek to increase exports to the United States by directing to the United States shipments currently made to other markets. *** of the Canadian industry's exports are already directed to the United States.[264] Moreover, both the quantity and proportion of total shipments directed to internal consumption increased during the latter portion of the period of review.[265] The record does not indicate that it is likely that Canadian producers will direct internally consumed production elsewhere.

Ivaco produces nonsubject wire rod products on the same equipment that it uses to produce subject merchandise.[266] Gerdau Parties suggest that, were the orders revoked, Ivaco could increase its capacity to produce subject wire rod by switching production from nonsubject to subject product. We find that any such product shifting is not likely. Ivaco represents that ***.[267]

Based on these considerations, we believe that any increase in subject imports from Canada would not be significant, either in absolute levels or relative to U.S. consumption or production. Instead, subject imports from Canada will likely continue to be at or near the levels observed during the period of review.[268]

2. *Likely Price Effects of Subject Imports*

We incorporate by reference the discussion in section IV.D.2. above about the importance of price in purchasing decisions, how market participants set prices, and pricing trends during the period of review. We observe that during the period of review subject imports from Canada were more highly concentrated in CHQ and welding quality grades than were imports from other subject countries.[269] With these more specialized products, non-price considerations, such as technical support or the ability to meet specific

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[261](...continued)
data are more reliable.

[262] CR/PR, Table IV-19.

[263] CR/PR, Table IV-19. There were *** U.S. inventories of subject merchandise from Canada at the end of 2007. CR/PR, Table IV-4.

[264] Indeed, the quantity of subject merchandise that Canadian producers exported to markets other than the United States during 2007 was only *** short tons. CR/PR, Table IV-19. Subject imports from Canada are not subject to any tariff or non-tariff barriers to trade in other markets. CR at IV-34, PR at IV-16.

[265] CR/PR, Table IV-19. Over the period of review, between *** percent of the Canadian industry's shipments either went to the home market or were internally consumed. Id.

[266] CR at IV-59, PR at IV-27. The other Canadian subject producer, Arcelor Mittal Canada, states that ***. CR at IV-56, PR at IV-27.

[267] Ivaco Prehearing Brief at 35 n.82.

[268] Chairman Pearson notes further that the presence of subject imports from Canada in the U.S. market appears not to have been significantly affected by the presence or absence of antidumping and countervailing duty orders on these imports.

[269] See CR/PR, Tables IV-5, IV-21.

chemical specifications, may play a greater role in purchasing decisions than with industrial grade products.[270]

Subject imports from Canada predominantly oversold the domestic like product during the period examined in the original investigations, with overselling in 54 of 78 quarterly observations.[271] Indeed, the Commission's cumulated price effects discussion in the original investigations did not reference subject imports from Canada.[272] During the period of review, overselling by subject imports from Canada continued, with overselling in 117 of 118 quarterly comparisons.[273] In 2007, when the volume of subject imports from Canada increased on both an absolute and relative basis, the subject imports from Canada still oversold the domestic like product in 19 of 20 quarterly comparisons.[274]

We have previously found that the volume of subject imports from Canada is unlikely to increase significantly upon revocation. In light of this, we believe that the pricing behavior of these imports will be similar to that observed during both the period before the order became effective and the period of review. In other words, subject imports from Canada will continue predominantly to oversell the domestic like product and significant underselling is not likely.

Because neither significant underselling nor a significant increase in volume is likely, we further find that subject imports from Canada are not likely to have significant price-depressing or -suppressing effects. We accordingly conclude that subject imports from Canada are not likely to have significant price effects upon revocation.

3. *Likely Impact of Subject Imports*

We incorporate by reference the discussion in section IV.D.3. above concerning the condition of the industry during the period of review and our findings concerning vulnerability.

While we found, with respect to cumulated subject imports, that revocation of the orders contributed in part to the improved condition of the domestic industry during the period of review by restraining the volume of subject imports, subject imports from Canada continued to be present in substantial volumes in the U.S. market during the period of review. Indeed, as discussed above, their import penetration during the period of review was comparable to that prior to imposition of the orders.[275] Moreover, during the period of review, there was no apparent correlation between the appreciable quantities of subject imports from Canada that remained in the U.S. market and key indicators of domestic industry performance. The domestic industry had its highest market share during the period of review in 2007, a year in which the Canadian industry had its *** market penetration. Indeed, the market share of both the domestic industry and the subject imports from Canada increased from 2006 to 2007.[276] Moreover, during three of the four years in the period of review when the market penetration of the subject imports from Canada declined, the domestic industry's operating performance also declined.[277]

We have previously found that the volume of subject imports from Canada is not likely to increase significantly upon revocation, and that these imports' historic pattern of predominant overselling is not

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[270] See CR at II-23, PR at II-15; Tr. at 194-95 (Lynch).

[271] CR/PR, Table V-10.

[272] Original Determinations, USITC Pub. 3546 at 28-30.

[273] CR/PR, Table V-9.

[274] CR/PR, Tables I-1, V-9.

[275] CR/PR, Table I-1.

[276] CR/PR, Table I-16.

[277] CR/PR, Table I-1.

likely to change. Consequently, the lack of any apparent nexus observed during the period of review between subject imports from Canada and the domestic industry's performance is likely to continue after revocation.

In light of our prior findings that the volume of subject imports from Canada is not likely to increase significantly and that these imports are not likely to have significant price effects, we further find that revocation of the antidumping duty order would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, employment, profits, or return on investment. Accordingly, we determine that revocation of the antidumping duty order on wire rod from Canada is not likely to lead to continuation or recurrence of material injury to the domestic wire rod industry.

CONCLUSION

For the foregoing reasons, we determine that revocation of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[278] We also determine that revocation of the antidumping duty order on wire from Canada would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.[279]

[278] Chairman Pearson and Commissioner Okun dissenting with respect to Trinidad and Tobago and Chairman Pearson dissenting with respect to Mexico.

[279] Commissioner Lane and Commissioner Pinkert dissenting.

DISSENTING VIEWS OF CHAIRMAN DANIEL R. PEARSON AND COMMISSIONER DEANNA TANNER OKUN CONCERNING SUBJECT IMPORTS FROM TRINIDAD AND TOBAGO

I. INTRODUCTION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty order on carbon and certain alloy steel wire rod ("wire rod") from Trinidad and Tobago would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

We join the Views of the Commission concerning domestic like product, domestic industry, the legal standard concerning five-year reviews, conditions of competition, and the negative determination on subject imports from Canada. In addition, Chairman Pearson joins the Views of the Commission concerning cumulation with regard to all subject countries except Mexico and Trinidad and Tobago, and the affirmative determination on cumulated subject imports with respect to Brazil, Indonesia, Moldova, and Ukraine; Commissioner Okun joins the Views of the Commission concerning cumulation with regard to all subject countries except Trinidad and Tobago, and the affirmative determination on cumulated subject imports with respect to Brazil, Indonesia, Mexico, Moldova, and Ukraine.

II. CUMULATION[1]

Our analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports which are likely to compete under similar conditions of competition, we next proceed to consider whether those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis we intend to exercise our discretion to cumulate one or more subject countries, we analyze whether we are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry.[2]

A. Subject Imports from Trinidad and Tobago Would Likely Compete Under Different Conditions of Competition From Other Subject Imports

Based on our review of the record, we find that subject imports from Trinidad and Tobago would be likely to compete under different conditions of competition from subject imports from the other subject countries – Brazil, Canada, Indonesia, Mexico, Moldova, and Ukraine. We consequently decline to exercise our discretion to cumulate subject imports from Trinidad and Tobago with subject imports from the other subject countries.

Domestic wire rod producer ArcelorMittal USA is owned by ArcelorMittal SA.[3] ArcelorMittal USA is a significant domestic producer; it has two wire rod facilities and accounted for a substantial

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[1] See Views of the Commission, Section III.A, regarding the legal standard for cumulation.

[2] See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. 3933 (July 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation).

[3] ArcelorMittal USA consists of former producers Ispat Inland (owned by ArcelorMittal's predecessor Mittal Steel) and Georgetown Steel (which Mittal Steel acquired in 2005). CR/PR at Table I-13, and Figure I-2. ArcelorMittal SA was a new entity created in 2007 from a merger of Arcelor S.A. and Mittal Steel Co. NV.

share, ***, of domestic wire rod production in 2007.[4] ArcelorMittal SA also owns ArcelorMittal Point Lisas Limited ("ArcelorMittal Trinidad") (a manufacturer and exporter of wire rod in Trinidad and Tobago, and an importer of subject merchandise from Trinidad and Tobago).[5] ArcelorMittal Point Lisas is the sole producer of subject merchandise in Trinidad and Tobago.[6] While ArcelorMittal SA also owns wire rod producers in other subject countries (Brazil, Canada, Mexico, and Ukraine) and several nonsubject countries, much of the capacity in these other subject countries, except Trinidad and Tobago, is attributable to companies not controlled by ArcelorMittal SA.[7] Thus, in any of the other subject countries, there is no similar relationship between any combination of U.S. producers and a subject producer that controls all or virtually all production.

ArcelorMittal acts as a single entity in the United States. ***.[8] In its response to questions from the Commission, ArcelorMittal gave the following explanation regarding its decision making process for wire rod sales and importation: ***.[9]

The incorporation of a significant U.S. producer in a single unified entity that controls all production of subject wire rod in Trinidad and Tobago will likely result in all wire rod exported from Trinidad and Tobago competing in the U.S. wire rod market in a different manner than the industries in any of the other subject countries, which individually or in the aggregate lack any similar relationship with the domestic wire rod industry. Concerns raised by certain other domestic producers provide added support that ArcelorMittal's Trinidad and Tobago wire rod products would likely compete in the U.S. market under different conditions of competition from other subject imports. Specifically, they acknowledge that ArcelorMittal acts as a single entity in making decisions regarding sales in the U.S.

[4] CR/PR at Table I-13. We note that U.S. wire rod production is fairly evenly dispersed between a number of producers; six producers accounted for about *** of U.S. wire rod production in 2007, with these six producers ranging in size from*** to***. Id.

[5] CR/PR at Tables I-14 and IV-12.

[6] CR at IV-86; PR at IV-40.

[7] CR at IV-36, n.19, IV-40, IV-41, IV-92 and Tables I-13, I-14, IV-12; PR at IV-19, n.19, IV-20, IV-41 and Tables I-13, I-14, IV-12.

[8] CR at IV-37; PR at IV-19.

[9] ArcelorMittal USA Response to Commission Questions in Gerdau Parties' Posthearing Brief, Exhibit 1 at 3-4. ArcelorMittal USA also stated: ***.
CR at IV-36 (quoting email from ***, March 6, 2008); PR at IV-19.

market for all ArcelorMittal affiliates, and that Trinidad and Tobago is the only subject country in which the sole producer is an ArcelorMittal affiliate.[10] [11]

B. Conclusion

In sum, we determine that, based on the existence of unique conditions of competition facing the Trinidad and Tobago's industry, subject imports from Trinidad and Tobago would be likely to compete under different conditions of competition with the subject imports from the other subject countries – Brazil, Canada, Indonesia, Mexico, Moldova, and Ukraine. Accordingly, for the reasons discussed above, we do not exercise our discretion to cumulate subject imports from Trinidad and Tobago and we consider them separately from all other subject imports.

II. Revocation of the Antidumping Duty Order on Subject Imports from Trinidad and Tobago Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry

In the original determination concerning Trinidad and Tobago, Commissioner Okun determined that an industry in the United States was not materially injured or threatened with material injury by reason of imports of wire rod from Trinidad and Tobago that were sold in the United States at less than fair value.[12] In doing so, she found that between 1999 and 2001, subject import volume from Trinidad and Tobago fluctuated, but increased by less than 4 percent (that is, by less than *** of market share), accounting for at most *** of the U.S. market during that period. Thus, the record indicated that subject

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[10] Nucor Parties Posthearing Brief, Ex. 1 at 3, n.3. Nucor and Gerdau Parties recognize that ultimate decisions on exports and imports are made by the ArcelorMittal management, but they contend that such decisions are for the benefit of the global entity which, even if its imports were restricted to shelter its U.S. facilities, would injure other members of the domestic industry. See, e.g., Nucor Parties Posthearing Brief, Ex. 1 at 3 ("Mittal's principal economic interests lie in maximizing profits; if the revocation of the orders render it commercially impossible to protect the interests of the U.S. facilities, Mittal will protect its bottom line at expense of the rest of the industry.") and 6 ("Mittal's profit maximizing interest is not inexorably aligned with U.S. wire rod production."); see also Gerdau Parties Posthearing Brief, Ex. 1 at 8 ("***") and 10 ("***").

Gerdau Parties also posit that ArcelorMittal USA *** and can serve its overall corporate interests by importing from subject facilities wire rod ***. Gerdau Parties Posthearing Brief, Ex. 1 at 4-8 and 15 ("The issue here is not one of commitment by ArcelorMittal USA to this market, it is simply a matter of its total capacity, its ability to supply limited aspects of the U.S. rod market, ***. A more limited ability to supply the U.S. market vis-a-vis other U.S. producers and vis-a-vis its foreign affiliates creates a very different market dynamics. . . ."); see also Nucor Parties Posthearing Brief, Ex. 1 at 3-8.

[11] Nucor Parties also question ArcelorMittal's commitment to U.S. production in light of ***, and what it characterizes as ArcelorMittal's historical strategy of shuttering marginal production facilities. Nucor Parties Posthearing Brief, Ex. 1 at 5-8.

In response, ArcelorMittal USA states that it "is fully committed to its U.S. wire rod business, as demonstrated by its investments there, and is not considering closing Georgetown in favor of importing from any affiliate. If that were the case, why would ArcelorMittal support continuation of the subject orders? . . . ArcelorMittal strongly objects to such mischaracterizations as it has a substantial stake in the U.S. steel industry" and maintains that "nothing in the record supports [Nucor's] notion." ArcelorMittal USA's Response to Questions in Gerdau Parties Posthearing Brief, Ex. 1 at 2-3.

[12] Original Determinations, USITC Pub. 3456 at 1 and 39-46. In the original investigation, Commissioner Okun was precluded by statute – the exception to cumulation of a beneficiary country under the Caribbean Basin Economic Recovery Act (CBERA) – from cumulating subject imports from Trinidad and Tobago, which is a beneficiary country under CBERA, with any other subject imports. Id. at 18 and 39. Chairman Pearson did not participate in the original wire rod investigations or subsequent remand investigations.

imports from Trinidad and Tobago constituted a small portion of the U.S. market and increased only modestly over the period examined, particularly in comparison to the combined volume of subject imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, and Ukraine, and the volume of nonsubject imports.

Subject imports from Trinidad and Tobago generally were priced higher than comparable wire rod from other subject countries, generally increased in price in the second half of 2001, and did not result in any confirmed instances of lost sales or lost revenues by the domestic industry. Although subject imports from Trinidad and Tobago frequently were priced lower than comparable domestic wire rod, underselling was often by margins of less than 5 percent. Commissioner Okun found that this suggested that the significant volume loss and market-disrupting low prices experienced by the domestic industry were not by reason of the subject imports from Trinidad and Tobago, and that such imports did not have a significant adverse impact on the domestic industry. Moreover, she found that because the Trinidadian producer, then called Caribbean Ispat, had limited available capacity and already depended on the U.S. market for a substantial portion of its sales, subject imports from Trinidad and Tobago did not threaten the domestic wire rod industry.

The relevant facts regarding Trinidad and Tobago in the original investigation have not changed during this five-year review – Trinidad wire rod production capacity still is relatively small, Trinidad already is dependent on the U.S. market for a substantial portion of its sales, and capacity, even if production is increased, will limit additional exports to the U.S. market to levels at or lower than in the original investigation. In fact, the one change since the original investigation – the fact that ArcelorMittal currently owns both the sole Trinidad wire rod producer and a substantial U.S. wire rod producer – will ensure that exports to the U.S. market are in volumes and at prices that will not materially affect the U.S. industry. Therefore, for the reasons discussed below, we determine that revocation of the antidumping duty order on subject imports from Trinidad and Tobago would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

A. Likely Volume of Subject Imports

While the quantity of subject imports from Trinidad and Tobago declined after imposition of the antidumping duty order, these imports have remained in the U.S. market. The quantity of subject imports from Trinidad and Tobago attained a period peak of 386,419 short tons in 2002. Trinidadian subject imports fell in 2003, rose in 2004 to 260,618 short tons, and declined irregularly the next three years, reaching a period low of 95,325 short tons in 2007.[13] The share of apparent U.S. consumption represented by subject imports from Trinidad and Tobago was *** in 2002, its peak level during the period of review, and fluctuated between years for the next five years ranging from *** in 2005 and 2007.[14] During the period examined in the original investigations, the annual market share of subject imports from Trinidad and Tobago ranged from *** to ***.[15]

Trinidad and Tobago's sole wire rod producer, ArcelorMittal Point Lisas, has limited means to increase exports to the United States significantly. The production capacity for Trinidad wire rod was relatively small, remained constant over the period of review, and was *** below that reported in 2001.[16] ArcelorMittal Trinidad also reported that it had *** plans to increase capacity.[17] We recognize that,

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[13] CR/PR at Table I-1. In the original investigations, the quantity of subject imports from Trinidad and Tobago fluctuated between years and was 355,089 short tons in 2001. Id.

[14] CR/PR at Table I-1.

[15] CR/PR at Table I-1.

[16] CR/PR at Tables IV-31 and IV-32. ArcelorMittal Trinidad's production capacity was *** from 2002 to 2007, down from *** in 2001. Id.

[17] CR at IV-89; PR at IV-40.

during the period of review, ArcelorMittal Trinidad's reported capacity utilization declined, end-of period inventories increased, and exports accounted for at least *** of its shipments each year.[18] However, we also take into account that ArcelorMittal Trinidad already is dependent on the U.S. market for a substantial portion of its sales, and its capacity will limit additional exports to the U.S. market to levels comparable to, or lower than, those during the original investigation.[19]

ArcelorMittal USA, as discussed in our cumulation analysis, informed the Commission that all commercial decisions regarding sales of wire rod in the United States ***.[20] We find that the ArcelorMittal group's strategy for its subsidiaries and trading group is to serve local markets with local production, and therefore not to serve export markets where it has a producer. This global marketing strategy limits the motivation of the sole subject producer in Trinidad and Tobago to significantly increase shipments to the U.S. market. The ArcelorMittal group's substantial investment in ArcelorMittal USA makes it in the ArcelorMittal group's interests not to disrupt the U.S. market. ArcelorMittal USA had two wire rod facilities in the United States during the period of review, and accounts for *** of domestic production in 2007.[21] ArcelorMittal maintains that the millions spent in acquisition and investments ensure that ArcelorMittal is committed to the U.S. wire rod business.[22]

While it is possible that ArcelorMittal Long Carbon North America would direct some increases in imports from its subject facility in Trinidad and Tobago if the orders were revoked, the evidence in these reviews indicates that ArcelorMittal's interests in maintaining a profitable U.S. market, which involves nationwide sales of this price sensitive product, would make it unlikely that significant volumes of subject imports from Trinidad and Tobago would enter the U.S. market. Moreover, ArcelorMittal's control over the products that enter the U.S. market, ***, makes it unlikely that its affiliated subject producer in Trinidad and Tobago will move aggressively to capture U.S. market share or sell its products in a manner that would have a negative effect on prices that ArcelorMittal USA receives.[23] We also find that the nature of the U.S. wire rod market, in which producers and importers compete in nearly all geographic markets, makes significant imports in any region of the country likely to have a disruptive impact on the overall U.S. market; thus, substantial increases in imports from any ArcelorMittal source, and particularly from the sole producer in Trinidad and Tobago, is a course that ArcelorMittal USA is unlikely to pursue.[24]

For all of these reasons, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we do not find it likely that the volume of imports of subject wire rod from Trinidad and Tobago would be significant, in absolute terms or relative

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[18] CR/PR at Table IV-32. Trinidadian capacity utilization was *** in 2007. Id. Exports as a share of total shipments declined from a period high of ***. Id.

[19] For example, in 2004, ArcelorMittal Trinidad's capacity utilization was *** and its exports to the United States as a share of its shipments ***, but the volume of these exports was lower than ***. CR/PR at Tables I-1 and IV-32.

[20] CR at IV-37; PR at IV-19; ArcelorMittal USA Response to Commission Questions in Gerdau Parties' Posthearing Brief, Exhibit 1 at 3-4.

[21] CR/PR at Table I-13.

[22] ArcelorMittal USA Response to Commission Questions in Gerdau Parties' Posthearing Brief, Exhibit 1 at 1-2. ArcelorMittal "strongly object[ed] to" Nucor's questioning of ArcelorMittal's commitment to its U.S. production facility, and indicated that it "is fully committed to its U.S. wire rod business, as demonstrated by its investments there, and is not considering closing Georgetown in favor of importing from any affiliate." Id. at 2. The value of ArcelorMittal USA's Georgetown operation is ***. Id. at 1.

[23] ArcelorMittal USA's Response to Questions in Gerdau Parties' Posthearing Brief, Ex. 1 at 3 and 4 ("Prices of individual wire rod products are interrelated and aggressively low prices for one product would have an impact on all wire rod products.").

[24] See, e.g., CR/PR at II-1.

to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation.

B. Likely Price Effects of Subject Imports

We incorporate by reference the discussion in Section IV.D.2 of the Views of the Commission regarding the importance of price in purchasing decisions, how market participants set prices, and pricing trends during the period of review. In this review, there are limited pricing data specific to wire rod from Trinidad and Tobago available to compare to the domestic like product.[25] While imports from Trinidad and Tobago undersold the domestic like product in the majority of price comparisons in the original investigation, the margins of underselling were small.[26] Moreover, as discussed above, ArcelorMittal now has no incentive to allow subject imports from Trinidad and Tobago to be priced aggressively so as to move large volumes of wire rod at low prices into the U.S. market. Wire rod of the same characteristics and requirements for a specific application or end use is always or frequently interchangeable whether it is domestically produced or imported.[27] Price plays an important role in purchasing decisions and wire rod is sold on a nationwide basis.[28] Thus, given the nature of this market, low priced imports in any region of the country will have a disruptive effect on pricing of wire rod throughout the country.[29] Given the likely small volume of subject imports from Trinidad and Tobago in the event of revocation and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping duty order on subject imports of wire rod from Trinidad and Tobago would not be likely to lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

C. Likely Impact of Subject Imports

In evaluating the likely impact on the domestic industry, we note, as explained in more detail in the majority opinion above, that we have not found that the domestic industry currently is in a vulnerable or weakened state as contemplated by the statute. Given that we do not find it likely that there will be a significant volume of subject imports from Trinidad and Tobago or that there will likely be significant price effects from these imports, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping duty order on subject imports from Trinidad and Tobago is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

Thus, we conclude that revocation of the antidumping duty order on subject imports from Trinidad and Tobago would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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[25] In this review, there were 14 price comparisons possible regarding the subject imports from Trinidad and Tobago (8 instances of underselling and 6 instances of overselling), with the most recent comparison in the second quarter of 2006. CR/PR at Tables V-2, V-3, V-4, and V-9.

[26] CR/PR at Table V-10.

[27] CR/PR at Table II-6.

[28] CR/PR at II-1 and Table II-3.

[29] Gerdau Parties' Posthearing Brief, Ex. 1 at 8 ("If ArcelorMittal, or indeed any subject foreign producer, were to export just one subproduct or type of rod to the U.S. market at low prices, there would be a definite volume effect as well as price effect on other U.S. rod prices.") and 9 ("To the extent that the prices at which the foreign product is sold are at low levels, those low prices in turn would lead to a downward pricing spiral for other producers and ripple effects across the prices of other wire rod products. . . . Due to the price-sensitive nature of the U.S. rod market, sales are largely made based on offers at the lowest price.").

SEPARATE AND DISSENTING VIEWS OF CHAIRMAN DANIEL R. PEARSON

I. INTRODUCTION

Section 751(d)(2) of the Tariff Act of 1930, as amended ("the Act"), requires that the U.S. Department of Commerce ("Commerce") revoke a countervailing duty or an antidumping duty order or terminate a suspended investigation in a five-year review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the U.S. International Trade Commission ("Commission") determines that material injury to a U.S. industry would be likely to continue or recur within a reasonably foreseeable time.[1] Based on the record in these five-year reviews, I concur with my colleagues in determining that material injury is likely to continue or recur within a reasonably foreseeable time if the countervailing duty order on subject imports of carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on subject imports of wire rod from Brazil, Indonesia, Moldova, and Ukraine are revoked, and that material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping duty order on wire rod from Canada is revoked. I write separately from my colleagues, however, because I find that material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping duty order on subject imports of wire rod from Mexico is revoked.[2]

I join the discussion of the Commission majority regarding domestic like product and domestic industry, and the relevant conditions of competition in the U.S. market. I write separately to discuss the legal standard governing five-year reviews, my approach to cumulation in these reviews, and my analysis of the statutory factors regarding imports from Mexico.

II. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ORDERS ARE REVOKED

A. Cumulation

1. Framework

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[3]

Thus, cumulation is discretionary in five-year reviews. The Commission, however, may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission

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[1] 19 U.S.C. § 1675(d)(2).

[2] I also find that material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping duty order on wire rod from Trinidad and Tobago is revoked. For my views on subject imports from Trinidad and Tobago, See Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Subject Imports From Trinidad and Tobago.

[3] 19 U.S.C. § 1675a(a)(7).

determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as Commerce initiated all the reviews on September 4, 2007. The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[4] Only a "reasonable overlap" of competition is required.[5] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, I have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are terminated. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[6]

As discussed below, I find that likely significant differences in the conditions of competition with respect to the subject imports from Mexico versus imports from other subject sources lead me to decline to cumulate subject imports from Mexico with imports from other subject sources. As noted in the views of the majority, because I decline to cumulate subject imports from Mexico with other subject imports on the basis of differences in conditions of competition, I find it unnecessary to decide the issue of no discernible adverse impact with respect to subject imports from Mexico, nor do I find it necessary to determine that, upon revocation, there would be a reasonable overlap of competition among subject imports from Mexico, other subject imports, and the domestic like product.[7]

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[4] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[5] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). I note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[6] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

[7] See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. 3933 (July 2007)(Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation).

2. In the Event the Antidumping Order on Mexico is Revoked, Imports from Mexico Will Likely Compete in the U.S. Market under Different Conditions of Competition from Other Subject Imports

My cumulation analysis in a five-year review encompasses more than an examination of whether there would likely be a reasonable overlap of competition of the products in the U.S. market. In deciding whether to exercise my discretion to cumulate under 19 U.S.C. §1675a(a)(7), I examine the current and likely differences in the conditions of competition. I find that, with regard to imports from Mexico, there have been changes in certain conditions of competition since the orders were imposed. Specifically, during the period of review, the Mexican industry became far less export-oriented than it was during the original period of investigation. Moreover, I do not find that this change in export orientation on the part of the Mexican industry was a result of imposition of the antidumping duty order on wire rod from Mexico. Based on this evidence, I do not exercise my discretion to cumulate subject imports from Mexico with other subject imports.

During the original investigations, the Mexican industry shipped the majority of its production into the Mexican home market, yet export shipments were not insignificant. Indeed, such shipments, as a ratio to total shipments, increased from *** percent in 1999 to *** percent in 2001.[8] The bulk of these shipments were made to the U.S. market.[9] During the period examined in these reviews, however, the Mexican industry has reversed this trend, shipping less and less wire rod overall to export markets, and directing increasing quantities of shipments to both the home market and internal consumption. In particular, the share of Mexican industry shipments made to export markets declined from *** percent in 2002 to *** percent in 2004, with a further decline to *** percent in 2006.[10] The most recent ratios of exports to total shipments for Mexico contrast starkly with those of other subject countries, making Mexico by far the least export-oriented of the countries subject to these reviews.[11] In fact, Mexico is alone among subject countries in being a net importer of the subject product during at least four years of the period of review.[12]

Moreover, the record does not support a conclusion that this shift in export orientation on the part of Mexico is linked in any way to imposition of the antidumping duty order. First, if that were the case, one would have expected to see the export shipments that prior to the order were made to the U.S. market be redirected to other export markets. Yet there has been no such shift, as responding Mexican producers *** to European and Asian markets during the period of review, and their exports to alternate destinations in North and South America generally declined overall.[13] Second, one of the *** exporters to the U.S. market during the original period of investigation, Sicartsa, decreased its exports to the U.S. market

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[8] Original Confidential Staff Report (INV-Z-162) (OCR), at table VII-5.

[9] Id.

[10] CR, PR at table IV-25.

[11] In 2006, the comparable ratios for other subject countries were *** percent for Brazil, *** percent for Canada, 22.5 percent for Indonesia (as a ratio to production), *** percent for Moldova, *** percent for Trinidad and Tobago, and *** percent for Ukraine. CR, PR at tables IV-15, IV-20, IV-29, IV-22, IV-32, and IV-35.

[12] In 2006, the most recent year for which data are available addressing this factor, Mexico's trade balance in wire rod was a negative 227,939 short tons, indicating that it was a net importer of wire rod. In contrast, subject countries Brazil, Canada, Indonesia, and Ukraine had positive trade balances, indicating that they were net exporters. Mexico was a net importer of wire rod in all years of the period examined except for 2004. CR, PR at table IV-11.

[13] Exports to North American destinations other than the United States (likely primarily Canada) declined from *** short tons in 2004 to only *** short tons in 2007, while exports to South American destinations were minimal and spotty until 2007, when they increased to *** short tons. Even in 2007, however, such shipments accounted for only *** percent of total shipments. CR, PR at table IV-25.

during the period of review despite reducing its dumping margins during that period to very low levels.[14] Hence, the presence of the antidumping duty order does not seem to have influenced the Mexican industry's evident determination to increase its focus on the domestic market and on production of downstream products made from wire rod.

Consequently, I find that, with regard to subject imports, the current and past conditions of competition are sufficiently different between Mexico and other subject countries to override the fact that the products from each source may essentially be fungible for discrete applications. Because during the period of review the Mexican industry essentially abandoned not only the U.S. market, but all its export markets, I determine that in the event of revocation, the volume of imports from Mexico into the United States would respond differently from other subject import volumes, and would have differing impacts on the domestic industry. In light of the consistent and marked decline during the period of review in the share of Mexican shipments going to export markets, it is difficult to conceive of this pattern reversing itself in the reasonably foreseeable future. Accordingly, I do not exercise my discretion to cumulate subject imports from Mexico with other subject imports.

B. Revocation of the Antidumping Order on Imports from Mexico Is Not Likely to Lead to a Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

In the original investigations, the Commission cumulated imports from Mexico with other subject imports. In these reviews, I do not exercise my discretion, under 19 U.S.C. §1675a(a)(7), to cumulate imports from Mexico with imports from other subject sources, based on likely significant differences in the conditions of competition facing Mexico as compared with other subject sources upon revocation, stemming from Mexico's current lack of export orientation. As a result, in analyzing the likely volume of imports from Mexico I have taken into account the Commission's previous volume findings, recognizing the difference between subject imports from Mexico and those from other subject sources.

In the original investigations, the Commission found that the volume and market share of subject imports from cumulated countries increased significantly over the investigation period.[15] The Commission did not comment specifically on the trend in volume for Mexico. The record indicates, however, that the volume of subject imports from Mexico increased from *** short tons in 1999 to *** short tons in 2001.[16]

In these five-year reviews, the Commission received data from three firms (Sicartsa (now part of Arcelor/Mittal), Hylsa, and De Acero), accounting for *** percent of 2007 production.[17] Thus, the Commission appears to have information covering a substantial majority of current Mexican production. With regard to the statutory factors, capacity increased overall during the review period, but is not expected to increase through 2010.[18] Capacity utilization in 2007 was *** at *** percent, which represents approximately *** tons of excess capacity. On the other hand, as noted above, the Mexican industry is not at all export-oriented, with *** percent of shipments sold into the home market in 2007,

[14] Questionnaire response of Sicartsa at question II-16(a).

[15] Cumulated subject imports increased from *** in 1999 to *** in 2001. USITC Pub. 3546 at 39-40. The market share of subject imports of wire rod increased from *** percent in 1999 to *** percent in 2001.

[16] CR, PR at table I-1.

[17] CR at IV-69, PR at IV-33.

[18] CR, PR at tables IV-9 & IV-25.

and another *** percent internally consumed in the production of downstream products.[19] Inventories have declined since 2004, and as a ratio to shipments are fairly moderate.[20] Mexico does not face any third country barriers, but Mexican firms produce rebar in their wire rod-producing facilities, so there is a potential for product-shifting.[21]

Although examination of the statutory factors, such as the existence of some excess capacity, might at first indicate that Mexican firms have the potential to increase exports to the United States upon revocation, I do not find it likely that they will do so primarily because of the Mexican industry's pronounced lack of interest in exporting to the U.S. market, or any other markets, during the period of review. Absent extraordinary circumstances, where a country is a net importer of subject merchandise, as Mexico was during most of the period of review, it simply is not plausible that it would abandon its focus on its domestic market (and on supplying downstream industries) and suddenly begin shipping to export markets such as the United States.

Two other developments during the period of review reinforce this conclusion. First, in 2005, Mexican producer Sicartsa, which was a *** exporter of wire rod to the United States during the original investigation, reduced its antidumping duty exposure, as a result of an administrative review by Commerce, from 20.11 percent to a mere 1.06 percent.[22] Had Sicartsa been interested in reverting to its shipment pattern during the original investigation, one would have expected it to have taken advantage of this extremely low duty deposit rate to do so. Since 2005, Sicartsa, however, has ***.[23] Second, in 2007 Sicartsa became part of the Arcelor Mittal group of companies. For reasons explained in my views on subject imports from Trinidad and Tobago, I do not find it likely that, in the event of revocation, firms in subject countries controlled by Arcelor/Mittal would increase shipments to the U.S. market either in such volumes or at such prices as to injure the domestic wire rod industry.[24] In so concluding, I am mindful that in 2007, Sicartsa accounted for only *** percent of production in Mexico.[25] However, the firm with the *** share of 2007 production, De Acero, ***, and the *** responding producer, Hylsa (with *** percent of reported 2007 production), shipped *** quantities during those periods.[26]

Hence, I conclude that, in the event the order on imports from Mexico is revoked, the likely volume of such imports will not be significant.

2. Likely Price Effects of Subject Imports

In the original investigations, the Commission found that in 37 of 46 possible price comparisons, products from Mexico were priced below the comparable domestic products by margins ranging from *** percent.[27] The Commission specifically noted, however, that it could not completely confirm any lost sales allegations involving Mexico, and petitioners did not make any lost revenue allegations concerning Mexico.[28]

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[19] CR, PR at table IV-25.

[20] Id.

[21] CR at IV-74-75, PR at IV-35.

[22] CR, PR at table I-6.

[23] Questionnaire response of Sicartsa at question II-16(a).

[24] See Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Subject Imports From Trinidad and Tobago at 7-10.

[25] CR at IV-69, PR at IV-33.

[26] Questionnaire responses of Hylsa and Sicartsa at question II-16(a); Mexican respondents' prehearing brief at 3.

[27] OCR at V-12-V-14.

[28] OCR at tables V-11 & V-12.

In these reviews, I can draw only limited conclusions from the pricing data, as, for five of the six products selected by the Commission for pricing analysis, data on Mexican prices were spotty and generally confined to early in the period of review.[29] For the one product (product 1 - C1006 grade industrial quality wire rod) for which there was a complete series of pricing comparisons, imports from Mexico showed a mixed pattern of underselling and overselling, with slightly more overselling toward the end of the period [30] Given the relative paucity of data on the record concerning Mexico, I rely mainly on information from the original investigation. In that regard, I find it significant that, during the original investigation, not only was there no evidence of confirmed lost revenues to U.S. producers by reason of imports from Mexico, there were not even any allegations of such lost revenues. Imports from Mexico predominantly undersold the domestic product during the original investigation, but I note that the weighted average underselling margin of imports from Mexico was low, at only *** percent, compared to, for example, *** percent for Ukraine, *** percent for Brazil, and *** percent for Indonesia.[31]

Consequently, given the fact that a significant volume of imports from Mexico is not likely to occur upon revocation, combined with the mixed pattern of underselling and overselling by Mexican firms during the review period and the lack of lost revenue allegations during the original investigations, I do not find a likelihood of significant negative price effects from subject imports from Mexico in the event of revocation of the order. Therefore, I conclude that, if the order on wire rod from Mexico were revoked, the volumes of subject imports from Mexico would not be likely to undersell significantly the domestic product or gain market share, nor would such imports be likely to have significant depressing or suppressing effects on the prices of the domestic like product.

3. Likely Impact of Subject Imports

In the original investigations, the Commission found that most economic and financial indicators of the condition of the U.S. industry declined, and pointed in particular to increasing operating losses and declines in employment.[32] It also noted the fact that the industry's market share declined in the face of rising subject imports, despite a decline in apparent consumption.

I concur with the views of the Commission majority that many of the key performance indicators traditionally examined by the Commission have fluctuated during the period of review although, as noted in those views, I join Commissioners Okun and Pinkert in determining that the industry is not currently vulnerable to increased imports. In any case, in light of my finding that revocation of the antidumping order on imports from Mexico would not be likely to lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices, I find that, if the order on imports from Mexico were revoked, such imports would not be likely to have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. Accordingly, I conclude that, if the order on imports from Mexico were revoked, subject imports would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

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[29] CR, PR at tables V-2-V-7.

[30] CR, PR at table V-2.

[31] CR, PR at table V-10.

[32] USITC Pub. 3546 at 30-33 (Views of the Commission).

C. Conclusion

For the foregoing reasons, I determine that revocation of the antidumping duty order on wire rod from Mexico would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On September 4, 2007, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing duty order on carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On December 10, 2007, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4] Selected information relating to the schedule of the current five-year reviews appears in the following tabulation:[5]

Effective date	Action
October 22, 2002	Commerce's countervailing duty order on wire rod from Brazil (67 FR 64871)
October 29, 2002	Commerce's antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine (66 FR 65945)
September 4, 2007	Commission's institution of five-year reviews (72 FR 50696)
September 4, 2007	Commerce's initiation of five-year reviews (72 FR 50659)
December 10, 2007	Commission's determinations to conduct full five-year reviews (72 FR 73880, December 28, 2007)

[1] 19 U.S.C. 1675(c).

[2] 72 FR 50696, September 4, 2007. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. 72 FR 50659, September 4, 2007.

[4] 72 FR 73880, December 28, 2007. The Commission found that the domestic interested party response to its notice of institution was adequate and that the respondent interested party responses were adequate with respect to Canada and Moldova. The Commission determined that the respondent interested party group response with respect to Mexico was inadequate, but determined to conduct a full review in order to promote administrative efficiency. The Commission did not receive any responses from respondent interested parties concerning Brazil, Indonesia, Trinidad & Tobago, and Ukraine, and determined that the respondent interested party responses with respect to these countries were inadequate. However, the Commission determined to conduct full reviews with respect to these countries to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders in the other reviews.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. App. B presents a list of witnesses appearing at the Commission's hearing.

Effective date	Action
January 8, 2008	Commerce's final results of expedited five-year reviews of the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine (73 FR 1321)
January 8, 2008	Commerce's final results of expedited five-year review of the countervailing duty order on wire rod from Brazil (73 FR 1323)
January 8, 2008	Commission's scheduling of the reviews (73 FR 2273, January 14, 2008)
April 17, 2008	Commission's hearing
June 3, 2008	Commission's vote
June 17, 2008	Commission's determinations transmitted to Commerce

The Original Investigations

The original investigations resulted from petitions filed by counsel on behalf of Co-Steel Raritan, Inc., Perth Amboy, NJ; GS Industries, Inc., Charlotte, NC; Keystone Consolidated Industries, Inc., Dallas TX; and North Star Steel Texas, Inc., Edina, MN, on August 31, 2001, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of wire rod from Brazil, Canada, Germany, Trinidad & Tobago, and Turkey[6] and less-than-fair-value ("LTFV") imports of wire rod from Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, South Africa, Trinidad & Tobago, Ukraine, and Venezuela.

The original petitions named 12 subject countries. The Commission made affirmative final determinations with respect to the seven subject countries that are involved in these reviews. Respondents from three of these subject countries (Canada, Mexico, and Trinidad & Tobago) initiated litigation against the Commission, with the litigation involving imports from Trinidad & Tobago still active. The investigation concerning one subject country was terminated because of a Commerce negative subsidy determination. The investigations concerning the remaining four subject countries were terminated because of Commission negligibility findings. Petitioners filed two suits against the Commission challenging the negligibility findings, and both these pieces of litigation are still active. In October 2002, the Commission determined that a domestic industry was materially injured by reason of subsidized imports of steel wire rod from Brazil and Canada and by reason of less than fair value imports of steel wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.[7]

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[6] Commerce issued final negative countervailing duty determinations with respect to Trinidad & Tobago and Turkey. Therefore, the Commission terminated countervailing duty investigations Nos. 701-TA-420-421 concerning these countries.

[7] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, Inv. Nos. 701-TA-417-421, 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Publication 3546 (October 2002) ("*Original Determination*"). In its final determination, the Commission found that subject imports from Germany were negligible. Petitioners filed suit against the Commission with respect to the negligibility determination. That litigation is still active, as the Court of International Trade vacated a prior order dismissing the action pending entry of a final judgment in the *Gerdau Ameristeel* action discussed below.

The petition also included subject imports from Egypt, South Africa, Turkey, and Venezuela. The investigation concerning subject imports from Turkey was terminated after Commerce reached a negative subsidy determination. The investigations concerning subject imports from Egypt, South Africa, and Venezuela were terminated after the Commission found in its preliminary determination that imports from these three subject countries were negligible. *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Egypt, Germany,*

(continued...)

The U.S. Department of Commerce published countervailing duty orders on subject imports from Brazil and Canada on October 22, 2002.[8] Commerce subsequently revoked the countervailing duty order on subject imports from Canada.[9] Commerce published antidumping duty orders on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine on October 29, 2002.[10]

As previously stated, respondents from Canada, Mexico, and Trinidad & Tobago filed actions challenging affirmative Commission determinations. Mexican producer Sicartsa filed a request for a NAFTA Binational Panel review, but did not pursue the litigation, which was terminated at the parties' consent.[11] Canadian producer Ivaco did pursue its request for Binational Panel review. The panel affirmed the Commission's affirmative determination after one remand.[12]

There is active litigation concerning the affirmative determination on subject imports from Trinidad & Tobago. In contrast to the other affirmative determinations, in which the Commission cumulated all subject imports, the Commission made its affirmative determination on subject imports from Trinidad & Tobago on a non-cumulated basis.[13] The Trinidadian producer, then named Caribbean Ispat, filed suit against the Commission. The Court of International Trade sustained the Commission.[14] The Federal Circuit then reversed on appeal.[15] On remand, a divided Commission made a negative determination, with the Commission plurality indicating that the negative determination was due solely to application of the legal standard concerning causation that the Federal Circuit compelled the Commission to use.[16] The CIT sustained the negative determination on remand.[17] Petitioners appealed to the Federal Circuit, where oral argument took place on June 3, 2008.

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[7] (...continued)
Indonesia, Mexico, Moldova, South Africa, Trinidad and Tobago, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-417-421, 731-TA-953-963 (Preliminary), USITC Publication 3456 (October 2001). Petitioners filed suit against the Commission with respect to the consequent termination of the investigations concerning subject imports from Egypt, South Africa, and Venezuela. *See Gerdau Ameristeel U.S. Inc. v. USITC*, Slip Op. 07-165 (November 8, 2007). That litigation is still active, with the Commission's third remand determination transmitted on March 10, 2008, determining that imports of wire rod from South Africa that are allegedly sold in the United States at LTVF are negligible individually, and that subject imports from Egypt, South Africa, and Venezuela are negligible in the aggregate, for purposes of the Commission's threat determinations.

[8] 67 FR 64871, October 22, 2002.

[9] 69 FR 3330, January 23, 2004.

[10] 67 FR 65944-47, October 29, 2002.

[11] 68 FR 47547, August 11, 2003.

[12] *In re Carbon and Certain Alloy Steel Wire Rod from Canada*, File No. USA-CDA-2002-1904-09 (Binational Panel April 18, 2005); *In re Carbon and Certain Alloy Steel Wire Rod from Canada*, File No. USA-CDA-2002-1904-09 (Binational Panel August 12, 2004).

[13] *Original Determination*, USITC Publication 3546, pp. 36-38.

[14] *Caribbean Ispat, Ltd. v. United States*, 366 F. Supp.2d 1300 (Ct. Int'l Trade 2005).

[15] *Caribbean Ispat, Ltd. v. United States*, 450 F.3d 1336 (Fed. Cir. 2006).

[16] *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago*, Inv. No. 731-TA-961 (Final) (Remand), USITC Publication 3903 (January 2007).

[17] *Mittal Steel Point Lisas Ltd. v. United States*, 495 F. Supp.2d 1374 (Ct. Int'l Trade 2007). Mittal Steel Point Lisas is the current name of the Trinidadian producer of steel wire rod.

Summary Data

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews.[18] The quantity of apparent U.S. consumption has decreased irregularly since the period examined in the original investigations, while U.S. producers' share of consumption has fluctuated, falling to its lowest level in 2004 and reaching its highest level in 2007. Since the original investigations, the share of subject imports declined overall, while the share of nonsubject imports generally increased through 2006, led by China. In 2007, however, the share of nonsubject imports decreased sharply, led by China, which reduced exports, purportedly as a result of higher export taxes (of 15 percent) on wire rod,[19] to levels consistent with those of 2002-05, and Turkey. At the same time, U.S. producers, and, to a lesser extent, subject imports, gained market share.

In 2007, just as in 2001, the three leading sources of subject imports were, in descending order of magnitude, Canada, Trinidad & Tobago, and Mexico. U.S. imports of wire rod from Brazil, Ukraine, and Moldova largely ceased following the imposition of countervailing and/or antidumping duties in 2002, while U.S. imports of wire rod from Indonesia, the smallest supplier during the period examined in the original investigations, were sporadic after 2002.

Official statistics for wire rod imports contained mis-classifications in 2005 involving imports from Indonesia and Ukraine that were out-of-scope products (pre-stressed concrete strand and bright bars). There were no imports of subject merchandise from those countries in 2005.[20]

Since 2001, the final calendar year examined in the original investigations, the capacity of the U.S. industry has declined, and production fluctuated but in most years exceeded the 2001 level, while the capacity utilization has fluctuated, ending at a level similar to that at the beginning of the period examined in the original investigations. The quantity of U.S. shipments, like U.S. production, has fluctuated around a level of 4 million short tons. The average unit value of U.S. shipments increased between 2003 and 2004, consistent with increases in apparent U.S. consumption and rising costs (notably scrap and energy), while at the same time the U.S. industry experienced some prolonged shutdowns. Employment remained relatively flat from the end of the original investigations through 2007, while average wages increased during 2005-07. Productivity fluctuated from 2001 to 2007, ending at its highest level in 2007. The unit cost of goods sold increased sharply in 2004-07, reflecting higher scrap prices and energy costs. Despite the mostly positive operating income ratios since the original investigations, the U.S. industry was unable to increase its profitability when it reached its peak market share in 2007, a year characterized by high scrap prices, high energy costs, and the inability to pass on the entirety of those costs to downstream consuming industries that were themselves under heavy pressure from import competition.[21]

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[18] Because of the pending negative determination on remand regarding Trinidad & Tobago, throughout this report, data concerning Trinidad & Tobago are presented as subject merchandise but appear separately from the subtotals of data concerning the other six subject countries.

[19] *See* *Metal Bulletin*, July 27, 2007; October 23, 2007; and December 27, 2007.

[20] Email from ***; questionnaire response of ***.

[21] Trip report of ***.

Table I-1
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. consumption quantity: Amount	***	***	***	7,753,874	6,590,919	8,135,080	6,505,628	7,109,045	5,858,981
Producers' share[1]	***	***	***	51.4	62.8	50.3	57.4	53.7	69.6
Importer's share: Brazil[1 2]	***	***	***	***	0.0	0.0	0.0	0.0	0.0
Canada[1]	***	***	***	***	***	***	***	***	***
Indonesia[1]	***	***	***	0.5	0.0	0.4	0.0	0.0	0.0
Mexico[1]	***	***	***	1.6	0.3	0.8	0.2	0.1	0.1
Moldova[1]	***	***	***	0.2	0.0	0.0	0.0	0.0	0.0
Ukraine[1]	***	***	***	0.1	0.0	0.0	0.0	0.0	0.0
Subtotal[1]	***	***	***	***	***	***	***	***	***
Trinidad & Tobago[1]	***	***	***	5.0	2.2	3.2	1.6	1.9	1.6
Subject subtotal[1]	***	***	***	***	***	***	***	***	***
Stelco[1]	***	***	***	***	***	***	***	***	***
Grade 1080 tire cord/tire bead[1 2]	([2])	([2])	([2])	***	***	***	***	***	***
Other countries[1 2]	***	***	***	29.2	22.8	35.2	30.7	35.9	16.9
Total imports[1]	***	***	***	48.6	37.2	49.7	42.6	46.3	30.4
U.S. consumption value: Amount	***	***	***	2,411,891	2,138,988	4,109,959	3,592,264	3,838,199	3,403,602
Producers' share[1]	***	***	***	53.5	63.3	53.1	58.1	56.0	68.8
Importer's share: Brazil[1 2]	***	***	***	***	0.0	0.0	0.0	0.0	0.0
Canada[1 2]	***	***	***	***	***	***	***	***	***
Indonesia[1]	***	***	***	0.4	0.0	0.4	0.0	0.0	0.0
Mexico[1]	***	***	***	1.4	0.3	0.8	0.2	0.1	0.1
Moldova[1]	***	***	***	0.2	0.0	0.0	0.0	0.0	0.0
Ukraine[1]	***	***	***	0.1	0.0	0.0	0.0	0.0	0.0
Subtotal[1]	***	***	***	***	***	***	***	***	***
Trinidad & Tobago[1]	***	***	***	4.5	1.8	3.0	1.4	1.7	1.4
Subject subtotal[1]	***	***	***	***	***	***	***	***	***
Stelco[1]	***	***	***	***	***	***	***	***	***
Grade 1080 tire cord/tire bead[1 2]	([2])	([2])	([2])	***	***	***	***	***	***
Other countries[1 2]	***	***	***	25.8	21.6	31.8	28.5	32.4	16.9
Total imports[1]	***	***	***	46.5	36.7	46.9	41.9	44.0	31.2

Table continued on following page.

Table I-1--*Continued*
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. imports from--									
Brazil:									
Quantity	***	***	***	***	0	0	0	0	0
Value	***	***	***	***	0	0	0	0	0
Unit value	$***	$***	$***	$***	--	--	--	--	--
Canada:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Indonesia:									
Quantity	69,805	86,940	60,065	40,863	0	29,937	333	0	0
Value	14,884	19,669	13,116	10,494	0	17,247	262	0	0
Unit value	$213	$226	$216	$257	--	$576	$785	--	--
Mexico:									
Quantity	122,038	159,818	266,925	123,380	19,986	68,498	11,480	4,256	8,244
Value	29,449	39,337	64,309	34,548	6,296	33,332	6,283	2,032	4,263
Unit value	$241	$246	$241	$280	$315	$487	$547	$477	$517
Moldova:									
Quantity	190,239	191,074	187,370	18,826	0	0	0	0	0
Value	38,888	41,667	39,439	3,708	0	0	0	0	0
Unit value	$204	$216	$210	$197	--	--	--	--	--
Ukraine:									
Quantity	193,003	367,712	258,526	11,159	0	0	738	0	0
Value	35,568	75,568	49,770	2,446	0	0	501	0	0
Unit value	$184	$206	$193	$219	--	--	$680	--	--
Subtotal:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Trinidad & Tobago:									
Quantity	341,815	287,507	355,089	386,419	146,783	260,618	104,804	133,326	95,325
Value	87,289	75,511	91,335	107,445	39,267	124,194	50,039	64,253	46,228
Unit value	$255	$263	$257	$278	$268	$477	$477	$482	$485
Subject subtotal:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***

Table continued on following page.

Table I-1--*Continued*
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. imports from–									
Stelco:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Grade 1080 tire cord/tire bead:									
Quantity	(2)	(2)	(2)	***	***	***	***	***	***
Value	(2)	(2)	(2)	***	***	***	***	***	***
Unit value	(2)	(2)	(2)	$***	$***	$***	$***	$***	$***
All other countries:2									
Quantity	***	***	***	2,262,306	1,505,183	2,859,490	1,997,826	2,554,966	992,163
Value	***	***	***	622,360	462,923	1,308,240	1,024,997	1,244,511	574,316
Unit value	$***	$***	$***	$275	$308	$458	$513	$487	$579
All countries:									
Quantity	2,787,291	2,987,084	3,066,218	3,765,047	2,453,575	4,039,783	2,773,119	3,294,798	1,782,699
Value	807,586	899,451	875,963	1,121,780	784,088	1,927,796	1,505,063	1,690,689	1,063,201
Unit value	$290	$301	$286	$298	$320	$477	$543	$513	$596
U.S. producers'--									
Capacity quantity	***	***	***	4,771,377	5,040,727	4,920,229	5,392,176	5,371,016	5,429,678
Production quantity	***	***	***	4,035,005	4,052,215	4,089,091	3,741,120	3,877,367	4,067,549
Capacity utilization	***	***	***	84.6	80.4	83.1	69.4	72.2	74.9
U.S. shipments:									
Quantity	***	***	***	3,988,827	4,137,344	4,095,297	3,732,509	3,814,247	4,076,282
Value	***	***	***	1,290,111	1,354,900	2,182,163	2,087,201	2,147,510	2,340,401
Unit value	$***	$***	$***	$323	$327	$533	$559	$563	$574
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***

Table continued on following page.

Table I-1--*Continued*
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. producers'--									
Ending inventory quantity	***	***	***	250,935	136,816	140,019	164,647	174,288	152,512
Inventories/total shipments[1]	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	2,461	2,513	2,543	2,407	2,395	2,397
Hours worked (*1,000 hours*)	***	***	***	5,545	5,378	5,474	4,919	5,296	5,174
Wages paid (*1,000 dollars*)	***	***	***	140,328	139,194	145,620	143,664	161,223	161,821
Hourly wages	$***	$***	$***	$25.31	$25.88	$26.60	$29.21	$30.45	$31.28
Productivity (*tons/1,000 hours*)	***	***	***	728	754	747	761	732	786
Unit labor costs	$***	$***	$***	$34.78	$34.35	$35.61	$38.40	$41.58	$39.78
Net sales:									
Quantity	***	***	***	3,996,011	4,151,601	4,103,563	3,749,761	3,844,808	4,087,541
Value	***	***	***	1,291,920	1,358,707	2,182,872	2,100,194	2,165,513	2,347,208
Unit value	$***	$***	$***	$323	$327	$532	$560	$563	$574
Cost of goods sold ("COGS")	***	***	***	1,188,586	1,361,436	1,819,855	1,887,745	2,024,653	2,219,518
Gross profit or (loss)	***	***	***	103,334	(2,729)	363,017	212,449	140,860	127,690
Operating income or (loss)	***	***	***	59,982	(45,952)	305,241	158,656	85,506	74,869
U.S. producers'--									
Unit COGS	$***	$***	$***	$296	$328	$443	$503	$527	$543
Unit operating income or (loss)	$***	$***	$***	$16	($11)	$74	$42	$22	$18
COGS/sales[1]	***	***	***	92.0	100.2	83.4	89.9	93.5	94.6
Operating income or (loss)/sales[1]	***	***	***	4.6	(3.4)	14.0	7.6	3.9	3.2
Capital expenditures	***	***	***	30,524	44,338	49,807	83,826	68,513	49,632

[1] In percent.
[2] Imports of Grade 1080 wire rod have been subtracted from U.S. imports of wire rod ***. Grade 1080 is included in imports from "all other sources." See data files in the original investigations.

Note.--Because of the pending negative determination on remand regarding Trinidad & Tobago, throughout this report, data concerning Trinidad & Tobago are presented as subject merchandise but appear separately from the subtotals of data concerning the other six subject countries.

Source: INV-Z-162, table C-2a, for 1999-2001. Data for 2002-07 were compiled in response to Commission questionnaires and from official Commerce statistics.

PREVIOUS AND RELATED TITLE VII AND SAFEGUARD INVESTIGATIONS

The Commission has conducted a number of previous import relief investigations on wire rod products or similar merchandise (e.g. hut-rolled lead and bismuth carbon steel bars and rods). Table I-2 presents data on previous and related Title VII investigations.

Table I-2
Wire rod: Previous and related Title VII investigations, 1982-2007

Original Investigation				First Review		Current Status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	
1982	731-TA-88	Venezuela	Negative	-	-	-
1982	731-TA-113	Brazil	Affirmative	-	-	ITA revoked 9/20/85
1982	731-TA-114	Trinidad & Tobago	Affirmative	-	-	ITA revoked 12/14/87
1982	701-TA-148	Brazil	Affirmative[2]	-	-	Investigation terminated 8/21/85
1982	701-TA-149	Belgium	Affirmative[2]	-	-	Petition withdrawn 11/9/82
1982	701-TA-150	France	Affirmative[2]	-	-	Petition withdrawn 11/9/82
1983	701-TA-209	Spain	Affirmative	-	-	ITA revoked 9/11/85
1983	731-TA-157	Argentina	Affirmative	1998	Negative	-
1983	731-TA-158	Mexico	Negative[2]	-	-	-
1983	731-TA-159	Poland	Negative	-	-	-
1983	731-TA-160	Spain	Affirmative	-	-	ITA revoked 9/16/85
1984	731-TA-205	East Germany	Affirmative[2]	-	-	Petition withdrawn 8/1/85
1985	701-TA-243	Portugal	Negative[2]	-	-	-
1985	701-TA-244	Venezuela	Affirmative[2]	-	-	Petition withdrawn 7/24/85
1985	731-TA-256	Poland	Affirmative[2]	-	-	Petition withdrawn 9/10/85
1985	731-TA-257	Portugal	Affirmative[2]	-	-	Petition withdrawn 11/20/85
1985	731-TA-258	Venezuela	Affirmative[2]	-	-	Petition withdrawn 8/30/85
1992	701-TA-314	Brazil	Affirmative	1999	-	ITA revoked 11/15/99
1992	701-TA-315	France	Affirmative	1999	-	ITA revoked 11/15/99
1992	701-TA-316	Germany	Affirmative	1999	-	ITA revoked 11/15/99
1992	701-TA-317	United Kingdom	Affirmative	1999	-	ITA revoked 11/15/99
1992	731-TA-552	Brazil	Affirmative	1999	-	ITA revoked 11/15/99
1992	731-TA-553	France	Affirmative	1999	-	ITA revoked 11/15/99
1992	731-TA-554	Germany	Affirmative	1999	-	ITA revoked 11/15/99
1992	731-TA-555	United Kingdom	Affirmative	1999	-	ITA revoked 11/15/99
1992	731-TA-572	Brazil	Negative	-	-	-
1993	731-TA-646	Brazil	Negative	-	-	-

Table continued on following page.

Table I-2–*Continued*
Wire rod: Previous and related Title VII investigations, 1982-2007

Original Investigation				First Review		Current Status
Date[1]	Number	Country	Outcome	Date[1]	Outcome	
1993	731-TA-647	Canada	Affirmative[2]	-	-	Petition withdrawn 4/18/94
1993	731-TA-648	Japan	Negative	-	-	-
1993	731-TA-649	Trinidad & Tobago	Negative[2]	-	-	-
1994	701-TA-359	Germany	Negative[2]	-	-	-
1994	731-TA-686	Belgium	Affirmative[2]	-	-	Petition withdrawn 7/7/94
1994	731-TA-687	Germany	Negative[2]	-	-	-
1997	701-TA-368	Canada	Negative	-	-	-
1997	701-TA-369	Germany	Negligible[3]	-	-	-
1997	701-TA-370	Trinidad & Tobago	Negative	-	-	-
1997	701-TA-371	Venezuela	Negative	-	-	-
1997	731-TA-763	Canada	Negative	-	-	-
1997	731-TA-764	Germany	Negative	-	-	-
1997	731-TA-765	Trinidad & Tobago	Negative	-	-	-
1997	731-TA-766	Venezuela	Negative	-	-	-
2001	701-TA-417	Brazil	Affirmative	2007	-	Under review
2001	701-TA-418	Canada	Affirmative	-	-	ITA revoked 1/23/04
2001	701-TA-419	Germany	Negligible	-	-	-
2001	701-TA-420	Trinidad & Tobago	Negative[4]	-	-	-
2001	701-TA-421	Turkey	Negative[4]	-	-	-
2001	731-TA-953	Brazil	Affirmative	2007	-	Under review
2001	731-TA-954	Canada	Affirmative	2007	-	Under review
2001	731-TA-955	Egypt	Negligible[3]	-	-	-
2001	731-TA-956	Germany	Negligible[3]	-	-	-
2001	731-TA-957	Indonesia	Affirmative	2007	-	Under review
2001	731-TA-958	Mexico	Affirmative	2007	-	Under review
2001	731-TA-959	Moldova	Affirmative	2007	-	Under review
2001	731-TA-960	South Africa	Negligible[3]	-	-	-
2001	731-TA-961	Trinidad & Tobago	Affirmative[5]	2007	-	Under review
2001	731-TA-962	Ukraine	Affirmative	2007	-	Under review
2001	731-TA-963	Venezuela	Negligible[3]	-	-	-

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determination.
[3] The Commission found subject imports to be negligible, and its investigation was thereby terminated.
[4] The Department of Commerce made a negative determination.
[5] The Commission made a negative determination on remand that is subject to ongoing litigation.

Source: Various Commission publications.

Safeguard Investigations

On January 12, 1999, counsel for Atlantic Steel Industries, Inc. (Atlantic), Birmingham Steel Corp. (Birmingham), Connecticut Steel Corp. (Connecticut), Co-Steel Raritan (Co-Steel), GS Industries (GS), Keystone Steel & Wire Co. (Keystone), North Star Steel (North Star), North Star Texas, Northwestern Steel & Wire Co. (Northwestern), the Independent Steel Workers Alliance, and the United Steelworkers of America AFL-CIO filed a petition with the Commission under section 202 of the Trade Act of 1974 requesting that the Commission institute an investigation to determine whether steel wire rod was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. Following an investigation, the Commission was equally divided in its injury determination, and on July 13, 1999, transmitted to the President its report containing the determinations of both groups of Commissioners and remedy recommendations of the three Commissioners who made affirmative determinations.[22] Pursuant to section 311(a) of the North American Free Trade Agreement (NAFTA) Implementation Act,[23] the Commission made negative findings with respect to imports of wire rod from Canada and Mexico.[24] Following receipt of the Commission's report, the President announced that he considered the determination of the Commissioners voting in the affirmative as the determination of the Commission and, on February 16, 2000, issued Proclamation 7273 imposing relief in the form of a Tariff Rate Quota (TRQ) on imports of steel wire rod for a period of three years and one day, effective March 1, 2000.[25] On August 23, 2001, the Commission submitted to the President and the Congress a midterm report, required under section 204(a) of the Act, that provided the results of the Commission's monitoring of developments with respect to the wire rod industry since the imposition of the TRQ.[26] [27] On August 28, 2003, the Commission submitted to the President and the Congress an end-of-relief review, likewise required by statute.[28]

On November 21, 2001, the President issued Proclamation 7505 modifying the TRQ, by providing that the in-quota quantity of the TRQ should be allocated among four supplier country groupings noted in the tabulation below, with allocations effective November 24, 2001.

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[22] Chairman Lynn M. Bragg, Vice Chairman Marcia E. Miller, and Commissioner Stephen Koplan made an affirmative determination. Commissioners Carol T. Crawford, Jennifer A. Hillman, and Thelma J. Askey made a negative determination. Commissioners Crawford, Hillman, and Askey did not believe any import relief was appropriate in this investigation.

[23] 19 U.S.C. § 3371(a).

[24] Chairman Bragg dissented with respect to Canada.

[25] The President adopted the definition of steel wire rod as specified in the original section 201 investigation but added exclusions for wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold heading quality, aluminum cable steel reinforced (ACSR) quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead wire quality.

[26] Investigation No. TA-204-6.

[27] Following receipt of a request filed on July 24, 2001, on behalf of Co-Steel, GS, Keystone, and North Star, the Commission instituted investigation No. NAFTA-312-1 under section 312(c)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. § 3372(c)(2)) to determine whether a surge in U.S. imports of wire rod from Canada and/or Mexico undermines the effectiveness of the import relief on wire rod provided for in Presidential Proclamation 7273 of February 16, 2000 (65 FR 8624, February 18, 2000). In August 2001, the Commission determined that a surge in imports of wire rod from Canada and Mexico, respectively, undermined the effectiveness of the import relief on wire rod provided for in the Presidential Proclamation (66 FR 45692, August 29, 2001). The President declined to extend import relief to imports from Canada and Mexico (*The Year in Trade 2001: Operation of the Trade Agreements Program, 53rd Report,* USITC Publication 3510, May 2002, p. 5-3).

[28] *Certain Steel Wire Rod: Evaluation of Effectiveness of Import Relief,* Inv. No. TA-204-11, USITC Publication 3629, August 2003.

Supplier country groups	Countries
European Community (EC)	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, United Kingdom
Commonwealth of Independent States (CIS)	Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan
Trinidad & Tobago	Trinidad & Tobago
All other countries	All countries not listed above with the exception of Canada and Mexico

Safeguard TRQ

Under Presidential Proclamation 7273, which added U.S. note 9 and subheadings 9903.72.01 through 9903.72.15 to subchapter III of chapter 99 of the HTS, import quantities up to 1.58 million short tons entered during March 1, 2000 through February 28, 2001 from the countries subject to the TRQ were dutiable at the normal trading relations rates set forth above. The in-quota quantity was increased by an additional 2 percent in both the second and the third years of the relief period (March 1, 2001 through February 28, 2002 and March 1, 2002 through March 1, 2003 respectively). During the first three quarters of each quota year, there was a quarterly TRQ trigger quantity set at one-third of the total quota amount for the year. Any quantity of subject product that was entered, or withdrawn from warehouse for consumption, in excess of the amount equal to one-third of the aggregate TRQ quota level for that quota year was subject to the over-quota rate of duty then in effect. For the fourth quarter of a quota year, the aggregate quantity of wire rod entered at the in-quota rate during the first three quarters of the quota year was subtracted from the total annual within-quota quantity to calculate the remaining available in-quota quantity (if any) for that quota year. As shown in the following tabulation, imports of subject products in excess of the quarterly or the annual quota amounts were assessed duties in addition to the column-1 general rates of duty in the amounts of 10 percent *ad valorem* in the first year of relief; 7.5 percent *ad valorem* in the second year of relief; and 5 percent *ad valorem* in the third year of relief.

Item	Unit	Quota year		
		1	2	3
In-quota quantities	*Short tons*	1,580,000	1,611,600	1,643,832
Additional duties	*Percent*	10.0	7.5	5.0
Quota year 1 was March 1, 2000 through February 28, 2001; quota year 2 was March 1, 2001 through February 28, 2002; and quota year 3 was March 1, 2002 through March 1, 2003.				

As previously noted, Presidential Proclamation 7505 allocated the in-quota quantity of the TRQ, calculated on a quarterly basis, to the four supplier country groups effective November 24, 2001. During November 24, 2001 through February 28, 2002, the in-quota quantity was the amount, if any, (1) remaining after all entries from March 1, 2001 through November 23, 2001 were subtracted from 1,611,600 short tons and (2) not exceeding the allocation assigned to the supplier country. The allocations were: EC - 28.161 percent, Trinidad & Tobago - 16.554 percent, CIS - 12.616 percent, and all other countries - 42.669 percent. For all subsequent quarterly periods, the in-quota allocation was as follows: EC–115,729 short tons; Trinidad & Tobago–68,031 short tons; CIS–51,847 short tons; and all other countries–175,351 short tons.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
>
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*
>
> *(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of the Report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for wire rod as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of 10 U.S. producers of wire rod that are believed to have accounted for all domestic production of wire rod in 2007. U.S. import data and related information are based on Commerce's official import statistics and the questionnaire responses of 26 U.S. importers of wire rod that are believed to have accounted for 90 percent of the total subject U.S. imports during 2007 and for 73 percent of the total U.S. imports of wire rod from other sources. Foreign industry data and related information are based on the questionnaire responses of 11 wire rod producers: three producers in Brazil accounting for *** percent of total production; two producers in Canada accounting for 100 percent of subject Canadian operations on wire rod; three producers in Mexico reportedly accounting for an estimated *** percent of total production;[29] one producer in Moldova accounting for all known production; one producer in Trinidad & Tobago accounting for all known production; and one producer in Ukraine accounting for the vast majority of production. No foreign producers in Indonesia responded to the Commission's questionnaires in these reviews; therefore, foreign industry information presented in this report with respect to Indonesia is based

[29] According to *** data, the three responding producers accounted for *** percent of wire rod capacity in Mexico in 2007. ***.

on responses to the Commission's notice of institution and cited published sources. Responses by U.S. producers, importers, purchasers, and foreign producers of wire rod to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation are presented in appendix D. Finally, appendix E contains company-specific data regarding U.S. and foreign producers' wire rod shipments.

COMMERCE'S REVIEWS[30]

Administrative Reviews of Wire Rod[31]

Commerce has completed one or more administrative reviews of the outstanding antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, and Trinidad & Tobago. Commerce has completed no administrative reviews of the outstanding antidumping duty orders on wire rod from Moldova and Ukraine, nor of the countervailing duty order on wire rod from Brazil.[32]

Brazil

Commerce completed one antidumping duty administrative review with regard to subject imports of wire rod from Brazil. The results of the administrative review are shown in table I-3.

Table I-3
Wire rod: Administrative review of the antidumping duty order for Brazil

Date results published	Period of review	Producer or exporter	Margin (*percent*)
May 17, 2005 (70 FR 28271)	4/10/2002 - 9/30/2003	Belgo	98.69
		All others	74.35

Source: Cited *Federal Register* notice.

Canada

Commerce completed three antidumping duty administrative reviews with regard to subject imports of wire rod from Canada and has published the preliminary results of a fourth. The results of the administrative reviews are shown in table I-4.

[30] One scope ruling was completed, which determined that the phrase "having no inclusions greater than 20 microns" means no inclusions greater than 20 microns in any direction. 70 FR 55110, September 20, 2005.

[31] No duty absorption findings were made for any of the subject countries.

[32] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-4
Wire rod: Administrative reviews of the antidumping duty order for Canada

Date results published	Period of review	Producer or exporter	Margin (*percent*)
November 24, 2004 (69 FR 68309)	4/10/2002 - 9/30/2003	Ivaco	4.16
		All others	8.11
January 24, 2006 (71 FR 3822)	10/1/2003 - 9/30/2004	Ivaco	3.08
		Ispat/Mittal[1]	6.13
		All others	8.11
May 10, 2007 (72 FR 26593)	10/1/2004 - 9/30/2005	Ivaco	2.06
		All others	8.11
May 12, 2008 (73 FR 26958)	10/1/2005 - 9/30/2006	Ivaco	2.98

[1] Mittal is successor-in-interest to Ispat. 70 FR 39484, July 8, 2005.

Source: Cited *Federal Register* notices.

Commerce completed no countervailing duty order administrative reviews with regard to subject imports of wire rod from Canada.

Indonesia

Commerce completed one antidumping duty administrative review with regard to subject imports of wire rod from Indonesia. The results of the administrative review are shown in table I-5.

Table I-5
Wire rod: Administrative review of the antidumping duty order for Indonesia

Date results published	Period of review	Producer or exporter	Margin (*percent*)
October 19, 2005 (70 FR 60787)	10/1/2003 - 9/30/2004	P.T. Ispat Indo	0.38[1]
		All others	4.06

[1] *De minimis* margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs.

Source: Cited *Federal Register* notice.

Mexico

Commerce completed three antidumping duty administrative reviews with regard to subject imports of wire rod from Mexico. The results of the administrative reviews are shown in table I-6.

Table I-6
Wire rod: Administrative reviews of the antidumping duty order for Mexico

Date results published	Period of review	Producer or exporter	Margin (*percent*)
May 16, 2005 (70 FR 25809)	4/10/2002 - 9/30/2003	Hylsa	5.45
		SICARTSA	1.06
		All others	20.11
May 15, 2006 (71 FR 27989)	10/1/2003 - 9/30/2004	Hylsa	1.81
		SICARTSA	1.26
		All others	20.11
March 13, 2008 (73 FR 13532)	10/1/2005 - 9/30/2006	Hylsa	17.94

Source: Cited *Federal Register* notices.

Trinidad & Tobago

Commerce completed four antidumping duty administrative reviews with regard to subject imports of wire rod from Trinidad & Tobago. The results of the administrative reviews are shown in table I-7.

Table I-7
Wire rod: Administrative reviews of the antidumping duty order for Trinidad & Tobago

Date results published	Period of review	Producer or exporter	Margin (*percent*)
March 15, 2005 (70 FR 12648)	4/10/2002 - 9/30/2003	CIL	3.61
		All others	11.40
November 16, 2005 (70 FR 69512)	10/1/2003 - 9/30/2004	CIL	4.13
		All others	11.40
March 6, 2007 (72 FR 9922)	10/1/2004 - 9/30/2005	Mittal Steel Point Lisas	0.06[1]
		All others	11.40
November 7, 2007 (72 FR 62824)	10/1/2005 - 9/30/2006	Mittal Steel Point Lisas	0.40[1]
		All others	11.40

[1] *De minimis* margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs.

Source: Cited *Federal Register* notices.

Results of Expedited Five-Year Reviews

Commerce has issued the final results of its expedited reviews with respect to all subject countries. Table I-8 presents the dumping margins calculated by Commerce in its original investigations and first reviews. Table I-9 presents similar information with respect to countervailable subsidies.

The following seven programs were found to confer countervailable subsidies to the Brazilian wire rod industry in the original investigation and in the expedited sunset review:

1. Financing for the acquisition or lease of machinery and equipment through the Special Agency for Industrial Financing;
2. Programa de Financiamento as Exportacoes;
3. Tax incentives provided by the Amazon Region Development Authority (SUDAM) and the Northeast Region Development Authority (SUDENE);
4. Debt forgiveness/equity infusions provided to Usina Siderurgica da Bahia S.A. (previously 1988 equity infusions/debt forgiveness provided to Usina Siderurgica da Bahia S.A. (specific to Gerdau));
5. National Bank for Economic and Social Development Financing for the Acquisition of Dedini Siderurgica de Piracicaba (specific to Belgo Mineira);
6. National Bank for Economic and Social Development Financing for the acquisition of Mendes Junior Siderurgica SA (specific to Belgo Mineira); and
7. "Presumed" Tax Credit for the Program of Social Integration and the Social Contributions of Billings on Inputs Used in Exports.[33]

[33] Department of Commerce Decision Memorandum of December 31, 2007.

Table I-8
Wire rod: Commerce's original and first five-year antidumping duty margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
Brazil[1]		
Belgo	94.73	94.73
All others	74.35	74.45
Canada[2]		
Ispat/Mittal[3]	3.86	3.86
Ivaco	9.90	9.90
Stelco	([4])	([4])
All others	8.11	8.11
Indonesia[5]		
P.T. Ispat Indo	4.06	4.06
All others	4.06	4.06
Mexico[6]		
SICARTSA	20.11	20.11
All others	20.11	20.11
Moldova[7]		
Moldova-wide rate	369.10	369.10
Trinidad & Tobago[8]		
CIL/Mittal[9]	11.40	11.40
All others	11.40	11.40
Ukraine[10]		
Krivorozhstal	116.37	116.37
All others	116.37	116.37

[1] Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.
[2] Antidumping duty order, as amended, 67 FR 65944, October 29, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.
[3] Mittal became successor-in-interest to Ispat. 70 FR 39484, July 8, 2005.
[4] Stelco received a *di minimis* rate of 1.18 percent and is therefore excluded from the order. 67 FR 65944, October 29, 2002. Only merchandise produced and exported by Stelco is excluded. 69 FR 25560, May 7, 2004.
[5] Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.
[6] Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.
[7] Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.
[8] Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.
[9] Mittal became successor-in-interest to CIL. 70 FR 38871, July 6,2005.
[10] Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008.

Source: Cited *Federal Register* notices.

Table I-9
Wire rod: Commerce's original and first five-year countervailing duty margins for producers/exporters from Brazil and Canada

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
Brazil[1]		
Belgo Mineira	6.74	6.74
Gerdau S.A.	2.76	2.76
All others	5.64	5.64
Canada[2]		
Ispat Sidbec	6.61	([3])
Stelco	([4])	--
Ivaco	([4])	--
All others	6.61	([3])

[1] Countervailing duty order, 67 FR 64871, October 22, 2002; final results of first expedited sunset review, 73 FR 1323, January 8, 2008.
[2] Countervailing duty order, 67 FR 64871, October 22, 2002.
[3] Order revoked, January 23, 2004, 69 FR 3330.
[4] Received zero margin, and therefore excluded from order, 67 FR 64871, October 22, 2002.

Source: Cited *Federal Register* notices.

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.[34] During the review period, qualified U.S. producers of wire rod were eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to one countervailing duty and seven antidumping duty orders on the subject product beginning in Federal fiscal year 2003.[35] Tables I-10 and I-11 present CDSOA disbursements and claims for Federal fiscal years (October 1-September 30) 2003-07 by source and by firm, respectively.

[34] Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

[35] 19 CFR 159.64 (g).

Table I-10
Wire rod: CDSOA disbursements, by source, Federal fiscal years 2003-07

Item	Federal fiscal year				
	2003	2004	2005	2006	2007
	Disbursements (*dollars*)				
Brazil (AD)	0	0	0	0	0
Brazil (CVD)	0	0	0	0	0
Canada (AD)	349	3,386,534	2,163,877	0	0
Canada (CVD)	1,561	853	(279)	0	0
Indonesia	0	0	0	0	0
Mexico	5,532	14,254	241,854	0	0
Moldova	0	0	0	0	0
Trinidad & Tobago	100,769	0	2,076,701	3,577,198	(3,545,688)
Ukraine	0	0	0	5,094	714
Total	108,211	3,401,640	4,482,153	3,582,293	(3,544,974)

Note.--Because of rounding, figures may not add to the totals shown.

Note.--Negative disbursement amounts are the result of refunds to importers as a result of liquidations or court cases.

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.

Table I-11
Wire rod: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2003-07

Item	Federal fiscal year				
	2003	2004	2005	2006	2007
	Disbursements (*dollars*)				
CFI Steel	0	0	0	0	63
Charter Manufacturing	0	0	976,457	909,543	(900,085)
Connecticut Steel	8,123	284,642	301,612	0	0
Gerdau USA	0	627,141	1,619,811	1,439,438	(1,426,515)
ISG Georgetown	39,861	711,254	766,052	2,050	0
Keystone Consolidated Industries	24,145	841,113	818,221	758,742	(750,851)
North Star Steel Texas	36,083	937,491	0	0	0
Nucor	0	0	0	214,763	(212,510)
Nucor Steel Connecticut	0	0	0	257,757	(255,077)
Total	108,211	3,401,640	4,482,153	3,582,293	(3,544,974)
	Claims (*1,000 dollars*)				
Total	2,869,528	3,787,589	25,337,471	24,091,708	35,561,953

Note.--Because of rounding, figures may not add to the totals shown.

Note.--Negative disbursement amounts are the result of refunds to importers as a result of liquidations or court cases.

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.

THE SUBJECT MERCHANDISE

Commerce's Scope

The imported product subject to the antidumping and countervailing duty orders under review, as defined by Commerce in its original orders, is as follows.

> The merchandise subject to these orders is certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross-sectional diameter. Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (*i.e.*, products that contain by weight one or more of the following elements: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium). Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. This grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no inclusions greater than 20 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium. This grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no inclusions greater than 20 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified). The designation of the products as ''tire cord quality'' or ''tire bead quality'' indicates the acceptability of the product for use in the production of tire cord, tire bead, or wire for use in other rubber reinforcement applications such as hose wire. These quality designations are presumed to indicate that these products are being used in tire cord, tire bead, and other rubber reinforcement applications, and such merchandise intended for the tire cord, tire bead, or other rubber reinforcement applications is not included in the scope.[36]

[36] 67 FR 64871 and 65945, October 22, 2002. In addition, there was a scope clarification for the orders on wire rod from Brazil: for grade 1080 tire cord and tire bead the phrase "having no inclusions greater than 20 microns" means no inclusions greater than 20 microns in any direction. 70 FR 55110, September 20, 2005.

Tariff Treatment

Wire rod is imported under the following statistical reporting numbers of the Harmonized Tariff Schedule of the United States ("HTS"): 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.90.6010, and 7227.90.6080.[37] At the time of the original investigations general U.S. tariffs on wire rod, applicable to U.S. imports that are products of the subject countries and classified under these headings, ranged from 0.8 to 0.9 percent ad valorem for nonalloy steel and were 1.8 percent ad valorem for alloy steel. By January 1, 2004, these tariffs had been eliminated, resulting in a general duty rate of "Free."

THE DOMESTIC LIKE PRODUCT

Description and Uses

Wire rod is a hot-rolled intermediate steel product of circular or approximately circular cross section that typically is produced in nominal fractional diameters from 7/32 inch (5.6 mm) to 47/64 inch (18.7 mm) and sold in irregularly wound coils, primarily for subsequent drawing and finishing by wire drawers.[38] Wire rod sold in the United States is categorized by "quality" according to end use. End-use categories are broad descriptions with overlapping metallurgical qualities, chemistries, and physical characteristics.[39]

Table I-12 presents quality and commodity descriptions for 11 major types of wire rod, as indicated by the Iron and Steel Society. Industrial quality wire rod currently accounts for the majority of wire rod consumed in the United States. It is primarily intended for drawing into industrial (or standard) quality wire that, in turn, is used to manufacture such products as nails, reinforcing wire mesh and chain link fence. Most of the industrial quality wire rod is produced and sold in the smallest cross-sectional diameter that is hot rolled in substantial commercial quantities (7/32 inch or 5.6 mm). Industrial quality wire rod generally is manufactured from low- or medium-low-carbon steel.[40]

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[37] There have been several changes to the HTS classifications for reporting U.S. imports of wire rod. The following are the relevant statistical reporting numbers for subject wire rod during previous periods:

2002: 7213.91.3010, 7213.91.3090, 7213.91.4510, 7213.91.4590, 7213.91.6010, 7213.91.6090, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0010, 7227.20.0020, 7227.20.0095, 7227.90.6051, 7227.90.6053, and 7227.90.6059.

2003: 7213.91.3010, 7213.91.3090, 7213.91.4510, 7213.91.4590, 7213.91.6010, 7213.91.6090, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0010, 7227.20.0020, 7227.20.0095, 7227.90.6051, 7227.90.6053, and 7227.90.6059.

2004: 7213.91.3011, 7213.91.3091, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 7227.90.6050.

2005: 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 72227.90.6050.

2006-08: 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.90.6010, and 7227.90.6080.

[38] Wire drawers (also referred to as redrawers) manufacture wire and wire products and may be independent of the wire rod manufacturers or may be affiliated parties.

[39] Steel ductility, hardness, and tensile strength are positively correlated with carbon content. Alloying elements can be added during the melt stage of the steelmaking process to convey various characteristics to the wire rod.

[40] Iron and Steel Society, *Steel Products Manual: Carbon Steel Wire and Rods*, August 1993, p. 36.

Table I-12
Wire rod: Quality, end uses, and important characteristics

Quality	End uses	Important characteristics
Chain quality	Electric welded chain	Butt-welding properties and uniform internal soundness
Cold-finishing quality	Cold-drawn bars	Surface quality
Cold-heading quality	Cold-heading, cold-forging, cold-extrusion products	Internal soundness, good surface quality, may require thermal treatments
Concrete reinforcement	Nondeformed rods for reinforcing concrete (plain round or smooth surface rounds)	Chemical composition important only insofar as it affects mechanical property
Fine wire	Insect screen, weaving wire, florist wire	Rods must be suitable for drawing into wire sizes as small as 0.035 inch (0.889 mm) without intermediate annealing; internal quality important
High carbon and medium-high carbon	Strand and rope, tire bead, upholstery spring, mechanical spring, screens, aluminum conductors steel reinforced core, prestressed concrete strand; pipe wrap wire is a subset	Requires thermal treatment prior to drawing; however, it is not intended to be used for music wire or valve spring wire
Industrial (standard) quality	Nails, coat hangers, mesh for concrete reinforcement, fencing	Can only be drawn a limited number of times before requiring thermal treatment
Music spring wire	Springs subject to high stress; valve springs are a subset	Restrictive requirements for chemistry, cleanliness, segregation, decarburization, surface imperfections
Scrapless nut	Fasteners produced by cold heading, cold expanding, cold punching, thread tapping	Internal soundness, good surface quality
Tire cord	Tread reinforcement in pneumatic tires	Restrictive requirements for cleanliness, segregation, decarburization, chemistry, surface imperfections
Welding quality	Wire for gas welding, electric arc welding, submerged arc welding, metal inert gas welding	Restrictive requirements for uniform chemistry

Source: Iron and Steel Society, *Steel Products Manual: Carbon Steel Wire and Rods*, August 1993, pp. 35-37.

Other relatively large-volume qualities of wire rod consumed in the United States include high- and medium-high carbon and cold-heading quality. High- and medium-high carbon wire rod are intended for drawing into wire for such products as strand, upholstery spring, mechanical spring, rope, screens, and pre-stressed concrete wire.[41] Cold-heading quality wire rod meeting ASTM F2282, a quality standard, generally is used in the production of industrial fasteners and other products that must be cold headed, cold forged, or cold-extruded.[42]

Manufacturing Process

The manufacturing process for wire rod consists of several stages: (1) steelmaking, where the steel's chemistry is fixed; (2) casting the steel into a semifinished shape (billet); (3) hot-rolling the billet into rod on a multistand, high-speed rolling mill; and (4) coiling and controlled cooling of the wire rod as it passes along a Stelmor deck (a specialized conveyor unique to the wire rod industry).[43]

U.S. and foreign wire rod manufacturers have made capital investments in their production facilities to improve processing efficiencies and product quality. Standards of product quality (e.g., tighter dimensional tolerances, control over residuals, and coil weight) have become higher across the entire range of wire rod products largely in response to customer demands for improved performance on the customer's equipment. These improvements have tended to blur the distinctions among quality terms over time.[44]

Most U.S. wire rod producers use minimill technology to melt scrap in an electric arc furnace. The exceptions to this are (1) Republic Technologies (formerly USS/Kobe), which employs the integrated route to steelmaking (*i.e.*, a basic oxygen furnace using pig iron, which is produced from iron ore), and (2) those rod producers who are not steelmakers and, therefore, purchase billets. Both *** purchase billets for their specialty products.[45]

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[41] The end uses of very high quality wire rod are those where manufacturing process involve large amounts of cold deformation of the steel such as in recessed quality cold heading; those that are safety critical, such as automotive wheel bolts and tire reinforcing wire; those that have very demanding consistency requirements or unusual steel chemistry requirements, such as certain welding grades; and other applications that put unusual and demanding requirements on the steel. Posthearing brief of Ivaco, Answers to Commissioners' Questions p. 15.

[42] ASTM F2282 establishes quality assurance requirements for the physical, mechanical, and metallurgical requirements for carbon and alloy steel wire, rods, and bars in coils intended for the manufacture of mechanical fasteners (bolts, nuts, rivets, screws, washers, and special parts manufactured cold). The steel industry uses the term "quality" to designate material having characteristics particularly well suited to a specific fabrication and/or application and does not imply "quality" in the usual sense. While wire rod meeting ASTM F2282 generally is termed cold-heading quality, other rod, not meeting the standard, also may be classified as cold-heading quality. ASTM F2282, however, is the standard identified in the HTS for classifying imports of cold-heading quality wire rod.

[43] The Stelmor deck allows for the controlled cooling of wire rod. This cooling speed imparts certain physical characteristics, enabling producers to produce a wider range of wire rod qualities. Most, if not all, U.S. wire rod producers have installed controlled cooling capacities.

[44] *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Invs. Nos. 731-TA-1099-1101* (Preliminary), USITC Publication 3832, January 2006, p. I-8.

[45] ***'s producer questionnaire, II-6.

Wire rod producers that purchase billets, such as ***,[46] may purchase virgin steel billets for their higher quality production.[47] Wire rod manufacturers, such as Republic, that have steelmaking capabilities, can produce their own billets for the desired end product by using more virgin iron ore to limit residues or by using more scrap for more industrial grade products. One non-U.S. producer further claims the use of virgin iron ore enables it to produce its highest quality wire rod.[48]

Minimills use scrap as their primary raw material and may add direct reduced iron (DRI) or hot-briquetted iron and/or pig iron to the mix, depending on the specifications for the end product and the relative costs of the raw materials. Minimills that produce high quality rod products, such as high carbon, cold heading quality, tire cord quality, and/or other special quality wire rod may use less scrap and more DRI than other steelmakers, however the production process in general does not change.

Melt Stage

There are two primary process routes by which steel for rod is made in the United States and the seven subject countries: the integrated process, which employs blast furnaces and basic oxygen furnaces (BOFs), and the nonintegrated production processes which utilizes an electric arc furnace (EAF) to produce raw steel. In both processes, pig iron, steel scrap, and/or DRI[49] is charged into BOFs or EAFs. Most of the steel produced in the United States for rod production is melted from scrap in an EAF, although pig iron may be used as part of the EAF charge. Alloy agents are added to the liquid steel to impart specific properties to finished steel products. The molten steel is poured or tapped from the furnace to a ladle, which is an open-topped, refractory-lined vessel that has an off-center opening in its bottom and is equipped with a nozzle. Meanwhile, the primary steelmaking vessel (EAF or BOF) may be charged with new materials to begin another refining cycle.

Molten steel typically is treated in a ladle metallurgy station, where its chemistry is refined to give the steel those properties required for specific applications. At the ladle metallurgy, or secondary steel making, station the chemical content (particularly that of carbon and sulfur) is adjusted, and alloying agents may be added. The steel may be degassed (eliminating oxygen and hydrogen) at low pressures.[50] Ladle metallurgy stations are equipped with electric arc power to adjust the temperature of the molten steel for optimum casting and to allow it to serve as a holding reservoir for the tundish.

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[46] ***. Email from ***, March 19, 2008.

[47] *** questionnaire responses. Virgin here refers to billets from iron ore that is mined and refined. Steel producers may choose to use higher portions of virgin ore, commonly in the form of pig iron, direct reduced iron, or taconite pellets, in their production mix to limit residual elements found in recycled scrap.

[48] ***'s questionnaire, II-1.

[49] The advantage of using DRI or pig iron (BOF steel) is the low levels of residual elements (copper, chromium, nickel, molybdenum, and tin) and reduced gaseous content (particularly nitrogen) that they impart to the steel. Compared to BOF steel, EAF scrap-based steel contains higher levels of certain residuals, which adversely affect yields and drawing efficiencies, and limit such scrap-based steel use in certain critical applications.

[50] Liquid steel absorbs gasses from the atmosphere and from the materials used in the steelmaking process. These gasses, chiefly oxygen and hydrogen, cause embrittlement, voids, and nonmetallic inclusions. Low pressures, such as in a vacuum, aid the release of oxygen in gas form without the need for additions of "deoxidizers" such as silicon, aluminum, or titanium, which form nonmetallic inclusions. Additionally, carbon content may be reduced more easily at low pressure (because it combines with oxygen to form carbon monoxide and is released in gas form), resulting in a more ductile steel. Moreover, hydrogen gas causes embrittlement, low ductility, and blow holes in steel; vacuum treatment more easily removes hydrogen from the steel. Hence the use of deoxidizing processes results in more efficient process and cleaner steel.

Casting Stage

Once molten steel with the requisite properties has been produced, it is cast into a form that can enter the rolling process. Continuous (strand) casting is the method primarily used in the United States. In strand casting, the ladle containing molten steel is transferred from the ladle metallurgy station to the caster and the molten steel is poured at a controlled rate into a tundish, which in turn controls the rate of flow of the molten steel in to the caster's molds. The tundish may have a special design or employ electromagnetic stirring to ensure homogeneity of the steel. The strand caster is designed to produce billets in the desired cross-sectional dimensions, based on the dimensions of the rod and the design of the rolling mill. Billets may be charged directly into the rolling mill ("hot-charged") or, depending upon the rolling mill's schedule, sent to a storage yard. While in storage, they may be inspected and subjected to one or more conditioning operations (grinding, or turning for example) to ready them for hot rolling. This preparation is more common with cold-heading quality rods intended to be made into fasteners.[51]

Rolling Stage

The wire rod rolling process determines the rod's size (diameter) and dimensional precision, depth of decarburization, surface defects and seams, amount of mill scale, structural grain size, and within limits set by the chemistry, tensile strength and other physical properties. There is little or no difference among the wire rod rolling mills in the United States, or between U.S. mills and their foreign competitors.[52] A larger billet will produce a heavier coil. Also, usable coil size may be limited by the capabilities of the wire drawer's equipment and machinery.

Modern rod rolling mills consist of five parts: a roughing mill, an intermediate mill, a pre-finishing mill, a no-twist finishing mill, and a coiler combined with a conveyor cooling bed along which the coiled rod travels prior to being collected, tied, compacted, and readied for shipment. Wire rod mills typically consist of 22 to 29 rolling stands and the specialized Stelmor conveyor deck;[53] the need for uniform metallurgical properties requires close temperature control accomplished by accelerating or retarding the rod's cooling as it is rolled and conveyed along the Stelmor deck. This is accomplished by water quench, forced air drafts, or by lowering removable hoods overtop the deck. Metallurgical quality, temperature, and dimensional tolerance usually are inspected in-line.

Exiting the reheat furnace, the billet is initially reduced on the roughing mill (which usually consists of approximately five stands). It then is passed through and successively reduced in size on several more stands, termed intermediate rolling. After the last intermediate rolling stand, the rolling mill usually splits into dual lines and the product is passed along to a pre-finishing mill which reduces it further in diameter. Rod mills often employ a "twist" mill for primary and intermediate rolling, but the final rolling is nearly always on a no-twist Morgan vee mill (the rolls in each of approximately five stands are set a 90-degree angles to allow the rod to be rolled without twisting). This produces a nearly uniform non-oriented grain structure in the steel. After exiting the last finishing stand, the rod is coiled into concentric loops and placed on a conveyor which moves the hot wire rod along while it cools.

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[51] The purpose of these surface treatments is to make the steel billet softer and more ductile (annealing); in the case of surface grinding, seam and folds are removed.

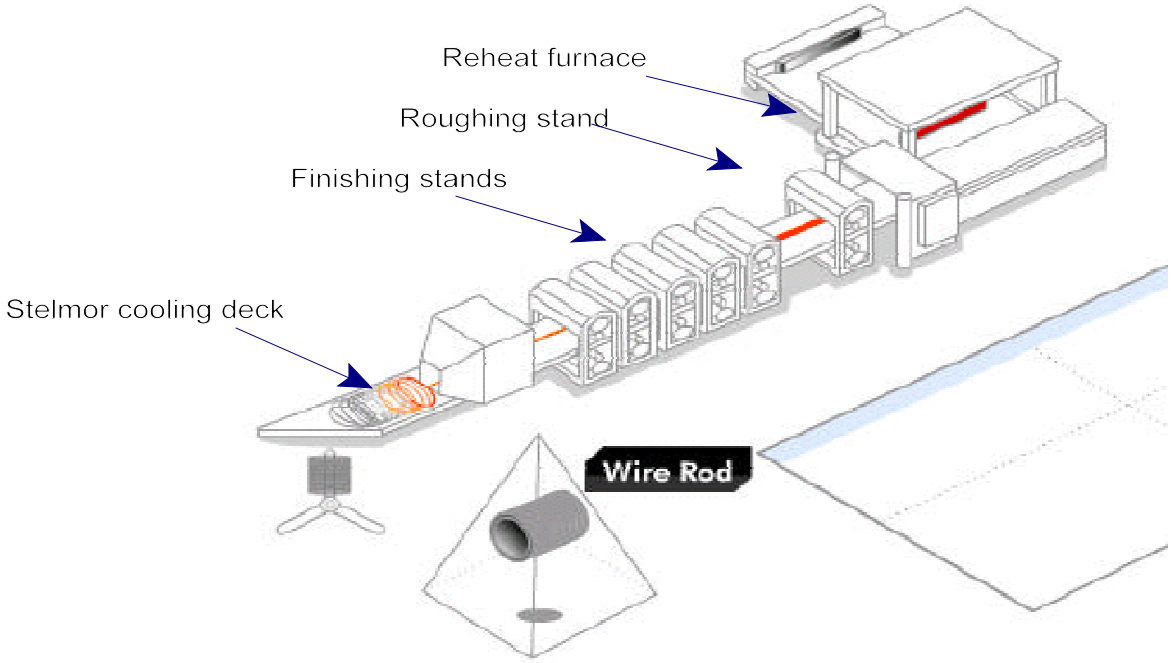
[52] The rolling process, however, can be optimized for various quality levels. The rolling process for higher quality steel, such as for cold heading quality and other surface sensitive products, must be designed to maximize surface integrity. This is managed by the number of rolling stands used to get to a specific end diameter, the design of the reductions taken at each step, and the design of the guiding equipment used to keep the steel moving on the proper path through the mill. Posthearing brief of Ivaco, Answers to Commissioners' Questions, p. 17.

[53] The Stelmor deck may be optimized for specific end products. ***. Posthearing brief of Ivaco, Answers to Commissioners' Questions, p. 17.

During rolling, the rod is water-cooled as it travels along the Stelmor deck; cooling practices are varied depending on the designated end use of the rod and the customer's preferences. The speed at which the rod is cooled affects the consistency and formation of its metallurgical structure (grain structure and physical properties such as tensile strength). It also affects scale buildup, which determines yield losses at the wire drawer. The cooling rate may be varied through the use of removable covers (insulating hoods which may be independently raised or lowered) over the deck or blown-air cooling, or a combination of the two, or through varying the speed of the roller table. The end user often specifies the cooling practice of the rod purchased.

At the end of the cooling deck, workers crop the ends of each rod to remove the part of the rod which may be of lower quality due to uneven temperature control; the cropped ends are also used for testing and inspection. The rod is then collected onto a carrier, transferred to a "c" hook, compacted, tied, and readied for shipment, or for further finishing or in-house fabrication. Figure I-1 illustrates the reheat through cooling stages of the wire rod production process.

Figure I-1
Wire rod: Reheat and rolling process



Source: POSCO Web site, http://www.steel-n.com/esales/general/us/catalog/wire_rod/, accessed March 10, 2008

Domestic producers manufacture various types of wire rod on essentially the same equipment, in the same facilities, and with the same production personnel. While changes to production processes are limited, changes in chemical composition, alloying elements and other raw materials, stand fittings, and cooling speed determine the quality of the wire rod produced. The basic equipment, machinery, facilities, and production personnel, however, remain, the same for the production of industrial quality, tire cord quality, welding quality, and cold heading quality wire rod. Company-specific information compiled in response to Commission questionnaires concerning several types of wire rod products produced in the United States are presented in section III.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined the domestic like product as all wire rod products, which included grade 1080 tire cord and tire bead quality wire rod excluded from Commerce's scope, and it defined the domestic industry as all domestic producers of wire rod.[54] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[55] Three interested parties commented on the Commission's definitions of domestic like product and domestic industry: two agreed with the Commission's definitions (Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain and JSCC Moldova Steel Works (MSW)) and one took no position (Ivaco Rolling Mills (Ivaco)).[56] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires. In its prehearing brief, counsel for Arcelor Mittal, Gerdau, Keystone, and Rocky Mountain agreed with the definition of the domestic like product set forth in the original investigations.[57] No other interested party provided further comment on the domestic like product.

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, 12 firms supplied the Commission with information on their U.S. operations with respect to wire rod. These 12 firms accounted for over *** percent of U.S. production of wire rod products during 2001.[58] In these current reviews, Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain identified the following 10 U.S. producers of wire rod in their response to the Commission's notice of institution: Arcelor Mittal Steel USA, Inc. ("Arcelor Mittal"); Cascade Steel Rolling Mills, Inc. ("Cascade"); Charter Steel, Division of Charter Manufacturing ("Charter"); Gerdau Ameristeel US, Inc. ("Gerdau"); Keystone Consolidated Industries, Inc. ("Keystone"); Nucor Corp. ("Nucor"); Oklahoma Steel and Wire, which is the wire products related firm of Mid American Steel and Wire Co. ("Mid American"); Republic Engineered Products ("Republic"); Rocky Mountain Steel Mills ("Rocky Mountain"), and Sterling Steel Co., LLC ("Sterling/Leggett & Platt"). The Commission issued questionnaires to these mills, all of which provided the Commission with information on their wire rod operations. Seven firms, representing *** percent of reported 2007 production, have filed notices of appearance in these reviews.[59] ***, representing *** percent of reported 2007 production, ***; and *** firms, representing *** percent of reported 2007 production, take no position on the orders.[60]

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[54] *Carbon and Certain Alloy Steel Wire Rod From Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine: Investigations Nos. 701-TA-417-421 (Final) and Investigations Nos. 731-TA-953, 954, 956-959, 961, and 905 (Final),* USITC Publication 3546, October 2002, p. 7.

[55] 72 FR 50696, September 4, 2007.

[56] *Response* of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, October 24, 2007, p. 28; *Response* of JSCC Moldova Steel Works, October 24, 2007, p. 8; *Response* of Hylsa, SA de CV, October 24, 2007; *Response* of Ivaco Rolling Mills and Sivaco Ontario, October 24, 2007, p. 13.

[57] Prehearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 2.

[58] The 12 U.S. producers that supplied the Commission with usable questionnaire information during the original investigations ***.

[59] Arcelor Mittal, Cascade, Gerdau, Keystone, Nucor, Republic, and Rocky Mountain.

[60] ***.

U.S. production of wire rod is concentrated in the Midwest with mills in Illinois, Indiana, Ohio, Oklahoma, Nebraska, and Wisconsin. Three mills are located in the South: one in Florida, one in South Carolina, and one in Texas. Two mills are located in the Northeast: one in Connecticut and one in New Jersey. Finally, two mills are located in the West: one mill in Colorado and one mill in Oregon. No domestic producer reported production of wire rod in a foreign trade zone. Four domestic producers (***) reported that since January 1, 2002, they have been involved in toll agreements regarding the production of wire rod.[61] Only *** reported toll agreements with Ivaco; however, Ivaco reported toll agreements with four U.S. producers: ***.[62] Five mills have related downstream purchasers of wire products.[63]

Details regarding each firm's production location(s), share of 2007 mill production, parent company, and position on the orders are presented in table I-13. The domestic wire rod industry has restructured since the original investigations. Bankruptcies, consolidations, and reorganizations have changed the composition of domestic production. Several domestic wire rod producers filed for bankruptcy. Some closed their operations permanently, while others were acquired out of bankruptcy and are operating today. One firm began operations. Figure I-2 illustrates the changes in company ownership that have occurred since the original investigations.

Several domestic producers were identified as related parties in these reviews. ***. Domestic producer Arcelor Mittal is related to firms in Brazil, Canada, Mexico, Trinidad & Tobago, and Ukraine, while Gerdau is related to a wire rod producer in Brazil, the country in which its corporate parent resides. Whereas the largest U.S. producer in 2001 was ***, *** now stands as the largest single producer, and *** ranks ***.

U.S. Importers

In the original investigations, 27 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of wire rod, accounting for *** percent of U.S. imports of wire rod during 2001.[64] Of the responding U.S. importers, one was a domestic producer: Charter ***.

In response to Commission importers' questionnaires issued in these reviews, 26 firms supplied usable import data, accounting for approximately 73 percent of total U.S. imports of wire rod in 2007, and 90 percent of subject imports in that year. Reporting U.S. importers of wire rod import primarily from the subject countries of Brazil, Canada, Mexico, Trinidad & Tobago, and nonsubject Germany; and are concentrated in several geographic areas across the United States: New York, New Jersey, Illinois, Minnesota, South Carolina, Texas, and California. Table I-14 presents a summary of information regarding U.S. importers of wire rod.

[61] ***.

[62] Prehearing brief of Ivaco, p. 15. Ivaco also reported that ***. All of these activities occurred during the strike at Ivaco in 2005-06. Ibid.

[63] ***.

[64] Six additional firms responded but their data were not aggregated with data from the other 27 responses because such aggregation would result in double-counting of the imported material. *Staff Report,* September 19, 2002 (INV-Z-156), p. IV-1, fn. 1.

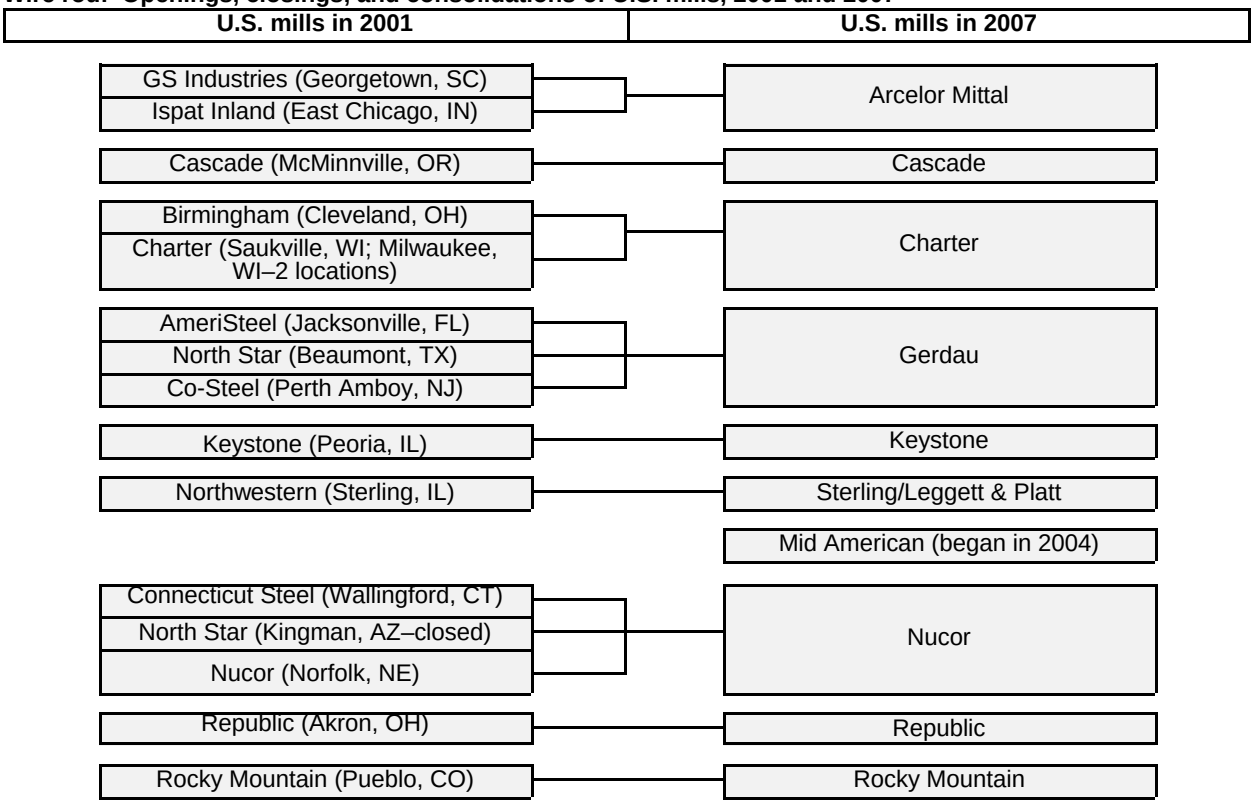
Table I-13
Wire rod: U.S. producers, positions on orders, plant locations, and shares of U.S. production in 2007

Firm name	Position on orders	Plant locations	Parent company	Share of reported U.S. production (*percent*)
Arcelor Mittal[1]	Support	East Chicago, IN Georgetown, SC	***% Arcelor Mittal SA, Luxembourg	***
Cascade	***	McMinnville, OR	***% Schnitzer Steel, Inc., Portland, OR	***
Charter[2]	***	Cleveland, OH Saukville, WI	None	***
Gerdau[3]	Support	Beaumont, TX; Perth Amboy, NJ; and Jacksonville, FL	***% Gerdau Ameristeel Corp., Toronto, Canada	***
Keystone	Support	Peoria, IL	***% Contran Corp., Dallas, TX	***
Mid American	***	Madrill, OK	None	***
Nucor	Support	Norfolk, NE Wallingford, CT	None	***
Republic	***	Akron, OH	***% Grupo Simec, Mexico and ***% Industrias CH, Mexico	***
Rocky Mountain[4]	Support	Pueblo, CO	***% Oregon Steel, Portland, OR	***
Sterling/Leggett & Platt	***	Sterling, IL	***% Leggett & Platt, Carthage, MO	***

[1] Related to Arcelor Mittal Brazil; Arcelor Mittal Canada; Arcelor Mittal Point Lisas (Trinidad & Tobago); Arcelor Mittal Kryviy Rih (Ukraine); and Siderurgica Lazaro Cardenas Las Truchas SA de CV (Sicartsa) (Mexico).
[2] ***.
[3] Related to Gerdau SA, Brazil.
[4] Related to Evraz Group, SA, Luxembourg (owner of Oregon Steel Mills).

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

Figure I-2
Wire rod: Openings, closings, and consolidations of U.S. mills, 2001 and 2007



Source: Compiled from information submitted in response to Commission questionnaires; *Staff Report,* September 19, 2002 (INV-Z-156), p. III-3; and *Staff Report,* December 19, 2005 (INV-CC-214), p. III-2 .

Reported imports were concentrated in a few firms. The top three importers accounted for *** percent of total reported imports during 2007 (with ***), and the next largest four importers accounted for *** percent of reported imports in that year, yielding a total of *** percent of total imports in 2007 handled by seven importers.[65] Three importers reported importing from Brazil; five from Canada (subject merchandise); three from Indonesia; four from Mexico; one from Moldova; three from Trinidad & Tobago; and two from Ukraine. Eleven importers reported importing from all other sources.

There are several business affiliations between U.S. importers and foreign companies producing wire rod in the countries subject to review. Arcelor Mittal's firms in Brazil, Canada, Mexico, and Trinidad & Tobago act as the importers of record for imports into the United States, and are related to Arcelor Mittal USA.

[65] The importers were, in order of quantities imported, ***.

Table I-14
Wire rod: Reporting U.S. importers, parent companies, sources of imports, locations, and shares of reported U.S. imports, 2007

Firm	Parent	Source(s)	Location	Share of reported 2007 total U.S. imports (*percent*)
Arcelor Mittal Brazil[1]	Arcelor Mittal SA, Luxembourg	***	Juiz de Fora and Joao Monlevade, Brazil	***
Arcelor Mittal Canada[1]	Mittal Steel Canada Holdings Arcelor Mittal SA, Luxembourg	***	Contreceour, Quebec, Canada	***
Arcelor Mittal Pine Bluff[1 2]	Arcelor Mittal SA, Luxembourg	***	Pine Bluff, AR	***
Arcelor Mittal Point Lisas[1]	Arcelor Mittal SA, Luxembourg	***	Point Lisas, Couva, Trinidad & Tobago	***
Bekaert Corp.	N.V. Bekaert SA, Belgium	***	Marietta, GA	***
Cargill	None	***	Minnetonka, MN	***
Coutinho & Ferrostaal (legal successor to CCC Steel)	*** percent CCC International, Germany; *** percent Rosularia, Germany	***	Hamburg, Germany	***
Charter[3]	None	***	Milwaukee, WI	***
Commercial Metals	None	***	Irving, TX	***
Corus International Trading	TATA Steel, Mumbai, India	***	Schaumburg, IL	***
Empire Resources[2]	None	***	Fort Lee, NJ	***
Hylsa SA	*** percent Ternium, SA (Luxembourg)	***	San Nicolas de los Garza, Nuevo Leon, Mexico	***
Ivaco	The Heico Companies, LLC, Chicago, IL	***	L'Orignal, Ontario, and Ingersoll, Ontario, Canada	***
Jade Sterling Steel	None	***	Twinsburg, OH	***

Table continued on following page.

Table I-14–*Continued*
Wire rod: Reporting U.S. importers, parent companies, sources of imports, locations, and shares of reported U.S. imports, 2007

Firm	Parent	Source(s)	Location	Share of reported 2007 total U.S. imports (*percent*)
Kiswire	Kiswire, Ltd., Seoul, South Korea	***	Newbury, SC	***
Macsteel International	Macsteel International Holdings BV, Netherlands	***	White Plains, NY	***
Man Ferrostaal	*** percent Man Capital Corp., New York, NY	***	Houston, TX	***
Marian Shipping[2]	None	***	Long Beach, CA	***
Metal One America	*** percent Metal One Corp., Tokyo, Japan; *** percent Mitsubishi International, New York, NY	***	Rosemont, IL	***
Michelin North America	Michelin Corp., Greenville, SC	***	Greenville, SC	***
Sicartsa[1]	Arcelor Mittal Mexico; parent Arcelor Mittal SA, Luxembourg	***	Lazaro Cardenas, Michoacan, Mexico	***
U.S. Steel Canada (Stelco)	U.S. Steel Corp.	***	Hamilton, Ontario, Canada	***
Sumiden	*** percent Sumitomo Electric Industries, Japan; *** percent Sumitomo Electric Industries USA, New York, NY	***	Stockton, CA Dickson, TN	***
Stemcor USA	Stemcor Holdings, London, UK	***	New York, NY	***
TATA[2]	TATA Steel Ltd, Mumbai, India	***	New York, NY	***
Tree Island Wire	Tree Island Industries, Ltd., Richmond, BC, Canada	***	Fontana, CA	***

[1] Related to Arcelor Mittal USA; Arcelor Mittal Brazil; Arcelor Mittal Canada; Arcelor Mittal Point Lisas (Trinidad & Tobago); Arcelor Mittal Kryviy Rih (Ukraine); and Siderurgica Lazaro Cardenas Las Truchas SA de CV (Sicartsa) (Mexico).
[2] ***.
[3] ***.

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

U.S. Purchasers

Forty purchasers, three of which were related to U.S. wire rod producers, provided purchaser questionnaires. All the responding purchasers reported that they were end users, although one also reported that it was a distributor. As explained in part II, producers and importers reported that end users account for an overwhelming proportion of sales. End users produced wire, spring wire, wire rope, wire fabric, fence products, weld products, fasteners, garment hangers, auto parts, tire cord, tire bead wire, PC strand, and other wire products. Seventeen of the 29 purchasers responding to the question reported that they competed for sales to their customers with manufacturers or importers of wire rod. Four purchasers reported that they, or related firms, imported subject wire rod into the United States, while eight reported that they were related to a U.S. or foreign producer of wire rod. Purchasers were most concentrated in the Midwest and Pennsylvania, with six in Ohio and four each from Illinois, Michigan, Missouri, and Pennsylvania. Southeastern states were also well represented by purchasers, with two each from Florida South Carolina, and Alabama, and one each from Georgia, North Carolina, Kentucky, Tennessee, and Mississippi. In addition three purchasers were from California and one each from Arkansas, Indiana, Texas, and Arizona.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-15 presents U.S. shipments, imports, and apparent U.S. consumption of wire rod for 2002-07. Table I-16 presents U.S. consumption and market shares for the same period.

The quantity of apparent U.S. consumption fluctuated during 2002-07, with relatively higher volumes in 2002, 2004, and 2006, and relatively lower volumes in 2003, 2005, and especially 2007. According to U.S. purchasers, the decrease in consumption is partly attributable to a decline in the residential housing market and declining automobile production.[66] The U.S. producers' share of apparent U.S. consumption reached a low in 2004, as they experienced plant shutdowns and other supply problems; the share of subject imports was at its second highest in that same year (after the peak in 2002, the year in which the order was imposed). After experiencing lows in 2005 and 2006, subject imports increased their market share in 2007, a year in which the U.S. producers also increased their share of apparent U.S. consumption, while the share of nonsubject imports declined markedly, led by a sharp decrease in imports from China (from peak levels in 2006) and from Turkey. Counsel for Ivaco and U.S. purchasers attributes the decline in imports to three factors: high freight costs, the weak U.S. dollar, and strong markets elsewhere, in addition to a change in China's export policy by imposing an export tax of 15 percent in May 2007, and eliminating the VAT rebate on finished steel exports in April 2007.[67] The domestic industry also attributes the trend to shortages in raw materials in pig iron, coal and coking coal.[68]

[66] Hearing transcript, p. 191 (Moffitt) and p. 240 (Waltz).

[67] Prehearing brief of Ivaco, pp. 19 and 24, and hearing transcript, p. 175 (Robertson).

[68] Hearing transcript, p. 118 (Kerkvliet).

Table I-15
Wire rod: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2002-07

Item	2002	2003	2004	2005	2006	2007
	Quantity (*short tons*)					
U.S. producers' U.S. shipments	3,988,827	4,137,344	4,095,297	3,732,509	3,814,247	4,076,282
U.S. imports from--						
Brazil	***	0	0	0	0	0
Canada	***	***	***	***	***	***
Indonesia	40,863	0	29,937	333	0	0
Mexico	123,380	19,986	68,498	11,480	4,256	8,244
Moldova	18,826	0	0	0	0	0
Ukraine	11,159	0	0	738	0	0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	386,419	146,783	260,618	104,804	133,326	95,325
Subtotal subject sources	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire bead/tire cord from subject sources	***	***	***	***	***	***
Other sources	2,262,306	1,505,183	2,859,490	1,997,826	2,554,966	992,163
Total imports	3,765,048	2,453,574	4,039,783	2,773,118	3,294,798	1,782,699
Total U.S. consumption	7,753,874	6,590,919	8,135,080	6,505,628	7,109,045	5,858,981

Table continued on following page.

Table I-15--*Continued*
Wire rod: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2002-07

Item	2002	2003	2004	2005	2006	2007
			Value (*$1,000*)			
U.S. producers' U.S. shipments	1,290,111	1,354,900	2,182,163	2,087,201	2,147,510	2,340,401
U.S. imports from--						
Brazil	***	0	0	0	0	0
Canada	***	***	***	***	***	***
Indonesia	10,494	0	17,247	262	0	0
Mexico	34,548	6,296	33,332	6,283	2,032	4,263
Moldova	3,708	0	0	0	0	0
Ukraine	2,446	0	0	501	0	0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	107,445	39,267	124,194	50,039	64,253	46,228
Subtotal subject sources	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire bead/tire cord from subject sources	***	***	***	***	***	***
Other sources	622,360	462,923	1,308,240	1,024,997	1,244,511	574,316
Total imports	1,121,780	784,088	1,927,796	1,505,064	1,690,689	1,063,201
Total U.S. consumption	2,411,891	2,138,988	4,109,959	3,592,264	3,838,199	3,403,602

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table I-16
Wire rod: Apparent U.S. consumption and market shares, 2002-07

Item	2002	2003	2004	2005	2006	2007
			Quantity (*short tons*)			
Apparent U.S. consumption	7,753,874	6,590,919	8,135,080	6,505,628	7,109,045	5,858,981
			Value (*1,000 dollars*)			
Apparent U.S. consumption	2,411,891	2,138,988	4,109,959	3,592,264	3,838,199	3,403,602
			Share of quantity (*percent*)			
U.S. producers' U.S. shipments	51.4	62.8	50.3	57.4	53.7	69.6
U.S. imports from–						
Brazil	***	0.0	0.0	0.0	0.0	0.0
Canada	***	***	***	***	***	***
Indonesia	0.5	0.0	0.4	0.0	0.0	0.0
Mexico	1.6	0.3	0.8	0.2	0.1	0.1
Moldova	0.2	0.0	0.0	0.0	0.0	0.0
Ukraine	0.1	0.0	0.0	0.0	0.0	0.0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	5.0	2.2	3.2	1.6	1.9	1.6
Subtotal subject sources	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire bead/tire cord from subject sources	***	***	***	***	***	***
Other sources	29.2	22.8	35.2	30.7	35.9	16.9
Total imports	48.6	37.2	49.7	42.6	46.3	30.4

Table continued on following page.

Table I-16–*Continued*
Wire rod: Total U.S. consumption and market shares, 2002-07

Item	2002	2003	2004	2005	2006	2007
	Share of value (*percent*)					
U.S. producers' U.S. shipments	53.5	63.3	53.1	58.1	56.0	68.8
U.S. imports from–						
Brazil	***	0.0	0.0	0.0	0.0	0.0
Canada	***	***	***	***	***	***
Indonesia	0.4	0.0	0.4	0.0	0.0	0.0
Mexico	1.4	0.3	0.8	0.2	0.1	0.1
Moldova	0.2	0.0	0.0	0.0	0.0	0.0
Ukraine	0.1	0.0	0.0	0.0	0.0	0.0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	4.5	1.8	3.0	1.4	1.7	1.4
Subtotal subject sources	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire bead/tire cord from subject sources	***	***	***	***	***	***
Other sources	25.8	21.6	31.8	28.5	32.4	16.9
Total imports	46.5	36.7	46.9	41.9	44.0	31.2

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

MARKET CHARACTERISTICS

U.S. producers and importers sell wire rod to wire drawing firms and/or produce and sell wire or wire products. U.S. production that was consumed internally or transferred to related firms rose from *** percent of shipments in 2002 to *** percent in 2007.

Imports from the subject countries comprised *** percent of the total U.S. market in 2007, domestic production comprised 69.6 percent of the market, and imports from nonsubject sources (including grade 1080 tire bead and tire cord wire rod) comprised *** percent. Overall apparent U.S. consumption fluctuated from year to year, rising from 7.8 million short tons in 2002 to its highest level of 8.1 million short tons in 2004, before falling to its lowest level, 5.9 million short tons, in 2007.

Five of the 10 responding producers and 7 of the 15 responding importers reported selling nationwide. The other five U.S. producers and eight importers reported serving specific geographic regions, primarily the Midwest (four producers and seven importers). Eight of the nine responding U.S. producers reported that the majority of their shipments, ranging from 80 percent to 99 percent, were between 101 miles and 1,000 miles of their production facilities. The ninth responding producer reported that the majority (70 percent) of its sales were within 100 miles of its plant.[1] Importers were more likely than producers to ship most of their product within relatively short distances. Four of the 11 responding importers reported that most of their shipments were within 100 miles of their facility, 6 reported that most of their shipments were between 101 to 1,000 miles, and 2 reported all their shipments were distances over 1,000 miles.

U.S. CHANNELS OF DISTRIBUTION

The majority of wire rod sold in the United States is shipped to end users. U.S. shipments of wire rod to end users accounted for more than 95 percent of U.S. wire rod shipments (table II-1). U.S. importers shipped more than 75 percent of imported wire rod to end users during 2002-07.

Since the period examined in the original investigations, Point Lisas ***.[2] In 2007 the Arcelor Mittal Group acquired Sicartsa. In 2002, ***.[3]

[1] Six U.S. producers reported that between 2 and 20 percent of their shipments were within 100 miles, and five reported that 1 to 10 percent of shipments were over 1,000 miles.

[2] During the original investigations, Caribbean Ispat sold ***. *See* questionnaire response of Caribbean Ispat.

[3] Emails from ***.

Table II-1
Wire rod: Channels of distribution for domestic product and U.S. imports sold in the U.S. market (as a share of total shipments), 2002-07

Item	2002	2003	2004	2005	2006	2007
	Share of quantity (*percent*)					
U.S. producers' U.S. shipments to--						
Distributors	3.7	4.6	4.5	4.3	4.2	3.4
End users	96.3	95.4	95.5	95.7	95.8	96.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments of imports from Brazil to--						
Distributors	***	***	--	--	--	–
End users	***	***	--	--	--	--
Total	100.0	100.0	--	--	--	--
Importers' U.S. shipments of imports from Canada (except Stelco) to–						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments of imports from Indonesia to--						
Distributors	***	--	--	--	--	--
End users	***	--	--	--	--	--
Total	100.0	--	--	--	--	--
Importers' U.S. shipments of imports from Mexico to--						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments of imports from Moldova to--						
Distributors	***	--	--	--	--	--
End users	***	--	--	--	--	--
Total	100.0	--	--	--	--	--
Importers' U.S. shipments of imports from Ukraine to--						
Distributors	***	--	--	--	--	--
End users	***	--	--	--	--	--
Total	100.0	--	--	--	--	--

Table continued on following page.

Table II-1--*Continued*
Wire rod: Channels of distribution for domestic product and U.S. imports sold in the U.S. market (as a share of total shipments), 2002-07

Item	2002	2003	2004	2005	2006	2007
	Share of quantity (*percent*)					
Subtotal: Importers' U.S. shipments of imports from above sources to-- Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments of imports from Trinidad & Tobago to-- Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Subtotal: Importers' U.S. shipments of subject imports to-- Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments of imports from Stelco to– Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Importers' U.S. shipments of imports from all other sources to-- Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total U.S. shipments of imports to-- Distributors	23.3	18.4	24.6	18.5	16.8	13.9
End users	76.7	81.6	75.4	81.5	83.2	86.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Based on available information, staff believes that U.S. producers have the ability to respond to changes in demand with small changes in shipments of U.S.-produced wire rod to the U.S. market. Factors restricting supply responsiveness are discussed below.

There is general consensus among domestic and respondent interested parties regarding general market conditions. Currently inventories are low;[4] imports are relatively low; high input costs have contributed to rising wire rod prices;[5] and ocean freight costs have increased noticeably.[6]

Some U.S. producers report that they are limiting the amount of wire rod that customers may order,[7] but producers also report that purchasers are turning down some of their offers.[8] Gerdau reports that it could increase production 550,000 tons per year by hiring an additional shift.[9] Rocky Mountain Steel reports that to increase production, it must add staff and increase the supply of billets.[10] Nucor reported that to increase production it needs to purchase more billets, which it could do if customers were willing to make a long term commitment; however, customers have not made such commitments. Gerdau, Nucor, and Rocky Mountain Steel report needing 12-18 months of high demand to make hiring an additional shift viable.[11] However, Gerdau and Rocky Mountain Steel expect market tightness to be resolved by summer.[12]

U.S. producers argue that purchasers buy wire rod mainly on price and that the rising price of domestically produced wire rod, the more rapid increase in the price of imports, and the abrupt drop in Chinese exports of wire rod, have caused purchasers' inventories to decline to very low levels.[13] They report that although purchasers state that they need product to continue production, *** refused an offer from *** based on price.[14] Producers contend that global supply is only temporarily low.[15] U.S. producers believe that U.S. wire rod prices have caught up with prices of U.S. imports, in spite of the

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[4] Hearing transcript, pp. 188, 191 (McCall, Moffitt).

[5] Hearing transcript, pp. 23, 248 (Kerkvliet, McCall). The U.S. producers report that they have not been able to increase the price of wire rod as rapidly as their costs have increased. Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, pp. 20-21.

[6] The U.S. producers report that increases in transportation cost has somewhat abated recently. Hearing transcript, p.192 (Moffitt). Respondents report that this abatement is small and may be temporary. Ivaco's posthearing brief, answers to questions, pp. 25-26.

[7] Hearing transcript, pp. 144-145 (Cheek, Simon, Nystrom).

[8] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 5 and exh. 3.

[9] Hearing transcript, pp. 22-25, 116 (Kerkvliet).

[10] Rocky Mountain reported that it could also shift production from rebar production to wire rod. It reports that under normal conditions it would prefer producing wire rod because wire rod is a higher value added product, but currently rebar is higher priced. Hearing transcript, pp. 34-35, 116, 134, 140 (Simon).

[11] Hearing transcript, pp. 22-25, 116, 34-35, 116, 134, 140 (Simon, Kerkvliet).

[12] Hearing transcript, pp, 25, 35 (Kerkvliet, Rosenthal).

[13] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 1. Chinese exports appear to reflect changes in Chinese government policy. Hearing transcript, p. 68 (Kerwin).

[14] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 4.

[15] Hearing transcript, p. 118 (Kerkvliet).

declines of the value of the dollar relative to some world currencies,[16] and that U.S. prices will be above those in other countries in the future,[17] leading to increased imports.

Respondents report that the tight global supply of wire rod reflects limited availability of billets,[18] and import prices remain above those of U.S. producers into April 2008.[19] Moreover, foreign production of wire rod reportedly is reduced because mills find it more profitable to produce rebar than wire rod. Respondents report that inventories[20] and imports remain low,[21] although some imports are being purchased to maintain production despite the high import prices.[22] Finally, the respondents believe that the low value of the dollar,[23] the weak U.S. economy, and tight supplies in other countries[24] will keep wire rod imports low.

Most purchasers (29 out of 39 responding) reported changes affected U.S. supply since 2002. Important changes included: reduced availability of, and increased cost for, inputs such as scrap, ore, coke, alloying elements, and energy; reduced availability of U.S. imports as a result of rising transportation costs, depreciation of the dollar, and an increase in Chinese export tariffs on wire rod; temporary and permanent reductions in U.S.-produced supply from consolidation of wire rod producers, reductions in overall U.S. capacity, strikes, plant closures, and bankruptcies; reductions in the quality of wire rod available; and imports undermining U.S. supply. Twenty-eight of the 40 responding purchasers reported that they had been refused supply of wire rod or had been put on allocation by either U.S. producers or importers. The majority of responding purchasers reporting problems with the supply of low carbon wire rod (18 of 29), high carbon wire rod (14 of 18), tire cord wire rod (6 of 7), welding quality wire rod (3 of 3), CHQ wire rod (7 of 10), and other products (5 of 7). Even among the firms that purchased low carbon wire rod and no other type of wire rod, most responding firms (8 of 13) reported supply problems. Purchasers reported late deliveries and difficulties getting sufficient supply from U.S. producers in 2002-03, 2004, 2005, and 2007-08. One firm reported numerous difficulties getting the quality of product it required from U.S. producers throughout the period.[25] In addition, a number of purchasers reported that the difficulties getting supply from U.S. producers had become more pronounced recently because of reduced availability of imports from all sources.

U.S. supply has been irregular at times during the period for which data were collected. Keystone began to report financial problems in October 2003, and was in bankruptcy from February 26, 2004, until

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[16] Posthearing brief of Nucor, Cascade, and Republic, exh. 1, pp. 23-24.

[17] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 10 and exh. 8.

[18] Ivaco's posthearing brief, p. 14; and Hylsa's posthearing brief, pp. 2-3.

[19] Moldovan producer's posthearing brief, pp.7-8 and exh. 1; and AWPA's posthearing brief, p. 4 and exh. 3.

[20] AWPA's posthearing brief, pp. 11-13 exh. 7.

[21] AWPA's posthearing brief, p. 5-6 and exh. 4. Nucor, Cascade, and Republic report that all surveyed wire rod purchasers expect to increase purchases of imports in the next 2 months and in the next 3 to 5 months. However, purchasers expected supply shortages in the next 1 to 3 months, and report that the prices of their current import bookings are "substantially" above those 1 to 2 months earlier. Posthearing brief of Nucor, Cascade, and Republic, exhs. 3 and 4.

[22] Hearing transcript, p. 189 (McCall).

[23] While the U.S. producers predict that the value of the dollar will increase, the respondents predict that the value of the dollar will remain low. Hearing transcript, pp. 42, 218-219 (Nystrom, Malashevich) and Ivaco's posthearing brief, answers to questions, pp. 9-13. Ivaco notes that published sources report that Nucor expects the dollar to remain low for the next 2 to 10 years. Ivaco's posthearing brief, answers to questions, p. 9.

[24] Ivaco posthearing brief, pp. 9, 11, and exh. 4.

[25] *** a purchaser accounting for *** percent of apparent U.S. consumption, reported that ***.

August 31, 2005.[26] Keystone continued producing, although with shutdowns and disruptions of supply.[27] Georgetown emerged from bankruptcy in 2002. However, in October 2003, Georgetown declared bankruptcy again and stopped production.[28] It required eight months to find a buyer, ISG, which was later acquired by Mittal Steel. Georgetown resumed production by the end of July 2004 and shipping in August 2004.[29] These closures and reductions in production occurred when apparent consumption was particularly high. In May 2005, as a result of a labor dispute, Gerdau Ameristeel's Beaumont, TX, facility stopped production. Normal production resumed in February 2006.[30] The company ***.

The domestic industry has also taken steps to increase supply. In October 2004, Mid American Steel opened a new facility with a capacity of *** short tons per year. ***. In May 2006, Nucor purchased Connecticut Steel's assets, adding to its wire rod capacity. Nucor also reported that it has ***.

Industry Capacity

U.S. producers' capacity increased from 4.8 million short tons in 2002 to 5.4 million short tons in 2007. Capacity utilization decreased from 84.6 percent in 2002 to 74.9 percent in 2007.

Production Alternatives

Seven of the 10 U.S. producers reported producing other products on the same equipment as used in wire rod. Most of these produced coil rebar, but others produced stainless steel wire rod and special bar quality (SBQ).

Wire rod, an intermediate product, is used to produce a range of downstream products (see table I-12). Some mills that produce wire rod also have the capability to produce bar from this wire rod, which is made by straightening and cutting the wire rod to certain lengths. Certain mills that produce wire rod also produce wire or other downstream products in the same or related facilities. As a result, 16 of the 27 responding purchasers reported that producers of wire rod or importers did compete with them for downstream customers.

Internal Consumption and Transfers to Related Firms

Internal consumption ranged from *** percent in 2002 to *** percent in 2007. Transfers to related firms rose from *** percent in 2002 to *** percent in 2007. Combined, these shipments rose from *** percent in 2002 to *** percent in 2007.

Inventory Levels and Exports

U.S. producers' inventories of wire rod, as a ratio to total shipments, decreased irregularly from *** percent in 2002 to *** percent in 2007. U.S. producers typically produce to order, which would reduce inventory requirements; on the other hand, producers produce in cycles, grouping the production of similar products, and may maintain inventories to allow shipments of individual products throughout the cycles. Domestic producers exported *** percent of their total shipments in 2002-07. The low level

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[26] *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Inv. Nos. 731-TA-1099-1101 (Preliminary),* USITC Publication 3832, January 2006, p. II-2.

[27] Ibid., p. II-2.

[28] Ibid., p. II-3.

[29] Ibid., p. II-3.

[30] Ibid., p. II-3.

of exports indicates that domestic producers would find it difficult to shift a large volume of shipments to the U.S. market from other markets and may find it difficult to shift shipments from the United States to other markets.

Subject Imports[31]

Based on available information, wire rod producers in subject countries have the capability to increase shipments to the U.S. market in the event of a price increase in the U.S. market. Data provided by foreign producers suggest that wire rod producers in the subject countries are operating at moderate to high levels of capacity utilization, with many foreign industries reporting higher capacity utilization rates than those reported by the U.S. producers. This could constrain foreign producers' capability to increase shipments to the U.S. market. Since most subject foreign producers ship only a small to moderate share of their production to the United States, they may have the flexibility to shift shipments between other markets (including their home markets) and the U.S. market.

Generally, factors such as relatively low levels of capacity utilization, relatively high inventory levels, and the existence of alternate markets indicate a relatively strong supply responsiveness. Alternate markets include export shipments, home market commercial sales, and internal consumption (for the production of downstream products). Of these factors, the existence of exports is generally the most important contributing factor to supply responsiveness, as it indicates the subject country's export orientation and experience in export marketing. The second most important contributing factor is generally home market commercial sales, which could be diverted to export markets, especially if the industry in the subject country is already experienced in exporting. Internal consumption is most likely the least easily diverted of the three markets because such diversion could require scaling back or idling of the production of downstream products. However, the ease of diverting internal consumption may increase if the subject country has developed export markets and home market commercial sales. Factors contributing to the supply responsiveness are discussed below and shown in table II-2.

Table II-2
Wire rod: Capacity, capacity utilization, and shipments to various markets, by year and by subject source, 2002-07

* * * * * * *

Brazil

Available data suggest that Brazilian wire rod producers have some capacity to increase shipments to the U.S. market. Brazilian producers have unused capacity with which they could use to increase the production of wire rod. During the period of review, *** of Brazilian producers' shipments went to the home market (including *** shares that were internally consumed), with the remainder being sold in non-U.S. export markets; thus, these producers have some capability to shift wire rod from these markets to the U.S. market. Relatively low inventory levels, however, may constrain the Brazilian producers' ability to use inventories to increase shipments of wire rod to the U.S. market.

[31] On February 16, 2000, the President, pursuant to a Section 201 of Trade Act of 1974, imposed a tariff-rate quota (TRQ) on imports of wire rod for three years and one day. This was modified on November 21, 2001, to re-allocate the shares of the TRQ among four country groups. This relief ended on March 1, 2003.

Canada

Available information suggests that Canadian producers have some capability to increase shipments of wire rod to the U.S. market. Canadian capacity utilization rates were relatively high during most of the years of the period of review (*** percent in 2007) which constrains the Canadian producers' ability to respond to price changes with increased production. Relatively low inventory levels also constrain Canadian producers' supply responsiveness. Canadian producers' shipments to their home market accounted for *** of total shipments for most of the period of review (though the *** portion of this product was consumed internally); this suggests that Canadian producers have some capability to shift sales of wire rod from their home market to the U.S. market. Ivaco reports that it is currently not able to supply the orders it is receiving, its lead times have risen to two or three months.[32]

Indonesia

Available information from Indonesian wire rod producers is much more limited than from other subject countries; however, based on this limited data, Indonesian wire rod producers have the ability to increase supply to the U.S. market. Overall, Indonesian capacity utilization is moderate and there is some unused capacity (based on the most recent year of data which was 2006) which could be used to increase the production of wire rod. In addition, all shipments of wire rod went to the Indonesian home market and to non-U.S. export markets; thus, Indonesian producers have the capability to shift wire rod from these other markets to the U.S. market.

Mexico

Available information suggests that Mexican producers have the capability to increase shipments of wire rod to the U.S. market. Capacity utilization for Mexican producers fluctuated during the period of review; however, data for 2007 (*** percent) indicate that there is some excess capacity with which producers could increase the production of wire rod. Supply responsiveness for Mexican producers is enhanced by the existence of alternate markets. Shipments by Mexican producers to the home market (including *** shares of internal consumption) accounted for *** of total shipments; thus, these producers have some capability to shift commercial home market sales to the U.S. market. *** inventories (as a share of total shipments) could somewhat constrain the Mexican producers' capability to use inventories as a means to increase wire rod shipments to the U.S. market. The Mexican producers report that they are increasing their focus on the market in Mexico, although the producer responsible for most recent exports to the United States is subject to a very low duty deposit rate.[33] In addition, Hylsa asserts that Mexico's production of wire rod is currently limited by the billets Mexico produces since the price of imported billets would be prohibitively high.[34]

Moldova

Available data suggest that the Moldovan wire rod producer has the capability to increase shipments of wire rod to the U.S. market. Capacity utilization for the Moldovan producer fluctuated during the period of review, however, data for 2007 (*** percent) indicate that there is little excess capacity with which it could increase production. Supply responsiveness for the Moldovan producer is enhanced by the existence of alternate markets. Shipments by the Moldovan producer to non-U.S. export

[32] Hearing transcript, p. 200 (Lachapelle).

[33] Hearing transcript, pp. 214-215, 263-264 (Guhl, Winton).

[34] Hylsa's posthearing brief, pp. 6-9.

markets accounted for the *** of total shipments; thus, is constrained in its ability to use product from inventory to increase shipments to the U.S. market.

Trinidad and Tobago

Available information suggests that the single Trinidadian wire rod producer has some capability to increase shipments to the U.S. market. While capacity utilization rates were higher in the earlier portion of the period of review, since ***, capacity utilization rates have been *** percent. Therefore, there is excess capacity with which the producer in Trinidad and Tobago could increase production of wire rod. Sales to non-U.S. export markets and to the home market accounted for *** of total shipments during the period of review; thus, the Trinidadian producer has the capability to shift sales from the home market and alternate markets to the U.S. market. *** inventories (as a share of total shipments) also somewhat enhance the supply responsiveness.

Ukraine

Available data suggest that the single reporting Ukrainian wire rod producer, Kryvih Rih, has the capability to increase shipments to the U.S. market. Available capacity utilization data indicate that there is some excess capacity with which Kryvih Rih could increase the production of wire rod. During the period of review, this producer's shipments went to either its home market or to non-U.S. export markets, with *** being sold in export markets. Thus, the producer has the capability to shift shipments from these markets to the U.S. market. Inventories, as a percent of total shipments, were ***, which constrain Kryvih Rih's ability to use inventories to increase shipments to the U.S. market.

U.S. Demand

Demand Characteristics

The majority of wire rod is sold to wire drawers; these firms draw wire rod into wire that is used in a large variety of products. Demand for wire rod depends on the demand for these many different products. Both producers and respondents agree that the most important factor in the level of demand for wire rod is demand in the construction industry.[35]

Short term demand for wire rod tends to be cyclical and follows trends in construction.[36] In addition, the level of imports of downstream product will influence demand for wire rod. Purchasers report that the contraction in wire rod demand caused by the downturns in home building and automobile

[35] Hearing transcript, pp. 89, 179 (Rosenthal, Woltz).

[36] For example, the number of housing starts increased each year from 2002 and 2005; however, after 2005 the number of housing starts declined and by 2007, there were fewer housing starts than there had been in 2002. http://www.census.gov/const/www/quarterly_starts_completions.pdf. Nonetheless, *American Metal Market* reports that "steel producers ... see the strong pricing environment lasting at least into the third quarter and perhaps beyond. Executives at all these companies have said in the past week that the weak dollar and strong demand for steel from markets outside the United States should continue to keep imports at low levels for the foreseeable future." Posthearing brief of Nucor, Cascade, and Republic, exh. 3, p. 2.

manufacturing[37] have been somewhat offset by increased demand in areas such as energy,[38] and by reduced imports of downstream products. Purchasers believe that U.S. producers cannot produce enough wire rod to satisfy purchasers even with the relatively low demand.[39]

Declining U.S. demand since 2002 was reported by eight of the nine responding U.S. producers, 10 of 16 responding importers, and 23 of the 35 responding purchasers. One U.S. producer reported that demand had fluctuated since 2002, while two importers reported that demand had increased, two reported that it remained unchanged, and two reported that it fluctuated since 2002. Seven purchasers reported that demand had increased since 2002, three reported demand was unchanged, and two reported that demand had fluctuated. The most common reason that firms reported for declining demand was increased imports of finished downstream products into the United States. Other reasons reported include: declines in the auto, housing, and/or related markets; overall declines in manufacturing; closure of steel mills or increasing prices of wire rod which cause downstream users to go overseas; high cost of rod and unavailability of some grades make U.S. wire rod consumers uncompetitive; and wire rod purchasers' downstream customers have moved overseas. Reasons purchasers offered for increasing demand included: the lower value of the dollar had reduced imports; increased cost of ocean freight had reduced imports; and economic growth.[40] Fluctuations were reported to be caused by prices, decreased general demand for white goods, decreased international competition, and increased international competition.

Five of six producers, 16 of 18 importers, and 28 of 40 purchasers reported that demand outside the United States had increased since 2002. One producer, two importers, and one purchaser reported demand outside the United States was unchanged[41] and one purchaser reported that demand outside the United States had declined. The most common reason reported for increased demand was economic growth, particularly growth in China, India, and the Middle East. Economic growth was also reported in Asia generally, the Caribbean, Central America, Central Europe, Russia/the CIS, and "developing countries." In addition, a number of firms reported that the movement of production out of the United States had increased demand for wire rod in the rest of the world.

Purchasers were also asked if demand for their product had increased, decreased, or remained unchanged and how this had affected their demand for wire rod. Twenty of the 39 responding purchasers reported that demand for their product had declined, 14 reported demand had increased, 4 reported demand was unchanged, and 1 reported demand had increased through the first half of 2006 but declined since then. All 20 purchasers reporting decreased demand for their end products also stated that this had reduced their demand for wire rod. Eleven of the 14 purchasers reporting that demand for their product had increased also reported that this had increased their demand for wire rod, 2 reported that it had not, and 1 did not respond to the question. One of the four purchasers reporting that demand for their product was unchanged stated that its demand for wire rod was softening, while the other three did not elaborate.

Foreign producers were asked if demand had increased, decreased, or stayed the same in their home market, the U.S. market, and in other markets. Nine of the 11 responding foreign producers reported that demand in their home market had increased, 1 reported that demand in *** was unchanged, and 1 reported that demand in *** had declined for the same reasons that *** demand had declined. Seven of the eight responding foreign producers reported that U.S. demand was declining, the other

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[37] Ivaco estimates that from *** percent of wire rod in the U.S. and Canada combined are ultimately used in automobiles. Ivaco's posthearing brief, answers to questions, p. 14. Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, by contrast, estimate that automotive demand is *** percent of wire rod consumption. Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 8.

[38] Hearing transcript, pp. 234-235 (Deshane).

[39] Ivaco posthearing brief, pp. 8-9.

[40] The one importer who reported increased demand reported that this was because of supply shortages.

[41] One importer, ***, reported that it did not know world demand overall but reported that the auto industry *** was facing serious problems.

reported that, in 2007, imports had fallen more rapidly than demand, creating supply problems for consumers. All nine responding foreign producers reported that demand in markets outside of their home market and the United States had grown.

Most producers (6 of 9), importers (10 of 17), purchasers (26 of 35), and foreign producers (9 of 11) anticipate future changes in demand in the United States and/or in other markets. Many firms expected that U.S. demand would continue to decline as imports of downstream products continue to increase, as the United States continues to lose its manufacturing base, and as the U.S. economy declines. Some firms, however, expected strong demand for U.S.-produced wire rod because high demand in the rest of the world had caused imports to fall; demand for other steel products was crowding out wire rod production; and the falling value of the dollar reduced imports. Most firms anticipated that demand will increase in the rest of the world with economic growth and development projects leading to anticipated future growth in China, India, South America (including specifically Brazil), Mexico, CIS (including specifically Russia), Eastern Europe, and developing countries in general.

Based on available information, the overall demand for wire rod is likely to change moderately in response to changes in price. The main factors increasing price sensitivity are the high cost of wire rod in downstream products combined with the ease of importing downstream products to replace U.S. wire rod consumption. Price sensitivity is reduced, however, by the very limited range of substitute products.

Substitute Products

No U.S. producer, only 1 importer, 12 purchasers, and 1 foreign producer reported substitutes for wire rod. The substitutes included plastic, composite, powdered metals, hot rolled bars, sheet metal, synthetic rope, downstream products, finished wire, melamine, flat steel strip, cold drawn bars, rebar, rounds, chain, veneers, tube steel, high strength alloys, wood, and hydraulic equipment. These could be used in numerous products from shopping carts and shelving, to gears, fasteners, weld wire, building joists, hoists, and elevators. Four purchasers and one importer reported that the price of substitutes could affect the price of wire rod. Most of these, however, noted that the price of wire rod and that of substitutes such as wire or other steel products typically moved together. Only one firm reported that higher steel prices made other types of products, such as plastic, relatively inexpensive.

Cost Share

The cost of wire rod tends to be a large share of the cost of products produced from it, although cost shares vary widely due to the wide range of products that use wire rod. Thirty-one purchasers reported the cost of wire rod in final products which ranged from less than 1 percent to 88 percent. Wire rod accounted for a substantial portion of the cost of 41 of the 61 final products reported by purchasers. Seven producers reported cost share information; they reported that wire rod accounts for between 35 and 80 percent of the total cost of downstream products listed, with wire rod making up most of the cost of end products in 13 of the 17 products. Five importers provided cost share information; they reported that wire rod's share of the cost of downstream products ranged from 30 percent to 80 percent, with wire rod making up most the cost of end products in 9 of the 11 products.

SUBSTITUTABILITY ISSUES

Based on available information, staff believes that, where there are identical forms of wire rod, there is usually a high degree of substitution between domestic wire rod and subject imports. In commodity grades, product typically will be highly substitutable with other product of the same specification even when the products may not be identical, although there may be a need for retooling of the process to adjust to small differences. For specialty grades, however, not all sources can produce each

product, and even differences between product with the same specifications from different sources may limit the degree of substitution.

The degree of substitution between domestic and imported wire rod depends upon such factors as relative prices, quality, conditions of sale, availability of wire rod grades, and "Buy American" programs. Wire rod is produced to many different specifications for particular uses. Most of these specifications are industry standards, some are proprietary. A number of purchasers expressed concern about the availability of specialty grades of wire rod in the United States. Lincoln Electric reported that more than half its specifications are not produced in the United States and for some of its other specifications, U.S. capacity is not large enough to supply its total needs.[42] In addition, the auto industry requires approval of any new source of wire rod. New sources must go through a trial period of at least 3 months, slowing substitution and increasing the cost of substitutes.[43]

Purchasers were asked if buying product made in the United States was an important factor in their purchases of wire rod. Fourteen purchasers reported it was not, 19 reported that law or regulation required "Buy American" for 1-44 percent of their wire rod purchases,[44] 6 reported preference for U.S. material because of their customers for as much as 35 percent of their wire rod purchases,[45] and 10 reported other reasons for preferring U.S.-produced material.[46] A few of these firms reported reasons for preferring U.S.-produced material, including inventory management/just in time delivery, Buy American provisions, availability, and a general preference for U.S.-produced material by the firm.

Factors Affecting Purchasing Decisions

Knowledge of Country Sources

Purchasers were asked to identify the sources of wire rod of which they have actual marketing or pricing knowledge. Thirty-six purchasers identified U.S.-produced product. The number of purchasers identifying product from subject countries were Canada (22), Trinidad and Tobago (12), Mexico (8), Brazil (6), Indonesia (4), Moldova (3), and Ukraine (3). Other sources of imports identified by purchasers were: China (21), Turkey (9), Japan (7), Germany (5), Korea (3), South Africa (3), Egypt (2), Italy (2), Spain (2), UK (2), "Europe" (2), and Argentina, Belgium, the Czech Republic, and France (1 each).

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase wire rod (table II-3). Price was reported by the largest number of purchasers as the first, second, and third most important factors (15, 11, and 12 firms respectively). Eleven firms reported meeting or exceeding standards or specifications was the most important factor and 10 reported quality as the most important factor. Quality was reported as the second most important factor reported by nine purchasers. Availability and reliability of supply were reported as the third most important factor

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[42] Lincoln Electric reported that Rocky Mountain Steel can produce less than 25 percent of the EW-2512 grade that Lincoln requires and that Lincoln shifted its purchases from Georgetown to Arcellor Mittal Canada because of quality problems at the Georgetown facility. Hearing transcript, pp. 181-183 (DeShane).

[43] Hearing transcript, pp. 238-239 (Lynch).

[44] Seven purchasers reported that 5 percent or less of their purchases were covered by "Buy American" provisions, four reported 5 to 10 percent, and six reported 15 to 44 percent.

[45] Two purchasers each reported 5 percent or less, 10 percent, and 15 to 35 percent.

[46] Four reported 5 percent or less, one reported for half, and four reported 90 to 100 percent. Some purchasers reported more than one type of preference for U.S.-produced material.

by nine purchasers each. Other factors listed among the top three factors by two or more purchasers were productivity in application, long term supplier, product range, service, credit, and product consistency.

Table II-3
Wire rod: Most important factors in selecting a supplier, as reported by purchasers

Factor[1]	First[2]	Second[3]	Third[4]
Price	15	11	12
Meet or exceed specifications/meet standards	11	1	0
Quality	10	9	8
Availability	5	8	9
Productivity/works in application/fit for use	4	1	0
Reliability of supply/delivery/delivery lead time	1	6	9
Long term/traditional supplier/prearranged contract	1	3	1
Product range	0	1	2
Service	0	1	1
Other[5]	0	0	2

[1] Ten firms reported additional factors such as: consistency, terms and conditions, reliability, stability of business relationship, request by customer, vendor reputation, technical support, handling damage at ports, supplier metrics measured monthly, minimum order size, and shipping costs.
[2] Two firms reported two factors as the first factor, one reporting price and availability and the other price and productivity. All these factors were recorded.
[3] One firm reported delivery and service as the second most important factor. Both factors were recorded.
[4] Three firms reported two factors as the third most important factors. One of these reported price and delivery and two reported availability and delivery. All these factors are recorded.
[5] "Other" includes credit and product consistency as the third most important factors.

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

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of wire rod. Purchasers reported numerous specific factors including: grade; meeting specifications; surface quality and condition; factors related to formability, drawability, workability, ductility, predictable mechanical properties, delivery hardness, and consistent tensile; factors related to chemistry, consistent carbon, decarbonization, and steel purity; factors related to metal evenness, micro structure, lack of inclusion, lack of segregation, and lack of seams; factors related to packaging, including tagging and coil weight/size; and factors related to the shape, consistent dimensions, size tolerance, and roundness. More generally purchasers sought minimal problems when manufacturing, minimal breakage, ability to use product when operating equipment at standard production speeds, longer die life in production, test performance, wire draws and welds as expected, and fitness for specific end use.

Certification/Qualification Issues

Qualification

Purchasers were asked if they require prequalification of their suppliers. Thirty-three of 40 responding purchasers reported that they required prequalification for all of their purchases, and 3 purchasers reported requiring prequalification for 95, 40, and 15 percent of purchases. Many factors were considered in qualification of a supplier. Twenty firms reported that their qualification required testing of the material in production with many of these also having other requirements. Nine firms did not report testing the material in production but reported requiring either that the material match their specifications or have a standard certification. Some of these firms reported additional requirements. Finally, one firm reported qualification based on surface quality, hardness (tensile range), size, and packaging.[47] Time required for qualification was reported by 22 purchasers ranging from 10 days to 1 year, with 14 purchasers reporting qualification times of 3 months or less.[48]

Certification and de-certification

Purchasers were asked if, since 2002, any domestic or foreign producer failed in its attempts to certify or qualify its wire rod with their firm or if any producer had lost its approved status. Nineteen of 38 responding purchasers reported that at least one supplier had failed qualification or had been disqualified.[49] Four purchasers reported product from subject countries had been disqualified: Mittal of Trinidad and Tobago, for quality, failure to qualify for strand application, and surface problems caused by poor packaging; and Hylsa and Sicartsa of Mexico for quality. Eleven purchasers reported that U.S. producers that failed to be qualified or were disqualified included: Insteel for quality; Georgetown failed tests, could not produce finished product, *** failed to qualify, failed to meet chemistry for ***, and ***; Gerdau for quality in general, quality problems with its ***, could not meet chemistry specifications for ***, and lost approval; Mittal for chemistry; and Rocky Mountain for poor test results. One purchaser complained that because relatively little wire rod was available in the United States, U.S. producers have sold material that is out of specification to keep up with demand and the overall quality standards of the U.S. producers have deteriorated since 2002. Nonsubject producers also failed to qualify, including Chinese suppliers Xiangtan, Wuqung, Manshan, and Chougang, which were disqualified for quality, for rolling defects, failing the bend test, surface quality, and not withstanding the manufacturing process; and producers in Egypt, Germany, Italy, South Africa, Spain, Turkey, and the United Kingdom were disqualified because of quality, rolling defects, micro-structure, uniformity, and steel making defects.

[47] In addition, one firm reported the time required for qualification but not the process, and one reported that each grade required qualification.

[48] Two firms reported qualification times of 3 months or less for domestic firms but also reported that qualification times would be longer for imports.

[49] One of these reported that a number of suppliers were disqualified based on quality or were no longer approved based on price. This firm did not identify either source countries or names of the mills. None of the other purchasers who reported that firms were disqualified reported that this was because of price, although some purchasers did not report exactly why producers were disqualified.

Technical services

Thirty-three of the 40 responding purchasers reported that they received technical support from their wire rod suppliers. Twenty-five of the 40 responding purchasers reported that technical support was an important factor in deciding their supplier.[50] The technical service provided included: addressing problems time to time as needed; monitoring process if problems arise; providing material test certificates; testing for mechanical properties; testing for chemical properties; giving opinions; assisting in quality and application issues; assistance in product formulation, tool life, draw efficiency, wire coating technologies, and manufacture efficiency improvements for the purchaser; address quality concerns; new product development; develop new grades; failure analysis; develop processes that reduce production costs for the purchasers; adjusting producer chemistry and practices to provide physical characteristics for the purchasers; and logistics support. Typically firms reported requiring more technical support for higher quality products. One firm that reported not needing technical services also reported that it purchased at the low end of the market. Another reported that, for it, technical services' prime function was to deny all its claims.

Importance of 15 Specified Purchase Factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-4). The factors listed as very important by the majority of firms were price (38 firms), availability (37 firms), reliability of supply (36 firms), product consistency (36 firms), quality meets industry standards (34 firms), delivery time (30 firms), and U.S. transportation costs (28 firms). No other factor was rated as very important by most of the responding firms.

Changes in Purchasing Patterns

Purchasers were asked a number of questions about whether their purchasing patterns for wire rod from subject and nonsubject sources had changed since 2002. Twenty-eight of 38 responding purchasers reported that they had purchased wire rod from subject countries before 2002. Three did not change their purchase patterns as a result of the orders. Sixteen purchasers reported discontinuing purchases for one or more subject countries because of the orders, including one purchaser that reported it stopped producing basic and galvanized metal. Five purchasers reported reducing their purchases from one or more subject countries because of the orders. Thirteen changed their purchases from one or more subject countries for reasons other than the orders.[51] Purchasers also were asked if their purchases from nonsubject countries had changed: 11 reported no change, 3 of these did not purchase nonsubject product; 12 purchasers reported that their purchases of nonsubject product had increased because of the order; and 16 reported purchases of nonsubject product had changed for reasons other than the orders.

More generally, purchasers were asked to report any changes in the countries from which they purchased wire rod since 2002. Eighteen reported changes in their purchases of U.S. product, with eight reporting increases, eight decreases, and two fluctuations. Of the purchasers reporting increased purchases of U.S. product, one reported that this was because product was not available from subject countries, three reported this was because imports were not available, one reported this was because of the poor quality of nonsubject imports, one increased its purchases after 2004 as more U.S. product became

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[50] Thirteen firms reported that technical support was not important in determining a supplier, and one reported that it technical services was only important when failure is experienced.

[51] This included four that reported increased purchases from Canada. Some of the purchasers that eliminated purchases from certain subject countries also reported reducing purchases because of the orders from other subject countries and/or changed purchases from other subject countries for reasons not related to the orders.

Table II-4
Wire rod: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	37	4	0
Delivery terms	16	24	0
Delivery time	30	11	0
Discounts offered	8	24	8
Extension of credit	13	23	4
Minimum quantity requirement	7	23	10
Packaging	16	22	2
Price	38	3	0
Product consistency	36	4	0
Product range	8	27	5
Quality exceeds industry standards	14	16	10
Quality meets industry standards	34	5	1
Reliability of supply	36	4	0
Technical support/service	17	17	6
U.S. transportation costs	28	12	0

Note.-- Not all firms responded for all questions. Six firms listed seven other factors as very important including: "sales support/service;" "regular supplier (versus spot);" "approved supplier;" "ethical, environmental issues;" "commitment to rod production;" "prearranged contracts;" and "handling damage at ports." *** rated delivery time as both very important and somewhat important; *** rated price as both very important and somewhat important; both responses are included in the table.

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

available, and two reported other reasons.[52] Of the eight reporting declining purchases of U.S. product, four reported supply problems, two reported price, one reported quality problems, and one reported increased purchases of Chinese product. Of the two reporting fluctuations, one reported its purchases decreased because a mill closed, then increased because the mill reopened, then decreased because of price; the other reported decreasing its purchases of domestic product because it had *** and it increased its purchases because in 2007 there were no competitively priced imports.

Duties were reported to be the reason that firms reduced purchases from Brazil by all five responding purchasers, from Ukraine by all three responding purchasers, and from Moldova by both responding purchasers. In contrast, of the 14 purchasers responding for Canada, eight reported decreased purchases from Canada, and six increased purchases from Canada. Reasons reported for decreased purchases from Canada included: duties (reported by 1); price/ declining value of the dollar (reported by

[52] Other reasons were *** and ***.

4); lack of availability (reported by 1), and dropping a product line that used the Canadian product (reported by 1). Reasons reported for increases in purchases from Canada included: superior quality of Canadian product (reported by 2), lack of other supply (reported by 2), and other reasons (reported by 2).[53] Six of the eight responding purchasers for Trinidad and Tobago reported that their purchases had declined; reasons included: duties (reported by 2), price (reported by 1), supply was no longer available (reported by 2), and quality problems unrelated to the duties (reported by 1). Both purchasers reporting increased purchases from Trinidad and Tobago reported that this was because of price. Four of the five firms responding for Mexico reported that they had decreased their purchases from Mexico, for reasons including: duties (reported by 1), price (reported by 1), lack of availability (reported by 1), and lack of orders for their product (reported by 1). The purchaser increasing sourcing from Mexico reported that this was because it had developed new sources. One purchaser reported decreases in imports from Indonesia, replacing it with product from China because Chinese product from modern mills became available and, with more frequent shipping from China, the company no longer had to charter vessels.

Purchases from Specific Producers and Countries

Purchasers were asked how frequently they and their customers purchase wire rod based on the producer and country of origin. The following tabulation summarizes the responses.

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	12	9	9	10
Purchaser's customer makes decision based on producer	0	4	19[54]	3
Purchaser makes decision based on country of origin	4	1	16	19
Purchaser's customer makes decision based on country of origin	0	1	23[55]	11

Most purchasers (21 of 40) reported that they always or usually make purchases based on the producer of the wire rod. The purchasers that reported that they always make decisions based on the producer cited the following reasons: quality; consistent quality; price; service; supply risk; delivery; availability; each mill must be approved; fitness for our customers' specific applications; quality production method and attention to detail; importance of quality for steel cord to be drawn at high speeds for small diameter strand. Most purchasers (19 of 26) reported that their customers sometimes make decisions based on the producer. Country of origin was much less important for both purchasers and their customers, with 35 of 40 responding purchasers reporting that country was only sometimes or never important for their purchases and 34 of the 35 responding purchasers reporting that it was sometimes or never important for their customers.

Purchasers were also asked to compare domestically produced wire rod and that produced in subject and nonsubject countries, with respect to 15 different attributes (table II-5). Nineteen purchasers provided comparisons between U.S. product and nonsubject product.[56]

[53] Other reasons were *** and ***.

[54] Sometimes includes one purchaser that reported "rarely."

[55] Sometimes includes two purchasers that reported both sometimes and never.

[56] Some purchasers compared U.S. product with that from more than one nonsubject country; each of these comparisons was counted separately if responses differed between for each nonsubject country, otherwise the response is included only once.

Table II-5
Wire rod: Comparisons of imported and U.S. product, as reported by purchasers[1]

Factor	U.S. vs Brazil			U.S. vs Canada			U.S. vs Indonesia			U.S. vs Mexico			U.S. vs Moldova			U.S. vs Trinidad and Tobago			U.S. vs Ukraine			U.S. vs other		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	5	2	0	1	15	2	1	0	0	6	2	0	2	0	0	5	5	1	1	0	0	19	13	3
Delivery terms	4	3	0	1	16	1	0	1	0	3	5	0	1	1	0	2	8	1	0	1	0	13	22	1
Delivery time	5	2	0	1	15	2	1	0	0	4	4	0	2	0	0	7	3	1	1	0	0	27	7	2
Discounts offered	2	5	0	2	16	0	0	1	0	1	6	0	0	2	0	0	9	1	0	1	0	4	31	0
Extension of credit	1	6	0	3	15	0	0	1	0	0	8	0	0	2	0	0	11	0	0	1	0	2	31	3
Lower price[2]	0	6	1	4	14	0	1	0	0	1	7	0	0	1	1	1	8	2	0	0	1	8	16	12
Minimum quantity requirements	1	6	0	3	14	1	1	0	0	3	4	1	0	2	0	3	7	1	1	0	0	17	17	2
Packaging	1	4	2	1	15	2	1	0	0	2	5	1	0	2	0	2	8	1	1	0	0	10	24	2
Product consistency	0	4	3	2	14	2	1	0	0	4	2	2	0	2	0	3	8	0	0	1	0	9	17	10
Product range	0	4	3	1	13	4	1	0	0	3	4	1	0	2	0	2	8	1	1	0	0	11	21	4
Quality exceeds industry standards	0	4	3	2	14	2	1	0	0	3	3	2	1	1	0	3	6	2	1	0	0	12	16	8
Quality meets industry standards	0	5	2	1	15	2	1	0	0	2	5	1	1	1	0	1	8	1	0	1	0	4	29	3
Reliability of supply	2	4	1	1	14	3	1	0	0	3	4	1	2	0	0	6	5	0	1	0	0	18	16	2
Technical support/service	1	4	2	4	10	4	1	0	0	3	4	1	0	2	0	6	5	0	1	0	0	17	16	3
U.S. transportation costs	1	6	0	2	15	1	1	0	0	5	2	1	1	1	0	3	7	1	1	0	0	16	14	4

Table continued on following page.

Table II-5--*Continued*
Wire rod: Comparisons of imported and U.S. product, as reported by purchasers[1]

Factor	Brazil vs Canada			Brazil vs Mexico			Brazil vs Trinidad and Tobago			Brazil vs other			Canada vs Mexico			Canada vs Trinidad and Tobago			Canada vs other		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	0	2	1	0	2	1	0	1	0	2	2	0	0	3	0	1	1	0	10	2	0
Delivery terms	0	2	1	0	2	1	0	1	0	2	2	0	0	3	0	0	2	0	4	8	0
Delivery time	0	1	2	1	2	0	0	1	0	1	3	0	0	3	0	2	0	0	10	2	0
Discounts offered	0	2	1	0	3	0	0	1	0	0	4	0	0	3	0	0	2	0	1	11	0
Extension of credit	0	2	1	0	3	0	0	1	0	0	4	0	0	3	0	0	2	0	1	9	2
Lower price[2]	0	3	0	0	2	1	0	0	1	2	2	0	0	2	1	0	0	2	2	5	5
Minimum quantity requirements	0	2	1	0	3	0	0	1	0	2	2	0	1	2	0	1	1	0	10	2	0
Packaging	0	3	0	2	1	0	0	0	1	3	1	0	1	2	0	2	0	0	4	7	1
Product consistency	0	3	0	1	2	0	1	0	0	2	2	0	2	1	0	2	0	0	4	5	3
Product range	0	3	0	2	1	0	0	1	0	1	3	0	2	1	0	2	0	0	8	4	0
Quality exceeds industry standards	0	3	0	1	2	0	1	0	0	1	3	0	2	1	0	2	0	0	4	5	3
Quality meets industry standards	0	3	0	1	2	0	1	0	0	1	3	0	0	3	0	1	1	0	2	10	0
Reliability of supply	0	2	1	1	2	0	1	0	0	2	2	0	1	2	0	2	0	0	8	4	0
Technical support/service	0	2	1	1	2	0	1	0	0	1	3	0	1	2	0	1	1	0	8	3	1
U.S. transportation costs	0	2	1	0	3	0	0	1	0	2	2	0	1	2	0	1	1	0	6	6	0

Table continued on following page.

Table II-5--*Continued*
Wire rod: Comparisons of imported and U.S. product, as reported by purchasers[1]

Factor	Mexico vs Trinidad and Tobago			Mexico vs other			Moldova vs Trinidad and Tobago			Trinidad and Tobago vs other		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	1	1	0	3	1	0	0	0	1	4	1	0
Delivery terms	0	2	0	0	4	0	0	1	0	3	2	0
Delivery time	1	1	0	3	1	0	0	0	1	3	2	0
Discounts offered	0	1	0	1	2	0	0	1	0	0	4	0
Extension of credit	0	2	0	0	4	0	0	1	0	0	5	0
Lower price[2]	0	1	1	2	1	1	0	1	0	1	4	0
Minimum quantity requirements	0	2	0	1	3	0	0	1	0	2	3	0
Packaging	0	2	0	1	1	2	0	1	0	1	3	1
Product consistency	1	1	0	2	0	2	0	0	1	1	3	1
Product range	0	2	0	0	3	1	0	1	0	1	3	1
Quality exceeds industry standards	1	1	0	2	0	2	0	1	0	1	3	1
Quality meets industry standards	0	2	0	1	2	1	0	1	0	1	3	1
Reliability of supply	1	1	0	3	0	1	0	0	1	0	4	1
Technical support/service	0	2	0	1	2	1	0	1	0	3	1	1
U.S. transportation costs	0	2	0	0	4	0	0	1	0	0	5	0

[1] Some firms reported answers for multiple nonsubject countries. When these answers differed among the different nonsubject countries, all answers have been reported.

[2] A rating of superior means that the price is generally lower. For example, if a firm reported "U.S. superior," it meant that the price of the U.S. product was generally lower than the price of the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. Not all companies gave responses for all factors.

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

The majority of firms comparing products from the United States and Canada reported that the products were comparable for all factors. The majority of firms reported products from the United States and Trinidad and Tobago were comparable in all factors except availability, delivery time, reliability of supply, and technical support. With respect to these factors at least a plurality of firms reported that the U.S. product was superior. Half or more of the firms comparing products from the United States with product from Mexico reported that they were comparable for all factors except availability, product consistency, quality exceeds industry standard, and U.S. transportation costs. With respect to these factors, at least a plurality of firms reported that the U.S. product was superior. The majority of firms comparing U.S. product with that from Brazil reported that the products were comparable for all factors except availability, delivery terms, and delivery time, for which most firms reported that the U.S. product was superior. Both responding firms reported U.S. and Moldovan product were comparable in 7 factors; both agreed that the U.S. product was superior with regard to availability, reliability of supply and delivery time. Answers were split between superior and comparable for delivery terms, quality exceeds industry standard, quality meets industry standards, and U.S. transportation cost. For price, the answers were split between the U.S. product being inferior and it being comparable to that from Moldova.

Three purchasers each compared product from Brazil with that from Canada and Mexico and product from Canada with product from Mexico; two each compared product from Trinidad and Tobago to that from Canada and Mexico; and one each compared product from Trinidad and Tobago with product from Brazil and product from Moldova. Comparing product from Brazil to that from Canada, the majority of purchasers reported product was comparable for all factors except delivery time, for which most firms reported Canada was superior. Comparing product from Brazil to that from Mexico, the majority of firms reported that product were comparable for all factors except packaging and product range (Brazil was superior). Comparing product from Canada to that from Mexico, the majority of responding purchasers reported that they were comparable for all factors except product consistency, product range, and quality exceeds industry standards, for which the majority reported Canada was superior. Comparing product from Canada to that from Trinidad and Tobago, the majority of responding purchasers reported that Canadian product was superior on six factors, was comparable in delivery terms, discount offered, and extension of credit, and that product from Trinidad and Tobago was superior on lowest price, while responses were mixed on availability, minimum quantity requirements, quality meets industry standards, technical support/services, and U.S. transportation cost. Comparing product from Mexico to that from Trinidad and Tobago, the majority of responding purchasers reported that product was comparable for nine factors, and responses were mixed on availability, delivery time, lowest price, product consistency, quality exceeds industry standards, and reliability of supply.

Purchasers were asked how frequently product from various countries meet the firm or its customers' minimum quality specifications. Countries identified by over three purchasers appear below.

Country	Always	Usually	Sometimes	Rarely or never
United States	16	17	2	1
Brazil	8	6	1	1
Canada	11	15	0	1
Indonesia	2	5	2	1
Mexico	5	6	6	0
Moldova	2	5	2	1
Trinidad and Tobago	6	8	2	0
Ukraine	2	3	4	1
China	2	18	3	0
Turkey	1	5	3	0
Japan	7	0	0	0

Comparisons of Domestic Products and Subject Imports

Producers, importers, and purchasers were requested to provide information regarding the interchangeability of domestic, subject, and nonsubject wire rod and discuss reasons for any opinions that the products were not interchangeable (table II-6). The majority of responding producers reported that product from each of the country pairs was always interchangeable. Importers' responses were more varied; typically, the most common response was either always interchangeable or sometimes interchangeable. Purchasers' most common response was always interchangeable for all country pairs except for Canada/Mexico and Brazil/Mexico for which a majority of the purchasers responded "sometimes" or "never" interchangeable.

Table II-6
Wire rod: Perceived interchangeability between wire rod produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. Brazil	5	2	0	0	6	3	6	3	10	3	3	2
U.S. vs. Canada	10	0	0	0	8	1	4	2	18	6	2	1
U.S. vs. Indonesia	7	0	0	0	4	1	6	0	7	5	0	0
U.S. vs. Mexico	9	1	0	0	4	3	5	0	9	2	6	1
U.S. vs. Moldova	7	0	0	0	2	3	4	0	8	3	0	0
U.S. vs. Trinidad and Tobago	8	1	0	0	4	3	5	0	9	6	3	0
U.S. vs. Ukraine	7	0	0	0	2	1	5	0	7	1	2	0
U.S. vs. other	7	1	0	0	3	0	6	1	13	4	7	0
Brazil vs. Canada	7	2	0	0	5	3	4	1	7	1	2	2
Brazil vs. Indonesia	6	1	0	0	3	0	4	1	5	0	0	2
Brazil vs. Mexico	7	2	0	0	5	3	4	1	5	0	4	2
Brazil vs. Moldova	6	1	0	0	2	2	3	1	5	0	0	2
Brazil vs. Trinidad and Tobago	7	2	0	0	5	1	4	1	5	1	2	2
Brazil vs. Ukraine	6	1	0	0	2	1	4	1	5	0	0	2
Brazil vs. other	6	2	0	0	4	0	4	0	7	0	4	1
Canada vs. Indonesia	7	0	0	0	3	0	4	2	6	0	1	1
Canada vs. Mexico	8	1	0	0	4	3	4	2	5	0	5	2
Canada vs. Moldova	7	0	0	0	2	2	3	2	6	0	0	1
Canada vs. Trinidad and Tobago	8	1	0	0	4	1	4	2	6	1	2	1
Canada vs. Ukraine	7	0	0	0	2	1	4	2	5	0	1	1
Canada vs. other	7	1	0	0	3	0	4	1	9	0	2	1
Indonesia vs. Mexico	7	0	0	0	3	2	4	0	6	0	0	0
Indonesia vs. Moldova	7	0	0	0	2	1	4	0	6	0	0	0
Indonesia vs. Trinidad and Tobago	7	0	0	0	3	0	4	0	6	0	0	0
Indonesia vs. Ukraine	7	0	0	0	2	2	3	0	5	0	1	0
Indonesia vs. other	6	0	0	0	3	0	2	0	6	0	0	0
Mexico vs. Moldova	7	0	0	0	2	3	4	0	6	0	0	0
Mexico vs. Trinidad and Tobago	8	1	0	0	3	2	5	0	7	0	2	0
Mexico vs. Ukraine	7	0	0	0	2	2	5	0	5	0	1	0
Mexico vs. other	7	1	0	0	3	1	4	0	6	1	2	1
Moldova vs. Trinidad and Tobago	7	0	0	0	2	2	3	0	6	0	0	0
Moldova vs. Ukraine	7	0	0	0	2	2	3	0	6	0	0	0
Moldova vs. other	6	0	0	0	2	1	2	0	6	0	0	0
Trinidad and Tobago vs. Ukraine	7	0	0	0	2	2	4	0	5	1	1	0
Trinidad and Tobago vs. other	7	1	0	0	3	0	3	0	6	2	2	0
Ukraine vs. other	6	0	0	0	3	0	2	0	5	0	2	0

A = Always, F = Frequently, S = Sometimes, N = Never.

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

Reasons reported for why product was not always interchangeable included: wire rod from one of the pair may not perform as well when wire drawing at high speed; low grades are more interchangeable than high grade wire rod; Indonesia, Moldova, Trinidad and Tobago, and Ukraine do not produce CHQ grade; wire rod deteriorated when it is shipped over distances; certain grades or types (including 1080, welding, and tire bead) are not available from U.S. producers; most U.S. mills do not provide the technical support provided by ***; "Buy American" requirements; products from Moldova and Ukraine are marginal quality; Mexican material is for threaded rod and special but not for cold drawing applications; and U.S.-produced wire rod is typically made from scrap, which produces a lower quality of wire rod than that from Brazil, Mexico, China, or Germany.

Producers and importers were requested to provide information regarding the significance of differences other than price for domestic, subject, and nonsubject wire rod (table II-7). Most U.S. producers reported that there were never differences other than price for all country pairs except U.S. and Brazil, where an equal number reported never and sometimes differences other than price. Importers were more likely to report differences between domestic and imported wire rod, with the majority of importers in each case reporting either never or sometimes. Differences included: domestic content requirement, Mexican, and Canadian product could be delivered without ocean freight reducing lead time and exposure to rust; differences in quality; differences in grades; Indonesia, Moldova, Trinidad and Tobago, and Ukraine do not producer CHQ; quality of Brazil exceeds that of domestic, especially for "80C" and higher;[57] Canadian material, especially from Ivaco, is superior quality to most U.S. products in terms of inclusions and chemical segregations; and nonsubject product from Japan and Korea have quality advantages over product from the United States, Brazil, and Canada.

Foreign producers were asked if the wire rod that they sold in their home market was interchangeable with that sold in the United States. Eight of ten responding foreign producers reported that the products were interchangeable;[58] of these however, one reported that ***. Both of the other foreign producers reported some overlap. One firm sells low and medium-low carbon wire rod both in *** and in other markets, but only exports high and medium-high carbon wire rod. The other firm reported that it sold a wider range of products in *** but its exports to the United States were typically high end products.

[57] This refers to steel with a carbon content of 0.8 percent or higher.

[58] Similarly, the majority of foreign producers reported no differences in the product range, product mix or marketing of wire rod in their home market and the United States.

Table II-7
Wire rod: Perceived importance of differences in factors other than price between wire rod produced in the United States and in other countries in purchases of wire rod in the U.S. market, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. Brazil	0	1	3	3	3	1	4	6
U.S. vs. Canada	0	1	2	5	1	0	5	6
U.S. vs. Indonesia	0	1	1	5	0	2	3	4
U.S. vs. Mexico	0	1	2	5	2	0	6	2
U.S. vs. Moldova	0	1	1	5	0	1	4	3
U.S. vs. Trinidad and Tobago	0	1	2	5	1	1	5	3
U.S. vs. Ukraine	0	1	1	5	0	2	3	3
U.S. vs. other	0	0	2	5	0	0	5	3
Brazil vs. Canada	0	1	2	5	1	0	5	4
Brazil vs. Indonesia	0	1	1	5	0	2	2	3
Brazil vs. Mexico	0	1	2	5	2	0	5	3
Brazil vs. Moldova	0	1	1	5	0	1	3	3
Brazil vs. Trinidad and Tobago	0	1	2	5	1	1	3	4
Brazil vs. Ukraine	0	1	1	5	0	2	2	4
Brazil vs. other	0	0	2	5	0	0	3	4
Canada vs. Indonesia	0	1	1	5	1	2	2	3
Canada vs. Mexico	0	1	2	5	3	0	5	2
Canada vs. Moldova	0	1	1	5	1	1	3	3
Canada vs. Trinidad and Tobago	0	1	2	5	2	1	3	3
Canada vs. Ukraine	0	1	1	5	1	2	2	3
Canada vs. other	0	0	2	5	1	0	3	3
Indonesia vs. Mexico	0	1	1	5	1	1	4	2
Indonesia vs. Moldova	0	1	1	5	0	2	2	3
Indonesia vs. Trinidad and Tobago	0	1	1	5	0	2	2	3
Indonesia vs. Ukraine	0	1	1	5	0	1	3	3
Indonesia vs. other	0	0	1	5	0	0	2	3
Mexico vs. Moldova	0	1	1	5	1	1	4	2
Mexico vs. Trinidad and Tobago	0	1	2	5	1	1	4	2
Mexico vs. Ukraine	0	1	1	5	1	2	3	2
Mexico vs. other	0	0	2	5	1	0	3	2
Moldova vs. Trinidad and Tobago	0	1	1	5	0	1	3	3
Moldova vs. Ukraine	0	1	1	5	0	1	3	3
Moldova vs. other	0	0	1	5	0	0	2	3
Trinidad and Tobago vs. Ukraine	0	1	1	5	0	2	1	3
Trinidad and Tobago vs. other	0	0	2	5	0	0	2	3
Ukraine vs. other	0	0	2	4	0	0	2	3

A = Always, F = Frequently, S = Sometimes, N = Never.

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide comments in their briefs, but did not address elasticities.

U.S. Supply Elasticity[59]

The domestic supply elasticity for wire rod measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of wire rod. The elasticity of domestic supply depends on factors such as the level of excess capacity, the level of inventories, and the availability of alternate markets for domestically produced wire rod. Analysis of these factors indicates that the U.S. industry has some excess capacity, but relatively little inventories, and relatively small export shipments which could be used to increase or decrease domestic shipments in response to price increases. A supply elasticity in the range of 1 to 3 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for wire rod measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of wire rod. This sensitivity depends on the availability and viability of substitute products as well as on the component share of wire rod in the production of downstream products. While there are few products that can be successfully substituted for wire rod, demand is more sensitive to price because of imports of downstream products. Demand is estimated to be moderately elastic and is likely to be in the -0.5 to -0.7 range.

Substitution Elasticity

The elasticity of substitution depends on the extent of product differentiation between the domestic and imported products. Product differentiation depends on factors such as the range of products produced, quality, availability, and reliability of supply. The elasticity of substitution for imports from subject countries is estimated to be in the range of 3 to 5, with substitutability being at the lower end of this range for Canada and at the higher end of this range for Moldova and Ukraine.

[59] A supply function is not defined in the case of a non-competitive market.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The period immediately prior to that for which data were collected for these reviews was tumultuous for the domestic wire rod industry. North Star Steel ceased production in Kingman, AZ, in December 2000. GS Industries declared bankruptcy in February 2001 and ceased production in Kansas City, MO. Republic Steel declared bankruptcy in April 2001. Northwestern Steel and Wire suspended operations in May 2001. Birmingham Steel closed its American Steel and Wire ("AS&W") plant in June 2001.[1] Since 2001, the domestic industry has undergone additional restructuring. Beginning in 2002 and continuing through the current review period, the U.S. industry has continued to experience consolidation as well as the acquisition of several U.S. mills by foreign companies, but has also seen new and reconstituted wire rod operations.

A new entrant to the wire rod market, Mid American Steel, began wire rod operations in 2004.[2] Under ISG, in the summer of 2004, Georgetown restarted its wire rod operations (closed the previous year), while Charter, with its March 2002 acquisition of Birmingham Steels' American Steel and Wire in Cleveland and its acquisition of Birmingham Steel's rolling mill operations, increased its total capacity.[3] Leggett and Platt also acquired wire rod production assets at Northwestern Steel and Wire's facilities and restarted wire rod production in February 2003.

Table III-1 summarizes important industry events that have taken place in the U.S. industry since January 2002.

Background

Information in this section is based on the questionnaire responses of 10 producers that are believed to have accounted for all U.S. production during 2007.

Changes Experienced in Operations

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons (including revision of labor agreements); or any other change in the character of their operations or organization relating to the production of wire rod since 2002. All domestic producers indicated that they had experienced such changes since 2002, and their responses are presented in table III-2. Most notable among the changes were the prolonged shutdowns at Arcelor Mittal's Georgetown facility,[4] Gerdau, ***, and Sterling/Leggett & Platt prior to 2006. Also noteworthy were ***. In general, as shown previously in table III-1, acquisitions and emergence from bankruptcies were prevalent.

[1] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final)*, USITC Publication 3546 (October 2002), pp. II-2-3.

[2] Mid American Steel and Wire Web site, www.midamericansteel.com, accessed March 10, 2008.

[3] Charter Steel Web site, http://www.chartersteel.com/why/improvements.php, accessed March 10, 2008.

[4] ***.

Table III-1
Wire rod: Survey of industry events since 2002

Period	Company	Description of event (acquisition, bankruptcy, merger, shutdown)
February 2002	Charter Steel	**Acquisition:** Charter Steel acquired the assets of AS&W in Cleveland, OH.
March 2002	Charter Steel	**Acquisition:** Charter Steel acquired Birmingham Steel's Cleveland, OH rolling mill that produces special quality bar products, wire rod, and wire.
April 2002	Leggett and Platt	**Acquisition:** Leggett and Platt acquired the rod-producing assets of Northwestern Steel & Wire. Restarted operations January 2003.
July 2002	Georgetown Steel	**Acquisition:** Georgetown Steel Co. LLC acquired the assets of Georgetown Steel Corp.
August 2002	Republic Engineered Products	**Acquisition:** Republic Engineered Products acquired most of the assets of Republic Technologies International.
October 2002	Gerdau AmeriSteel	**Merger:** Gerdau, a Brazilian firm with both Canadian and U.S. minimills, merged with Co-Steel Inc., a Canadian firm also having both Canadian and U.S. minimills. The merged firm, Gerdau Ameristeel Corp., operates 19 minimills in the United States and Canada. However, not all of these mills necessarily produce wire rod.
March 2003	Nucor	**Shutdown:** Nucor acquired the assets of the Kingman, AZ, rebar and wire rod minimill from North Star Steel. The Kingman melt operation has not operated since January 2000 and the rolling mill has been idle since March 2003.
October 2003	Georgetown Steel	**Bankruptcy:** Shut down. Chapter 11 (reorganization) filing. Purchased by ISG in June 2004. Restarted operations July 2004.
February 2004	Keystone Consolidated	**Bankruptcy:** Normal operations continued. Chapter 11 (reorganization) filing. Emerged from bankruptcy August 2005.
Fall 2004	Mid American Steel	**Start up**: Began production operations.
November 2004	Gerdau Ameristeel	**Acquisition:** Gerdau Ameristeel acquired North Star Steel from Cargill, adding four steel minimills, three wire rod processing facilities and a grinding ball facility to the company for $266 million.
January 2005	Charter Steel	**Expansion:** Charter begins $12 million furnace expansion.
April 2005	Mittal Steel	**Acquisition:** Mittal acquires ISG, including its Georgetown assets.
May 2005	Gerdau AmeriSteel	**Shutdown:** Beaumont, TX, wire rod mill idled pending new labor agreement. Beaumont mill returned to normal operations February 2006.
July 2005	Republic Engineered Products	**Acquisition:** Republic was acquired by Industries CH, S.A. de C.V. (ICH). Republic is a subsidiary of Grupo Simec, based in Mexico, of which ICH is a majority owner.
May 2006	Nucor	**Acquisition:** Nucor acquired the assets of Connecticut Steel for a cash purchase price of $43.9 million, adding annual capacity of approximately 300,000 tons of wire rod and rebar and 85,000 tons of wire and structural mesh fabrication to its product mix.

Source: *Steel: Monitoring Developments in the Domestic Industry (Investigation No. TA-204-9)*, USITC Publication 3632 (September 2003), various articles in the trade press, and individual company annual reports.

Table III-2
Wire rod: Changes in the character of U.S. operations

* * * * * * *

Anticipated Changes in Capacity

Two domestic producers have reported anticipated increases in their capacity to produce wire rod in the United States. Information concerning these announced anticipated increases in the domestic capacity to produce wire rod in the United States is presented in table III-3. The majority of firms did not anticipate changes to capacity due to unfavorable market conditions.

Table III-3
Wire rod: Reported anticipated changes in capacity, 2008-10

* * * * * * *

Anticipated Changes in Operations

The Commission requested that domestic producers provide a copy of their company business plans or other internal documents that describe, discuss, or analyze expected future market conditions for wire rod. Most domestic producers provided some type of company business plan or other internal documents concerning wire rod (with the exception of Mid American and Sterling/Leggett & Platt).[5]

The Commission also asked domestic producers to report anticipated changes in the character of their operations relating to the production of wire rod. Five domestic producers reported that they do not anticipate any operational changes, while five domestic producers provided a variety of responses detailing such anticipated changes, which are presented in table III-4.

Table III-4
Wire rod: Anticipated changes in the character of U.S. operations

* * * * * * *

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization for wire rod are presented in table III-5. Notable changes affecting production quantities were the prolonged plant shutdowns at Arcelor Mittal's Georgetown, SC plant (October 2003 through August 2004); Gerdau's Beaumont, TX plant (June 2005 through December 2005); ***; and Sterling/Leggett & Platt's plant (2002). Thus, during a period when apparent U.S. consumption peaked in 2004, the U.S. industry' production was flat and capacity utilization was 83.1 percent.

In 2005, capacity utilization fell to 69.4 percent. By 2006-07, the industry's prolonged shutdowns appeared to ease, and it was able to hold a greater share of apparent U.S. consumption in 2007 with increased capacity and production, while operating at a capacity utilization rate of 74.9 percent.

Individual firms reported capacity on different bases, with most reporting based on 156-168 hours per week, 49-52 weeks per year. However, *** reported capacity based on operating many fewer hours per week (***).

[5] Questionnaire supplements of Arcelor Mittal (April 1, 2008, and April 25, 2008); Cascade (April 25, 2008); Gerdau (April 1, 2008 and April 25, 2008); Keystone (April 25, 2008); Nucor (April 16, 2008 and April 24, 2008); Republic (April 25, 2008); Rocky Mountain (April 25, 2008); and Charter (May 9, 2008).

Table III-5
Wire rod: U.S. capacity, production, and capacity utilization, by firms, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
Capacity (*short tons*)						
	*	*	*	*	*	*
Total	4,771,377	5,040,727	4,920,229	5,392,176	5,371,016	5,429,678
Production (*short tons*)						
	*	*	*	*	*	*
Total	4,035,005	4,052,215	4,089,091	3,741,120	3,877,367	4,067,549
Capacity utilization (*percent*)						
	*	*	*	*	*	*
Average	84.6	80.4	83.1	69.4	72.2	74.9

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

At the hearing, industry representatives testified concerning their operating rates: Gerdau's Perth Amboy plant is running two shifts, and its Beaumont facility is running 18-20 turns–not a full 24 hours. Rocky Mountain is running three rather than four crews, or at 75 percent of capacity. Keystone is operating seven days a week, with an 8-12 hour repair day. Nucor added back a fourth crew to its Nebraska facility in the fall of 2007, so it is running 24 hours with one maintenance downshift; its Connecticut facility is running three crews, five days per week, and billet sourcing would be required to add more tons to the facility.[6] To increase capacity utilization, Gerdau would need to add staff, Rocky Mountain would need to add staff and supply billets, and Nucor would need to add staff to its Connecticut facility (the extra billets needed will be available shortly from its Memphis bar mill coming on line).[7]

Counsel for Ivaco challenged the reporting of capacity in the U.S. industry when consumption has fluctuated substantially and production has remained at around 4 million tons per year. Ivaco's contention is that practical capacity is defined as the usual product mix over time, or about 4 million short tons.[8] Ivaco argues that some firms are operating only ***, leaving *** percent of the hours idle per week.[9] At the hearing, U.S. industry witnesses testified that there is excess capacity in the domestic industry that is underutilized due to the difficulty of selling at sustainable quantities, not just on a spot basis, and at prices that would allow producers to cover their increased costs, and the fact that purchasers are unwilling to enter into long-term contracts (which the domestic industry defines as 12-18 months) that would justify adding crews or shifts.[10] Also, the Nucor representative testified that its Connecticut mill has excess capacity but lacks the billets necessary to utilize that capacity, which will be alleviated by a new mill coming on line in the summer of 2008.[11]

[6] Hearing transcript, pp. 138-139 (Kerkvliet); p. 139 (Simon); p. 139 (Cheek); and p. 139 (Nystrom).

[7] Ibid., p. 140 (Kerkvliet); p. 140 (Simon); and pp. 140-141 (Nystrom).

[8] Prehearing brief of Ivaco, pp. 16-18.

[9] Ibid., p. 47.

[10] Hearing transcript, pp. 21-23 (Kerkvliet); pp. 39-40 (Nystrom); p. 116 (Simon); p. 116 (Kerkvliet); and pp. 116-117 (Nystrom).

[11] Ibid., p. 66 (Nystrom).

In its posthearing brief, counsel for Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain countered Ivaco's argument that the domestic industry did not have unused capacity and was only able to produce about 4 million tons per year. Counsel noted the following points. Gerdau has added overtime shifts at both the Beaumont and Perth Amboy mills in 2008, and is adding capacity for wire rod at its Jacksonville mill, in order to meet current and anticipated customer demand. Gerdau is also in negotiations with ***. Keystone has increased its throughput in 2008 above 2007 levels. Both Nucor and Rocky Mountain are increasing their supply of billets to increase capacity in 2008.[12] Finally, together, Arcelor Mittal, Gerdau, Keystone, and Rocky Mountain have increased production during the first quarter of 2008, *** tons over the first quarter of 2007, or *** percent, while capacity remained unchanged.[13]

Constraints on Capacity

The Commission asked domestic producers to report constraints on their capacity to produce wire rod. The firms provided the information presented in table III-6 regarding their constraints on capacity.

Table III-6
Wire rod: U.S. producers' constraints on capacity

* * * * * * *

Alternative Products

The Commission asked domestic producers to report production of other or downstream products on the same equipment and machinery, and/or using the same production and related workers employed to produce wire rod. Table III-7 presents the share of other products produced on the same production equipment used to produce wire rod.

Table III-7
Wire rod: U.S. producers, production of other products on the same equipment used to produce wire rod, 2007

* * * * * * *

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Data on domestic producers' shipments of wire rod are presented in table III-8. The quantity of U.S. shipments fluctuated moderately during 2002-07, with a peak in 2003 and a trough in 2005. By contrast, the value of U.S. shipments rose noticeably, reflecting the rising average unit values (discussed below). As a share of total shipments, commercial shipments and internal consumption declined during 2002-04, and transfers to related firms increased, as ***. Export shipments as a share of total shipments remained minimal.[14] The average unit value of U.S. shipments increased sharply during 2003-04, a period characterized by large increases in scrap prices, energy costs, a peak in apparent consumption, and prolonged shutdowns by several U.S. producers.[15]

[12] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, pp. 3-4.

[13] Ibid., exh. 5.

[14] The data anomalies of export unit values in 2004 are due to ***. Submission by ***.

[15] *See* American Metal Market Scrap Pricing Series, www.amm.com, retrieved January 30, 2008, and *All Business*, "Steel Prices Threaten Construction," retrieved March 6, 2008, and hearing transcript, pp. 57-58 (Kerwin).

Table III-8
Wire rod: U.S. producers' shipments, by types, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
Quantity (*short tons*)						
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	3,988,827	4,137,344	4,095,297	3,732,509	3,814,247	4,076,282
Export shipments	***	***	***	***	***	***
Total	***	***	***	***	***	***
Value (*1,000 dollars*)						
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	1,290,111	1,354,900	2,182,163	2,087,201	2,147,510	2,340,401
Export shipments	***	***	***	***	***	***
Total	***	***	***	***	***	***
Unit value (*per short ton*)						
Commercial shipments	$***	$***	$***	$***	$***	$***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	323	327	533	559	563	574
Export shipments	***	***	***	***	***	***
Average	***	***	***	***	***	***
Share of shipment quantity (*percent*)						
Commercial shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0

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

Unit values varied among the different producers, with *** at the high end (over $*** per ton in 2007) due to their higher value products, and *** at the low end (under $*** per ton in 2007) with its lower end products. *** produce a large amount of ***, which results in high unit values. *** produces mostly low/medium carbon industrial quality wire rod, resulting in low unit values. *** are mainly producing high/medium carbon industrial quality wire rod, but also produce a range of products. The

remaining firms produce a large amount of low/medium carbon industrial quality wire rod, but also produce a range of products. Company-specific shipments, by product, during 2002-07, are presented in appendix E, table E-1.

U.S. PRODUCERS' INVENTORIES

Data collected in these reviews on domestic producers' end-of-period inventories of wire rod are presented in table III-9. The quantity of inventories decreased markedly between 2002 and 2003, primarily due to ***'s large inventory draw-down.

Table III-9
Wire rod: U.S. producers' end-of-period inventories, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
Inventories (*short tons*)	250,935	136,816	140,019	164,647	174,288	152,512
Ratio of inventories to production (*percent*)	6.2	3.4	3.4	4.4	4.5	3.7
Ratio of inventories to U.S. shipments (*percent*)	6.3	3.3	3.4	4.4	4.6	3.7
Ratio of inventories to total shipments (*percent*)	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

U.S. PRODUCERS' IMPORTS AND PURCHASES

Charter Wire was the only U.S. producer that imported wire rod *** (***) during 2002-07.[16] ***.[17] Charter Wire's imports are presented in table III-10. Producers had minor purchases of imports from all other sources except for ***'s purchases in 2004 (*** tons).

In its prehearing brief, counsel for Nucor asserted that Sterling/Leggett and Platt was importing and/or purchasing wire rod from the subject countries.[18] However, Sterling/Leggett and Platt neither imports nor has any direct purchases of wire rod from subject countries. ***.[19]

Table III-10
Wire rod: U.S. producer's imports, 2002-07

* * * * * * *

[16] ***.

[17] Email from ***.

[18] Prehearing brief of Nucor, Cascade, and Republic, pp. 3-6.

[19] Email from ***, April 7, 2008.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for wire rod are presented in table III-11. The number of production-related workers ("PRWs") employed by U.S. wire rod producers declined slightly and irregularly between 2002 and 2007 to 2,397 employees.[20] The decline in the total number of PRWs was accounted for by ***; however, declines at those firms were largely balanced by increases at ***. Over the same period, hourly wages generally increased, especially after 2003; productivity increased irregularly; and unit labor costs increased.[21]

Table III-11
Wire rod: U.S. producers' employment-related indicators, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
Production and related workers (PRWs)	2,461	2,513	2,543	2,407	2,395	2,397
Hours worked by PRWs (*1,000 hours*)	5,545	5,378	5,474	4,919	5,296	5,174
Wages paid to PRWs (*1,000 dollars*)	140,328	139,194	145,620	143,664	161,223	161,821
Hourly wages	$25.31	$25.88	$26.60	$29.21	$30.45	$31.28
Productivity (*short tons produced per 1,000 hours*)	727.7	753.5	747.0	760.5	732.2	786.2
Unit labor costs (*per short ton*)	$34.78	$34.35	$35.61	$38.40	$41.58	$39.78
Source: Compiled from data submitted in response to Commission questionnaires.						

[20] At the hearing, a representative for the United Steelworkers testified that it represents over 1,300 workers in the wire rod industry in the United States at Arcelor Mittal, USA, Cascade, Gerdau, Republic, Rocky Mountain, and Sterling/Leggett & Platt. Hearing transcript, p. 43 (Hart).

[21] In its prehearing brief, counsel for Nucor reported that ***, providing an example in which workers pay ***. Prehearing brief of Nucor, Cascade, and Republic, p. 37.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Background

The financial results of ten U.S. producers of wire rod are presented in this section of the report. The majority of these firms reported their financial results on the basis of U.S. generally accepted accounting principles ("GAAP") for calendar and fiscal year periods.[22] In addition to commercial sales, several firms also reported transfers and/or internal consumption with the predominance of a particular sales category generally reflecting the presence and extent of downstream production using wire rod.[23] As noted previously, most U.S. wire rod producers use mini-mill steelmaking capacity in the initial stage of production. While the majority of companies purchase their steelmaking raw material inputs from unrelated parties, Gerdau and Nucor also supplement their steel production with ***.[24] [25] Additionally, Cascade and Arcelor Mittal purchased ***. Responding companies reported that transfer profit included in the cost of purchased inputs was generally eliminated from wire rod cost of goods sold ("COGS").[26]

Operations on Wire Rod

Table III-12 presents the financial results of the U.S. industry's wire rod operations with selected company-specific financial information presented in table III-13. Table III-14 presents a variance analysis of the U.S. producers' financial results.[27]

As shown in table III-12, despite several relatively large period-to-period changes in sales volume, the value of total wire rod sales revenue increased throughout most of the period and reached its highest absolute level in 2007. This pattern, in conjunction with corresponding operating results, is also reflected in figure III-1.

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[22] With the exception of ***.

[23] While most companies reported a single predominant sales category, Keystone reported commercial sales and internal consumption/transfers ***. With respect to the advantages of downstream production, Keystone observed that ". . . fabricated wire products are less susceptible to the cyclical nature of the steel business than industrial wire or wire rod because the commodity-priced raw material used in such product, such as ferrous scrap, represent a lower percentage when compared to wire rod or the less value-added products." Keystone 2002 10-K, p. 5.

In most cases, the company-specific shares of transfers and/or internal consumption remained about the same throughout the period. As shown in table III-13, ***. E-mail from ***, Gerdau, March 4, 2008. Staff notes that ***. E-mail from ***, Mid American, February 15, 2008.

[24] ***. Letter from Wiley Rein on behalf of Nucor, February 27, 2008.

[25] In contrast with ***. According to Gerdau, "{d}uring the year ended December 31, 2006, the Company announced the shutdown of the melt shop at the Company's Perth Amboy, New Jersey mill. The Company believes that the semi-finished steel billets will be more efficiently supplied to the Perth Amboy wire rod mill from available, lower marginal cost billet making capacity at other Gerdau Ameristeel melt shop operations as well as higher grade billets to be supplied from the Company's majority shareholder Gerdau S.A. or other sources." Gerdau's 2006 annual report, p. 13.

[26] ***. E-mail from ***, Gerdau, February 21, 2008.

[27] As shown in table IV-5 in the following section of this report, overall product mix was relatively stable throughout the period which in turn generally enhances the utility of a variance analysis. As discussed below, however, there were company-specific variations in product mix during the period.

Table III-12
Wire rod: U.S. producers' results of operations, 2002-07

Item	Calendar and fiscal year					
	2002 [1]	2003	2004	2005	2006	2007
	Quantity (*short tons*)					
Commercial sales	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers	***	***	***	***	***	***
Total net sales	3,996,011	4,151,601	4,103,563	3,749,761	3,844,808	4,087,541
	Value (*$1,000*)					
Commercial sales	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers	***	***	***	***	***	***
Total net sales	1,291,920	1,358,707	2,182,872	2,100,194	2,165,513	2,347,208
Raw material	523,274	649,543	1,053,211	1,108,055	1,196,375	1,424,839
Direct labor	127,234	127,542	127,935	120,146	128,377	125,141
Other factory costs	538,077	584,351	638,709	659,544	699,900	669,538
Total cost of goods sold	1,188,586	1,361,436	1,819,855	1,887,745	2,024,653	2,219,518
Gross profit or (loss)	103,334	(2,729)	363,017	212,449	140,860	127,690
Selling expenses	10,708	13,257	14,251	14,147	13,510	14,215
General and administrative expenses	32,644	29,966	43,526	39,647	41,844	38,606
Total SG&A expenses	43,352	43,223	57,776	53,793	55,354	52,821
Operating income or (loss)	59,982	(45,952)	305,241	158,656	85,506	74,869
Interest expense	32,571	32,408	34,081	24,535	17,546	20,937
Other expenses	6,203	10,681	7,719	5,220	8,220	7,116
CDSOA funds received [2]	0	37	2,691	2,740	1,647	(2,404)
Other income items	147	4,014	3,495	1,785	1,358	1,711
Net income or (loss)	21,355	(84,990)	269,627	133,426	62,745	46,123
Depr. and amort. (incl. above) [3]	50,340	43,524	42,345	43,450	70,816	46,669
Est. cash flow from operations	71,696	(41,466)	311,972	176,877	133,561	92,791
	Ratio to net sales (*percent*)					
Raw material	40.5	47.8	48.2	52.8	55.2	60.7
Direct labor	9.8	9.4	5.9	5.7	5.9	5.3
Other factory costs	41.6	43.0	29.3	31.4	32.3	28.5
Total cost of goods sold	92.0	100.2	83.4	89.9	93.5	94.6
Gross profit or (loss)	8.0	(0.2)	16.6	10.1	6.5	5.4
Total SG&A expenses	3.4	3.2	2.6	2.6	2.6	2.3
Operating income or (loss)	4.6	(3.4)	14.0	7.6	3.9	3.2
Net income or (loss)	1.7	(6.3)	12.4	6.4	2.9	2.0

Table continued on following page.

Table III-12--*Continued*
Wire rod: U.S. producers' results of operations, 2002-07

Item	Calendar and fiscal year					
	2002 [1]	2003	2004	2005	2006	2007
	Unit value (*dollars per short ton*)					
Commercial sales	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers	***	***	***	***	***	***
Total net sales	323	327	532	560	563	574
Raw material	131	156	257	296	311	349
Direct labor	32	31	31	32	33	31
Other factory costs	134	141	156	176	182	164
Total cost of goods sold	296	328	443	503	527	543
Gross profit or (loss)	27	(1)	88	57	37	31
SG&A expenses	11	10	14	14	14	13
Operating income or (loss)	16	(11)	74	42	22	18
	Number of companies reporting					
Data	9	9	10	10	10	10
Operating losses	3	7	3	1	1	4

[1] ***.
[2] With respect to the negative Continuing Dumping and Subsidy Offset Act ("CDSOA") receipt value in 2007, Gerdau stated that it ***. E-mail from ***, February 21, 2008. Other companies *** a similar statement.
[3] The increase in depreciation in 2006 is ***.

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

Table III-13
Wire rod: U.S. producers' results of operations, by firms, 2002-07

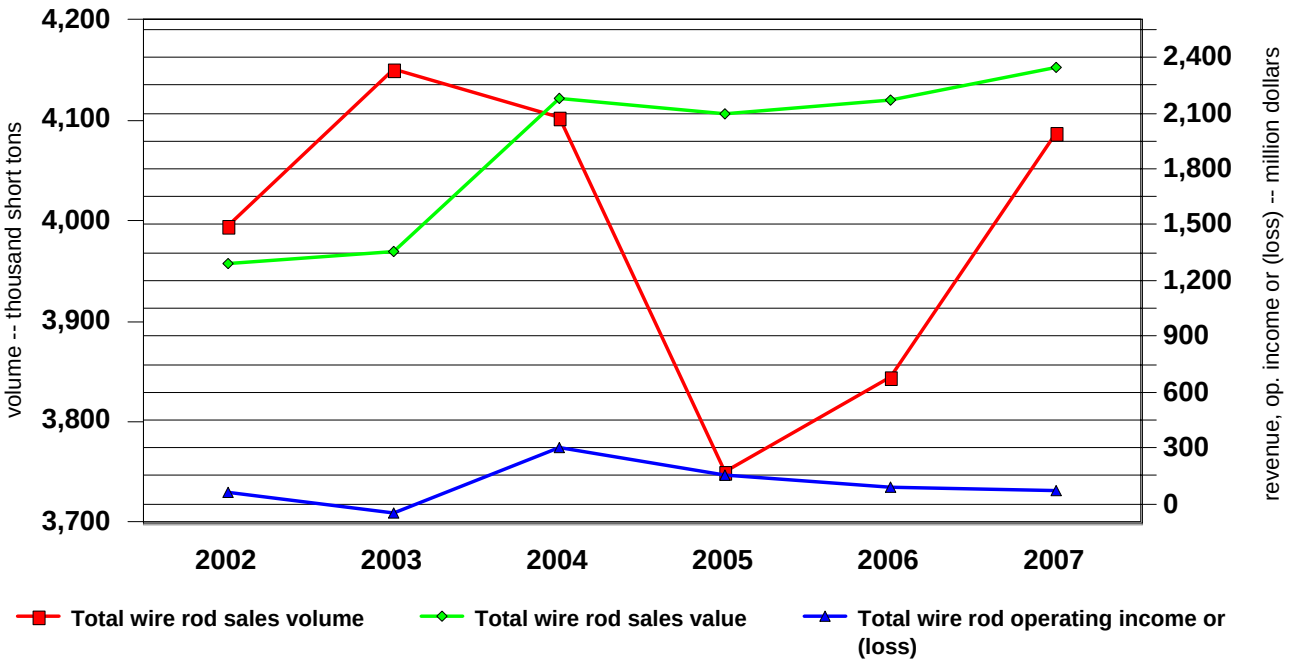
* * * * * * *

Table III-14
Wire rod: Variance analysis of U.S. producers' financial results of operations, 2002-07

	Calendar and fiscal year					
	2002-07	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
	Value (*$1,000*)					
Total net sales:						
Price variance	1,025,696	16,484	839,887	105,525	12,084	44,981
Volume variance	29,592	50,303	(15,722)	(188,203)	53,235	136,715
Total net sales variance	1,055,288	66,786	824,166	(82,678)	65,318	181,696
Cost of sales:						
Raw material:						
Cost variance	(889,579)	(105,895)	(411,183)	(145,650)	(60,234)	(152,933)
Volume variance	(11,986)	(20,374)	7,516	90,806	(28,086)	(75,530)
Net raw material variance	(901,565)	(126,269)	(403,667)	(54,844)	(88,320)	(228,464)
Direct labor:						
Cost variance	5,008	4,647	(1,869)	(3,241)	(5,185)	11,341
Volume variance	(2,914)	(4,954)	1,476	11,030	(3,045)	(8,105)
Net direct labor variance	2,094	(307)	(394)	7,789	(8,231)	3,236
Other factory costs:						
Cost variance	(119,136)	(25,323)	(61,120)	(75,903)	(23,639)	74,549
Volume variance	(12,325)	(20,951)	6,762	55,068	(16,718)	(44,187)
Net other factory cost	(131,461)	(46,274)	(54,358)	(20,834)	(40,357)	30,362
Net cost of sales:						
Cost variance	(1,003,707)	(126,571)	(474,172)	(224,795)	(89,058)	(67,043)
Volume variance	(27,225)	(46,279)	15,753	156,905	(47,850)	(127,822)
Total net cost of sales	(1,030,932)	(172,850)	(458,419)	(67,890)	(136,908)	(194,865)
Gross profit variance	24,356	(106,064)	365,747	(150,568)	(71,589)	(13,169)
SG&A expenses:						
Expense variance	(8,476)	1,818	(15,054)	(998)	(197)	6,027
Volume variance	(993)	(1,688)	500	4,981	(1,364)	(3,495)
Total SG&A variance	(9,469)	130	(14,554)	3,983	(1,560)	2,533
Operating income	14,888	(105,934)	351,193	(146,585)	(73,150)	(10,637)
Summarized as:						
Price variance	1,025,696	16,484	839,887	105,525	12,084	44,981
Net cost/expense variance	(1,012,183)	(124,753)	(489,226)	(225,793)	(89,255)	(61,016)
Net volume variance	1,374	2,335	532	(26,317)	4,022	5,398

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

Figure III-1
Wire rod: Sales volume, sales value, and operating income or (loss), 2002-07



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

Narrative statements accompanying the public financial filings of U.S. producers describe steel demand in general during the beginning of the review period as "sluggish" and "stagnant."[28] As shown in table III-12, the U.S. industry generated its lowest levels of wire rod revenue in 2002 and 2003. Despite the description of flat demand conditions for the steel industry in general in the first part of the period (see footnote 28), total wire rod sales volume reached its highest absolute level in 2003.[29]

For most producers overall conditions improved notably in 2004 as reflected in the substantial increase in total wire rod revenue.[30] As shown in the net sales variance section of table III-14, higher total

[28] Cascade observed that ". . . domestic demand for finished steel remained sluggish in the Western United States {Cascade's primary market} throughout fiscal 2002. Cascade (Schnitzer) 2002 10-K, p. 29. Similarly, Gerdau stated that "{f}iscal year 2003 started very similarly to the three previous years, with stagnant North American steel demand, intense market competition, and escalating scrap raw material and energy costs. Steel prices and margins throughout the North American steel industry were compressed to historical ten year lows." Gerdau 2003 annual report, p. 6.

[29] For the period 2003 through 2005 the overall trend in wire rod sales volume reflected in figure III-1 was magnified by circumstances unique to specific companies. ***. The Beaumont, TX wire rod mill, acquired as part of Gerdau's purchase of four North Star steel mills and downstream facilities in November 2004, resumed normal operations in late 2005. Gerdau Ameristeel to resume normal operations at Beaumont Mill, retrieved from www.prnewswire.com on February 25, 2008. In contrast with the 2003 through 2005 period, unique company-specific events did not influence 2006 and 2007 wire rod sales volume to any large degree.

[30] Cascade stated that "{t}he steel manufacturing business saw significantly higher average selling prices and slightly higher sales volume during fiscal 2004 compared with fiscal 2003. Sales prices and volumes benefitted from strong demand for steel products on the west coast of the United States, improvements in the U.S. economy, and lower steel imports, which is partially attributed to the weakness of the U.S. dollar and higher ocean freight rates.

(continued...)

sales value in 2004 compared to 2003 was due entirely to a large increase in average sales price which more than offset a corresponding decline in total sales volume. In addition to improved demand for steel in general, U.S. producers also stated that higher average sales values in 2004 reflected the passthrough of increased input costs – namely ferrous scrap and energy.[31]

In 2005, total wire rod sales volume reached its lowest level of the period with most producers reporting reduced sales volume. Notwithstanding the decline in overall sales volume, which was magnified by the idling of Gerdau's Beaumont, TX mill for most of second half of 2005, total revenue increased compared to 2004 due to a higher average sales value. As was the case in 2004, the U.S. industry's higher average sales value in 2005 is consistent with strong demand for steel generally, as well as higher input costs.[32]

2006 and 2007 do not reflect notable company-specific outliers in terms of sales volume. Instead U.S. producers were mixed in terms of increases and decreases in sales volume in 2006, while in 2007 the majority of U.S. producers reported higher sales volume. As shown in the net sales variance section of table III-14, higher net sales volume in both 2006 and 2007 enhanced corresponding increases in average sales price. The result was continued revenue growth in both 2006 and 2007.

While changes in the U.S. industry's overall product mix during the period were not substantial (see table IV-5 in the next section of this report), company-specific differences in product mix are reflected in the relatively broad range of average sales values shown in table III-13.[33] Table III-13 also shows that most companies reported large increases in average sales value in 2004 with the remainder of the period mixed in terms of company-specific increases and decreases.[34] In 2006, average sales value increased by only 0.6 percent, interrupting the sequence of larger overall increases during the second half of the period. Average raw material cost in 2006 also increased at its lowest period-to-period rate. The larger subsequent increase in average sales value in 2007 (2.0 percent) in turn corresponds with a relatively sharp (12.0 percent) increase in average raw material costs in that year.

As shown in table III-12, the 4.6 percent operating income margin in 2002 and decline into an operating loss in 2003 are generally consistent with demand conditions for the overall steel industry at that time. In addition to underlying demand conditions, the increase in wire rod operating income in 2004

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[30](...continued)
Cascade (Schnitzer) 2004 10-K, p. 25. Similarly, according to Gerdau "{i}n terms of demand, production, pricing and profit margins, 2004 was an exceptional year for the steel industry . . ." Gerdau 2004 annual report, p. 8.

[31] According to Cascade, "{t}he increase in selling prices {in fiscal 2004} are a combination of increased demand and passing along rapidly rising raw materials and energy costs required in the production process." Cascade (Schnitzer) 2004 10-K, p. 27. Gerdau stated that "{s}elling price increases were partially offset by scrap raw material costs that increased 68.3 percent for the year ended December 31, 2004, compared to the year ended December 31, 2003 . . . {i}n 2004, the company and other minimill producers have increased steel selling prices in response to higher scrap and other manufacturing costs." Gerdau 2004 annual report, p. 18.

[32] Cascade stated that "{a}verage net selling prices for the Company's steel products have remained relatively high {in fiscal 2005}, increasing by 27 percent over the prior year." Cascade (Schnitzer) 2005 10-K, p. 30. According to Gerdau, "{a}s a result of the strong market demand and the continued consolidation of North American steel producers, the environment of the Company's steel prices {in 2005} was positive." Gerdau 2005 annual report, p. 12.

[33] ***. E-mail from ***, Mid American, February 15, 2008. ***. E-mail from ***, Gerdau, February 21, 2008. E-mail from ***, Keystone, February 27, 2008. Other companies, however, reported ***. According to Cascade, ***. Letter from Wiley Rein on behalf of Cascade, February 21, 2008. In contrast, Republic indicated that it has ***. Letter from Wiley Rein on behalf of Republic, February 21, 2008. According to Nucor, the ***. Letter from Wiley Rein on behalf of Nucor, February 21, 2008. ***. E-mail with attachments from ***, Rocky Mountain, February 21, 2008. Sterling/Leggett & Platt noted that ***. E-mail from ***, Sterling/Leggett & Platt, February 20, 2007. According to Arcelor Mittal, some of the relatively ***. E-mail from ***, Arcelor Mittal, February 21, 2008.

[34] ***. ***.

to its highest level of the period and subsequent decline in 2005 through 2007 also reflect changes in metal spread, conversion costs, and fixed cost absorption.

Table III-13 shows that in 2004 the majority of companies generated higher metal spreads.[35] After peaking in 2004, average metal spreads subsequently declined on an overall basis. Although still around $33 per ton higher in 2007 compared to 2002, metal spread in 2007 was substantially lower as a share of average sales value: *** percent in 2007 compared to *** percent in 2002. As a result and in conjunction with increases in other components of COGS such as electricity and natural gas costs,[36] as well as fluctuations in capacity utilization and corresponding fixed cost absorption,[37] the U.S. industry's gross profit margin was lower in 2007 compared to 2002.

In addition to the larger-scale company-specific curtailments noted previously, smaller-scale curtailments were also reported during the period. While nominally impacting capacity utilization and fixed cost absorption, most companies, when asked how these curtailments affected their financial results, indicated that there was no direct impact because production curtailments generally took place during periods when demand was already low.[38]

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[35] For purposes of this report, "metal spread" represents the difference between average sales value and average raw material cost. From the industry's perspective metal spread generally refers to the matching of current sales prices against current scrap costs and is therefore not a GAAP measurement based on actual revenue and costs. With respect to company-specific metal spreads shown in table III-13, direct comparability is limited by differences such as product mix, raw material inputs, inventory valuation methods, and cost classification.

[36] Nucor stated that "{t}otal energy costs increased approximately $7 per ton from 2004 to 2005 as natural gas prices increased approximately 31% and electricity prices increased approximately 19%." Nucor 2005 10-K/A, p. 8. In 2006, Nucor reported a $1 per ton decline in total energy costs due to lower natural gas costs. Nucor 2006 Annual Report, p. 13. With respect to 2007, Nucor stated that "{t}otal energy costs per ton remained flat from 2006 to 2007 as decreases in natural gas prices offset increases in electricity prices." Nucor 2007 Annual Report, p. 24. Keystone reported a similar trend for the period. Keystone 2006 10-K, p. 25 and Keystone 2007 10-K, p. 24.

With respect to the importance of energy costs in general, some of the industry's capital expenditures, in conjunction with other objectives, reflect direct attempts to improve energy efficiency and mitigate the period's higher energy prices. In its 2005 10-K, Schnitzer, the parent company of Cascade, stated that "{i}n December 2004, the Steel Manufacturing Business replaced the existing electric arc furnace with a furnace that is more energy efficient, has reduced melting time and has exceeded overall productivity expectations." Cascade (Schnitzer) 2005 10-K, p. 14.

[37] According to Gerdau and with respect to its operations in general, "{s}teel manufacturing is very capital intensive, requiring the Company to maintain a large fixed-cost base. The high levels of fixed costs of operating a minimill encourage mill operators to maintain high levels of output, even during periods of reduced demand, which exacerbates the pressure on selling prices and profit margins. The Company's profitability is dependent, in part, on the ability to spread fixed costs over an increasing amount of tons shipped." Gerdau 2003 Annual Report, p. 16.

The expected pattern of lower average other factory costs when capacity utilization/fixed cost absorption increases and higher average other factory costs when capacity utilization/fixed cost absorption declines is reflected on an overall basis for only part of the period (see table III-13). This is because, as a generalization, the expected pattern can be offset by a number of factors such as shifts in product mix, higher costs associated with new equipment and machinery, and changes in the level of variable other factory costs. ***. Letter from Wiley Rein on behalf of Republic, February 21, 2008. Similarly, in 2006 ***. E-mail from ***, Gerdau, February 21, 2008. In 2007, Arcelor Mittal reported ***. E-mail from ***, Arcelor Mittal, March 11, 2008.

[38] Rocky Mountain's parent company reported that a furnace upgrade in the 4th quarter of 2005 reduced its overall steel production by around 40,000 tons and reduced overall gross profit by around $5 million of pretax costs. The furnace upgrade was described generally as the installation of a new electric arc furnace and caster rebuild. Oregon 2005 10-K, p. 16. Oregon's 3rd quarter 2006 10-Q, p. 21. Rocky Mountain noted that ***. E-mail from ***, Rocky Mountain, February 21, 2008.

As noted previously and while having continued operations throughout the period, Keystone emerged from bankruptcy in August 2005. According to the company ***. E-mail from ***, Keystone, February 27, 2008. In its

(continued...)

On an overall basis, selling, general and administration ("SG&A") expenses were relatively stable throughout the period – ranging from 2.3 percent to 3.4 percent of sales (see table III-13). Notwithstanding the stability of overall SG&A ratios, as well as company-specific SG&A ratios in general, there were several periods when company-specific SG&A expenses and corresponding SG&A ratios were notably high.[39]

As shown in table III-13, the majority of companies reported either lower operating income margins or declines to operating losses in 2007 compared to 2006. The overall decline in operating profitability from its peak in 2004 generally corresponds with reduced metal spreads and higher conversion costs such as energy, offset after 2005 to some extent by increased overall capacity utilization. ***.[40] Similarly, ***.[41]

Research and Development Expenses, Capital Expenditures, Assets, and Return on Investment

Data on company-specific research and development ("R&D") expenses, capital expenditures, total assets, and return on investment ("ROI") are presented in table III-15.[42]

Consistent with higher levels of overall cash flow generated in 2004 though 2007, the second half of the period (2005 through 2007) accounted for a larger share of cumulative capital expenditures at 61.8 percent. Companies with higher levels of capital expenditures in the first half of the period (2002 through 2004), such as Mid American and Sterling/Leggett & Platt, were generally beginning or, in the case of Sterling/Leggett & Platt, restarting their wire rod operations. Nucor, which reported operations throughout the period ***.[43]

With *** 2005 and 2006 capital expenditures, Charter's cumulative capital expenditures represented *** percent of the industry's total capital expenditures. According to Charter, ***.[44]

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[38](...continued)
2006 10-K, Keystone noted that conversion costs increased due to operating problems related to its wire rod mill reheat furnace. Keystone 2006 10-K, p. 21. ***. E-mail from ***, Keystone, March 7, 2008. Auditor prehearing notes.

In its 2007 10-K, Cascade's parent company referenced a planned shut down in the 3rd quarter 2007 of one of its rolling mills with associated costs of $3 million. Cascade (Schnitzer) 2007 10-K, p. 14. In late 2004, as noted previously, Cascade also replaced its existing electric arc furnace. Cascade (Schnitzer) 2005 10-K, p. 34. According to Cascade, ***. Letter from Wiley Rein on behalf of Cascade, February 21, 2008.

Republic stated that ***. Letter from Wiley Rein on behalf of Republic, February 21, 2008.

According to Mid American, ***, February 15, 2008.

Nucor and Sterling/Leggett & Platt indicated that ***. Letter from Wiley Rein on behalf of Nucor, February 21, 2008. E-mail from ***, Sterling/Leggett & Platt, February 20, 2007. Nucor also stated that ***. Letter from Wiley Rein on behalf of Nucor, February 21, 2008.

[39] ***. E-mail with attachments from ***, Rocky Mountain, February 21, 2008.

Keystone *** stated in its 2005 10-K that "{d}uring 2005, Keystone incurred $10.3 million in legal and professional fees relative to its Chapter 11 proceedings and related reorganization activities as compared to $11.2 million during 2004." Keystone 2005 10-K, p. 24.

***. E-mail from ***, Gerdau, March 4, 2008.

As noted previously, ***.

[40] ***. E-mail from ***, Gerdau, March 4, 2008.

[41] ***. E-mail from ***, Keystone, February 27, 2008.

[42] As shown in table III-15, the majority of companies did not report R&D expenses. ***. Letter from Wiley Rein on behalf of Cascade, February 21, 2008. ***. Ibid.

[43] Letter from Wiley Rein on behalf of Nucor, February 21, 2008.

[44] E-mail from ***, Charter, February 28, 2008.

Table III-15
Wire rod: R&D expenses, capital expenditures, total assets, and return on investment of U.S. producers' operations, 2002-07

* * * * * * *

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission sent questionnaires to foreign producers acting as U.S. importers in Brazil, Canada, Mexico, and Trinidad & Tobago; related firms within the Arcelor Mittal group; and 21 additional firms believed to have imported wire rod between 2002 and 2007. It received usable data from 26 of the firms.[1] Based on official Commerce statistics for imports of wire rod, importers' questionnaire data accounted for 73 percent of total U.S. imports during 2007 and 90 percent of total subject imports in 2007 (from Canada, Mexico, and Trinidad & Tobago–the countries shipping subject merchandise during 2007). Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country subject imports during the review period:[2]

- 100 percent of the subject imports from Brazil during 2002;
- *** percent of the subject imports from Canada during 2007;
- *** percent of the subject imports from Indonesia during 2002;
- 100 percent of the subject imports from Mexico during 2007;
- 100 percent of the subject imports from Moldova during 2002;
- *** percent of the subject imports from Trinidad & Tobago during 2007; and
- 100 percent of the subject imports from Ukraine 2002.

Due to less-than-complete questionnaire coverage for U.S. imports, import data in this report are derived from official Commerce statistics for wire rod. Imports of (nonsubject) grade 1080 tire cord and tire bead grade wire rod from subject sources (only Brazil and *** Canada) have been subtracted from official statistics using data from importers' questionnaire responses. Also, imports from Stelco have been subtracted from official statistics of imports of wire rod from Canada, as Stelco is excluded from the antidumping duty order on wire rod from Canada. Grade 1080 tire cord and tire bead quality wire rod accounted for *** percent of the total quantity of imports from subject sources reported by all U.S. importers in their questionnaire responses during 2007.

No importers reported entering or withdrawing wire rod from foreign trade zones or bonded warehouses. In addition, no importers reported imports of wire rod under the temporary importation under bond program.

Imports of wire rod from Canada continued during 2002-07, fluctuated during the period and ended at a lower level in 2007 than in 2002, as shown in table IV-1. Imports from Mexico decreased sharply in 2003, increased in 2004 during a period of limited U.S. supply and high U.S. demand, then fell to lower levels for the rest of the period. There were no subject imports after 2002 from Brazil, Moldova, or Ukraine. All imports of wire rod from Brazil reported in official statistics were grade 1080 tire cord and tire bead wire rod. Official statistics for wire rod imports contained misclassifications in 2005 involving imports from Indonesia and Ukraine that were out-of-scope products. There were no imports of

[1] Two firms did not respond to the Commission's questionnaire: one firm *** and one firm ***. A questionnaire addressed to one firm was returned as undeliverable because the company could not be located.

[2] Subject import coverage from Canada, Mexico and Trinidad & Tobago is measured in 2007 but coverage of subject imports from Brazil, Moldova, and Ukraine are measured in the only years in which they occurred, or in the case of Indonesia, only in the year in which importers reported imports.

subject merchandise from those countries in 2005.[3] There was some subject imports of wire rod from Indonesia in 2004, exported and imported by ***. The consignee in the United States, ***, was issued an importers' questionnaire but did not respond.[4] Imports from Trinidad & Tobago are presented separately due to the pending litigation of the negative determination upon remand of the original determination in that investigation. Imports from Trinidad & Tobago fluctuated during 2002-07, with an increase in 2004 corresponding to a period of limited U.S. supply and high U.S. demand.

Table IV-1
Wire rod: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Quantity (*short tons*)					
Brazil	***	0	0	0	0	0
Canada (excluding Stelco)	***	***	***	***	***	***
Indonesia	40,863	0	29,937	333	0	0
Mexico	123,380	19,986	68,498	11,480	4,256	8,244
Moldova	18,826	0	0	0	0	0
Ukraine	11,159	0	0	738	0	0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	386,419	146,783	260,618	104,804	133,326	95,325
Subtotal subject	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire cord and tire bead from subject sources	***	***	***	***	***	***
Other sources	2,262,306	1,505,183	2,859,490	1,997,826	2,554,966	992,163
Total	3,765,048	2,453,575	4,039,783	2,773,118	3,294,799	1,782,699

Table continued on following page.

[3] Email from *** indicating imports of PC strand and questionnaire response of *** indicating imports of bright bars.

[4] ***. Email from ***, April 22, 2008.

Table IV-1--*Continued*
Wire rod: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Value (*1,000 dollars*)[1]					
Brazil	***	0	0	0	0	0
Canada (excluding Stelco)	***	***	***	***	***	***
Indonesia	10,494	0	17,247	262	0	0
Mexico	34,548	6,296	33,332	6,283	2,032	4,263
Moldova	3,708	0	0	0	0	0
Ukraine	2,446	0	0	501	0	0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	107,445	39,267	124,194	50,039	64,253	46,228
Subtotal subject	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire cord and tire bead from subject sources	***	***	***	***	***	***
Other sources	622,360	462,923	1,308,240	1,024,997	1,244,511	574,316
Total	1,121,781	784,088	1,927,796	1,505,064	1,690,689	1,063,201
	Unit value (*per short ton*)					
Brazil	$***	--	--	--	--	--
Canada (excluding Stelco)	***	$***	$***	$***	$***	$***
Indonesia	257	--	576	785	--	--
Mexico	280	315	487	547	477	517
Moldova	197	--	--	--	--	--
Ukraine	219	--	--	680	--	--
Average	***	***	***	***	***	***
Trinidad & Tobago	278	268	477	477	482	485
Average subject	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire cord and tire bead from subject sources	***	***	***	***	***	***
Other sources	275	308	458	513	487	579
Average	298	320	477	543	513	596

Table continued on following page.

Table IV-1--*Continued*
Wire rod: U.S. imports, by sources, 2002–07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Share of quantity (*percent*)					
Brazil	***	0.0	0.0	0.0	0.0	0.0
Canada (excluding Stelco)	***	***	***	***	***	***
Indonesia	1.1	0.0	0.7	0.0	0.0	0.0
Mexico	3.3	0.8	1.7	0.4	0.1	0.5
Moldova	0.5	0.0	0.0	0.0	0.0	0.0
Ukraine	0.3	0.0	0.0	0.0	0.0	0.0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	10.3	6.0	6.5	3.8	4.0	5.3
Subtotal subject	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire cord and tire bead from subject sources	***	***	***	***	***	***
Other sources	60.1	61.3	70.8	72.0	77.5	55.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (*percent*)					
Brazil	***	0.0	0.0	0.0	0.0	0.0
Canada (excluding Stelco)	***	***	***	***	***	***
Indonesia	0.9	0.0	0.9	0.0	0.0	0.0
Mexico	3.1	0.8	1.7	0.4	0.1	0.4
Moldova	0.3	0.0	0.0	0.0	0.0	0.0
Ukraine	0.2	0.0	0.0	0.0	0.0	0.0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	9.6	5.0	6.4	3.3	3.8	4.3
Subtotal subject	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire cord and tire bead from subject sources	***	***	***	***	***	***
Other sources	55.5	59.0	67.9	68.1	73.6	54.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on following page.

Table IV-1--*Continued*
Wire rod: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Ratio of import quantity to U.S. production (*percent*)					
Brazil	***	0.0	0.0	0.0	0.0	0.0
Canada (excluding Stelco)	***	***	***	***	***	***
Indonesia	1.0	0.0	0.7	0.0	0.0	0.0
Mexico	3.1	0.5	1.7	0.3	0.1	0.2
Moldova	0.5	0.0	0.0	0.0	0.0	0.0
Ukraine	0.3	0.0	0.0	0.0	0.0	0.0
Subtotal	***	***	***	***	***	***
Trinidad & Tobago	9.6	3.6	6.4	2.8	3.4	2.3
Subtotal subject	***	***	***	***	***	***
Stelco	***	***	***	***	***	***
Grade 1080 tire cord and tire bead from subject sources	***	***	***	***	***	***
Other sources	56.1	37.1	69.9	53.4	65.9	24.4
Total	93.3	60.5	98.8	74.1	85.0	43.8

[1] Landed, duty-paid.

Note.–Imports from Indonesia and Ukraine in 2005 are misclassified out-of-scope products and should not be considered imports of wire rod.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics under HTS statistical reporting numbers 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.90.6010, and 7227.90.6080 for 2007; for statistical reporting numbers in previous years, please consult Part I, "Tariff Treatment."

Between 2002 and 2006, the share of total U.S. imports held by subject imports fell from a near high of *** percent in 2002 to a low of *** percent in 2006. In 2007, subject imports increased their share to a peak level of *** percent, largely as a result of increasing imports from Canada and decreasing imports from nonsubject countries in 2007, as China and Turkey receded from the market. Representatives of the domestic industry believe that part of the reason for the decline in nonsubject imports is the growing attractiveness of prices in certain other markets relative to prices in the United States, and purchasers drew down inventories.[5]

[5] Hearing transcript, p. 103 (Simon) and pp. 103-104 (Cheek).

The unit values of imported wire rod from all sources increased from $298 per short ton in 2002 to $596 per short ton in 2007, coincident with increases in scrap prices and energy prices, and the peak in apparent U.S. consumption in 2004.[6] The unit values of subject imports followed a similar trend.

The ratio of subject U.S. imports of wire rod from the seven subject countries to U.S. production of wire rod was *** percent in 2002, and did not exceed *** percent after 2002.

U.S. importers' orders of subject imports are presented in table IV-2. Importers reported arrangements for the importation of wire rod from two of the seven subject countries for delivery after December 31, 2007.[7]

Table IV-2
Wire rod: U.S. importers' orders, by subject sources, by quarters, 2008

* * * * * * *

Leading Nonsubject Sources of Imports

During the period for which data were collected, imports of wire rod entered the United States from a variety of sources other than the seven countries subject to these reviews. The leading nonsubject suppliers are shown in table IV-3. The leading source of nonsubject wire rod imports in 2007 was China, followed by Japan and Germany. In 2002-04, Turkey was the largest nonsubject supplier, but it largely withdrew from the market in 2007, contributing to the sizeable decrease in nonsubject imports in 2007. As previously discussed, the largest decline was a decrease in imports from China in 2007 after the imposition of an export tax of 15 percent on wire rod.

[6] Ibid., pp. 57-58 (Kerwin).

[7] According to official statistics, imports of wire rod during the first quarter of 2008 from Trinidad and Tobago were 12,790 short tons, imports from Mexico *** were 55 short tons, and there were no imports from Indonesia or Ukraine. Imports of wire rod from Canada and Brazil reported in official statistics are not useful in determining the wire rod subject to the orders in those countries, as imports of wire rod produced by Stelco in Canada and grade 1080 tire cord and tire bead wire rod from Brazil are included in official statistics.

Table IV-3
Wire rod: U.S. imports from leading nonsubject sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Quantity (*short tons*)					
China	410,926	269,328	770,773	685,252	1,370,122	591,935
Japan	191,343	177,665	173,360	196,759	190,146	218,425
Germany	55,861	108,518	255,478	226,467	116,453	56,147
Malaysia	43,983	52,791	110,142	62,916	83,882	36,225
United Kingdom	103,512	32,671	47,664	56,270	46,688	21,689
Korea	84	316	1,003	4,756	7,861	19,703
Argentina	153,216	86,599	68,812	72,188	34,903	17,383
Turkey	491,010	416,370	781,648	359,349	252,866	13,941
South Africa	42,215	69,097	49,386	62,624	77,031	9,083
Spain	85,308	86,790	59,367	47,669	62,504	4,582
Subtotal	1,577,458	1,300,145	2,317,632	1,774,250	2,242,457	989,113
All other	684,849	205,038	541,858	223,576	312,509	3,050
Total	2,262,306	1,505,183	2,859,490	1,997,826	2,554,966	992,163

Table continued on following page.

Table IV-3--*Continued*
Wire rod: U.S. imports from leading nonsubject sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Value (*1,000 dollars*)[1]					
China	99,442	68,621	340,877	305,949	593,045	281,526
Japan	90,042	86,408	106,852	161,749	167,846	173,849
Germany	22,876	40,883	127,456	129,008	75,466	47,879
Malaysia	10,666	14,564	45,742	28,900	36,081	17,462
United Kingdom	26,062	13,068	23,485	36,516	28,319	14,423
Korea	81	347	694	3,502	4,077	10,960
Argentina	39,170	23,486	35,904	36,003	17,461	8,344
Turkey	120,857	108,270	332,694	150,999	109,653	6,939
South Africa	10,561	19,217	17,738	31,931	36,721	4,253
Spain	24,466	26,291	30,131	29,755	36,017	3,271
Subtotal	444,222	401,156	1,061,573	914,310	1,104,687	568,907
All other	178,138	61,767	246,667	110,687	139,825	5,409
Total	622,360	462,923	1,308,240	1,024,997	1,244,511	574,316

Table continued on following page.

Table IV-3--*Continued*
Wire rod: U.S. imports from leading nonsubject sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
	Unit value (*per short ton*)					
China	$242	$255	$442	$446	$433	$476
Japan	471	486	616	822	883	796
Germany	410	377	499	570	648	853
Malaysia	242	276	415	459	430	482
United Kingdom	252	400	493	649	607	665
Korea	961	1,100	692	736	519	556
Argentina	256	271	522	499	500	480
Turkey	246	260	426	420	434	498
South Africa	250	278	359	510	477	468
Spain	287	303	508	624	576	714
Average	282	309	458	515	493	575
All other	260	301	455	495	447	1,773
Average	275	308	458	513	487	579

[1] Landed, duty-paid.

Note.–"All other sources" include Belgium, Czech Republic, India, Italy, France, and Netherlands.

Note.–These data do not include imports from Stelco in Canada or grade 1080 tire bead or tire cord wire rod from subject sources.

Source: Compiled from official Commerce statistics under HTS statistical reporting numbers 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.90.6010, and 7227.90.6080; for statistical reporting numbers in previous years, please consult Part I, "Tariff Treatment."

U.S. IMPORTERS' INVENTORIES

Data relating to U.S. importers' inventories of wire rod are presented in table IV-4. As the data presented in table IV-4 illustrate, inventories of subject imports declined steadily after 2002, especially inventories of imports from *** and *** (after 2003).

As seen in table IV-4, importers' inventories from all sources reached a peak in 2002, declined in 2003, increased in 2004 when consumption peaked, and declined thereafter. Inventories declined from 2006 to 2007, but were already at a much reduced level in 2006 from those held in 2005 and 2004. The amount of importers' inventory draw down from 2006 to 2007 was substantially less than the decline in imports from 2006 to 2007.

Table IV-4
Wire rod: U.S. importers' end-of-period inventories of imports, by source, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
	* * * * * * *					
Imports from all sources:						
Inventories (*short tons*)	244,198	167,756	201,236	143,479	61,438	6,776
Ratio to imports (*percent*)	9.5	9.8	7.3	7.6	2.5	0.5
Ratio to U.S. shipments of imports (*percent*)	9.5	9.5	7.4	7.4	2.5	0.5

Note.–There were no inventories from ***.

Note.–There were no subject inventories of imports reported from Indonesia, Moldova, or Ukraine.

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

At the hearing, purchasers and other industry witnesses testified that the purchasers' inventory buildup of imported wire rod in 2006 was partially responsible for the withdrawal of imports from the market in 2007;[8] another purchaser testified that 2006 appeared to be a year in which the inventory fluctuation situation had largely been corrected.[9] In its posthearing brief, the AWPA listed its inventory holdings of domestically produced and imported wire rod during 2002-07. Inventories peaked in February 2005 (at *** short tons), after a runup during the peak demand year of 2004 when the U.S. wire rod market conditions were relatively tight. During 2006, inventories increased from *** short tons to *** short tons. Reported purchaser inventory fell from *** short tons to *** short tons, a decrease of *** short tons.[10]

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

[8] Hearing transcript, pp. 77-78 (Kerwin) and p. 103 (Simon).

[9] Hearing transcript, pp. 225-226 (Woltz).

[10] Posthearing brief of the AWPA, exh. 7.

Fungibility

Different countries sell different ranges of grades into the United States. Table IV-5 shows U.S. shipments by grade and source, in terms of quantity and share of total. The first two categories, low and medium-low carbon industrial and standard quality wire rod, and high and medium-high carbon industrial and standard quality wire rod (other than tire cord and tire bead) are typically classified as "commodity" or "industrial" grades. The next four categories, tire cord and tire bead wire rod, welding quality wire rod, cold heading quality wire rod ("CHQ"), and other specialty carbon and alloy quality wire rod, are considered "specialty quality" or "specialty" grades. The remaining "all other" category includes any other types of wire rod but it may also include mis-classified standard grades. In each of the calendar years examined, over 70 percent of U.S. producers' total U.S. shipments were in the standard grades; the specialty grades were dominated by CHQ and the "all other" category. CHQ increased by *** percentage points over the period, while the higher quality CHQ wire rod meeting ASTM specification F2282 fluctuated during 2002-07, reaching its highest share in 2005. Producers reporting production of wire rod meeting ASTM specification F2282 included ***.

The share of shipments of subject imports by U.S. importers in the standard grades declined, falling from *** percent in 2002 to *** percent in 2007; the specialty grades were dominated by CHQ and the welding quality category. The share of CHQ increased *** over the period, while the higher quality subset product, CHQ wire rod meeting ASTM specification F2282, also increased during 2002-07, *** in 2007. *** reported imports of wire rod meeting ASTM specification F2282 ***. Counsel for Ivaco has made the argument that Ivaco's products are unique in the U.S. market, and that its CHQ is of a higher quality than its U.S. counterparts. It requested that the Commission gather information on shipments of wire rod meeting ASTM specification F2282;[11] however, even ***.

At the hearing, Ivaco asserted that the Canadian producers' products are of a higher quality because both Ivaco and Arcelor Mittal have access to very high quality billets, not entirely scrap-based billets, which is what it claims is used by most of the U.S. industry.[12] In its posthearing brief, Ivaco argued that *** percent of its wire rod shipments to the United States were of specialized products, representing an increase from the *** percent shipped during the original investigation.[13]

Pursuant to a request by counsel for Ivaco, the Commission included a question in its U.S. producers' questionnaire about producers' engineering staff devoted to CHQ support.[14] Charter has an entire division of engineering devoted to CHQ support. According to Charter's questionnaire response:

***.

Further, according to Arcelor Mittal's questionnaire response:

***.

Finally, according to Gerdau's questionnaire response:

***.

[11] Comments on draft questionnaires by counsel for Ivaco, December 20, 2007, pp. 6-7.

[12] Hearing transcript, p. 222 (Goldsmith).

[13] Posthearing brief of Ivaco, answers to Commissioners' questions, p. 32.

[14] Purchasers' comments on technical support are included in Part II.

Table IV-5
Wire rod: U.S. producers' and U.S. importers' shipments, by product type, 2002-07

Item	2002	2003	2004	2005	2006	2007
			Quantity (*short tons*)			
U.S. producers' U.S. shipments						
Low and medium-low carbon industrial and standard quality wire rod	2,024,778	2,117,295	2,139,487	1,806,330	1,916,369	2,184,080
High and medium-high carbon industrial and standard quality wire rods (other than tire cord and tire bead)	871,692	976,883	827,477	873,300	897,338	892,800
Tire cord wire rod and tire bead wire rod, including grade 1080	197,792	166,178	113,269	136,739	69,522	106,499
Welding quality wire rod	91,958	69,317	47,980	91,978	113,556	77,519
Cold heading quality wire rod	***	***	***	***	***	***
Other specialty carbon and alloy quality wire rod shipments	***	***	***	***	***	***
All other wire rod shipments	297,787	297,827	334,995	200,494	184,968	204,802
Total wire rod shipments	3,988,817	4,136,134	4,092,107	3,711,401	3,784,061	4,073,433
CHQ meeting standard ASTM F2282 wire rod (subset of CHQ above)	***	***	***	***	***	***
			Share (*percent*)			
U.S. producers' U.S. shipments						
Low and medium-low carbon industrial and standard quality wire rod	50.8	51.2	52.3	48.7	50.6	53.6
High and medium-high carbon industrial and standard quality wire rods (other than tire cord and tire bead)	21.9	23.6	20.2	23.5	23.7	21.9
Tire cord wire rod and tire bead wire rod, including grade 1080	5.0	4.0	2.8	3.7	1.8	2.6
Welding quality wire rod	2.3	1.7	1.2	2.5	3.0	1.9
Cold heading quality wire rod	***	***	***	***	***	***
Other specialty carbon and alloy quality wire rod shipments	***	***	***	***	***	***
All other wire rod shipments	7.5	7.2	8.2	5.4	4.9	5.0
Total wire rod shipments	100.0	100.0	100.0	100.0	100.0	100.0
CHQ meeting standard ASTM F2282 wire rod (subset of CHQ above)	***	***	***	***	***	***

Tabular presentation deleted. Table continued on following page.

Table IV-5--*Continued*
Wire rod: Total U.S. importers' shipments, by product type, 2002-07

Item	2002	2003	2004	2005	2006	2007
			Quantity (*short tons*)			
Total U.S. shipments of imports						
Low and medium-low carbon industrial and standard quality wire rod	1,547,104	987,965	1,722,126	1,251,791	1,792,488	637,175
High and medium-high carbon industrial and standard quality wire rods (other than tire cord and tire bead)	332,733	207,299	311,188	220,926	261,020	227,348
Tire cord wire rod and tire bead wire rod, other than grade 1080	133,525	97,540	124,849	97,286	102,134	88,036
Welding quality wire rod	165,959	171,370	241,358	107,863	91,888	82,781
Cold heading quality wire rod	385,031	268,200	294,799	239,067	214,765	244,641
Other specialty carbon and alloy quality wire rod shipments	41,861	42,208	45,576	30,927	37,353	51,545
All other wire rod shipments	10,229	1,048	462	564	0	90
Total subject wire rod shipments	2,616,442	1,775,630	2,740,358	1,948,424	2,499,648	1,331,616
CHQ meeting standard ASTM F2282 wire rod (subset of CHQ above)	***	***	***	***	***	***
			Share (*percent*)			
Total U.S. shipments of imports						
Low and medium-low carbon industrial and standard quality wire rod	59.1	55.6	62.8	64.2	71.7	47.8
High and medium-high carbon industrial and standard quality wire rods (other than tire cord and tire bead)	12.7	11.7	11.4	11.3	10.4	17.1
Tire cord wire rod and tire bead wire rod, other than grade 1080	5.1	5.5	4.6	5.0	4.1	6.6
Welding quality wire rod	6.3	9.7	8.8	5.5	3.7	6.2
Cold heading quality wire rod	14.7	15.1	10.8	12.3	8.6	18.4
Other specialty carbon and alloy quality wire rod shipments	1.6	2.4	1.7	1.6	1.5	3.9
All other wire rod shipments	0.4	0.1	0.0	0.0	0.0	0.0
Total subject wire rod shipments	100.0	100.0	100.0	100.0	100.0	100.0
CHQ meeting standard ASTM F2282 wire rod (subset of CHQ above)	***	***	***	***	***	***

[1] According to the one identified purchaser of wire rod from Indonesia, the product mix of imports into the United States was low and medium-low industrial standard quality wire rod and high and medium-high industrial standard quality wire rod only. Email from ***, April 23, 2008.

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

Geographic Markets

As noted previously, wire rod produced in the United States is shipped nationwide. Information summarizing ports of entry of wire rod imported from the subject countries is presented in table IV-6. Additional information on geographic markets may be found in Part II of this report. As table IV-6 illustrates, in 2007 imports from Canada entered the United States through Detroit, MI, Ogdensburg, NY, and Buffalo, NY; imports from Mexico were entering through Laredo, TX; and imports from Trinidad & Tobago were entering through New Orleans, LA, Tampa, FL, and Philadelphia, PA. During 2001, the final year of the original investigations, New Orleans, LA, and Houston-Galveston, TX served as common ports of entry for wire rod from most of the subject countries. However, even in 2001, imports from Canada, the leading supplier at that time, entered in different districts.

Table IV-6
Wire rod: U.S. imports from subject countries, by Customs district, 2001 and 2007

(Leading districts)		
Source	**2001**	**2007**
Brazil	New Orleans, LA; Mobile, AL; Savannah, GA	No subject imports
Canada	Detroit, MI; Buffalo, NY; Ogdensburg, NY	Detroit, MI; Ogdensburg, NY; Buffalo, NY
Indonesia	Los Angeles, CA; San Francisco, CA	No subject imports
Mexico	New Orleans, LA; Laredo, TX; Los Angeles, CA	Laredo, TX
Moldova	New Orleans, LA; Houston-Galveston, TX; Tampa, FL	No subject imports
Trinidad & Tobago	New Orleans, LA; Charleston, SC; Cleveland, OH; Houston-Galveston, TX	New Orleans, LA; Tampa, FL; Philadelphia, PA;
Ukraine	Houston-Galveston, TX; Philadelphia, PA; New Orleans, LA; Charleston, SC	No subject imports

Note.–Data include grade 1080 tire cord and tire bead wire rod from Brazil in 2001 and from Canada in 2001 and 2007, and imports from Stelco in Canada.

Note.–Imports from Indonesia in 2004 entered through Los Angeles, CA.

Source: Compiled from official statistics of Commerce for HTS numbers 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.90.6010, and 7227.90.6080; for statistical reporting numbers in previous years, please consult Part I, "Tariff Treatment."

Presence in the Market

Table IV-7 presents data on the monthly entries of U.S. imports of wire rod, by source, during 2002-07. Wire rod produced in Canada, Mexico, and Trinidad & Tobago was generally present in most months during 2002-07. Imports from Brazil, Indonesia, Moldova, and Ukraine were generally absent from the market after the imposition of the orders in 2002. Imports from all other sources combined were present throughout the period.

Table IV-7
Wire rod: U.S. imports, monthly entries into the United States, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
Brazil	12	0	0	0	0	0
Canada	12	12	12	12	12	12
Indonesia	2	0	1	1	0	0
Mexico	12	12	12	11	10	11
Moldova	2	0	0	0	0	0
Trinidad & Tobago	12	11	12	10	11	9
Ukraine	2	0	0	1	0	0
All others	12	12	12	12	12	12

Note.–Data include grade 1080 tire cord and tire bead from Canada and wire rod produced by Stelco in Canada.

Note.–Entries for Indonesia and Ukraine in 2005 are mis-classified out-of-scope products.

Note.–Entries from Brazil after 2002 were only grade 1080 tire cord and tire bead wire rod, and are therefore not shown in this table.

Source: Compiled from official statistics of Commerce for HTS numbers 7213.91.3011, 7213.91.3015, 7213.91.3092, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.90.6010, and 7227.90.6080; for statistical reporting numbers in previous years, please consult Part I, "Tariff Treatment."

THE SUBJECT FOREIGN INDUSTRIES

Actual and Anticipated Changes in Capacity

The wire rod industries in Brazil, Mexico, and Ukraine added capacity during 2002-07, while subject capacity declined in Canada during the same period, according to data submitted in response to Commission questionnaires, as presented in table IV-8. According to ***,[15] capacity additions were forecasted only in Brazil during 2007-10, as presented in table IV-9. The data sources differ somewhat, with estimates of higher capacity in Brazil, Canada, Mexico, Moldova, and Trinidad & Tobago by *** and estimates of lower capacity in Ukraine by ***. The questionnaire data show a ***-percent increase in capacity during 2002-07; the *** data forecast a ***-percent increase in capacity during 2007-10. Although the questionnaire data do not include Indonesia, the *** data do not forecast any capacity expansion for that country.

Brazil has the largest projected expansion, has the largest industry, and it is a net exporter of wire rod. Mexico has the next largest industry, but it is a net importer of wire rod.[16] The third largest industry is located in Ukraine, which is not forecasted to expand capacity, but did report a capacity expansion in its questionnaire response in 2005-07 (which did not appear in ***). During the original investigations, Mexico and Ukraine had greater quantities of exports to the United States than Brazil. The contraction of capacity in Canada has taken place at the same time that exports to the United States have fluctuated.

[15] ***.

[16] Of the three responding producers in Mexico, ***.

Table IV-8
Wire rod: Subject countries' capacity, 2002-07 (actual)

* * * * * * *

Table IV-9
Wire rod: Subject countries' capacity, 2005-06 (actual), 2007-10 (forecasted), and 2007-10 change

* * * * * * *

Exports

As shown in table IV-10, China was the largest nonsubject country exporter during 2002-06 (2006 is the latest year available). Not only was China the largest nonsubject country exporter in 2006, it had the largest increase, during 2002-06. Slightly more major exporting countries experienced declines in their exports of wire rod than increases.

Net Trade Balance

Data concerning the net trade balance reported for each subject country is presented in table IV-11. These data show that, on an aggregate basis, the five subject countries with available data were net exporters during 2002-06. Brazil and Ukraine were substantial net exporters during each year in the period. Mexico was a net importer during four of the five years of the period, and the amount by which it was a net importer increased irregularly during 2002-06. Indonesia was a net importer until 2005.

Tariff or Non-Tariff Barriers to Trade

The Commission asked producers of wire rod in the subject countries to identify tariff or non-tariff barriers to trade (for example, antidumping or countervailing duty findings or remedies, tariffs, quotas, or regulatory barriers) concerning their exports of wire rod to countries other than the United States. The Commission also asked the subject foreign producers to identify ongoing investigations in countries other than the United States that could result in tariff or non-tariff barriers to trade for their exports of wire rod. There were no reports by foreign producers of any barriers to trade except for wire rod from Ukraine, which is subject to quotas in the EU beginning in 1995 (134,509 short tons in 2008) and in Russia beginning in 2007 (221,610 short tons in 2008). Although the prehearing brief of the Embassy of Ukraine asserts that these quotas will be removed upon entry of Ukraine to the EU, it did not specify when this change is to take place or how it will be implemented.[17] Since the questionnaires were issued, however, the EU initiated an antidumping proceeding against wire rod from China, Moldova, and Turkey (in May 2008), and is expected to institute provisional measures (if warranted) in 9 months, and to reach a final conclusion in 15 months.[18]

[17] Prehearing brief of the Embassy of Ukraine, p. 7.

[18] *Official Journal of the European Union*, May 8, 2008, C 113/20.

Table IV-10
Wire rod: Reported worldwide exports from subject countries, top 10 nonsubject countries, and all other countries, 2002-06

Exporting country	2002	2003	2004	2005	2006
	Quantity *(short tons)*				
Brazil	535,432	863,124	819,546	1,323,816	1,022,819
Canada	789,374	659,108	676,103	502,669	523,300
Indonesia	225	18,924	60,849	184,594	207,128
Mexico	117,134	117,464	137,487	53,375	22,366
Ukraine	2,278,706	2,125,642	1,977,980	1,613,736	2,071,561
Subtotal	3,720,871	3,784,262	3,671,966	3,678,190	3,847,174
China	836,971	1,152,539	2,576,726	3,425,767	5,942,683
Germany	2,216,937	2,144,196	2,597,363	2,179,520	2,456,982
Japan	1,565,666	1,436,736	1,454,907	1,153,772	1,102,441
Russia	1,251,074	1,181,503	1,118,448	1,017,021	831,903
Belgium	634,280	654,907	619,301	618,016	810,134
Czech Republic	915,091	912,750	864,485	701,671	807,317
France	725,607	714,178	699,829	707,443	663,606
Netherlands	313,232	377,712	520,374	522,739	599,186
Italy	420,834	320,774	580,241	457,569	594,845
United Kingdom	603,180	480,517	575,011	676,284	591,555
Subtotal, top nonsubject countries	9,482,870	9,375,811	11,606,686	11,459,803	14,400,651
All other countries	5,095,326	5,577,643	6,424,953	6,125,771	4,452,282
World	18,299,067	18,737,716	21,703,604	21,263,764	22,700,106

Note.–Moldova and Trinidad & Tobago do not report trade data to the Global Trade Atlas.

Note.–Data include grade 1080 tire cord and tire bead and wire rod produced by Stelco in Canada.

Note.–Data reported by GTA for exports from Mexico to Mexico were removed because it was assumed that these data were in error (46,002 short tons in 2002).

Note.–2006 is the latest year available for data from all countries.

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

Table IV-11
Wire rod: Subject country exports, imports, and net trade balances, 2002-06[1]

Source	Calendar year				
	2002	2003	2004	2005	2006
	Export quantity (*short tons*)				
Brazil	535,432	863,124	819,546	1,323,816	1,022,819
Canada	789,374	659,108	676,103	502,669	523,300
Indonesia	225	18,924	60,849	184,594	207,128
Mexico	117,134	117,464	137,487	53,375	22,366
Ukraine	2,278,706	2,125,642	1,977,980	1,613,736	2,071,561
Total subject	3,720,871	3,784,262	3,671,966	3,678,190	3,847,174
	Import quantity (*short tons*)				
Brazil	14,946	14,758	39,301	42,842	77,829
Canada	450,633	351,685	532,599	514,842	483,011
Indonesia	134,517	116,937	118,564	155,899	109,418
Mexico	169,603	132,338	115,590	153,436	250,304
Ukraine	25,422	23,119	16,707	6,972	17,032
Total subject	795,120	638,837	822,761	873,991	937,594
	Trade balance (*short tons*)				
Brazil	520,486	848,367	780,245	1,280,974	944,990
Canada	338,742	307,423	143,503	(12,174)	40,288
Indonesia	(134,292)	(98,013)	(57,715)	28,694	97,710
Mexico	(52,469)	(14,873)	21,898	(100,061)	(227,939)
Ukraine	2,253,284	2,102,523	1,961,273	1,606,765	2,054,529
Total subject	2,925,750	3,145,425	2,849,204	2,804,198	2,909,580

[1] Positive numbers presented for “trade balance” show net exports and numbers in parentheses presented for “trade balance” show net imports.

Note.–Data include grade 1080 tire bead and tire cord wire rod. Data also include wire rod produced by Stelco in Canada.

Note.–Moldova and Trinidad and Tobago do not report trade data to the Global Trade Atlas.

Note.–Data reported by GTA for exports from Mexico to Mexico were removed because it was assumed that these data were in error (46,002 short tons in 2002).

Note.–Because of rounding, exports minus imports may not equal the trade balance.

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

ARCELOR MITTAL'S ROLE IN WIRE ROD PRODUCTION AND SHIPMENTS WORLDWIDE

Table IV-12 presents Arcelor Mittal's worldwide production and exports to the United States of wire rod during 2007. The firm has numerous wire rod production facilities around the world, as well as facilities in Brazil, Canada, Mexico, Trinidad & Tobago, and Ukraine involved in these reviews, and in the United States in Indiana and South Carolina.[19] Arcelor Mittal USA supported the continuation of the antidumping and countervailing duty orders in these sunset reviews on all countries involved in the proceedings.[20] Its exports to the United States accounted for approximately *** percent of total production worldwide by Arcelor Mittal. Exports to the United States from the subject countries accounted for approximately *** percent, however; those exports included ***.

Table IV-12
Wire rod: Arcelor Mittal's mills worldwide, their production and exports to the United States, 2007

* * * * * * *

When asked to explain how Arcelor Mittal makes decisions regarding domestic production vs. importation of wire rod from its related firms, Arcelor Mittal USA provided the following response: ***.[21]

At the Commission's hearing, Counsel for Arcelor Mittal explained that: "I wouldn't expect that Arcelor Mittal would do anything deliberately to harm its facilities in the U.S., and therefore, they wouldn't sell to them first in order to avoid that harm, ..."Nevertheless, counsel observed that Arcelor Mittal's overall approach is to protect Areclor Mittal, not the other domestic competitors, so what they may feel is in the Arcelor Mittal best interest may not necessarily be viewed as noninjurious to the rest of the industry, and in this particular instance, because Arcelor Mittal is a relatively small player in the wire rod market, they will have a different view of what's helpful and harmful to the overall domestic industry than they might when they were a bigger player in another product segment.[22]

In its posthearing brief, Arcelor Mittal gave the following explanation for how decisions are made for wire rod sales and importation:

Arcelor Mittal's wire rod sales in the United States, ***.[23]

Counsel for Arcelor Mittal notes that Arcelor Mittal USA has ***.[24]

Purchaser Lincoln Electric asserted at the hearing that Arcelor Mittal agreed to transfer certain of its specifications from its Georgetown, SC mill to its mill in Canada because Lincoln Electric experienced

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[19] Although counsel for Nucor, Cascade, and Republic and for the AWPA have argued that the Commission should consider Mittal's ownership in Ispat Indo in Indonesia together with Arcelor Mittal's ownership in the five other foreign subject firms (*see* posthearing brief of Nucor, Cascade, and Republic, pp. 2-3, and posthearing brief of the AWPA, exh. 5), Arcelor Mittal has no ownership concern in Ispat Mittal, which was not included in the merger between Mittal and Arcelor. According to Arcelor Mittal USA, "***." Email from ***, April 28, 2008.

[20] Hearing transcript, p. 49 (Cannon). Nevertheless, as discussed in Part I, Arcelor Mittal's Trinidadian production entity continues to pursue litigation concerning the original investigation on subject imports from Trinidad & Tobago.

[21] Email from ***, March 6, 2008.

[22] Hearing transcript, pp. 152-153 (Rosenthal).

[23] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 4.

[24] Ibid., exh. 1, p. 6.

significant quality problems with the wire rod from the Georgetown facility.[25] This would seem to indicate that Arcelor Mittal is capable of shifting some of its business from its U.S. mills to its subject country mills. However, the Lincoln Electric representative testified that "we are definitely convinced that any imports to the United States from any Arcelor Mittal mill around the world will go through their wire rod organization in Chicago."[26] Likewise, a Heico Wire Group representative testified that he believed that all decisions about what gets offered from Arcelor Mittal's various global locations is done by "the folks in Chicago," and he testified that his firm bought wire rod from their mills in Canada, Mexico, Ukraine, and Brazil.[27]

When asked if Arcelor Mittal may be considering closing the Georgetown mill in favor of importing wire rod from subject or nonsubject affiliates, Arcelor Mittal replied in its posthearing brief that it is fully committed to its U.S. wire business, as demonstrated by its investments there, and is not considering closing Georgetown in favor of importing from any affiliate.[28]

In contrasting Arcelor Mittal's operations in the United States and the subject countries, it should be noted that the range of products offered is somewhat different at each location, as shown in the tabulation below representing 2007 U.S. shipments at Arcelor Mittal USA and total shipments in its related firms in their respective countries. According to counsel for Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, Arcelor Mittal might be tempted to import wire rod from its subject country affiliates to round out its U.S. product offerings if the order was revoked, even though the firm would state that it would not pursue such a strategy, as that is its position.[29] It its posthearing brief, counsel for Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain reported that Arcelor Mittal has ***.[30]

* * * * * * *

Arcelor Mittal's operations in each of the subject countries vary in terms of capacity, production, capacity utilization rates, and export concentration, as seen in the following tabulation (based on questionnaire response data from the various foreign producers). Arcelor Mittal does not control all the production and shipments in three of the five subject countries in which it operates: Brazil, Canada, and Mexico each have other producers operating in those countries in addition to affiliates of Arcelor Mittal. In Brazil, Arcelor Mittal accounts for approximately *** percent or less of the market; in Canada approximately *** percent of the capacity; and in Mexico approximately *** percent of the capacity.

* * * * * * *

GERDAU'S ROLE IN WIRE ROD PRODUCTION AND SHIPMENTS WORLDWIDE

Table IV-13 presents Gerdau's worldwide production and exports to the United States of wire rod during 2007. The firm has several plants in Brazil involved in these reviews, and in the United States in Florida, New Jersey, and Texas. Gerdau Ameristeel supported the continuation of the antidumping and countervailing duty orders in these five-year reviews on all countries involved in the proceedings. Gerdau did not have any exports from Brazil to the United States after the orders were imposed.

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[25] Hearing transcript, p. 183 (Deshane).

[26] Ibid., p. 184.

[27] Ibid., pp. 282-283 (Moffitt).

[28] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 2.

[29] Hearing transcript, pp. 154-155 (Rosenthal).

[30] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 3.

Table IV-13
Wire rod: Gerdau's mills worldwide, their production and exports to the United States, 2007

* * * * * * *

When asked for an explanation for how Gerdau makes decisions regarding domestic production vs. importation of wire rod from its related firms in Brazil, it provided the following response:

> Within the Gerdau family of companies, the producing entity has control of the sale via its own assigned sales force. Gerdau S.A. uses its own sales force for its Brazilian mills and does not coordinate sales with Gerdau Ameristeel or sell through Gerdau Ameristeel. While Gerdau Ameristeel may find out or be told about the existence of a U.S. sale by a Gerdau mill in Brazil, Gerdau Ameristeel US has no control over the price, volume, or customer choices of Gerdau S.A. in the United States. The producing mill and its sales force has the ultimate responsibility for making the decision as to who to sell and at what quantities and prices.[31]

At the hearing, counsel for purchasers testified that Gerdau has been offering wire rope to firms from both its U.S. mill and its Brazil mill, at different prices (with the Brazilian product at a higher price), in the same solicitation letter. Counsel asserted that it is "peculiar" to be told that Gerdau Ameristeel may not know what Gerdau Brazil is doing when in fact they are marketing their products to purchasers directly.[32]

In contrasting Gerdau's operations in the United States and in Brazil, it should be noted that the range of products offered is somewhat different at each location, as shown in the tabulation below representing 2007 U.S. shipments at Gerdau USA and total shipments in its related firms in Brazil.

* * * * * * *

In contrasting Gerdau's different operations in Brazil, it is important to note that its capacity, production, capacity utilization rates, and exports to shipments ratios vary by location, as seen in the following tabulation.

* * * * * * *

THE INDUSTRY IN BRAZIL

Overview

Three firms, accounting for *** percent of Brazilian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Barra Mansa, Belgo-Mineira, and Gerdau. Barra Mansa estimated that it accounted for *** percent of Brazilian production in 2001, and ***. Belgo accounted for *** percent of 2001 production, and Gerdau for *** percent, as estimated by each firm.

The structure of the wire rod industry in Brazil has changed little since the imposition of the orders, with three firms identified in the response to the institution notice by domestic interested parties:

[31] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 16.

[32] Hearing transcript, pp. 299-300 (Waite).

Arcelor Mittal Brazil, Gerdau Acominas, and Siderurgica Barra Mansa.[33] Responses to the Commission's questionnaire were received from Arcelor Mittal Brazil (successor firm to Belgo) and Gerdau (Acominas and Acos Longos), producers in Brazil,[34] while Barra Mansa, part of Votorantim Metals' Steel Business Unit, did not respond.[35] Arcelor Mittal Brazil estimated that it accounted for *** percent of Brazilian production in 2007, and Gerdau estimated that it accounted for *** percent of production of wire rod in Brazil during that year, totaling *** percent. According to ***[36] and IISI, production in Brazil in 2006 was 3,359,000 tons.[37] Reported production by Arcelor Mittal Brazil and Gerdau was *** tons, yielding a theoretical coverage of *** percent of Brazilian production during 2006 by responding firms. However, *** firm-by-firm capacity data did not name any additional firms (such as ***) producing wire rod in Brazil during 2007; accordingly the differences in production quantities appear to be reporting differences or errors in the *** data for the firms in question, or the fact that *** data include grade 1080 tire cord and tire bead wire rod, which accounted for *** percent of the responding producers' total shipments in 2007 (a total of *** short tons).[38] Table IV-14 presents comparative information available from the original investigations and these first reviews. Forecast capacity by *** for 2007 for Brazilian producers was *** tons, and production was *** tons, yielding a forecast capacity utilization of *** percent.

Table IV-14
Wire rod: Comparison of select Brazilian industry data, 2001 and 2007

* * * * * * *

Wire Rod Operations

Data provided by Arcelor Mittal Brazil and Gerdau concerning their wire rod operations in Brazil during calendar years 2002-07 are presented in table IV-15. Selected firm by firm data are presented in appendix E. The Brazilian producers reported that neither they nor any related firm had a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for wire rod.

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[33] *Response* of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, October 24, 2007, exh. 4, p. 1. As discussed later, however, a fourth company, CSN, is slated to begin wire rod operations in 2008.

[34] Arcelor Mittal Brazil belongs to the Arcelor Mittal Group, which includes wire rod producers in the United States, Canada, Mexico, Trinidad & Tobago, and Ukraine, and the wire rod importer Arcelor Mittal Pine Bluff.

[35] According to its web site, Votorantim Metals' Steel Business Unit began operations in 1937 in Barra Mansa, RJ. The Barra Mansa plant had a reported capacity of 600,000 metric tons of structural steel. However, investments of R$ 461 million in 2007 are expected to increase capacity by 9.2 percent. In addition, another investment of R$ 1 billion is to be used for the construction of a new plant in Resende, RJ, increasing capacity by 1 million metric tons per year. *See* home page of Votorantim Metais, found at http://www.vmetais.com.br/en-us/Institucional/unidadesNegocio/Pages/unidadesNegocio.aspx, and retrieved on March 17, 2008. According to ***, Votorantim Metais Ltda has contracted Morgan Construction Co. to supply a single-strand wire rod mill in Rio de Janeiro. The mill is due to be commissioned in the second quarter of 2009, and will roll plain rod/rebar from 5.5mm-24mm, and high-yield quenched and self tempered reinforcing bar from 6.35mm-16mm. The project design will allow for a future capacity expansion to two strands for rod, leading to a capacity of around 1m tpy. ***.

[36] ***.

[37] Steel Statistical Yearbook, 2007, IISI Committee on Economic Studies, table 22.

[38] The data for *** was most out of reconcile, with *** reporting *** tons of capacity in 2007 and its questionnaire response reporting *** tons. Upon inquiry with staff from ***, the firm reported that it is confident in its capacity data and that any other conflicting source of capacity estimate is in error. Email from ***, March 3, 2007.

Table IV-15
Wire rod: Brazilian capacity, production, shipments, and inventories, 2002-07

* * * * * * *

Production Capacity in Brazil

The combined capacity to produce wire rod in Brazil increased in 2004 when ***. According to ***, there are two mills due to come on line in Brazil in 2008-10: CSN in Volta Redonda and Votorantim Metals in Barra Mansa, with an estimated combined capacity of *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010.

Arcelor Mittal Brazil indicated that its reported wire rod capacity is based on operating *** hours per week, *** weeks per year. It *** produce other products using its wire rod equipment. It estimated that wire rod accounted for *** percent of its 2007 total sales. It reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Brazil in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported "***" were constraints that limit capacity.

Gerdau Acos Longos reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Brazil in the foreseeable future. It also experienced *** changes to the character of its operations since 2002.

It ***.

Brazilian producer Gerdau Acominas began production in 2004, and thereafter *** experience any changes to its operations. It reported producing *** products on equipment used to produce wire rod. Wire rod accounted for *** percent of its total sales in the most recent fiscal year.

It reported constraints on its capacity as follows: ***.

Shipments of Wire Rod Produced in Brazil

Total shipments of wire rod by Brazilian producers increased irregularly from 2002 to 2007. The Brazilian producers' internal consumption and home market accounted for the majority of the firms' total shipments of wire rod during the period of review, and an increasing share during the latter part of the period (2005-07). The increasing quantity of internal consumption and home market shipments during 2005-07 is consistent with reports that demand for wire rod in the Brazilian market has increased in the last several years. ***.

Total Brazilian export shipments of wire rod have risen absolutely from 2002 to 2005, then decreased from 2005 to 2007. As a share of total shipments they reached a peak in 2005 from a low point in 2002. Since 2003, exports have ranged from *** to *** percent of total shipments. The Brazilian producers' data show that there were no exports of wire rod to the United States after 2002.

Detailed information on the export destinations for Brazilian wire rod is presented in table IV-16. These data contain data on grade 1080 tire cord and tire bead, which is not subject to these reviews.

Table IV-16
Wire rod: Exports from Brazil, by destinations, in descending order of quantities shipped, 2002-07

Destination	2002	2003	2004	2005	2006	2007
			Quantity *(short tons)*			
United States	192,057	138,265	134,278	162,329	166,755	145,198
Colombia	11,307	21,844	30,251	17,343	89,300	102,516
Peru	851	10,503	34,578	14,673	24,285	87,552
Italy	40,808	158,709	51,423	140,625	68,459	65,643
Korea	25,414	41,115	44,462	48,791	45,986	50,027
Dominican Republic	0	9,294	7,440	19,823	19,832	32,076
Argentina	424	3,006	29,700	38,399	50,291	29,139
Canada	108,360	83,124	97,014	59,158	34,113	28,396
Turkey	14,718	26,521	18,009	34,236	25,666	26,190
Belgium	20,394	12,982	7,043	47,988	32,909	24,509
Spain	0	33,110	48,047	128,693	32,555	23,809
Subtotal	222,276	400,207	367,967	549,729	423,396	469,857
All other	121,099	324,652	317,300	611,758	432,669	264,103
Total	535,432	863,124	819,546	1,323,816	1,022,819	879,158
			Value *(1,000 dollars)*			
United States	45,823	37,415	47,956	92,807	90,299	80,307
Colombia	2,218	5,340	13,206	7,327	39,946	50,543
Peru	156	2,389	13,458	5,334	9,860	41,796
Italy	7,226	35,818	20,149	62,169	29,490	35,248
Korea	6,142	10,643	14,446	22,773	22,375	24,928
Dominican Republic	0	2,314	3,295	6,936	8,568	14,456
Argentina	136	896	11,393	14,926	22,057	14,437
Canada	23,348	20,943	35,012	29,346	18,486	15,933
Turkey	3,506	6,629	6,984	21,202	14,670	16,074
Belgium	3,888	3,406	2,655	19,351	13,585	12,482
Spain	0	8,224	16,192	47,136	12,003	12,402
Subtotal	46,619	96,602	136,790	236,500	191,041	238,300
All other	23,355	74,466	113,456	231,813	184,687	125,956
Total	115,797	208,483	298,203	561,120	466,026	444,563

Table continued on following page.

Table IV-16--*Continued*
Wire rod: Exports from Brazil, by destinations, in descending order of quantities shipped, 2002-07

Destination	2002	2003	2004	2005	2006	2007
			Unit value *(per short ton)*			
United States	$239	$271	$357	$572	$542	$553
Colombia	196	244	437	422	447	493
Peru	183	227	389	364	406	477
Italy	177	226	392	442	431	537
Korea	242	259	325	467	487	498
Dominican Republic	--	249	443	350	432	451
Argentina	322	298	384	389	439	495
Canada	215	252	361	496	542	561
Turkey	238	250	388	619	572	614
Belgium	191	262	377	403	413	509
Spain	--	248	337	366	369	521
Subtotal	210	241	372	430	451	507
All other	193	229	358	379	427	477
Total	216	242	364	424	456	506

Note.–Data include grade 1080 tire cord and tire bead.

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

Product Mix

Table IV-17 presents data on Brazilian wire rod producers' product mix during the period for which data were collected. Relative shares of specified products shifted from low/medium-low carbon toward high/medium-high carbon, welding quality, CHQ, and other specialty carbon and alloy wire rod.

Table IV-17
Wire rod: Brazilian producers' shipments, by product type, 2002-07

* * * * * * *

THE INDUSTRY IN CANADA

Overview

Three firms, accounting for all known Canadian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Ispat Sidbec, Ivaco, and Stelco. Stelco was excluded from the original antidumping duty order because its margin was *de minimis*, therefore only data from Ispat Sidbec and Ivaco were included in the final phase of the investigations.[39]

The structure of the wire rod industry in Canada has changed little since the imposition of the orders, with three Canadian producers: Arcelor Mittal Canada (successor firm to Ispat Sidbec), Ivaco,

[39] *Staff Report*, September 19, 2002 (INV-Z-156), p. VII-3.

and Stelco (nonsubject).[40] Responses to the Commission's questionnaire were received from all three producers, although data from Stelco are not presented in this section. (Stelco's data were used to verify import data, presented earlier in part IV, however.) Accordingly, the data presented on Canadian production of wire rod for the current reviews are for Arcelor Mittal Canada and Ivaco, which represent all known production of subject wire rod in Canada. Table IV-18 presents comparative information available from the original investigations and these first reviews.

Table IV-18
Wire rod: Comparison of select Canadian industry data, 2001 and 2007

* * * * * * *

According to ***,[41] Canadian capacity for 2007 was *** tons, and production was forecasted for that year to be *** tons, yielding a capacity utilization rate of *** percent.[42] These data ***.[43]

Wire Rod Operations

Data provided by Arcelor Mittal Canada and Ivaco concerning their wire rod operations in Canada during calendar years 2002-07 are presented in table IV-19. Selected firm by firm data are presented in appendix E. Ivaco provided its business plan for wire rod; Arcelor Mittal Canada indicated that it did not have a business plan or any internal documents that describes, discusses, or analyzes expected future market conditions for wire rod.

[40] Arcelor Mittal Canada belongs to the Arcelor Mittal Group, which includes wire rod producers in the United States, Brazil, Mexico, Trinidad & Tobago, and Ukraine, and the wire rod importer Arcelor Mittal Pine Bluff. Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain alleged that a fourth Canadian producer exists: AltaSteel Ltd., a Division of Scraw Metals Group, in Edmonton, Canada. *Response* of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, October 24, 2007, exh. 4, p. 1. This firm did not respond to the Commission's questionnaire. *** does not list wire rod capacity for that firm. Consultant for Ivaco David Goldsmith testified at the hearing that Alta Steel is a bar mill making straight products only, with no coiled steel production. Hearing transcript, pp. 203-204 (Goldsmith).

[41] ***.

[42] According to Ivaco, the *** forecasted production number is in error because it did not include production to affiliated downstream companies. Increasing the number to allow for those transfers would bring the published capacity utilization rate in line with the rate reported by the Canadian respondents in their questionnaire responses. Prehearing brief of Ivaco, exh. 10, and hearing transcript, p. 202 (Goldsmith).

[43] Data were most out of reconcile for ***, who reported a capacity of *** tons in its questionnaire response while *** reported a capacity of *** tons. In response to a staff inquiry, *** reported a capacity of *** short tons to *** in 2004, which was misinterpreted as metric tons. However, this is above the figure of *** short tons reported as capacity for 2004 in its current questionnaire response. Email from ***. In its prehearing brief, Ivaco reported that the *** data included all wire rod, which included nonsubject wire rod products, especially out-of-scope diameters. Ivaco produced *** tons of out-of-scope diameter wire rod products in 2004, the year in which the *** data was reported. According to Ivaco, that leaves a discrepancy of *** tons, which is due to rounding of an approximate capacity figure of ***. Prehearing brief of Ivaco, p. 35. According to counsel for Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, the Commission should rely on the 900,000 ton figure for Ivaco's capacity because it is "based on Ivaco's own reporting to *** and Ivaco's announcements in the press. Prehearing brief of domestic interested parties, p. 47 and exh. 7. In addition, counsel for domestic interested parties believes that the ***. Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 38.

Table IV-19
Wire rod: Canadian capacity, production, shipments, and inventories, 2002-07

* * * * * * *

Production Capacity in Canada

The combined capacity to produce wire rod in Canada decreased from 2002 to 2007. These decreases were mainly the result of ***.

Arcelor Mittal indicated that its reported wire rod capacity, which is based on operating *** hours per week, *** weeks per year, decreased slightly in 2003 and in 2006. Wire rod represented *** percent of total sales in the most recent fiscal year. Arcelor Mittal Canada produces *** on the same equipment used to produce wire rod, and is ***. Arcelor Mittal Canada reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Canada in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported ***.

Canadian producer Ivaco reported that, during 2002-07, its wire rod capacity, which was based on operating *** hours per week, *** weeks per year, decreased. At the hearing, consultant for Ivaco David Goldsmith testified that Ivaco operates four crews, seven days per week.[44] Its wire rod sales were *** percent of its total sales in the most recent fiscal year. It produces nonsubject wire rod products, especially out of scope diameters, on the same equipment used to produce wire rod, and it is ***.

Ivaco reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Canada in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported ***.

Shipments of Wire Rod Produced in Canada

Total shipments of wire rod by Canadian producers peaked in 2002. The Canadian producers' internal consumption and home market shipments accounted for the majority of the firms' total shipments of wire rod during 2004-07. Arcelor Mittal Canada indicated in its questionnaire response that demand for wire rod in the Canadian market ***. Ivaco indicated that demand in the Canadian market had ***. Ivaco plans to shift more of its shipments to Canadian affiliates in the future, according to its prehearing brief and hearing testimony citing portions of its business plan.[45]

Total Canadian export shipments of wire rod have declined *** since 2002, both absolutely and relatively. According to Ivaco, the reason for the decrease in 2005 and 2006 was the strike at Ivaco (which lasted from September 2005 until January 2006). By 2007, Ivaco's exports of wire rod were at *** percent of the level in 2003.[46] However, the strike at Ivaco does not explain the entire decrease in shipments. The Canadian producers' data show that their exports of wire rod to the United States declined *** during 2002-07.

Detailed information on the export destinations for Canadian wire rod is presented in table IV-20. The top export destinations for Canadian wire rod during 2006-07 include the United States, India, and Mexico. The data include exports of grade 1080 tire cord and tire bead, and the wire rod from Canadian exporter Stelco, all of which are excluded from the antidumping duty order.

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[44] Hearing transcript, p. 204 (Goldsmith).

[45] Prehearing brief of Ivaco, p. 38 and hearing transcript, p. 201 (Lachapelle).

[46] Prehearing brief of Ivaco, pp. 2 and 14.

Table IV-20
Wire rod: Exports from Canada, by destinations, in descending order of quantities shipped, 2002-07

Destination	2002	2003	2004	2005	2006	2007
			Quantity *(short tons)*			
United States	788,181	656,907	671,543	487,960	470,818	547,340
India	23	0	0	5,110	7,108	20,938
Mexico	1,086	1,956	2,686	3,592	39,375	9,700
Oman	0	0	0	3	0	3,869
Pakistan	0	0	74	0	48	2,984
Italy	0	0	0	483	3,459	2,530
France	0	4	0	0	0	247
Syria	0	140	547	4,153	2,058	196
Iran	0	0	0	0	0	96
China	59	0	0	72	246	75
Argentina	0	0	0	0	53	56
Subtotal	1,168	2,100	3,307	13,412	52,348	40,692
All other	25	101	1,253	1,296	134	273
Total	789,374	659,108	676,103	502,669	523,300	588,305
			Value *(1,000 dollars)*			
United States	305,808	238,972	385,206	307,183	302,408	347,937
India	15	0	0	2,058	2,666	7,297
Mexico	382	965	1,530	2,649	21,534	7,901
Oman	0	0	0	1	0	1,105
Pakistan	0	0	22	0	11	1,078
Italy	0	0	0	164	1,450	982
France	0	3	0	0	0	198
Syria	0	35	237	1,606	732	75
Iran	0	0	0	0	0	48
China	30	0	0	49	210	60
Argentina	0	0	0	0	30	192
Subtotal	427	1,003	1,789	6,527	26,633	18,936
All other	50	71	214	427	292	147
Total	306,286	240,046	387,209	314,138	329,333	367,020

Table continued on following page.

Table IV-20--*Continued*
Wire rod: Exports from Canada, by destinations, in descending order of quantities shipped, 2002-07

Destination	2002	2003	2004	2005	2006	2007
			Unit value *(per short ton)*			
United States	$388	$364	$574	$630	$642	$636
India	667	--	--	403	375	348
Mexico	352	494	570	737	547	815
Oman	--	--	--	418	--	286
Pakistan	--	--	302	--	230	361
Italy	--	--	--	340	419	388
France	--	812	441	--	--	803
Syria	--	250	433	387	356	381
Iran	--	--	--	--	--	500
China	507	--	--	678	854	807
Argentina	--	--	--	--	569	3,413
Subtotal	366	478	541	487	509	465
All other	1,982	700	171	330	2,178	539
Total	388	364	573	625	629	624

Note.–Data include grade 1080 tire cord and tire bead, and exports from Stelco.

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

Product Mix

Table IV-21 presents data on Canadian wire rod producers' product mix during the period for which data were collected. Relative shares of specified products have shifted, with shipments increasing in low/medium-low carbon quality and high/medium-high carbon quality, while decreasing in CHQ, welding quality, and all other wire rod (and in wire rod meeting ASTM specification F2282). However, CHQ was the *** component throughout 2002-07. Ivaco asserts in its prehearing brief that the decrease in CHQ, welding quality, and all other wire rod was offset by an increase in high and "very high" carbon wire rod subcategory. It reported *** short tons of high and "very high" carbon quality wire rod shipments to the United States during 2007 in its questionnaire response–a product category not requested in the questionnaire, and for which there exists no parallel information from other firms.[47] Ivaco claims that *** percent of imports from Canada (see table IV-5) consist of specialty products, as it is counting almost all of the high and medium high carbon industrial and standard quality wire rod in 2007 as specialty products, given the "very high carbon" designation of its products.[48]

Table IV-21
Wire rod: Canadian producers' shipments, by product type, 2002-07

* * * * * * *

[47] Prehearing brief of Ivaco, p. 6.

[48] Ibid., p. 36.

THE INDUSTRY IN INDONESIA

Overview

One firm, accounting for *** percent of Indonesian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Ispat Indo, which indicated that it accounted for *** percent of Indonesian exports to the United States.[49] The Commission received no responses to its questionnaire in these current reviews. The Commission sent a telegram requesting information on the wire rod industry in Indonesia to the U.S. Embassy, but received no response. Table IV-22 presents comparative information available from the original investigations and these first reviews.

Table IV-22
Wire rod: Comparison of select Indonesian industry data, 2001 and 2006

Item	2001	2006
Capacity (*short tons*)	***	***[1]
Production (*short tons*)	***	919,000[2]
Capacity utilization (*percent*)	***	***[3]
Exports/production (*percent*)	***	22.5[4]
Inventories/shipments (*percent*)	***	([5])

[1] ***
[2] IISI (Steel Statistical Yearbook, 2007, table 22).
[3] Capacity utilization was calculated using the production value from IISI (Steel Statistical Yearbook, 2007, table 22) and the capacity value from ***.
[4] Export quantity from Table IV-23, production quantity from IISI (Steel Statistical Yearbook, 2007, table 22).
[5] Not available.

Note.--Data for 2001 were provided by Ispat Indo.

Source: *Staff Report,* September 19, 2002 (INV-Z-156), table VII-4; and 2007 data compiled from cited sources.

[49] *Staff Report*, September 19, 2002 (INV-Z-156), p. VII-7.

Wire Rod Operations

The capacity to produce wire rod in Indonesia presented in table IV-22 appears to have increased from 2001 to 2006, but the 2001 figure represents only Ispat Indo's capacity, while the 2006 figure includes the capacity of three other producers, one of which (Krakatau Steel) is currently larger than Ispat Indo according to *** and domestic interested parties. Likewise, production increased from 2001 to 2006. Capacity utilization appears to have decreased in the time since the original investigations, as has the ratio of exports to production; however, these indices are based on different firms reporting to different sources.

In their response to the Commission's notice of institution, domestic interested parties identified seven producers of wire rod in Indonesia.[50] ***, on the other hand, identified only four Indonesian producers with the capacity to produce wire rod in 2007: ***.[51] ***.[52] Domestic interested parties claim that Krakatau is the largest steel producer in Indonesia,[53] and that it is increasing its steel output to 3.4 million tons this year, with plans to reach 5 million tons of steel by 2010 (not all of which is devoted to wire rod).[54] Yet, on its website, Ispat Indo claims to be the largest wire rod producer in Indonesia with the highest market share. Ispat Indo has a subsidiary, Ispat Wire Products, which is engaged in downstream activities such as wire drawing, nail making, and production of straight bar, which consumes wire rod from Ispat Indo.[55]

Table IV-23 presents data on exports from Indonesia by destination. Indonesian exports to the United States ceased entirely by 2003. However, Indonesian exports to the rest of the world increased over the period, most notably to Taiwan and Iran, which together accounted for more than half of Indonesia's exports of wire rod in 2006. The average unit value for Indonesian exports of wire rod fluctuated between $340 and $397 from 2003 to 2006.[56] According to the one identified purchaser of wire rod from Indonesia, the product mix of exports to the United States was low and medium-low industrial standard quality wire rod and high and medium-high industrial standard quality wire rod only.[57]

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[50] Domestic interested parties' response to the Notice of Institution, exh. 4. PT Gunung Gahapi Bahara, PT Hanil Jaya Metal Works, PT Industri Galvaneal Mas, PT Ispat Indo, PT Jakarta Kyoei Steel Works, PT Jakarta Prima Steel Industries, and P.T. Krakatau Steel were the firms identified.

[51] ***

[52] Email from ***, April 28, 2008.

[53] A recent news report indicated that there has been an offer by Arcelor Mittal to acquire a stake in Krakatau. *Wall Street Journal*, April 26, 2008, p. A3. Also, domestic interested parties claim that Krakatau is operating at 57.5 percent capacity utilization. Prehearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 50.

[54] Domestic interested parties' response to the Notice of Institution, p. 19, and prehearing brief, p. 18 and exh. 4.

[55] http://www.ispatindo.com/Profile.htm, retrieved February 26, 2008.

[56] The average unit value for Indonesian exports in 2002 was $870. However, as is noted in the table, the quantity of exports in that year is *** lower than Ispat Indo reported in the original investigations for the period 1999 to 2001.

[57] Email from ***, April 23, 2008.

Table IV-23
Wire rod: Exports from Indonesia, by destinations, in descending order of quantities shipped, 2002-06

Destination	2002[1]	2003[1]	2004[1]	2005	2006
			Quantity *(short tons)*		
United States	23	0	0	0	0
Others:					
Iran	0	0	0	29,720	56,159
Taiwan	24	0	9,718	30,545	55,770
Australia	0	([2])	0	28,944	35,463
India	0	0	9,446	30,072	27,814
Pakistan	0	0	5,910	10,357	7,530
Philippines	45	0	1,250	3,894	7,358
Saudi Arabia	0	0	28,285	27,269	5,808
Malaysia	0	0	670	2,126	3,889
Myanmar	0	0	0	4,054	3,092
Bangladesh	0	0	522	2,680	2,378
Subtotal	69	0	55,801	169,662	205,263
All others	134	18,923	5,048	14,932	1,865
Total world	225	18,924	60,849	184,594	207,128
			Value *(1,000 dollars)*		
United States	$27	$0	$0	$0	$0
Others:					
Iran	0	0	0	11,592	22,854
Taiwan	11	0	2,777	8,900	21,036
Australia	0	([3])	1	8,725	13,456
India	0	0	3,183	10,833	10,886
Pakistan	0	0	2,020	3,121	3,004
Philippines	16	0	406	1,379	2,776
Saudi Arabia	0	0	9,238	8,894	2,279
Malaysia	0	0	257	1,079	1,703
Myanmar	0	0	0	1,894	2,505
Bangladesh	0	0	261	1,080	997
Subtotal	27	0	18,142	57,497	81,495
All others	141	6,896	5,193	5,194	739
Total world	196	6,896	23,335	62,690	82,235

Table continued on following page.

Table IV-23--*Continued*
Wire rod: Exports from Indonesia, by destinations, in descending order of quantities shipped, 2002-06

Destination	2002	2003	2004	2005	2006
	Unit value *(per short ton)*				
United States	$1,204	(4)	(4)	(4)	(4)
Others:					
Iran	(4)	(4)	(4)	$390	$407
Taiwan	442	(4)	$286	291	377
Australia	(4)	$591	3,024	301	379
India	(4)	(4)	337	360	391
Pakistan	(4)	(4)	342	301	399
Philippines	366	(4)	325	354	377
Saudi Arabia	(4)	(4)	327	326	392
Malaysia	(4)	(4)	384	507	438
Myanmar	(4)	(4)	(4)	467	810
Bangladesh	(4)	(4)	499	403	419
Subtotal	392	591	325	339	397
All others	1,059	$364	1,029	348	396
Total world	870	364	383	340	397

[1] Staff notes that the export quantities for 2002, 2003, and 2004 are *** lower than those reported by Ispat Indo alone in the original investigations for the period from 1999 to 2001.
[2] Less than half a ton.
[3] Less than $500.
[4] Not applicable.

Note.–Data include grade 1080 tire cord and tire bead.

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

THE INDUSTRY IN MEXICO

Overview

Two firms, accounting for *** percent of Mexican production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Hylsa and Siderurgica Lazaro Cardenas las Truchas (Sicartsa). At the time of the original investigations, it was believed that there were six Mexican producers of wire rod.[58]

The structure of the wire rod industry in Mexico has changed little since the imposition of the orders, with Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain naming seven producers: Aceros Nacionales, Aceros San Luis, AHMSA–Altos Hornos de Mexico, Atlax, De Acero, Sicartsa, and Hylsa.[59] Responses to the Commission's questionnaire were received from producers De Acero, Hylsa, and Sicartsa in Mexico, accounting for *** percent of production in 2007 by their estimation (***). According to estimates by ***,[60] projected production of wire rod in Mexico for 2007 was *** tons, which is just under the reported total by the three reporting firms. This would seem to indicate that De Acero, Hylsa, and Sicartsa account for the majority of production of wire rod in Mexico.

[58] *Staff Report*, September 19, 2002 (INV-Z-156), p. VII-7.

[59] *Response* of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, October 24, 2007, exh. 4, p. 1.

[60] ***.

However, the *** data on capacity indicate that there are three additional firms, Aceros, Camesa, and Talleres y Aceros, with a forecast capacity in 2007 of *** short tons. According to Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, AHMSA invested $30 million in 2003 to restart its wire rod and rebar business, which had been shut in the late 1990s and early 2000s.[61] According to counsel for the Mexican producers, both Aceros and Talleres y Aceros are known primarily as producers of rebar, and they did not have any meaningful production of wire rod until 2006, when a shortage of supply in the Mexican market prompted them to shift some of their production to wire rod. Ternium International USA's representative at the hearing testified that Aceros produces wire rod mostly for its own wire and wire mesh production, and is owned by the same group that owns Republic.[62] According to domestic interested parties, Talleres y Aceros started up a new wire rod mill in 2006 with a capacity of 300,000 metric tons per year. In addition, according to domestic interested parties, the firm Aceros San Luis or Aceros DM, or both, do produce wire rod in addition to rebar, and Ternium is likely to bid on the firm Aceros San Luis, creating increased competition in the Mexican market for wire rod due to the acquisition of Aceros San Luis by another Mexican long products producer, Grupo Simec, S.A.B. de C.V., a large exporter.[63] However, according to counsel for Hylsa, the acquisition press release for Aceros DM by Grupo Simec stated that "Corporation Aceros DM...is a long products steel mini-mill and the second-largest corrugated rebar producer in Mexico. Grupo San's operations are based in San Luis Potosi, Mexico."[64] Counsel for the Mexican respondents believes that Camesa does not have any wire rod production facilities, but instead is a producer of wire, wire strand, and wire rope products.[65]

In addition, *** data show ***'s capacity as higher than reported by the firm (*** instead of *** tons).[66] According to the *** capacity data, the three responding firms would account for approximately *** percent of 2007 capacity in Mexico to produce wire rod. Table IV-24 presents comparative information available from the original investigations and these first reviews.

Table IV-24
Wire rod: Comparison of select Mexican industry data, 2001 and 2007

* * * * * * *

[61] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 33.

[62] Hearing transcript, p. 214 (Guhl).

[63] Posthearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, exh. 1, p. 34.

[64] Posthearing brief of Hylsa, p. 7.

[65] Prehearing brief of the Mexican respondents, pp. 6-7, and posthearing brief, p. 5 and exh. 5.

[66] An inquiry to counsel for *** resulted in the following possible explanation for the discrepancy: that the *** capacity is based on a combined capacity for rebar and wire rod production, whereas the reported capacity in its questionnaire response is based only on its wire rod capacity. Email from ***, March 11, 2008. In addition, counsel for De Acero notes that the *** data report capacity for a facility at Tlalnepantla which has not produced wire rod since 1997, and may therefore be considered "outdated and unreliable." Posthearing brief of De Acero, p. 2. Domestic interested parties alleged that the announced expansion of De Acero's facilities increased the capacity of the Celaya mill alone by 1.1 million short tons, and brought the total of that facility alone to 2.2 million short tons. According to De Acero's questionnaire, the total for all facilities was *** short tons, and the increase from 2006 to 2007 was *** short tons. Prehearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, pp. 51-52. At the hearing, Terrerium's witness Michael Guhl testified that De Acero's expansion has already occurred, and that the plant was operating as of last year. Hearing transcript, p. 220 (Guhl). According to the posthearing brief of De Acero, the reference to the 2.2 million metric ton capacity of the Celaya mill is not a discrepancy but the difference between theoretical capacity and practical capacity, which is requested in Commission questionnaires. Posthearing brief of De Acero, p. 3.

Wire Rod Operations

Data provided by the Mexican respondents concerning their wire rod operations in Mexico during calendar years 2002-07 are presented in table IV-25. Selected firm by firm data are presented in appendix E. Hylsa provided a partial business plan; De Acero reported that it did not have a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for wire rod.

Table IV-25
Wire rod: Mexican capacity, production, shipments, and inventories, 2002-07

* * * * * * *

Production Capacity in Mexico

The combined capacity to produce wire rod in Mexico increased irregularly from 2002 to 2007. These increases were mainly the result of ***. De Acero indicated that its reported wire rod capacity, which is based on operating *** hours per week, *** weeks per year, increased in 2004, 2006, and in 2007.

De Acero reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Mexico in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported ***. De Acero produces *** on the same production equipment as that used for wire rod, and ***. Wire rod sales represented *** percent of its total sales in the most recent fiscal year.

Hylsa indicated that its reported wire rod capacity, which is based on operating *** hours per week, *** weeks per year, increased in 2004 and in 2006. Hylsa reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Mexico in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported ***. Hylsa produces *** on the same production equipment as that used for wire rod, and ***. Wire rod sales represent *** percent of its total sales in fiscal year 2006.

Sitcartsa indicated that its reported wire rod capacity, which is based on operating *** hours per week, *** weeks per year, remained steady from 2002 to 2007. Sitcartsa reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Mexico in the foreseeable future, although it noted that ***.[67] Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported *** is its constraint on capacity. Sitcartsa produces *** on the same production equipment as that used for wire rod, and ***. Wire rod sales represent *** percent of its total sales in the most recent fiscal year.

[67] In its prehearing brief, counsel for Nucor, Cascade, and Republic reported that Sicartsa announced plans to raise production capacity at its wire rod and rebar mill from 1.7 million metric tons per year to 3 million metric tons per year. However, it is unclear how much of that additional capacity would be devoted to wire rod and how much would be dedicated to rebar production. Prehearing brief of Nucor, Cascade, and Republic, p. 25 and exh. 8.

Shipments of Wire Rod Produced in Mexico

Despite falling *** since 2004, total shipments of wire rod by Mexican producers increased from 2002 to 2007. The Mexican producers' internal consumption accounted for a *** portion of the firms' total shipments of wire rod during the period of review; the firms' combined home market shipments and internal consumption accounted for no less than *** percent of total shipments in any year between 2002 and 2007. At the hearing, counsel for De Acero testified that its business model was to produce wire rod to make value-added products, such as wire mesh products, fencing, nails, etc., and to sell those products in Mexico and overseas.[68] De Acero indicated in its questionnaire response that demand for wire rod in the Mexican market ***. Hylsa anticipated an ***. Sitcartsa also ***.

Total Mexican export shipments of wire rod have fallen overall since 2002, both absolutely and relatively, although exports were mainly accounted for by shipments from ***. The Mexican producers' data show that exports of wire rod to the United States declined from 2002 to 2007.

Detailed information on the export destinations for Mexican wire rod is presented in table IV-26.

Table IV-26
Wire rod: Exports from Mexico, by destinations, in descending order of quantities shipped, 2002-06

Destination	2002	2003	2004	2005	2006
	Quantity *(short tons)*				
United States	75,751	56,384	105,150	20,117	8,776
Canada	30,935	0	17,483	30,432	11,246
Costa Rica	67	0	0	0	1,343
El Salvador	0	0	0	0	920
Hong Kong	0	0	0	23	81
Cuba	315	492	0	0	0
Germany	10,041	60,575	14,773	2,653	0
Uruguay	0	0	0	88	0
Puerto Rico (U.S.)	0	0	0	36	0
Italy	0	0	0	14	0
Peru	0	14	11	10	0
Subtotal	41,357	61,081	32,267	33,258	13,590
All other	26	0	70	0	0
Total	117,134	117,464	137,487	53,375	22,366

Table continued on following page.

[68] Hearing transcript, p. 211 (Neeley).

Table IV-26--*Continued*
Wire rod: Exports from Mexico, by destinations, in descending order of quantities shipped, 2002-06

Destination	2002	2003	2004	2005	2006
			Value *(1,000 dollars)*		
United States	20,444	14,351	45,758	9,706	4,613
Canada	6,670	0	8,288	12,710	4,173
Costa Rica	34	0	0	0	337
El Salvador	0	0	0	0	263
Hong Kong	0	0	0	10	30
Cuba	92	166	0	0	0
Germany	2,052	14,419	4,143	1,577	0
Uruguay	0	0	0	50	0
Puerto Rico (U.S.)	0	0	0	19	0
Italy	0	0	0	8	0
Peru	0	7	10	10	0
Subtotal	8,847	14,592	12,441	14,384	4,803
All other	13	0	30	1	0
Total	29,304	28,942	58,229	24,092	9,417
			Unit value *(per short ton)*		
United States	$270	$255	$435	$483	$526
Canada	216	--	474	418	371
Costa Rica	503	--	--	--	251
El Salvador	--	--	--	--	286
Hong Kong	--	--	--	445	369
Cuba	291	337	--	--	4,536
Germany	204	238	280	594	--
Uruguay	--	--	--	567	--
Puerto Rico (U.S.)	--	--	--	525	--
Italy	--	--	--	590	--
Peru	--	482	957	957	--
Subtotal	214	239	386	433	353
All other	519	9,590	428	2,799	0
Total	250	246	424	451	421

Note.–Data reported by GTA for exports from Mexico to Mexico were removed because it was assumed that these data were in error (46,002 short tons in 2002).

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

Product Mix

Table IV-27 presents data on Mexican wire rod producers' product mix during the period for which data were collected. Relative shares of specified products shifted somewhat, with low carbon commodity grade wire rod accounting for increasing amounts of total shipments during 2002-07. Hylsa

produces a product it calls "clean steel precision bar," which falls into the category of CHQ in table IV-27, according to counsel for Hylsa.[69]

Table IV-27
Wire rod: Mexican producers' shipments, by product type, 2002-07

* * * * * * *

THE INDUSTRY IN MOLDOVA

Overview

One firm provided data in response to the Commission's questionnaire in the original investigations: Moldova Steel Works.[70]

The structure of the wire rod industry in Moldova has changed little since the imposition of the orders, with JSCC Moldova Steel Works (MSW) accounting for all known production in Moldova, and submitting a response to the Commission's foreign producer questionnaire. Accordingly, the data presented on Moldovan production of wire rod for the current reviews represent virtually all production of wire rod in Moldova. Table IV-28 presents comparative information available from the original investigations and these first reviews.

Table IV-28
Wire rod: Comparison of select Moldovan industry data, 2001 and 2007

* * * * * * *

Wire Rod Operations

Data provided by MSW concerning its wire rod operations in Moldova during calendar years 2002-07 are presented in table IV-29. The Moldovan producer reported that it did not have a business plan or any internal documents that describe, discuss, or analyze expected future market conditions for wire rod.

Table IV-29
Wire rod: Moldovan capacity, production, shipments, and inventories, 2002-07

* * * * * * *

Production Capacity in Moldova

The capacity to produce wire rod in Moldova remained constant during 2002-07, after an increase from 2001 to 2002. MSW indicated that it reported its wire rod capacity on a basis of operating *** hours per week, *** weeks per year. Capacity utilization fluctuated widely during 2002-07, with lows of *** percent in 2002 and *** percent in 2006. MSW explained the decline in utilization in 2006 in its questionnaire response as "***." In its posthearing brief, MSW explained that its production in 2002 and 2003 was seriously impacted as the result of shortages of electric power and scrap supplies. However, in

[69] Hearing transcript, pp. 257-258 (Winton); p. 258 (Guhl).

[70] The original report stated that MSW accounted for *** percent of Moldovan production. *Staff Report*, September 19, 2002 (INV-Z-156), p. VII-10. This estimate was likely in error given the subsequent claim by MSW that it accounts for all production of wire rod in Moldova in these reviews, that domestic interested parties have named it as the only producer in Moldova, and that *** has also identified MSW as the only producer of wire rod in Moldova. ***.

2003, MSW established strong relationships with scrap suppliers in Ukraine and has not had problems since that time. In 2006 MSW faced additional supply difficulties when the Moldova Republic and Ukraine initiated a political and economic blockade of Transdniestria (the region where MSW's mill is located), resulting in three months of no shipments for MSW.[71]

MSW reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Moldova in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported *** contribute to capacity constraints. MSW reported producing *** other products on equipment used to produce wire rod. Wire rod sales accounted for *** percent of total sales during the most recent fiscal year.

Shipments of Wire Rod Produced in Moldova

Total shipments of wire rod by MSW *** over the period of review. The Moldovan producer reported *** internal consumption, and home market shipments accounted for an increasing share of total shipments from 2002 to 2007. MSW indicated in its questionnaire response that demand for wire rod in the Moldovan market ***. It explained further that ***.

Total Moldovan export shipments of wire rod have increased overall since 2002 in absolute terms, but fluctuated downward as a percent of total shipments, reaching their lowest point in 2006, and their next lowest point in 2007, with exports in 2007 shifting from ***. In its posthearing brief, MSW explained that it expects its output to be shipped to the markets with the most favorable market situation (with higher prices and steady growth of demand), which include Russia, the CIS states, and Europe.[72] Export shipments accounted for *** of total shipments. MSW reported no exports of wire rod to the United States during 2002-07. As MSW explained in its posthearing brief, MSW can realize better prices and benefit from growing demand in Russia, other CIS States, Asia, and the Middle East. By contrast, prices and demand in the U.S. market are "not nearly as good."[73]

Product Mix

Table IV-30 presents data on Moldovan wire rod producers' product mix during the period for which data were collected. Relative shares of specified products have shifted, with high carbon commodity grade wire rod accounting for a greater percentage of total shipments in 2007 than in 2002.

Table IV-30
Wire rod: Moldovan producer's shipments, by product type, 2002-07

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[71] Posthearing brief of MSW, p. 6.

[72] Posthearing brief of MSW, p. 5.

[73] Ibid., p. 8.

THE INDUSTRY IN TRINIDAD & TOBAGO

Overview

One firm, accounting for all Trinidadian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Caribbean Ispat.[74]

The structure of the wire rod industry in Trinidad & Tobago has changed little since the imposition of the orders, with one producer accounting for all production in the country: Arcelor Mittal Point Lisas Limited, the successor firm to Carribean Ispat, which responded to the Commission's questionnaire in these sunset reviews. Accordingly, the data presented on Trinidadian production of wire rod for the current reviews are for Point Lisas, which represents all production of wire rod in Trinidad & Tobago. Table IV-31 presents comparative information available from the original investigations and these first reviews.

Table IV-31
Wire rod: Comparison of select Trinidadian industry data, 2001 and 2007

* * * * * * *

Wire Rod Operations

Data provided by Point Lisas concerning its wire rod operations in Trinidad & Tobago during calendar years 2002-07 are presented in table IV-32. The Trinidadian producer reported that it has neither a business plan nor any internal documents that describe, discuss, or analyze expected future market conditions for wire rod.

Table IV-32
Wire rod: Trinidadian capacity, production, shipments, and inventories, 2002-07

* * * * * * *

Production Capacity in Trinidad & Tobago

The capacity to produce wire rod in Trinidad & Tobago remained constant during 2002-07, and was *** below that reported in 2001.

Point Lisas indicated that it reported wire rod capacity on a basis of operating *** hours per week, *** weeks per year.

Point Lisas reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Trinidad & Tobago in the foreseeable future. Changes to the character of its operations since 2002 were described as follows:

***.

The firm reported ***. Point Lisas produces *** on the same equipment used to produce wire rod, and ***. Wire rod sales accounted for *** percent of total sales during the most recent fiscal year.

Shipments of Wire Rod Produced in Trinidad & Tobago

Total shipments of wire rod by Point Lisas decreased over the period of review. The Trinidadian producer reported *** internal consumption; home market shipments increased during the period but were

[74] *Staff Report*, September 19, 2002 (INV-Z-156), p. VII-10.

still less than *** percent of total shipments by 2007. Point Lisas indicated in its questionnaire response that demand for wire rod in the Trinidadian market ***.

Total Trinidadian export shipments of wire rod have fallen overall since 2002, both absolutely and relatively. The Trinidadian producer's data show that exports of wire rod to the United States declined as a percentage of total shipments from 2002 to 2007.

Product Mix

Table IV-33 presents data on the Trinidadian wire rod producer's product mix during the period for which data were collected. Relative shares of specified products shifted, with low carbon commodity grade wire rod increasing and welding quality wire rod decreasing during 2002-07. However, there was a decline in the absolute volume of wire rod shipped in all three categories produced by Point Lisas.

Table IV-33
Wire rod: Trinidadian producer's shipments, by product type, 2002-07

* * * * * * *

THE INDUSTRY IN UKRAINE

Overview

One firm, accounting for *** percent of Ukrainian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Krivorozhstal, although there were reportedly three producers of wire rod in Ukraine at the time.[75]

The structure of the wire rod industry in Ukraine has changed little since the imposition of the orders, with Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain in these reviews alleging three producers in Ukraine: Arcelor Mittal Kryviy Rih, Makeevka Metallurgical Integrated Plant (Makiyivka Metallurical Plant), and Yenakiievs'kyi Metalurhiynyi Zavod VAT (Yenakievo Metallurgical Plant).[76] The prehearing brief from the Embassy of Ukraine did not name Yenakievo Metallurgical Plant, but did name three additional producers: PJSC Donetskiy Steel Mill, PJSC Enakiivskiy Steel Mill, and PJSC Dniprovskiy Steel Mill, in addition to Kryviy Rih and Makiyivka.[77] Responses to the Commission's questionnaire were received from the largest producer in Ukraine, Arcelor Mittal Kryviy Rih (the successor to Krivorozhstal), accounting for *** percent of 2007 production in Ukraine by its own estimate. According to ***,[78] there is no listed capacity for wire rod for any producer in Ukraine other than Kyviy Rih. Accordingly, the data presented on Ukrainian production of wire rod for the current reviews are for Kyviy Rih, which represents the majority of production of wire rod in Ukraine. Table IV-34 presents comparative information available from the original investigations and these first reviews.

Table IV-34
Wire rod: Comparison of select Ukrainian industry data, 2001 and 2007

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[75] *Staff Report*, September 19, 2002 (INV-Z-156), p. VII-13.

[76] *Response* of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, October 24, 2007, exh. 4, p. 1.

[77] Prehearing brief of the Embassy of Ukraine, p. 3.

[78] ***.

Wire Rod Operations

Data provided by Kryviy Rih concerning its wire rod operations in Ukraine during calendar years 2002-07 are presented in table IV-35. The Ukrainian producer reported that it did have a business plan that describes, discusses, or analyzes expected future market conditions for wire rod. Its business plan for 2008 predicts that its total production would be *** short tons, of which it would ship *** tons to CIS countries, *** tons to its home market, and *** to other export markets.

Production Capacity in Ukraine

The capacity to produce wire rod in Ukraine increased gradually during 2002-07, after jumping from 2001 to 2002. Kryviy Rih indicated that its reported wire rod capacity is based on operating *** hours per week, *** weeks per year.

Table IV-35
Wire rod: Ukrainian capacity, production, shipments, and inventories, 2002-07

* * * * * * *

Kryviy Rih reported that it has *** plans to add, expand, curtail, or shut down production capacity and/or production of wire rod in Ukraine in the foreseeable future. According to domestic interested parties, Kryviy Kih began an investment in 2006 that was intended to raise its overall capacity from 7 million to 10 million metric tons, and that 450,000 tons of long product output will be upgraded to value-added rod and bar.[79] Kryviy Rih reported *** changes to the character of its operations since 2002.

The firm reported ***. Kryviy Rih produces *** on the same production equipment as wire rod, and ***. Wire rod accounted for *** percent of total sales during the most recent fiscal year.

Shipments of Wire Rod Produced in Ukraine

Despite falling *** during 2004 and 2005, total shipments of wire rod by Kryviy Rih increased over the period of review. The Ukrainian producer had *** internal consumption, and its home market shipments increased from 2002 to 2007 as a share of total shipments, gaining approximately *** percentage points. Kryviy Rih indicated in its questionnaire response that demand for wire rod in the Ukrainian market ***. The prehearing brief of the Embassy of Ukraine cites the future Football Europe Championship EURO 2012 that will take place in Ukraine and Poland in 2012 as a reason for demand and prices of wire rod to increase in Ukraine.[80]

Total Ukrainian export shipments of wire rod have fluctuated since 2002 on an absolute basis, while declining irregularly on a relative basis. The Ukrainian producer's data show that there were no exports of wire rod to the United States during 2002-07. Exports increased to the European Union and certain other export markets. In its questionnaire response, Kryviy Rih explained that ***.

Detailed information on the export destinations for Ukrainian wire rod is presented in table IV-36.

[79] Prehearing brief of Arcelor Mittal USA, Gerdau, Keystone, and Rocky Mountain, p. 57 and exh. 10.

[80] Prehearing brief of the Embassy of Ukraine, p. 4.

Table IV-36
Wire rod: Exports from Ukraine, by destinations, in descending order of quantities shipped, 2002-06

Destination	2002	2003	2004	2005	2006
			Quantity *(short tons)*		
United States	0	76	0	0	0
Syria	133,397	78,795	102,249	98,346	165,068
Jordan	24,084	21,497	14,400	30,582	159,071
Romania	29,436	27,866	87,039	70,184	149,486
Algeria	92,409	157,023	233,345	207,056	119,415
Bulgaria	258,564	118,666	144,480	93,574	114,769
Yugoslavia	63,587	179,666	228,488	109,335	105,784
Senegal	44,772	41,038	69,755	85,122	101,806
India	24,374	28,629	1,685	64,093	84,748
Lebanon	50,251	56,629	42,979	38,263	72,548
Tunisia	65,914	86,932	68,887	35,111	53,167
Subtotal	786,789	796,740	993,308	831,665	1,125,861
All other	1,491,917	1,328,825	984,672	782,071	945,700
Total	2,278,706	2,125,642	1,977,980	1,613,736	2,071,561
			Value *(1,000 dollars)*		
United States	0	16	0	0	0
Syria	21,017	15,274	29,816	31,094	58,323
Jordan	3,573	3,693	4,216	9,789	54,520
Romania	4,684	5,322	26,797	23,796	61,516
Algeria	16,541	32,874	68,787	70,507	40,487
Bulgaria	42,305	25,985	42,495	31,910	45,602
Yugoslavia	10,351	37,823	75,493	38,554	38,426
Senegal	7,998	8,795	21,348	28,516	34,642
India	4,332	6,022	470	21,155	26,783
Lebanon	7,640	10,994	13,762	12,065	25,132
Tunisia	12,292	18,813	20,528	12,290	18,340
Subtotal	130,733	165,595	303,711	279,678	403,770
All other	251,440	274,089	290,033	259,507	334,141
Total	382,172	439,699	593,744	539,185	737,911

Table continued on following page.

Table IV-36--*Continued*
Wire rod: Exports from Ukraine, by destinations, in descending order of quantities shipped, 2002-06

Destination	2002	2003	2004	2005	2006
	Unit value *(per short ton)*				
United States	--	$204	--	--	--
Syria	$158	194	$292	$316	$353
Jordan	148	172	293	320	343
Romania	159	191	308	339	412
Algeria	179	209	295	341	339
Bulgaria	164	219	294	341	397
Yugoslavia	163	211	330	353	363
Senegal	179	214	306	335	340
India	178	210	279	330	316
Lebanon	152	194	320	315	346
Tunisia	186	216	298	350	345
Subtotal	166	208	306	336	359
All other	169	206	295	332	353
Total	168	207	300	334	356

Source: Compiled from Global Trade Atlas including HS codes: 7213.91, 7213.99, 7227.20, and 7227.90.

Product Mix

Table IV-37 presents data on the responding Ukrainian wire rod producer's product mix during the period for which data were collected. Relative shares of specified products remained fairly constant, with low carbon commodity grade wire rod accounting for more than *** percent of total shipments.

Table IV-37
Wire rod: Ukrainian producer's shipments, by product type, 2002-07

* * * * * * *

GLOBAL MARKET

Production

Global production of wire rod has grown considerably in recent years. According to one published source,[81] global production increased by *** percent between 1998 and 2001, and by *** percent between 2002 and 2007. In terms of sheer volume, the East and Southeast Asia Region accounted for the greatest production increases in both periods, and is forecast to lead global production in the

[81] ***.

coming years as well. Data compiled by *** on historical, current, and projected global production of wire rod are presented in tables IV-38 through IV-40.[82]

Table IV-38
Wire rod: Global and regional production of wire rod, 1998-2001

* * * * * * *

Table IV-39
Wire rod: Global and regional production of wire rod, 2002-07

* * * * * * *

Table IV-40
Wire rod: Forecast of global and regional production of wire rod, 2008-11

* * * * * * *

Consumption

Data compiled by *** on historical, current, and forecast global consumption of wire rod are presented in tables IV-41 through IV-43. Worldwide consumption of wire rod increased by *** percent between 1998 and 2001, despite reductions in consumption in North America. Worldwide consumption increased by *** percent between 2002 and 2007, paced by a near-*** of consumption in East and Southeast Asia. Global consumption of wire rod is forecast to continue to grow in the coming years, with the growth evenly distributed in all major markets except East and Southeast Asia, which is projected to continue to experience rapid growth.[83]

Table IV-41
Wire rod: Global and regional consumption of wire rod, 1998-2001

* * * * * * *

Table IV-42
Wire rod: Global and regional consumption of wire rod, 2002-07

* * * * * * *

Table IV-43
Wire rod: Forecast of global and regional consumption of wire rod, 2008-11

* * * * * * *

Prices

The Commission asked producers, importers, and purchasers to compare market prices of wire rod in U.S. and non-U.S. markets. Responding producers and importers indicated prices generally fluctuate

[82] Published sources of data for wire rod are believed to consist of carbon and alloy (other than stainless) steel wire rods including grade 1080 tire cord and tire bead wire rod. Data may also include tool steel, high nickel steel, ball bearing steel, and free machining steel products.

[83] *See* Part II of this report for the individual perspectives of U.S. producers, importers, and purchasers on demand in the United States and in other markets.

with the price of raw materials in the market. As the price of scrap increases, the price of wire rod will increase.[84]

Three producers were able to compare U.S. and non-U.S. market prices. Two producers reported that foreign producer prices generally are lower than U.S. prices and that historical competition among foreign supplies with excess wire rod capacity pushes U.S. prices down to the foreign producers' price level.[85] Furthermore, "large increases in capacity in countries like China and India are coming on-line or are currently under construction and are likely to exacerbate these historical conditions."[86] Another producer reported that for most of 2007, U.S. and European prices for wire rod were roughly comparable. U.S. prices trended above those in Europe toward the end of the year, however. With respect to Asia and particularly China, U.S. prices are considerably higher.[87]

Eight importers were able to provide comparisons between the United States and Canada, China, India, Mexico, and Russia. These importers also made comparisons between the United States, and Asian, European, and Middle Eastern markets. In a general comparison, one importer indicated that prices in the United States are typically higher and command a premium of $15-120 per ton.[88] Two importers indicated, in price comparisons between Canada and the United States, that market prices between these countries are very similar and that product flows across the border easily.[89] In contrast, another importer reported that "because unaffiliated purchasers in Canada tend to be smaller with less buying power, their prices tend to be slightly higher than in the United States... {whereas} {p}rices outside North America, such as in the Middle East and Asia, {tend} to be considerably higher than in the United States...".[90] The prices in ***.[91]

In comparing prices between China and the United States another importer reported that Chinese local rod prices are lower. It further indicated that imports of Chinese wire rod and wire rod products will increase.[92] Another importer reported that prices will be driven up by demand in Europe, China, Russia, and India[93] and that prices in nonsubject countries have risen above U.S. prices.[94]

Published price data are available from several reputable sources, although often such data are available by subscription only and cannot be reproduced without consent of their publisher. These data, however, are collected based on different product categories, timing, and commercial considerations, and thereby may not be directly comparable with each other. Moreover, such data are distinct from the pricing data presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers via the Commission's questionnaires according to precise product definitions.

As reported by MEPS, world prices for wire rod increased irregularly between September 2006 and February 2008, increasing from $473 per short ton to $623 per short ton during that time, and are

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[84] Producer questionnaire responses to questions IV-B-16 and IV-B-25 and importer questionnaire responses to questions III-B-16 and III-B-25.

[85] ***'s producer questionnaire response, IV-B25.

[86] ***'s producer questionnaire response, IV-B25.

[87] ***'s producer questionnaire response, IV-B-25.

[88] ***'s importer questionnaire response, III-B-25.

[89] ***'s importer questionnaire response, III-B-25.

[90] ***'s importer questionnaire response, III-B-25.

[91] ***'s importer questionnaire response, III-B-25.

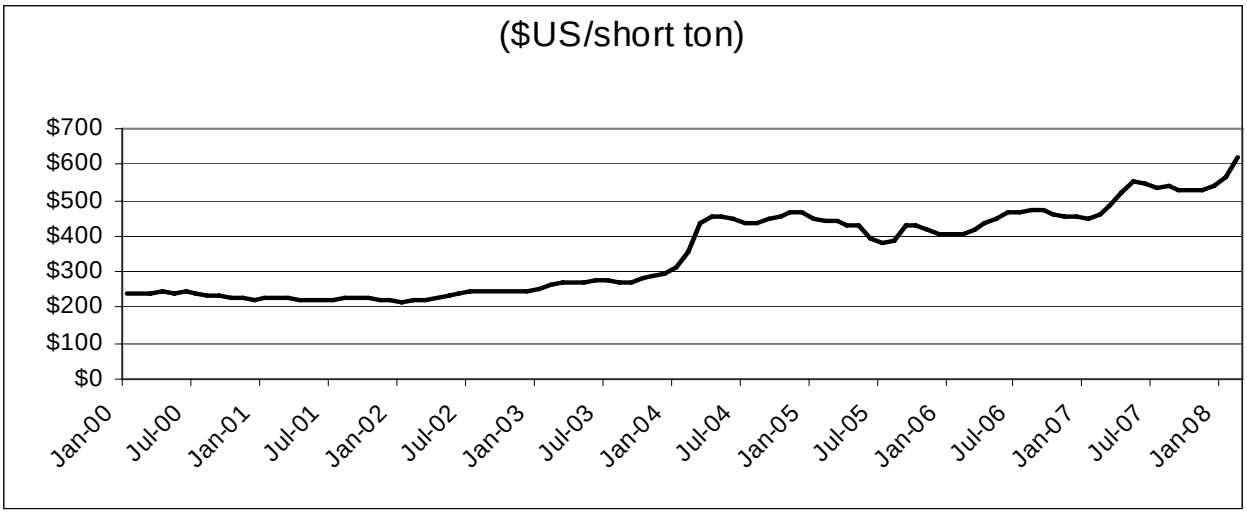
[92] ***'s importer questionnaire response, III-B-25.

[93] ***'s importer questionnaire response, III-B-25.

[94] ***'s importer questionnaire response, III-B-25.

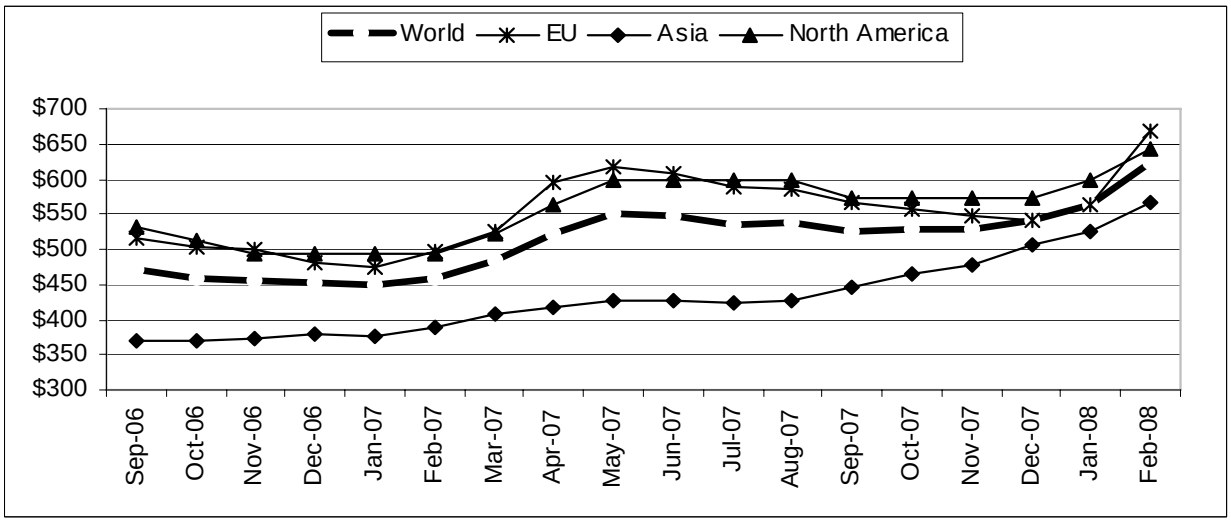
currently at an all-time high.[95] Prices have increased nearly 39 percent since January 2007. Figure IV-1 presents the average world price of wire rod between January 2000 and February 2008. Figure IV-2 presents prices of wire rod by region between September 2006 and February 2008.

Figure IV-1
Wire rod: Average world price per short ton for wire rod, January 2000-February 2008



Source: Compiled from MEPS, World Carbon Steel Prices, found at http://meps.co.uk

Figure IV-2
Wire rod: Prices per short ton by region, September 2006-February 2008



Source: Compiled from MEPS, World Carbon Steel Prices, found at http://meps.co.uk

[95] Original data are published in metric tons, and were converted to short tons using the following conversion factor: 1 metric ton = 1.1023 short tons. MEPS, *World Carbon Steel Product Prices,* found at http://www.meps.co.uk, retrieved on January 30, 2008, and updated on May 2, 2008. This pricing series is available to the public and its use is unrestricted. Prices are an arithmetic average of the low transaction values identified in the EU, Asia, and North America, converted into U.S. dollars.

As presented in table IV-44, country-specific monthly transaction prices for wire rod are also compiled by MEPS,[96] and show monthly price fluctuations across major producing countries. According to data compiled by MEPS for January 2005 through April 2008, U.S. negotiated transaction prices for U.S.-produced wire rod generally increased throughout 2005 and 2006 before peaking in third quarter 2007. Wire rod prices decreased in fourth quarter 2007, but, remained higher than prices in 2006 and 2005. Between December 2007 and January 2008, prices regained 2007 highs. Prices continued to increase into April 2008, surpassing 2007 highs.

Table IV-44
Wire rod: Negotiated transaction prices (ex-mill) for wire rod, by country and by month, January 2005-April 2008

* * * * * * *

Prices in Canada followed U.S. prices closely, with the price differential ranging between $*** below U.S. prices in January 2007 and $*** above U.S. prices in October 2007. The gap between U.S. and Canadian prices has closed since December 2007 from approximately *** percent below U.S. prices in December 2007 and *** percent below U.S. prices in April 2008.

In Europe, major steel market prices for wire rod generally decreased from January 2005 through the third quarter of 2005, before recovering slightly in the fourth quarter. At the start of 2005, transaction prices in Europe were generally higher than transaction prices in the United States, but, by the second quarter of 2005, these trends were reversing, with U.S. prices being the highest relative to most European prices in the first quarter of 2006. Prices in Poland followed a slightly different trend, decreasing in the first and second quarters of 2005 before stabilizing in the third and fourth quarters of 2005. Polish wire rod prices then regained early 2005 price levels, and returned to similar price patterns as the United States. Prices in Poland dropped much lower than other European prices relative to U.S. prices in the third quarter of 2005.

More recently prices in Europe have followed the U.S. trend, increasing the first two quarters of 2007, decreasing the last two quarters, and then regaining and surpassing the 2007 price high in the first quarter of 2008. Furthermore, European prices were higher than U.S. prices in the first half of 2007, before falling below U.S. prices during the second half. While the average price differential between the United States and Europe was $*** during 2007, the European prices ranged between $*** below U.S. prices in November 2007 and $*** above U.S. prices in April 2007. Wire rod prices in Europe exceeded U.S. prices by approximately *** percent in February 2008 and in April 2008 exceeded U.S. prices by *** percent. Wire rod prices in Poland increased erratically through out the first three quarters of 2007, before decreasing in the beginning of fourth quarter 2007. Prices then slowly increased through the end of the year, converging with average U.S. and European prices by February 2008. Prices in Poland exceeded U.S. prices in April 2008 by $*** but remained lower than the EU price by *** percent.

With regard to Asian markets, Chinese and Korean market prices were below U.S. wire rod prices throughout 2005, 2006, 2007, and first quarter 2008. U.S. wire rod prices exceeded those in the Chinese and Korean markets, with price differentials in the $*** range in China and with price differentials in the $*** range in Korea. On average, Chinese wire rod market prices were $*** below the United States. Korean wire rod market prices were on average $*** below those in the United States. Japanese market prices exceeded U.S. prices in three of the 40 months, fluctuating from $*** above U.S. prices to $*** below U.S. prices. On average, Japanese market prices were $*** below U.S. prices.

In addition, *** compiles country- and region-specific monthly prices for wire rod, presented in table IV-45. According to these data, U.S. prices increased steadily through first quarter 2005, fluctuated at lower levels through May 2005, but remaining relatively stable. Prices continued to fluctuate within a fairly narrow range through June 2006, before increasing steadily through June 2007.

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[96] MEPS, *International Steel Review*, January 2005-April 2008.

Table IV-45
Wire rod: Prices for wire rod, by country or by region, and by month, January 2002-April 2008

* * * * * * *

U.S. prices dipped *** in third quarter 2007 before increasing throughout fourth quarter and into 2008.[97] European prices moved together throughout the period of review, increasing steadily from January 2002 through January 2004. European prices then jumped between January 2004 and April 2004, before falling, erratically, through August 2005. Since August 2005, average European export prices have increased erratically, closing the gap between U.S. and average European export prices from $*** in August 2005 to $*** by February 2008. European export prices have since surpassed U.S. prices. Average European export prices were $*** above U.S. prices by April 2008.[98]

Based on ***'s published monthly prices for wire rod, U.S. prices were generally higher than non-U.S. prices. Over the 76-month period presented in table IV-45, U.S. prices were consistently and noticeably higher than prices in Japan, and later China.[99] Until recently, prices in the Far East were also consistently and noticeably higher than lower than U.S. prices. Far East prices rose *** percent since January 2008, nearing U.S. prices by April 2008 and are currently $*** below U.S. prices.

Additional Global Supply and Demand Factors

Worldwide, the majority of wire rod capacity resides in East and Southeast Asia - *** percent, by ***'s estimate, compared to *** percent in Western Europe and *** percent in North America. The following tabulation presents rated regional capacities of wire rod and their respective share of global capacity.[100]

[97] *See e.g.* "Wire rod hikes said sticking amid import lull; more loom" (December 7, 2007); "Keystone pumps Feb. wire rod hike to $90/T" (January 11, 2008); Ivaco boosting wire rod $80-85/T" (January 17, 2008); "Wire makers worry rod hikes have gone too far" (January 18, 2008); "Three mills follow ArcelorMittal with $50 March wire rod hikes" (February 6, 2008); "Keystone boosting wire rod $50/T" (February 8, 2008); "DeAcero sets wire rod increase" (February 22, 2008); "ArcelorMittal raising rod $40/T" (March 6, 2008); and "Ameristeel, Keystone join rod hikes" (March 12, 2008), "Sticker shock to hike long products" (April 3, 2008), "Cascade shipment rise offset by costs" (April 7, 2008), "Scrap hikes may upset steel pricing traditions" (April 8, 2008), "ArcelorMittal boosting wire rod prices" (April 9, 2008), "Unprecedented price hikes keep coming" (April 10, 2008), "Steel pricing run said not enough to spark imports" (April 10, 2008), "Wire product hikes set by 3 producers" (April 11, 2008), "Sivaco announces $150/T increase; alleges allocation" (April 15, 2008), "Ivaco to raise wire rod prices $55/ton" (April 17, 2008), "Keystone to hike wire product prices" (April 23, 2008), "Raw material costs, tight su0pply driving long products market" (April 28, 2008), "Charter Steel hiking bar, rod, wire" (April 30, 2008), "Ivaco declares wire rod boost of $60 per ton" (May 5, 2008) at www.amm.com. *See also* ***, commenting on rising scrap prices and "an increasingly tight market," and suggesting that "a further increase (from February price levels) may prove successful in the short term owing to shortages in the marketplace."

[98] Compiled from data published in the ***.

[99] Ibid.

[100] ***. According to the same source, China alone accounts for nearly *** percent of South and Southeast Asian wire rod capacity, or *** percent of global wire rod capacity. (***).

Region	Wire rod capacity	
	Capacity (*quantity, short tons*)	Share (*percent*)
North America	***	***
Latin America	***	***
Western Europe	***	***
East & Southeast Asia	***	***
Eastern Europe	***	***
Other	***	***
Total	***	***

With respect to trade in wire rod, imports worldwide grew between 2002 and 2006. As shown in table IV-46, between 2002 and 2006, worldwide wire rod imports increased by 23.4 percent. Exports have similarly grown, as shown in table IV-47; between 2002 and 2006, worldwide wire rod exports increased by 24.1 percent.[101]

Table IV-46
Wire rod: Global imports, 2002-06

Reporting country	2002	2003	2004	2005	2006
	Quantity (*short tons*)				
United States	3,902,056	2,467,429	4,083,302	2,832,540	3,367,236
Top import markets:					
Italy	1,145,051	1,317,574	1,358,760	1,284,505	1,594,466
Korea	1,121,772	1,102,785	1,266,227	1,322,142	1,484,877
Germany	1,105,670	1,072,715	1,218,410	1,290,100	1,449,618
Spain	446,299	637,907	704,564	925,709	1,421,527
Netherlands	931,452	1,041,834	1,025,429	1,106,267	1,417,903
France	1,007,575	939,896	920,264	748,278	883,514
Taiwan	506,743	499,814	596,490	547,383	693,553
Belgium	683,278	634,242	675,661	722,767	683,996
China	484,019	608,428	799,153	648,452	631,613
Thailand	488,175	449,131	459,941	751,149	570,070
Subtotal	7,920,033	8,304,326	9,024,898	9,346,753	10,831,138
All Other	5,524,591	5,378,651	6,345,583	6,677,700	7,210,508
Total	17,346,680	16,150,407	19,453,783	18,856,993	21,408,883

Table continued on following page.

[101] Import and export data for 2007 not yet available for all countries.

Table IV-46–*Continued*
Wire rod: Global imports, 2002-06

	2002	2003	2004	2005	2006
			Value (*$1,000*)		
United States	1,058,489	740,974	1,796,550	1,423,117	1,600,414
Top import markets:					
Italy	300,834	424,807	655,585	724,592	845,508
Korea	269,141	317,027	520,326	611,723	637,894
Germany	305,688	378,317	604,847	739,034	811,471
Spain	109,574	206,221	332,224	438,876	672,460
Netherlands	207,963	291,871	438,348	417,815	606,277
France	278,932	338,086	464,783	468,824	517,718
Taiwan	121,903	153,632	257,279	249,768	291,053
Belgium	175,648	212,886	326,432	405,614	362,291
China	137,933	198,575	339,792	395,464	341,936
Thailand	135,064	153,729	209,873	298,287	305,952
Subtotal	2,042,679	2,675,152	4,149,489	4,749,996	5,392,560
All Other	1,367,190	1,708,972	2,853,462	3,213,587	3,624,646
Total	4,468,358	5,125,098	8,799,501	9,386,700	10,617,619
			Unit value (*per short ton*)		
United States	$271	$300	$440	$502	$475
Top import markets:					
Italy	263	322	482	564	530
Korea	240	287	411	463	430
Germany	276	353	496	573	560
Spain	246	323	472	474	473
Netherlands	223	280	427	378	428
France	277	360	505	627	586
Taiwan	241	307	431	456	420
Belgium	257	336	483	561	530
China	285	326	425	610	541
Thailand	277	342	456	397	537
Subtotal	258	322	460	508	498
All Other	247	318	450	481	503
Total	258	317	452	498	496

Note.--HS codes included: 7213.90, 7213.99, 7227.20, and 7227.90.

Source: Reported by Global Trade Atlas.

Table IV-47
Wire rod: Global exports, 2002-06

Reporting country	2002	2003	2004	2005	2006
			Quantity (*short tons*)		
United States	69,284	92,872	100,365	157,585	146,686
Top 10 markets:					
China	836,971	1,152,539	2,576,726	3,425,767	5,942,683
Germany	2,216,937	2,144,196	2,597,363	2,179,520	2,456,982
Ukraine	2,278,706	2,125,642	1,977,980	1,613,736	2,071,561
Japan	1,565,666	1,436,736	1,454,907	1,153,772	1,102,441
Brazil	535,432	863,124	819,546	1,323,816	1,022,819
Russia	1,251,074	1,181,503	1,118,448	1,017,021	831,903
Belgium	634,280	654,907	619,301	618,016	810,134
Czech Republic	915,091	912,750	864,485	701,671	807,317
France	725,607	714,178	699,829	707,443	663,606
Netherlands	313,232	377,712	520,374	522,739	599,186
Subtotal	11,272,994	11,563,286	13,248,960	13,263,502	16,308,631
All other	6,956,789	7,081,557	8,354,280	7,842,676	6,244,789
Total	18,299,067	18,737,716	21,703,604	21,263,764	22,700,106
			Value (*$1,000*)		
United States	35,759	46,482	65,237	105,463	104,200
Top 10 markets					
China	174,064	285,534	972,916	1,291,469	2,184,395
Germany	554,853	698,191	1,252,584	1,180,390	1,345,943
Ukraine	382,172	439,699	593,744	539,185	737,911
Japan	464,812	504,361	673,753	764,858	706,067
Brazil	115,797	208,483	298,203	561,120	466,026
Russia	182,934	209,389	317,213	330,827	283,984
Belgium	146,187	195,575	289,562	269,570	381,861
Czech Republic	192,751	256,456	388,147	363,793	415,211
France	205,792	257,406	368,075	352,589	391,943
Netherlands	103,115	147,756	261,728	273,962	317,182
Subtotal	2,522,478	3,202,850	5,415,926	5,927,764	7,230,523
All other	1,811,852	2,166,014	3,684,590	3,678,477	3,300,238
Total	4,370,089	5,415,347	9,165,754	9,711,705	10,634,961

Table continued on following page.

Table IV-47–*Continued*
Wire rod: Global exports, 2002-06

Reporting country	2002	2003	2004	2005	2006
	Unit value (*per short ton*)				
United States	$516	$500	$650	$669	$710
Top 10 markets					
China	208	248	378	377	368
Germany	250	326	482	542	548
Ukraine	168	207	300	334	356
Japan	297	351	463	663	640
Brazil	216	242	364	424	456
Russia	146	177	284	325	341
Belgium	230	299	468	436	471
Czech Republic	211	281	449	518	514
France	284	360	526	498	591
Netherlands	329	391	503	524	529
Subtotal	224	277	409	447	443
All other	260	306	441	469	528
Total	239	289	422	457	468

Note.–Data reported by GTA for exports from Mexico to Mexico were removed because it was assumed that these data were in error (46,002 short tons in 2002).

Note.--HS codes included: 7213.90, 7213.99, 7227.20, and 7227.90.

Source: Reported by Global Trade Atlas.

Global Raw Material Availability and Prices

Recycled iron and steel scrap is an important raw material in the production of steel, particularly for wire rod producers.[102] As such, the steel and foundry industries in the United States are structured to recycle steel scrap, and, as a result, are highly dependent upon it.[103] Some producers have either moved to owning scrap brokers, such as Nucor's recent purchase of David and Joseph and Gerdau's purchase of Fargo Iron and Metal,[104] or owning their own shredders to produce scrap on site for use in their operations, such as Gerdau and Commercial Metals.[105]

Because scrap is somewhat difficult and expensive to transport over land, steel companies either source their scrap locally, through local scrap brokers or import centers, or pay higher premiums to transport. Further, due to the difficulties and costs associated with overland transportation, coastal scrap is

[102] Hearing transcript, p. 58 (Kerwin) and p. 100 (Kerkvliet).

[103] Nucor has further added scrap processing capacity at its Memphis plant. Contracting with Memphis Mill Services, it plans to build a scrap yard, open-air processing plant, garage and cutting shed for steel scrap ("Nucor Inks Deal for Memphis Operations." Charlotte Business Journal, October 22, 2007. http://www.bizjournals.com (accessed April 24, 2008)).

[104] Scott Robertson, "Steel buyers predict fallout from buys by Nucor and SDI," American Metal Market, February 11, 2007. www.amm.com (accessed February 22, 2008); Michael Cowden, "SDI closes buy of OmniSource; vows neutrality," American Metal Market, October 26, 2007. www.amm.com (accessed February 22, 2008); and "Gerdau's Acquisitions Spur Earnings Spike," Tampa Bay Business Journal, May 4, 2006. http://www.bizjournals.com (accessed April 24, 2008).

[105] Michael Marley, "Full of Scrap: If you can't run with the big dogs, stay on the porch," American Metal Market, November 1, 2007. www.amm.com (accessed February 22, 2008).

generally exported, which further increases the competition for scrap. Moreover, steel companies that are co-located in a particular region often compete for scrap purchases.

The automotive recycling industry, a major source of scrap metal for steel producers, supplied an estimated 14 million tons of shredded steel scrap to the steel industry in 2006, or nearly 25 percent of the total U.S. scrap consumption.[106] In the United States alone, an estimated 55 million tons of steel was recycled in steel mills and foundries in 2006.

By quantity, imports of scrap and direct reduced iron (DRI), a scrap substitute, increased by 35.8 percent between 2000 and 2007.[107] Imports of scrap, principally from Canada entering the United States through the ports at Detroit and Seattle, increased by 10.3 percent overall. Imports of DRI, principally from Trinidad and Tobago and Venezuela entering the United States through the ports at New Orleans or Mobile, increased by 114.0 percent.[108] Exports of scrap have followed a similar trend. U.S. scrap exports increased by nearly 190 percent, principally to China and Turkey, since 2000.[109] U.S. DRI exports, however, have dropped since 2000 from 27,000 short tons in 2000 to only 250 short tons in 2007.[110] This drop in DRI exports is primarily due to the idling of DRI plants in the United States.[111]

Using scrap in the production process also helps conserve energy because the remelting of scrap requires less energy than the production of iron or steel products from iron ore. Recycled scrap consists of approximately 50 percent post-consumer (old, obsolete) scrap, 29 percent prompt scrap (produced in steel-product manufacturing plants), and 21 percent home scrap (recirculating scrap from current operations).[112]

Scrap prices rose between 40 and 60 percent during the first quarter of 2007. Prices peaked in March before declining 20-30 percent by May 2007. Prices were relatively stable during the second half of 2007, rising gradually between 11 and 19 percent by December 2007. In contrast, prices since January 2008 have risen dramatically. Prices have risen 80 percent between January and April 2008 with much of price increases occurring in January and April (figure IV-3).

Scrap prices, the highest cost component of U.S. wire rod production, have risen greatly since 2001.[113] Number one busheling and auto shredded scrap prices have risen dramatically since 2002; initially below $100 per gross ton, they now exceed $500 per gross ton.[114] Number one heavy melt scrap, an industrial quality scrap product, has followed a similar patterns, however, began at around $70 per gross ton and is now nearly $485 per gross ton (see Part V, figure V-1).[115]

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[106] Michael Fenton, "Iron and Steel Scrap," U.S. Geological Survey, Mineral Commodity Summaries, January 2007 p. 86, http://minerals.usgs.gov/minerals/pubs/mcs/index.html#appendix (accessed February 28, 2008).

[107] USITC, Dataweb. http://dataweb.usitc.gov (accessed various dates).

[108] USITC, Dataweb. http://dataweb.usitc.gov (accessed various dates).

[109] Global Trade Atlas.

[110] Global Trade Atlas.

[111] Midrex. "2006 World Direct Reduction Statistics." Midrex Technologies, Inc. January 2007, pp. 7 and 9, http://www.midrex.com/handler.cfm?cat_id=30 (accessed March 5, 2008).

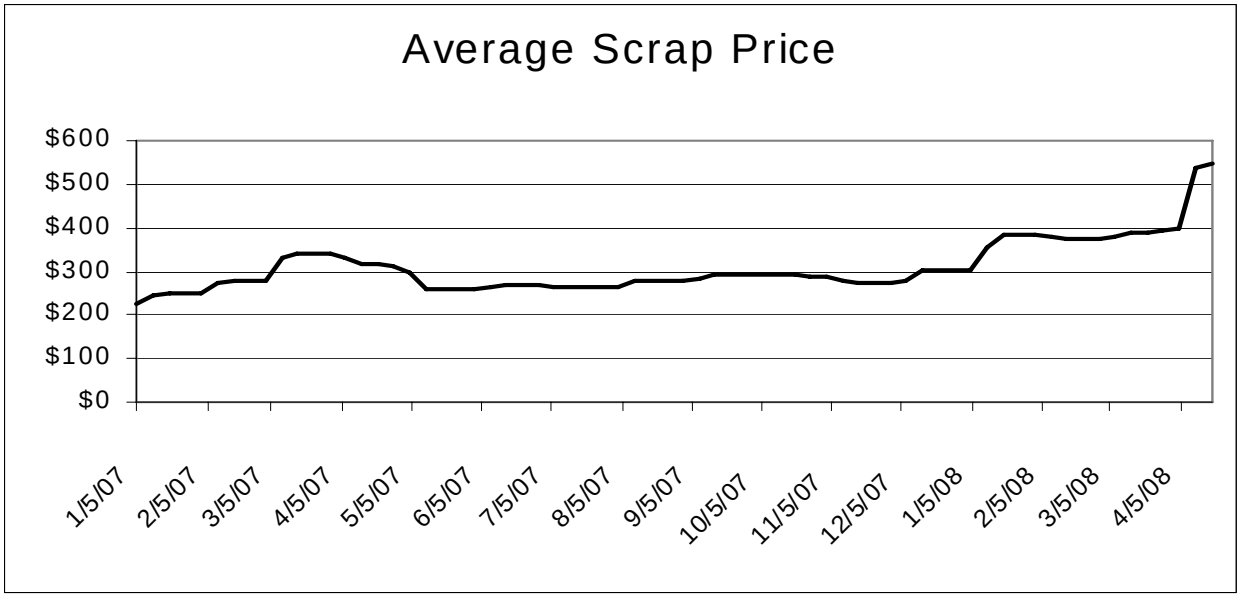
[112] Michael Fenton. "Iron and Steel Scrap." U.S. Geological Survey, Mineral Commodity Summaries, January 2007 p. 86, http://minerals.usgs.gov/minerals/pubs/mcs/index.html#appendix (accessed February 28, 2008).

[113] Hearing transcript, p. 260 (Winton).

[114] American Metal Market, www.amm.com, retrieved January 30, 2008.

[115] American Metal Market, www.amm.com, retrieved January 30, 2008.

Figure IV-3
Scrap: Average world price, January 2007-April 2008



Note.-Simple average for: Composite No. 1 busheling, Composite shredded auto scrap, and Composite No. 1 heavy melt.

Source: American Metal market, www.amm.com, retrieved April 21, 2007

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

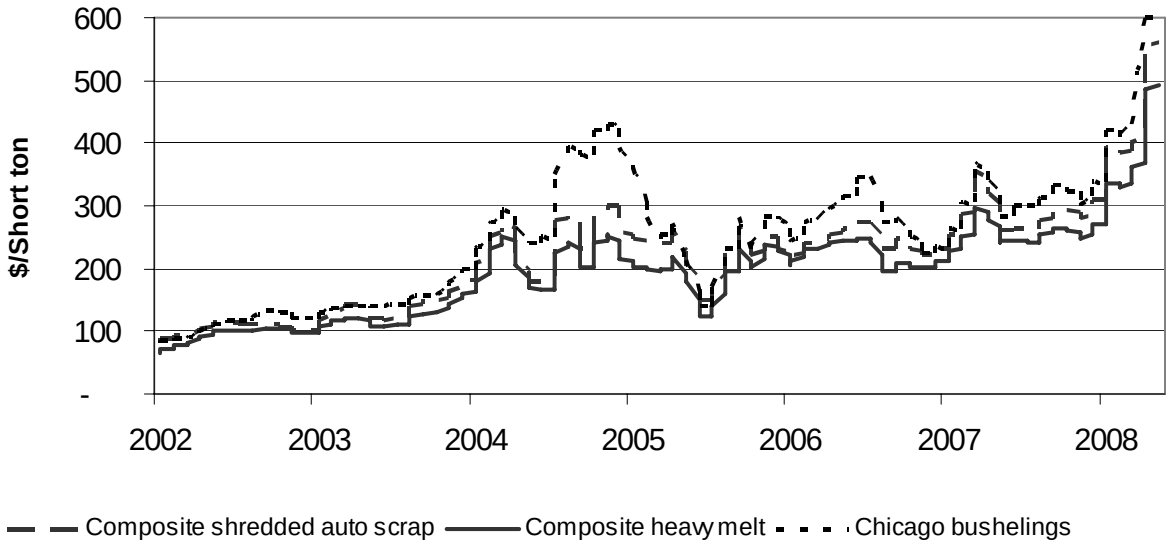
Raw Material and Energy Costs

The primary inputs used in the production of wire rod by U.S. minimills are billets (generally produced from steel scrap), natural gas, and electricity. Producers such as *** and *** purchase billets. Republic, in contrast, is an integrated mill, ***.

Different types of steel scrap are used in different types of wire rod, with bushelings scrap used to produce higher end product and heavy melt used to produce less-specialized wire rod. The price of steel scrap has increased dramatically since January 2002 with large price fluctuations. When prices rose rapidly in 2004-05, bushelings scrap prices increased much more than other scrap prices.[1] As scrap prices eased by mid-2005, the bushelings premium evaporated. Since then, however, scrap prices have risen, particularly in 2008, so that by May 2008, prices were more than five times the levels recorded in January 2002 (figure V-1).

Energy prices have also risen since 2002. Natural gas prices more than doubled from 2002 to 2005, and although they have fallen since 2005, the price in 2007 was still above the prices prior to 2005. Electricity prices vary from location to location, however, the national average price has increased every year from 2002 through 2007 (table V-1).

Figure V-1
U.S. ferrous scrap prices: Weekly scrap prices, January 1, 2002-May 2, 2008



Source: American Metal Market LLC. Composite prices were not available for bushelings until September 2006, as a result, the Chicago price is used.

[1] Since the price for bushelings is the Chicago price and not a composite price as was used for the other types of steel scrap some of the differences may reflect differences between the Chicago price and the composite price.

Table V-1
U.S. natural gas and electricity prices for industrial customers, 2002-07

Item	2002	2003	2004	2005	2006	2007
U.S. natural gas industrial price[1]	$4.02	$5.81	$6.53	$8.56	$7.86	$7.60
Electricity industrial price[2]	4.88	5.11	5.25	5.73	6.16	6.38

[1] In dollars per thousand cubic feet.
[2] In cents per kilowatt-hour.

Source: U.S. Energy Information Administration, http://www.eia.doe.gov. retrieved January 30, 2008 and April 24, 2008.

Transportation Costs to the U.S. Market

Transportation costs for steel wire rod from the subject countries to the United States (excluding U.S. inland costs) are estimated for 2007 in the following tabulation. Estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.[2]

Country	Estimated shipping cost in 2007 (*percent*)
Brazil	13.1
Canada	4.8
Mexico	5.2
Trinidad and Tobago	8.7

U.S. Inland Transportation Costs

U.S. producers reported that U.S. inland transportation costs accounted for 1 to 10 percent of the total delivered value of wire rod, with six of the ten responding producers reporting costs between 3 and 6 percent. Eleven importers reported U.S. inland transportation costs ranging from 1 to 15 percent; five of these reported that such costs accounted for 2 to 6 percent of the total delivered value of wire rod. A number of U.S. producers report that they incorporate a fuel surcharge for shipments.[3]

Exchange Rates

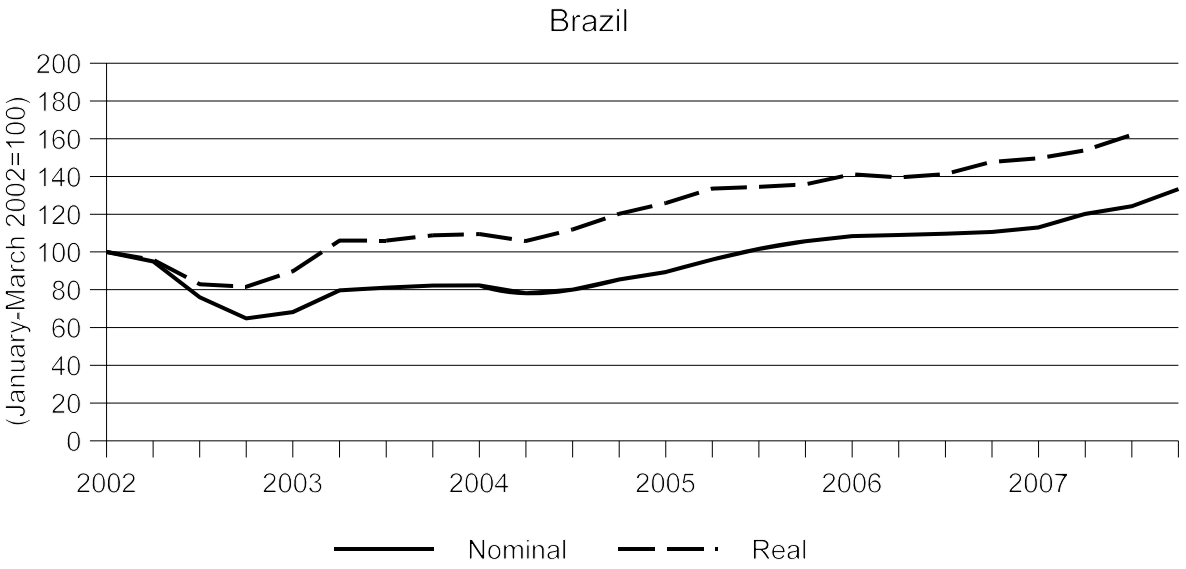
Real and nominal quarterly exchange rates reported by the International Monetary Fund during 2002-07 for the seven countries subject to review are shown in figure V-2.[4]

[2] Estimates are based on the ten 2007 HTS subheadings discussed in Part I. No 2007 data were available for Indonesia, Moldova, and Ukraine.

[3] Hearing transcript, p. 129 (Nystrom, Cheek, and Kerkvliet).

[4] No real exchange rate was available for Moldova because no producer price index was available.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates (when available) of the subject countries relative to the U.S. dollar, by quarters, 2002-07



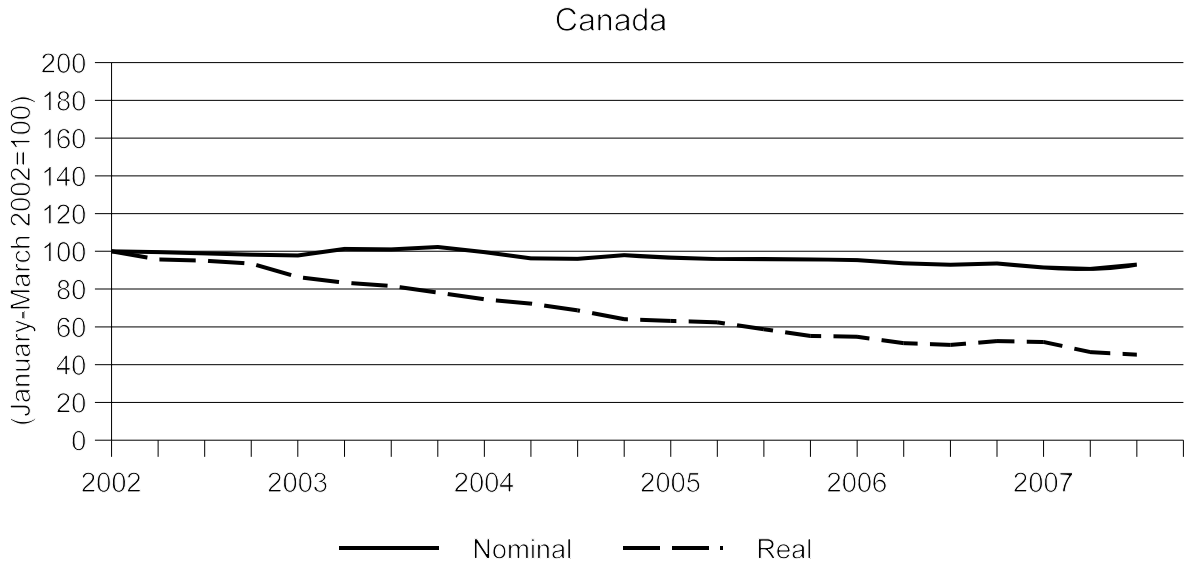


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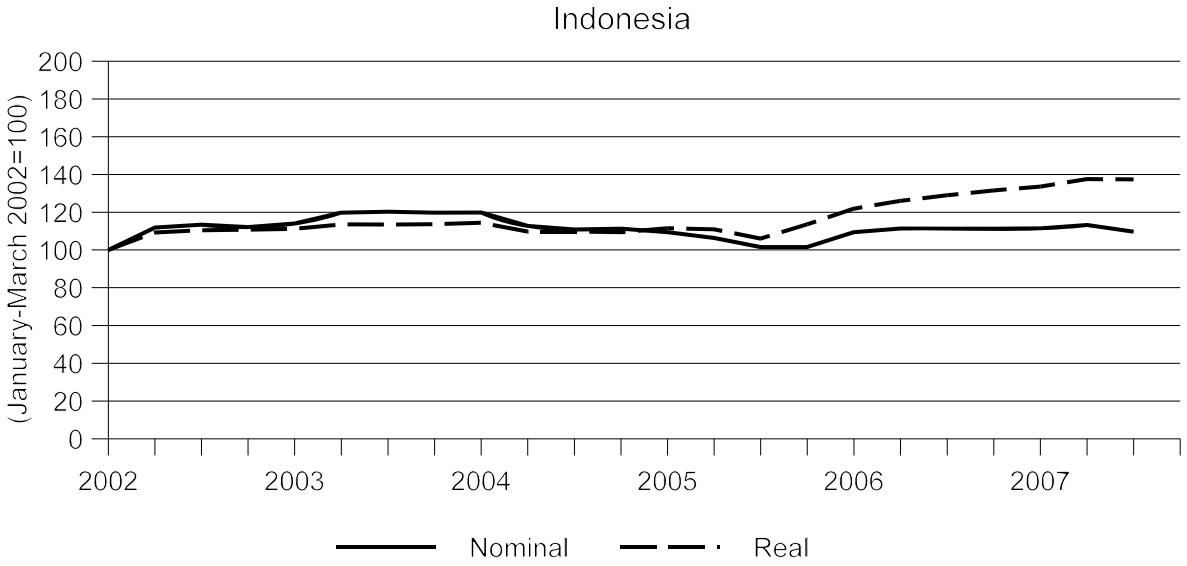
Figure V-2--*Continued*
Exchange rates: Indices of the nominal and real exchange rates (when available) of the subject countries relative to the U.S. dollar, by quarters, 2002-07



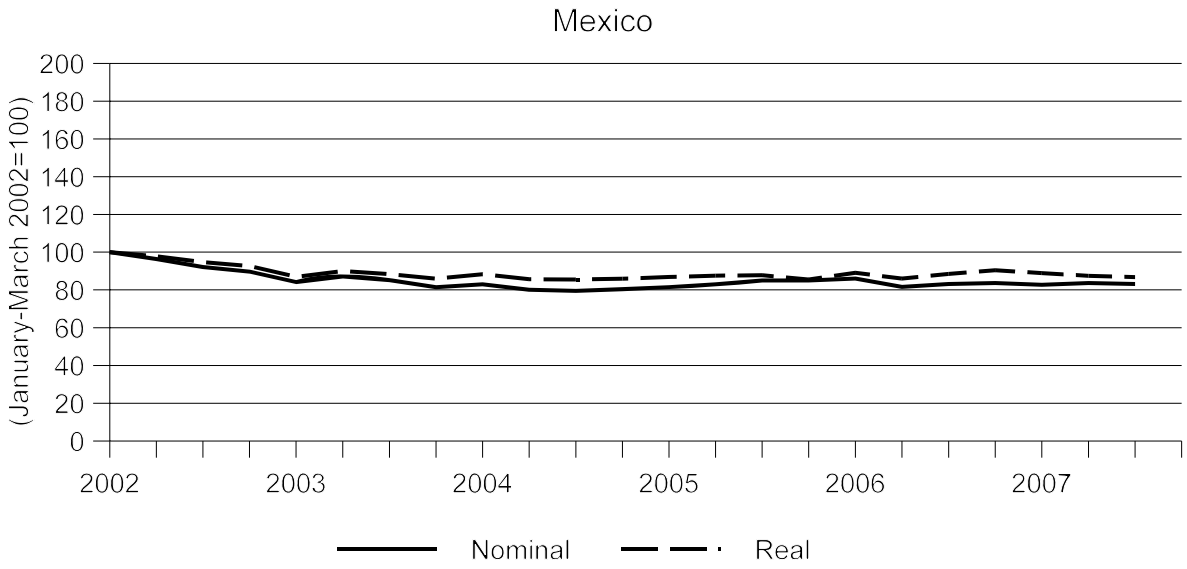


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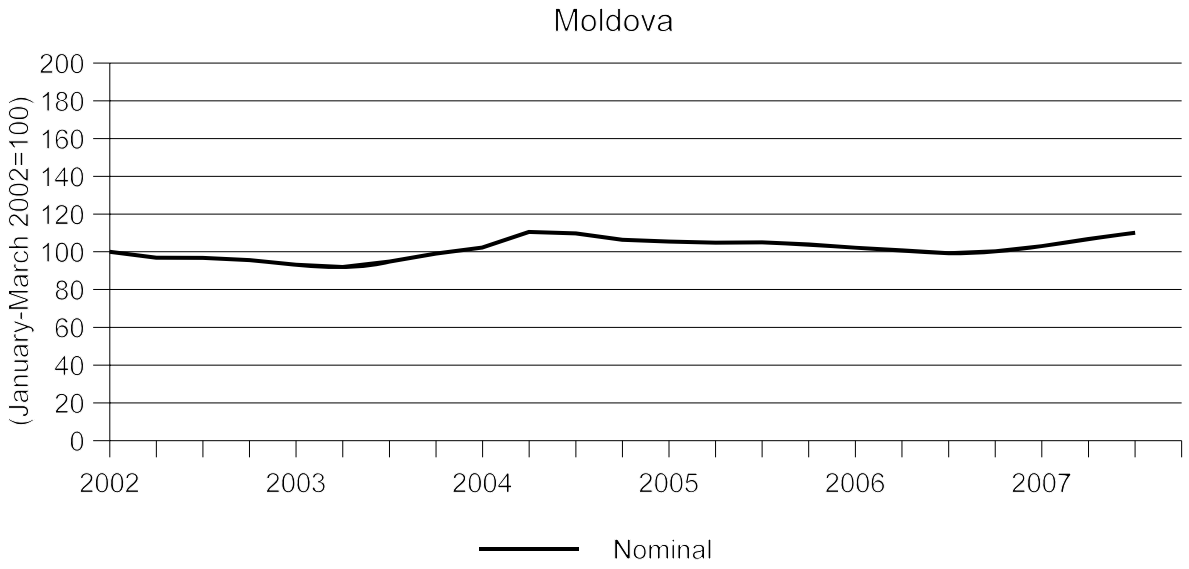
Figure V-2--*Continued*
Exchange rates: Indices of the nominal and real exchange rates (when available) of the subject countries relative to the U.S. dollar, by quarters, 2002-07



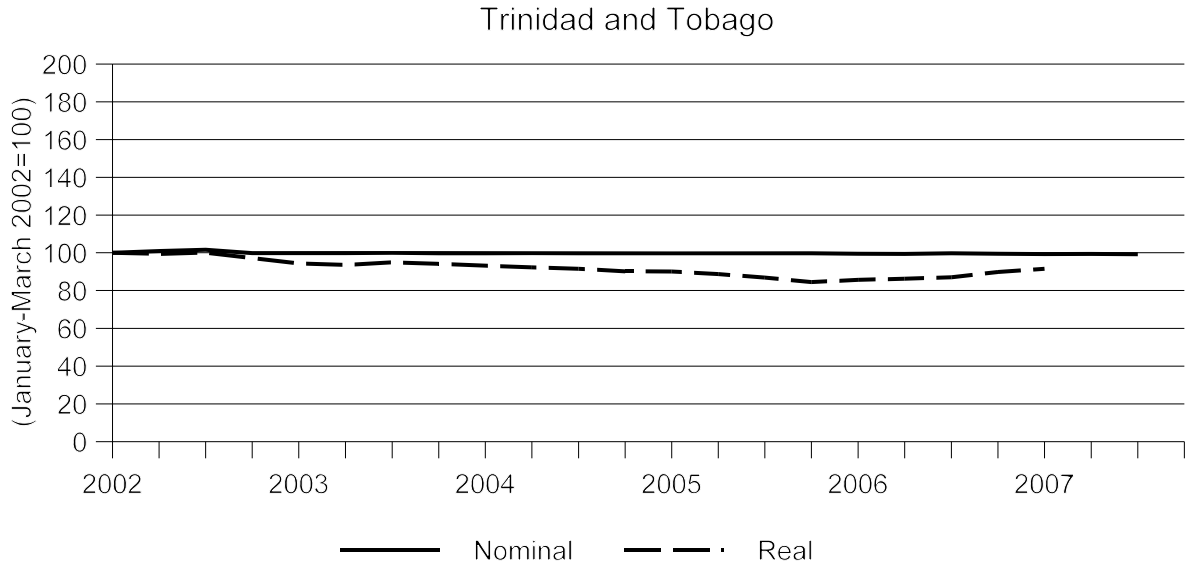


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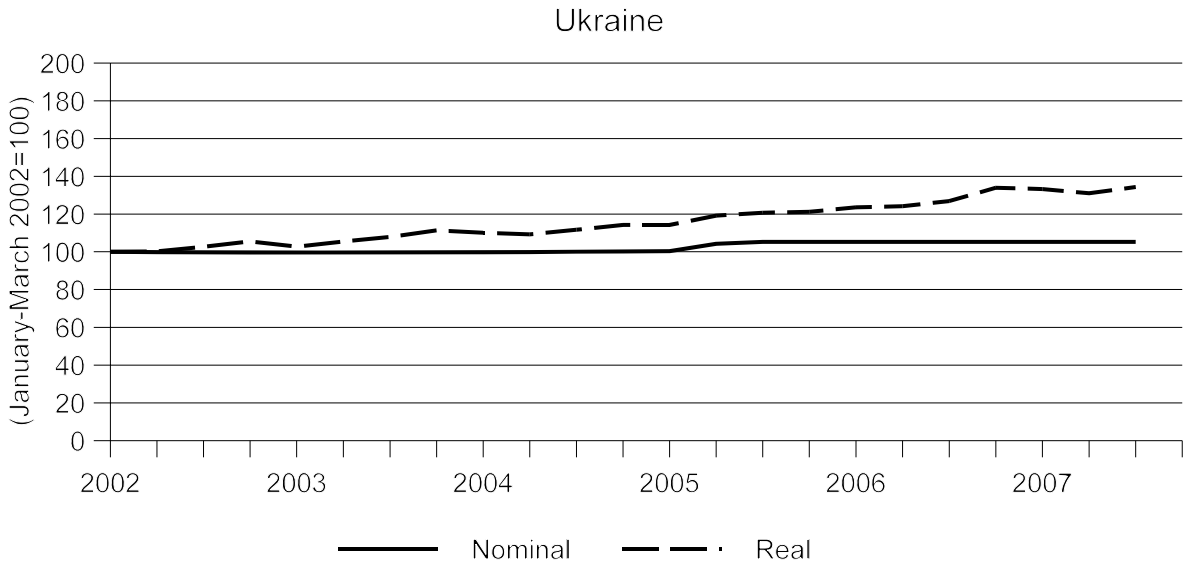
Figure V-2--*Continued*
Exchange rates: Indices of the nominal and real exchange rates (when available) of the subject countries relative to the U.S. dollar, by quarters, 2002-07



Source: International Monetary Fund, *International Financial Statistics*, http://ifs.apdi.net/imf, retrieved January 30, 2008.

PRICING PRACTICES

Pricing Methods

Wire rod sales in the United States typically involve either short term contracts or spot sales. Only four producers reported any long term contracts, and only *** sold the majority of its product using long term contracts. Three of ten responding U.S. producers sold the majority of their product using short term contracts, while six sold half or more on a spot basis. Short term contracts of 1-3 months' duration were reported by four of the seven responding U.S. producers; the other three had contracts of 6-12 months. Three of the seven firms reported prices could be renegotiated during the contract (including scrap surcharges). Six of the seven responding producers reported that contracts set price and quantity, while the other reported price was set for a target quantity. Two reported meet or release provisions were in the contract but neither of these reported that they had been used.

No importer reported using long term contracts. Five of nine responding importers reported only selling on the spot market; two sold only using short term contracts and two used both methods but sold the majority using short term contracts. Six of seven responding importers reported that their contracts were from 2 to 4 months while the other reported year long contracts. Five of the six with contracts of 2 to 4 months reported that prices could not be renegotiated during the contract period and the other reported that prices were indexed. The importer with 12-month contracts reported that it could add a surcharge. Five of seven responding importers reported that both prices and quantities were fixed in the contract, one reported that only price was fixed and one reported that price was fixed, while the volume was a target volume. Six reported no meet-or-release clause and the other reported closed end consignment.

Keystone, Gerdau, and Nucor reported that they do not use raw material surcharges for wire rod at this time, although some of these firms did use surcharges for other products.[5] Rocky Mountain reported it had used an energy surcharge for several years and it was implementing a raw material surcharge in April 2008.[6] The Canadian producer, Ivaco, reported that it used automatic scrap and alloy surcharge formulas for its prices, and that price increases caused by theses surcharges were supplemented by three increases in its base prices in the last six months.[7]

Sales Terms and Discounts

Seven of the ten responding producers reported transaction-by-transaction prices; two used market based prices; and one used a price list. Five of the ten responding producers reported no volume discounts; two reported that there were occasionally volume discounts; two reported that they normally had volume discounts; and one reported that it had no discount policy. Fifteen of 19 responding importers reported transaction-by-transaction negotiations to set price; one each reported price list, cost plus pricing, spot sales, and market prices. Sixteen of the 17 responding importers reported no volume discounts or no discount policy; one reported it negotiated discounts with customers.

All ten U.S. producers reported sales terms of net 30 days. Ten of 13 responding importers reported sales terms of net 30 days; 1 sold net 30/45/60; and 2 required cash against documents. Four of 10 responding producers reported mainly f.o.b. sales; 3 reported mainly delivered sales; and 3 reported selling both f.o.b. and delivered. Six of 15 responding importers sold wire rod on an f.o.b. basis; 5 sold delivered; 2 sold both delivered and f.o.b.; 1 sold ex-dock duty paid; and 1 sold on a truck load basis.

Most wire rod is produced to order rather than sold from inventory. Four of the nine responding U.S. producers reported selling all their product produced to order; the other five sold 80 to 90 percent produced to order. Eight of the 13 responding importers produced all their wire rod to order; 3 sold 70 percent or more to order; and the remaining 2 sold 80 and 98 percent from inventories. The delivery time for U.S. producers' produced-to-order wire rod ranged from one week to three months; seven of nine responding U.S. producers reported average lead times of one month or more. Lead time from inventories ranged from one day to two weeks.

Lead times for importers' produced-to-order wire rod were much longer, ranging from one month to five months. Nine of 15 responding importers reported lead times of three months or more, with 7 of these firms reporting lead times of three to four months. Importers' lead times from inventories ranged from two days to one month.

[5] Hearing transcript, p. 128 (Creek, Kerkvliet, Nystrom).

[6] Hearing transcript, p. 128 (Simon).

[7] Hearing transcript, pp. 201, 288-289 (Lachapelle).

PRICE DATA

The Commission requested that U.S. producers and importers provide quarterly data for their sales of six wire rod products during January 2002- December 2007. The products for which pricing data were requested are as follows:

Product 1.–Industrial quality wire rod, grade C1006, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., not cleaned, coated, etc.)

Product 2.--Industrial quality wire rod, grade C1008 through C1010, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., not cleaned, coated, etc.)

Product 3.–Mesh quality wire rod, grades C1006 through C1015, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for manufacturing of concrete reinforcement products such as wire for A-82 applications (in green condition, e.g. not cleaned, coated, etc.)

Product 4.–Grades C1050 through C1070, 5.5 mm (7/32 inch) through 6.5 mm (1/4 inch) in diameter, for spring applications excluding valve spring (in green condition, e.g. not cleaned, coated, etc.)

Product 5.–Cold-heading quality wire rod, grades C1006 through C1008, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for the manufacturing of mechanical fasteners (in green condition, e.g. not cleaned, coated, etc.)

Product 6.–Welding quality wire rod, grades ER70S-3, 5.5 mm (7/32 inch) in diameter, for solid mig wire (in green condition, e.g., not cleaned, coated, etc.).

Ten U.S. producers and nine importers provided usable pricing data for sales of the requested products in the U.S. market, although these firms did not necessarily report pricing data for all products or for all quarters. Selling price data reported by U.S. producers and importers accounted for 51.2 percent of the quantity of U.S. producers' commercial shipments of wire rod during January 2002-December 2007, 72.5 percent of imports from Brazil, 11.2 percent of imports from Canada, 34.7 percent of imports from Indonesia, 94.9 percent of imports from Mexico, 3.5 percent of imports from Trinidad and Tobago, and in excess of 100 percent of imports from Moldova and Ukraine.[8]

Data on U.S. producers' and importers' selling prices and quantities of products 1 through 6 are presented in tables V-2 through V-7 and figure V-3. Table V-8 summarizes the pricing data and table V-9 summarizes the data on margins of under/(over) selling during 2002-07. Table V-10 summarizes margins of under/(over)selling during the original investigations.

[8] Greater than 100 percent coverage from Moldova and Ukraine reflects the relatively large inventories held at the beginning of the period relative to the imports during the period.

Table V-2
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Canada			Mexico		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:								
Jan.-Mar.	$280	45,720	$***	***	***	$***	***	***
Apr.-June	288	58,624	-	-	-	***	***	***
July-Sept.	304	47,156	***	***	***	***	***	***
Oct.-Dec.	288	36,048	***	***	***	***	***	***
2003:								
Jan.-Mar.	284	47,093	-	-	-	***	***	***
Apr.-June	295	57,269	***	***	***	***	***	***
July-Sept.	291	68,396	***	***	***	***	***	***
Oct.-Dec.	301	51,913	***	***	***	***	***	***
2004:								
Jan.-Mar.	387	57,139	***	***	***	***	***	***
Apr.-June	523	58,642	***	***	***	***	***	***
July-Sept.	565	65,091	***	***	***	***	***	***
Oct.-Dec.	557	70,636	***	***	***	***	***	***
2005:								
Jan.-Mar.	527	97,044	***	***	***	***	***	***
Apr.-June	510	76,402	***	***	***	***	***	***
July-Sept.	475	57,110	***	***	***	***	***	***
Oct.-Dec.	498	75,329	***	***	***	***	***	***
2006:								
Jan.-Mar.	488	70,757	***	***	***	***	***	***
Apr.-June	481	91,612	***	***	***	***	***	***
July-Sept.	513	87,024	***	***	***	-	-	-
Oct.-Dec.	506	65,871	***	***	***	***	***	***
2007:								
Jan.-Mar.	491	89,865	***	***	***	***	***	***
Apr.-June	524	86,126	***	***	***	***	***	***
July-Sept.	538	105,382	***	***	***	***	***	***
Oct.-Dec.	535	118,190	***	***	***	***	***	***

Table continued on following page.

Table V-2--*Continued*
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Moldova			Trinidad and Tobago		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:								
Jan.-Mar.	$280	45,720	$***	***	***	-	-	-
Apr.-June	288	58,624	***	***	***	-	-	-
July-Sept.	304	47,156	-	-	-	-	-	-
Oct.-Dec.	288	36,048	-	-	-	-	-	-
2003:								
Jan.-Mar.	284	47,093	-	-	-	-	-	-
Apr.-June	295	57,269	-	-	-	-	-	-
July-Sept.	291	68,396	-	-	-	$***	***	***
Oct.-Dec.	301	51,913	-	-	-	***	***	***
2004:								
Jan.-Mar.	387	57,139	-	-	-	***	***	***
Apr.-June	523	58,642	-	-	-	***	***	***
July-Sept.	565	65,091	-	-	-	-	-	-
Oct.-Dec.	557	70,636	-	-	-	-	-	-
2005:								
Jan.-Mar.	527	97,044	-	-	-	***	***	***
Apr.-June	510	76,402	-	-	-	***	***	***
July-Sept.	475	57,110	-	-	-	***	***	***
Oct.-Dec.	498	75,329	-	-	-	***	***	***
2006:								
Jan.-Mar.	488	70,757	-	-	-	***	***	***
Apr.-June	481	91,612	-	-	-	***	***	***
July-Sept.	513	87,024	-	-	-	-	-	-
Oct.-Dec.	506	65,871	-	-	-	-	-	-
2007:								
Jan.-Mar.	491	89,865	-	-	-	-	-	-
Apr.-June	524	86,126	-	-	-	-	-	-
July-Sept.	538	105,382	-	-	-	-	-	-
Oct.-Dec.	535	118,190	-	-	-	-	-	-

Table continued on following page.

Table V-2--*Continued*
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Ukraine		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:					
Jan.-Mar.	$280	45,720	-	-	-
Apr.-June	288	58,624	-	-	-
July-Sept.	304	47,156	$***	***	***
Oct.-Dec.	288	36,048	***	***	***
2003:					
Jan.-Mar.	284	47,093	-	-	-
Apr.-June	295	57,269	-	-	-
July-Sept.	291	68,396	-	-	-
Oct.-Dec.	301	51,913	-	-	-
2004:					
Jan.-Mar.	387	57,139	-	-	-
Apr.-June	523	58,642	-	-	-
July-Sept.	565	65,091	-	-	-
Oct.-Dec.	557	70,636	-	-	-
2005:					
Jan.-Mar.	527	97,044	-	-	-
Apr.-June	510	76,402	-	-	-
July-Sept.	475	57,110	-	-	-
Oct.-Dec.	498	75,329	-	-	-
2006:					
Jan.-Mar.	488	70,757	-	-	-
Apr.-June	481	91,612	-	-	-
July-Sept.	513	87,024	-	-	-
Oct.-Dec.	506	65,871	-	-	-
2007:					
Jan.-Mar.	491	89,865	-	-	-
Apr.-June	524	86,126	-	-	-
July-Sept.	538	105,382	-	-	-
Oct.-Dec.	535	118,190	-	-	-

[1] Industrial quality wire rod, grade C1006, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., not cleaned, coated, etc.).

[2] Price data were only available for one quarter for product 1 from Brazil and Indonesia. *** tons of Brazilian product were sold at $*** per ton; this undersold U.S. product by *** percent. *** tons of Indonesian product were sold at $*** per ton; this undersold U.S. product by *** percent.

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

Table V-3
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Brazil			Canada		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:								
Jan.-Mar.	$272	131,420	$***	***	***	$***	***	***
Apr.-June	284	133,472	***	***	***	***	***	***
July-Sept.	294	107,388	-	-	-	***	***	***
Oct.-Dec.	287	101,569	-	-	-	***	***	***
2003:								
Jan.-Mar.	283	138,941	-	-	-	***	***	***
Apr.-June	286	173,582	-	-	-	***	***	***
July-Sept.	289	178,218	-	-	-	***	***	***
Oct.-Dec.	294	164,594	-	-	-	***	***	***
2004:								
Jan.-Mar.	355	161,434	-	-	-	***	***	***
Apr.-June	493	172,783	-	-	-	***	***	***
July-Sept.	540	189,888	-	-	-	***	***	***
Oct.-Dec.	548	163,128	-	-	-	***	***	***
2005:								
Jan.-Mar.	546	134,591	-	-	-	***	***	***
Apr.-June	507	154,613	-	-	-	***	***	***
July-Sept.	472	153,340	-	-	-	***	***	***
Oct.-Dec.	500	124,035	-	-	-	***	***	***
2006:								
Jan.-Mar.	495	146,066	-	-	-	***	***	***
Apr.-June	498	143,227	-	-	-	***	***	***
July-Sept.	522	153,593	-	-	-	***	***	***
Oct.-Dec.	495	104,782	-	-	-	***	***	***
2007:								
Jan.-Mar.	487	138,717	-	-	-	***	***	***
Apr.-June	540	130,319	-	-	-	***	***	***
July-Sept.	543	146,774	-	-	-	***	***	***
Oct.-Dec.	550	140,129	-	-	-	***	***	***

Table continued on following page.

Table V-3--*Continued*
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Indonesia			Mexico		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:								
Jan.-Mar.	$272	131,420	$***	***	***	$***	***	***
Apr.-June	284	133,472	***	***	***	***	***	***
July-Sept.	294	107,388	-	-	-	***	***	***
Oct.-Dec.	287	101,569	-	-	-	***	***	***
2003:								
Jan.-Mar.	283	138,941	-	-	-	***	***	***
Apr.-June	286	173,582	-	-	-	***	***	***
July-Sept.	289	178,218	-	-	-	***	***	***
Oct.-Dec.	294	164,594	-	-	-	-	-	-
2004:								
Jan.-Mar.	355	161,434	-	-	-	***	***	***
Apr.-June	493	172,783	-	-	-	***	***	***
July-Sept.	540	189,888	-	-	-	***	***	***
Oct.-Dec.	548	163,128	-	-	-	-	-	-
2005:								
Jan.-Mar.	546	134,591	-	-	-	-	-	-
Apr.-June	507	154,613	-	-	-	-	-	-
July-Sept.	472	153,340	-	-	-	-	-	-
Oct.-Dec.	500	124,035	-	-	-	-	-	-
2006:								
Jan.-Mar.	495	146,066	-	-	-	-	-	-
Apr.-June	498	143,227	-	-	-	-	-	-
July-Sept.	522	153,593	-	-	-	-	-	-
Oct.-Dec.	495	104,782	-	-	-	-	-	-
2007:								
Jan.-Mar.	487	138,717	-	-	-	-	-	-
Apr.-June	540	130,319	-	-	-	-	-	-
July-Sept.	543	146,774	-	-	-	-	-	-
Oct.-Dec.	550	140,129	-	-	-	-	-	-

Table continued on following page.

Table V-3--*Continued*
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Moldova			Trinidad and Tobago		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:								
Jan.-Mar.	$272	131,420	$***	***	***	$***	***	***
Apr.-June	284	133,472	***	***	***	***	***	***
July-Sept.	294	107,388	***	***	***	-	-	-
Oct.-Dec.	287	101,569	-	-	-	-	-	-
2003:								
Jan.-Mar.	283	138,941	-	-	-	-	-	-
Apr.-June	286	173,582	-	-	-	-	-	-
July-Sept.	289	178,218	-	-	-	-	-	-
Oct.-Dec.	294	164,594	-	-	-	-	-	-
2004:								
Jan.-Mar.	355	161,434	-	-	-	-	-	-
Apr.-June	493	172,783	-	-	-	-	-	-
July-Sept.	540	189,888	-	-	-	-	-	-
Oct.-Dec.	548	163,128	-	-	-	-	-	-
2005:								
Jan.-Mar.	546	134,591	-	-	-	-	-	-
Apr.-June	507	154,613	-	-	-	-	-	-
July-Sept.	472	153,340	-	-	-	-	-	-
Oct.-Dec.	500	124,035	-	-	-	-	-	-
2006:								
Jan.-Mar.	495	146,066	-	-	-	-	-	-
Apr.-June	498	143,227	-	-	-	-	-	-
July-Sept.	522	153,593	-	-	-	-	-	-
Oct.-Dec.	495	104,782	-	-	-	-	-	-
2007:								
Jan.-Mar.	487	138,717	-	-	-	-	-	-
Apr.-June	540	130,319	-	-	-	-	-	-
July-Sept.	543	146,774	-	-	-	-	-	-
Oct.-Dec.	550	140,129	-	-	-	-	-	-

Table continued on following page.

Table V-3--*Continued*
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Ukraine		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:					
Jan.-Mar.	$272	131,420	$***	***	***
Apr.-June	284	133,472	***	***	***
July-Sept.	294	107,388	***	***	***
Oct.-Dec.	287	101,569	***	***	***
2003:					
Jan.-Mar.	283	138,941	-	-	-
Apr.-June	286	173,582	-	-	-
July-Sept.	289	178,218	-	-	-
Oct.-Dec.	294	164,594	-	-	-
2004:					
Jan.-Mar.	355	161,434	-	-	-
Apr.-June	493	172,783	-	-	-
July-Sept.	540	189,888	-	-	-
Oct.-Dec.	548	163,128	-	-	-
2005:					
Jan.-Mar.	546	134,591	-	-	-
Apr.-June	507	154,613	-	-	-
July-Sept.	472	153,340	-	-	-
Oct.-Dec.	500	124,035	-	-	-
2006:					
Jan.-Mar.	495	146,066	-	-	-
Apr.-June	498	143,227	-	-	-
July-Sept.	522	153,593	-	-	-
Oct.-Dec.	495	104,782	-	-	-
2007:					
Jan.-Mar.	487	138,717	-	-	-
Apr.-June	540	130,319	-	-	-
July-Sept.	543	146,774	-	-	-
Oct.-Dec.	550	140,129	-	-	-

[1] Industrial quality wire rod, grade C1008 through C1010, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., not cleaned, coated, etc.).

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

Table V-4
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Trinidad and Tobago		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:					
Jan.-Mar.	$283	62,880	-	-	-
Apr.-June	293	71,238	-	-	-
July-Sept.	313	61,256	-	-	-
Oct.-Dec.	307	44,313	-	-	-
2003:					
Jan.-Mar.	290	53,502	-	-	-
Apr.-June	302	78,588	-	-	-
July-Sept.	298	106,193	-	-	-
Oct.-Dec.	321	104,912	-	-	-
2004:					
Jan.-Mar.	413	116,554	-	-	-
Apr.-June	545	79,115	$***	***	***
July-Sept.	574	88,112	***	***	***
Oct.-Dec.	582	69,600	-	-	-
2005:					
Jan.-Mar.	602	74,083	-	-	-
Apr.-June	548	103,938	-	-	-
July-Sept.	524	121,610	-	-	-
Oct.-Dec.	525	127,924	-	-	-
2006:					
Jan.-Mar.	485	160,495	-	-	-
Apr.-June	487	161,218	-	-	-
July-Sept.	522	176,737	-	-	-
Oct.-Dec.	506	109,170	-	-	-
2007:					
Jan.-Mar.	489	149,587	-	-	-
Apr.-June	517	196,560	-	-	-
July-Sept.	536	153,357	-	-	-
Oct.-Dec.	531	211,353	-	-	-

[1] Mesh quality wire rod, grades C1006 through C1015, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for manufacturing of concrete reinforcement products such as wire for A-82 applications (in green condition, e.g. not cleaned, coated, etc.).

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

Table V-5
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2002-December 2007

Period	United States		Canada			Mexico		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
2002:								
Jan.-Mar.	$***	***	$***	***	***	$***	***	***
Apr.-June	306	56,176	***	***	***	***	***	***
July-Sept.	323	66,149	***	***	***	***	***	***
Oct.-Dec.	312	60,768	***	***	***	-	-	-
2003:								
Jan.-Mar.	294	73,239	***	***	***	***	***	***
Apr.-June	300	75,405	***	***	***	-	-	-
July-Sept.	308	66,414	***	***	***	-	-	-
Oct.-Dec.	319	74,247	***	***	***	-	-	-
2004:								
Jan.-Mar.	396	84,077	***	***	***	***	***	***
Apr.-June	535	92,271	***	***	***	-	-	-
July-Sept.	585	88,517	***	***	***	-	-	-
Oct.-Dec.	584	73,102	***	***	***	-	-	-
2005:								
Jan.-Mar.	579	67,043	***	***	***	-	-	-
Apr.-June	555	61,365	***	***	***	-	-	-
July-Sept.	516	72,168	***	***	***	-	-	-
Oct.-Dec.	538	52,037	***	***	***	-	-	-
2006:								
Jan.-Mar.	535	49,394	***	***	***	-	-	-
Apr.-June	532	62,598	***	***	***	-	-	-
July-Sept.	559	49,953	***	***	***	-	-	-
Oct.-Dec.	529	33,671	***	***	***	-	-	-
2007:								
Jan.-Mar.	510	44,419	***	***	***	-	-	-
Apr.-June	565	36,109	***	***	***	-	-	-
July-Sept.	573	34,973	***	***	***	-	-	-
Oct.-Dec.	565	45,241	***	***	***	-	-	-

[1] Grades C1050 through C1070, 5.5 mm (7/32 inch) through 6.5 mm (1/4 inch) in diameter, for spring applications excluding valve spring (in green condition, e.g. not cleaned, coated, etc.).

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

Table V-6
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2002-December 2007

* * * * * * *

Table V-7
Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2002-December 2007

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Figure V-3
Wire rod: Weighted-average f.o.b. prices of domestic and imported products 1-6

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Table V-8
Wire rod: Summary of weighted-average f.o.b. prices for products 1 through 6, by countries

Country	Number of quarters	Highest price	Lowest price	Percentage increase (decrease) in price[1]
		Per ton	*Per ton*	*Percent*
	Product 1			
United States	24	$565	$280	90.8
Brazil	1	***	***	--
Canada	22	***	***	***
Indonesia	1	***	***	--
Mexico	23	***	***	***
Moldova	2	***	***	***
Trinidad and Tobago	10	***	***	***
Ukraine	2	***	***	***
	Product 2			
United States	24	$550	$272	102.3
Brazil	2	***	***	***
Canada	24	***	***	***
Indonesia	2	***	***	***
Mexico	10	***	***	***
Moldova	3	***	***	***
Trinidad and Tobago	2	***	***	***
Ukraine	4	***	***	***
	Product 3			
United States	24	$602	$283	87.3
Trinidad and Tobago	2	***	***	***
	Product 4			
United States	24	$585	$***	***
Canada	24	***	***	***
Mexico	5	***	***	***
	Product 5			
United States	24	$***	$***	***
Canada	24	***	***	***
Mexico	16	***	***	***
	Product 6			
United States	24	$***	$***	***
Canada	24	***	***	***

[1] Percentage change from the first quarter in which price data were available to the last quarter in which price data were available.

Note.-- Only countries where price data were reported are listed.

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

Table V-9
Wire rod: Summary of underselling/overselling, 2002-07

Country/period	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/ (overselling)	Weighted average margin of underselling/ (overselling)
Brazil:				
2002	3	0	***	***
Canada:				
2002	0	19	***	***
2003	0	19	***	***
2004	0	20	***	***
2005	0	20	***	***
2006	0	20	***	***
2007	1	19	***	***
Indonesia:				
2002	3	0	***	***
Mexico:				
2002	13	2	***	***
2003	6	6	***	***
2004	3	9	***	***
2005	2	5	***	***
2006	2	2	***	***
2007	0	4	***	***
Moldova:				
2002	5	0	***	***
Trinidad and Tobago:				
2002	1	1	***	***
2003	0	2	***	***
2004	3	1	***	***
2005	2	2	***	***
2006	2	0	***	***
Ukraine:				
2002	6	0	***	***
Total:				
2002	31	22	(5.1)	(0.6)
2003	6	27	(12.8)	(15.7)
2004	6	30	(18.3)	(6.6)
2005	4	27	(13.6)	(1.0)
2006	4	22	(8.8)	(10.2)
2007	1	23	***	(5.0)

Note.–Margins are weighted by the quantity of imports.

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

Table V-10
Wire rod: Summary of number of quarters of underselling/overselling and average margins of underselling or overselling from the original investigations, January 1999-March 2002

Country	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/ (overselling)	Weighted average margin of underselling/ (overselling)
Brazil	38	9	***	***
Canada	24	54	***	***
Indonesia	3	0	***	***
Mexico	37	9	***	***
Moldova	19	3	***	***
Trinidad and Tobago	36	16	***	***
Ukraine	21	1	***	***

Note.–Margins are weighted by the quantity of imports.

Source: Tables V-3 through V-9 Investigations Nos. 701-TA-417-421 (Final) and 731-TA-953, 954, 956-959, 961, and 962 (Final): Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine-Staff Report, pp. V-15-V-29.

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-year (''Sunset'') Reviews

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended (''the Act''), the Department of Commerce (''the Department'') is automatically initiating a five-year (''Sunset Review'') of the antidumping and countervailing duty orders listed below. The International Trade Commission (''the Commission'') is publishing concurrently with this notice its notice of *Institution of Five-year Review* which covers the same orders.

EFFECTIVE DATE: September 4, 2007.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review(s)* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution Ave., NW, Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-year (''Sunset'') Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department's conduct of Sunset Reviews is set forth in the Department's Policy Bulletin 98.3 - *Policies Regarding the Conduct of Five-year (''Sunset'') Reviews of Antidumping and Countervailing Duty Orders; Policy*

Bulletin, 63 FR 18871 (April 16, 1998) (''Sunset Policy Bulletin'').

Initiation of Reviews

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC Case No.	ITC Case No.	Country	Product	Department Contact
A–351–832	731–TA–953	Brazil	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
A–122–840	731–TA–954	Canada	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
A–560–815	731–TA–957	Indonesia	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
A–201–830	731–TA–958	Mexico	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
A–841–805	731–TA–959	Moldova	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
A–274–804	731–TA–961	Trinidad & Tobago	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
A–823–812	731–TA–962	Ukraine	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
C–351–833	701–TA–417	Brazil	Carbon and Certain Alloy Steel Wire Rod	Brandon Farlander (202) 482–0182
Suspended Investigations.				
No Sunset Reviews of suspended investigations are scheduled for initiation in September 2007..				

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department's regulations, the Department's schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department's sunset Internet Web site at the following address: ''http://ia.ita.doc.gov/sunset/.'' All submissions in these Sunset Reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(c), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order (''APO'') immediately following publication in the **Federal Register** of the notice of initiation of the sunset review. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

Information Required from Interested Parties

Domestic interested parties (defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in these Sunset Reviews must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the orders without further review. *See* 19 CFR 351.218(d)(1)(iii).

For sunset reviews of countervailing duty orders, parties wishing the Department to consider arguments that countervailable subsidy programs have been terminated must include with their substantive responses information and documentation addressing whether the changes to the program were (1) limited to an individual firm or firms and (2) effected by an official act of the government. Further, a party claiming program termination is expected to document that there are no residual benefits under the program and that substitute programs have not been introduced. *Cf.* 19 CFR 351.526(b) and (d). If a party maintains that any of the subsidies countervailed by the Department were not conferred pursuant to a subsidy program, that party should nevertheless address the applicability of the factors set forth in 19 CFR 351.526(b) and (d). Similarly, parties wishing the Department to consider whether a company's change in ownership has extinguished the benefit from prior non–recurring, allocable, subsidies must include with their substantive responses information and documentation supporting their claim that all or almost all of the company's shares or assets were sold in an arm's length transaction, at a price representing fair market value, as described in the *Notice of Final Modification of Agency Practice Under Section 123 of the Uruguay Round Agreements Act*, 68 FR 37125 (June 23, 2003) (''*Modification Notice*''). *See Modification Notice* for a discussion of the types of information and documentation the Department requires.

If we receive an order–specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order–specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's

conduct of Sunset Reviews.[1] Please consult the Department's regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: August 23, 2007.

Gary Taverman,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. E7–17455 Filed 8–31–07; 8:45 am]

BILLING CODE 3510–DS–S

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–417 and 731–TA–953, 954, 957–959, 961, and 962 (Review)]

Carbon and Certain Alloy Steel Wire Rod From Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty order on carbon and certain alloy steel wire rod (''wire rod'') from Brazil and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to

[1] No response to this request for information is required if a currently valid Office of Management

be assured of consideration, the deadline for responses is October 24, 2007. Comments on the adequacy of responses may be filed with the Commission by November 20, 2007. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: September 4, 2007.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server *(http://www.usitc.gov)*. The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background. On October 22, 2002, the Department of Commerce (''Commerce'') issued a countervailing duty order on imports of wire rod from Brazil (67 FR 64871).[2] On October 29, 2002, Commerce issued antidumping duty orders on imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine (67 FR 65944–65947). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by Commerce.

(2) The *Subject Countries* in these reviews are Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise*. In its original determinations, the Commission found a single *Domestic Like Product* consisting of: (1) All carbon and certain alloy steel wire rod included within Commerce's scope, and (2) the grade 1080 tire bead and grade 1080 tire cord quality wire rod that had been excluded from Commerce's scope. One Commissioner defined the *Domestic Like Product* differently.

(4) The *Domestic Industry* is the U.S. producers as a whole of the *Domestic Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission found a single Domestic Industry consisting of all U.S. producers of the *Domestic Like Product* which, as stated above, consists of all wire rod corresponding to Commerce's scope as well as the certain grade 1080 tire cord and grade 1080 tire bead wire rod products that Commerce had excluded from the scope. One Commissioner defined the *Domestic Industry* differently.

(5) The *Order Dates* are the dates that the antidumping and countervailing duty orders under review became effective. In these reviews, the *Order Date* concerning the countervailing duty order on imports of wire rod from Brazil is October 22, 2002, and the *Order Date* concerning the antidumping duty orders on imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine is October 29, 2002.

(6) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list. Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the ''same particular matter'' as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was ''personal and substantial.'' However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification. Pursuant to § 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter

and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 08–5–173, expiration date June 30, 2008. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

[2] A countervailing duty order on imports of wire rod from Canada was also issued by Commerce in the same notice; however, that order was subsequently revoked by Commerce (69 FR 3330, January 23, 2004).

will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to § 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is October 24, 2007. Pursuant to § 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is November 20, 2007. All written submissions must conform with the provisions of §§ 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of §§ 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by § 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information. Pursuant to § 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information to be Provided in Response to this Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export *Subject Merchandise* from more than one *Subject Country;* or produce *Subject Merchandise* in more than one *Subject Country,* you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent *Subject Country.* As used below, the term ''firm'' includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and e-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product,* a U.S. union or worker group, a U.S. importer of the *Subject Merchandise,* a foreign producer or exporter of the *Subject Merchandise,* a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping and countervailing duty orders on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry.*

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product.* Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in each *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries since the *Order Date.*

(7) If you are a U.S. producer of the *Domestic Like Product,* provide the following information on your firm's operations on that product during calendar year 2006 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) The quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country(ies),* provide the following information on your firm's(s') operations on that product during calendar year 2006 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from each *Subject Country* accounted for by your firm's(s') imports;

(b) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of *Subject Merchandise* imported from each *Subject Country;* and

(c) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from each *Subject Country.*

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country(ies),* provide the following information on your firm's(s') operations on that product during calendar year 2006 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for

the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in each *Subject Country* accounted for by your firm's(s') production; and

(b) The quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from each *Subject Country* accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Countries* since the *Order Dates,* and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Countries,* and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry;* if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.61 of the Commission's rules.

By order of the Commission.
Issued: August 27, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–17229 Filed 8–31–07; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–417 and 731–TA–953, 954, 957–959, 961, and 962 (Review)]

Carbon and Certain Alloy Steel Wire Rod From Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the countervailing duty order on carbon and certain alloy steel wire rod (''wire rod'') from Brazil and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)) to determine whether revocation of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: December 10, 2007.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special

assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: On December 10, 2007, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (72 FR 50696, September 4, 2007) was adequate and that the respondent interested party group responses with respect to Canada and Moldova were adequate and decided to conduct full reviews with respect to the antidumping duty orders concerning wire rod from Canada and Moldova. The Commission found that the respondent interested party group responses with respect to Brazil, Indonesia, Mexico, Trinidad and Tobago, and Ukraine were inadequate. However, the Commission determined to conduct full reviews concerning the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Trinidad and Tobago, and Ukraine to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders concerning wire rod from Canada and Moldova. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: December 21, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–25174 Filed 12–27–07; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

A–351–832, A–122–840, A–560–815, A–201–830, A–841–805, A–274–804, A–823–812

Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On September 4, 2007, the Department of Commerce (''the Department'') initiated sunset reviews of the antidumping duty orders on carbon and certain alloy steel wire rod (''wire rod'') from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). The Department has conducted expedited (120–day) sunset reviews for these orders pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping.

EFFECTIVE DATE: January 8, 2008.

FOR FURTHER INFORMATION CONTACT: Devta Ohri or Brandon Farlander, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3853, or (202) 482–0182, respectively.

SUPPLEMENTARY INFORMATION:

Background

On September 4, 2007, the Department published the notice of initiation of the sunset reviews of the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, pursuant to Section 751(c) of the Act. *See Initiation of Five–Year (''Sunset'') Reviews*, 72 FR 50659 (September 4, 2007) (''*Notice of Initiation*'').

The Department received a notice of intent to participate from the following domestic parties: Gerdau Ameristeel U.S. Inc.; ISG Georgetown, Inc.; Keystone Consolidated Industries, Inc.; and Rocky Mountain Steel Mills within the deadline specified in 19 CFR 351.218(d)(1)(i). The companies claimed

interested party status under section 771(9)(C) of the Act, as manufacturers of a domestic like product in the United States. The Department received a separate notice of intent to participate from Nucor Corporation within the deadline specified in 19 CFR 351.218(d)(1)(i). Nucor Corporation also claimed interested party status under section 771(9)(C) of the Act, as a manufacturer of a domestic like product in the United States.

Gerdau Ameristeel U.S. Inc. reported that it is related to Gerdau S.A., a producer and exporter of subject merchandise in Brazil. ISG Georgetown, Inc. reported that it is related to the following producers and exporters of subject merchandise: Belgo Siderurgia S.A. in Brazil; Mittal Canada, Inc. in Canada; Siderurgica Lazaro Cardenas Las Truchas, SA in Mexico; Mittal Steel Point Lisas Ltd. in Trinidad and Tobago; and OJSC Mittal Steel Kryviy Rih in Ukraine. Pursuant to section 771(4)(B) of the Act, a domestic interested party may be excluded from participating as part of the domestic industry if it is related to an exporter of subject merchandise. In this sunset review, even if we excluded the parties above from participating as part of the domestic industry in the sunset review of the order, there would still be sufficient participation by other domestic interested parties to merit a sunset review of the order. Since there is sufficient industry support regardless of whether the two companies are included, we do not need to resolve the issue of whether to include or exclude Gerdau Ameristeel U.S. Inc. and ISG Georgetown, Inc. Therefore, collectively, Gerdau Ameristeel U.S. Inc., ISG Georgetown, Inc., Keystone Consolidated Industries, Inc.; Rocky Mountain Steel Mills; and Nucor Corporation will be known as the ''domestic interested parties.''

The Department received a complete substantive response to the notice of initiation from the domestic interested parties within the 30–day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from respondent interested parties with respect to any of the orders covered by these sunset reviews, nor was a hearing requested. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2), the Department is conducting expedited (120–day) sunset reviews of the antidumping duty orders for Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

Scope of the Orders

The merchandise subject to these orders is certain hot–rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross–sectional diameter.

Specifically excluded are steel products possessing the above–noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (''HTSUS'') definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (i.e., products that contain by weight one or more of the following elements: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium).

Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. Grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross–sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non–deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium.

Grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross–sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non–deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).

For purposes of grade 1080 tire cord quality wire rod and grade 1080 tire bead quality wire rod, an inclusion will be considered to be deformable if its ratio of length (measured along the axis - that is, the direction of rolling - of the rod) over thickness (measured on the same inclusion in a direction perpendicular to the axis of the rod) is equal to or greater than three. The size of an inclusion for purposes of the 20 microns and 35 microns limitations is the measurement of the largest dimension observed on a longitudinal section measured in a direction perpendicular to the axis of the rod. This measurement methodology applies only to inclusions on certain grade 1080 tire cord quality wire rod and certain grade 1080 tire bead quality wire rod that are entered, or withdrawn from warehouse, for consumption on or after July 24, 2003.

The designation of the products as ''tire cord quality'' or ''tire bead quality'' indicates the acceptability of the product for use in the production of tire cord, tire bead, or wire for use in other rubber reinforcement applications such as hose wire. These quality designations are presumed to indicate that these products are being used in tire cord, tire bead, and other rubber reinforcement applications, and such merchandise intended for the tire cord, tire bead, or other rubber reinforcement applications is not included in the scope. However, should petitioners or other interested parties provide a reasonable basis to believe or suspect that there exists a pattern of importation of such products for other than those applications, end–use certification for the importation of such products may be required. Under such circumstances, only the importers of record would normally be required to certify the end use of the imported merchandise.

All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.

The products under review are currently classifiable under subheadings 7213.91.3010, 7213.91.3015, 7213.91.3090, 7213.91.3092, 7213.91.4510, 7213.91.4590, 7213.91.6010, 7213.91.6090, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0010, 7227.20.0020, 7227.20.0090, 7227.20.0095, 7227.90.6010, 7227.90.6051, 7227.90.6053, 7227.90.6058, 7227.90.6059, and 7227.90.6080 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the ''Issues and Decision Memorandum for the Expedited Sunset Reviews of the Antidumping Duty Orders on Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine; Final Results'' from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration (December 31, 2007), which is hereby adopted by this notice (''Decision Memo''). The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B–099 of the main Department building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://ia.ita.doc.gov/frn. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of dumping at the following weighted–average percentage margins:

Manufacturers/Exporters/Producers	Weighted–Average Margin (percent)
Brazil.	
Belgo Mineira	94.73
All–Others Rate	74.45
Canada.	
Ispat Sidbec Inc.	3.86
Ivaco, Inc.	9.90
All–Others Rate	8.11
Indonesia.	
P.T. Ispat Indo	4.06
All–Others Rate	4.06
Mexico.	
SICARTSA	20.11
All–Others Rate	20.11
Moldova.	
Moldova–wide Rate	369.10
Trinidad and Tobago.	
Caribbean Ispat Ltd.	11.40
All–Others Rate	11.40
Ukraine.	
Krivorozhstal	116.37
All–Others Rate	116.37

This notice also serves as the only reminder to parties subject to administrative protective orders (''APO'') of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: December 31, 2007.

Susan H. Kuhbach,

Acting Assistant Secretary for Import Administration.

[FR Doc. E8–114 Filed 1–7–08; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

C–351–833

Carbon and Certain Alloy Steel Wire Rod from Brazil: Final Results of Expedited Five–Year Sunset Review of the Countervailing Duty Order

AGENCY: AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On September 4, 2007, the Department of Commerce (''the Department'') published in the **Federal Register** the notice of initiation of the five–year sunset review of the countervailing duty order on carbon and certain alloy steel wire rod (''wire rod'') from Brazil, pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). The Department has conducted an expedited sunset review of this order pursuant to section 751(c) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of this sunset review, the Department finds that revocation of the countervailing duty order is likely to lead to continuation or recurrence of a countervailable subsidy at the levels indicated in the ''Final Results of Review'' section of this notice.

EFFECTIVE DATE: January 8, 2008.

FOR FURTHER INFORMATION CONTACT: Devta Ohri or Brandon Farlander, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Ave., N.W., Washington, D.C. 20230; telephone: (202) 482–3853 or (202) 482–0182, respectively.

SUPPLEMENTARY INFORMATION:

Background

On September 4, 2007, the Department published the notice of initiation of the sunset review of the countervailing duty order on wire rod from Brazil, pursuant to section 751(c) of the Act. *See Initiation of Five–Year (''Sunset'') Reviews*, 72 FR 50659 (September 4, 2007) (''*Notice of Initiation*''). The Department received a notice of intent to participate from the following domestic parties: Gerdau Ameristeel U.S. Inc.; ISG Georgetown, Inc.; Keystone Consolidated Industries, Inc.; and Rocky Mountain Steel Mills within the deadline specified in 19 CFR 351.218(d)(1)(i). The companies claimed interested party status under section 771(9)(C) of the Act, as manufacturers of a domestic like product in the United States. The Department received a separate notice of intent to participate from Nucor Corporation within the deadline specified in 19 CFR 351.218(d)(1)(i). Nucor Corporation claimed interested party status under section 771(9)(C) of the Act, as a manufacturer of a domestic like product in the United States.

Gerdau Ameristeel U.S. Inc. reported that it is related to Gerdau S.A., a producer and exporter of subject merchandise in Brazil. ISG Georgetown, Inc. reported that it is related to Belgo Siderurgia S.A. in Brazil, a producer and exporter of subject merchandise. Pursuant to Section 771(4)(B) of the Act, a domestic interested party may be excluded from participating as part of the domestic industry if it is related to an exporter of subject merchandise. In this sunset review, even if we excluded the parties above from participating as part of the domestic industry in the sunset review of the order, there would

still be sufficient participation by other domestic interested parties to merit a sunset review of the order. Since there is sufficient industry support regardless of whether these two companies are included, we do not need to resolve the issue of whether to include or exclude Gerdau Ameristeel U.S. Inc. and ISG Georgetown, Inc. Therefore, collectively, Gerdau Ameristeel U.S. Inc., ISG Georgetown, Inc., Keystone Consolidated Industries, Inc.; Rocky Mountain Steel Mills; and Nucor Corporation will be known as the ''domestic interested parties.''

The Department received a complete substantive response to the notice of initiation from the domestic interested parties within the 30–day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from respondent interested parties, nor was a hearing requested. Therefore, we conducted an expedited (120–day) sunset review of the CVD order on wire rod from Brazil, as provided for in section 351.218 (e)(1)(ii)(C)(2) of the Department's regulations.

Scope of the Order

The merchandise subject to this order is certain hot–rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross–sectional diameter.

Specifically excluded are steel products possessing the above–noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (''HTSUS'') definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (i.e., products that contain by weight one or more of the following elements: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium).

Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. Grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross–sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non–deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium.

Grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross–sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non–deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04–114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).

For purposes of grade 1080 tire cord quality wire rod and grade 1080 tire bead quality wire rod, an inclusion will be considered to be deformable if its ratio of length (measured along the axis - that is, the direction of rolling - of the rod) over thickness (measured on the same inclusion in a direction perpendicular to the axis of the rod) is equal to or greater than three. The size of an inclusion for purposes of the 20 microns and 35 microns limitations is the measurement of the largest dimension observed on a longitudinal section measured in a direction perpendicular to the axis of the rod. This measurement methodology applies only to inclusions on certain grade 1080 tire cord quality wire rod and certain grade 1080 tire bead quality wire rod that are entered, or withdrawn from warehouse, for consumption on or after July 24, 2003.

The designation of the products as ''tire cord quality'' or ''tire bead quality'' indicates the acceptability of the product for use in the production of tire cord, tire bead, or wire for use in other rubber reinforcement applications such as hose wire. These quality designations are presumed to indicate that these products are being used in tire cord, tire bead, and other rubber reinforcement applications, and such merchandise intended for the tire cord, tire bead, or other rubber reinforcement applications is not included in the scope. However, should petitioners or other interested parties provide a reasonable basis to believe or suspect that there exists a pattern of importation of such products for other than those applications, end–use certification for the importation of such products may be required. Under such circumstances, only the importers of record would normally be required to certify the end use of the imported merchandise.

All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.

The products under review are currently classifiable under subheadings 7213.91.3010, 7213.91.3015, 7213.91.3090, 7213.91.3092, 7213.91.4510, 7213.91.4590, 7213.91.6010, 7213.91.6090, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0010, 7227.20.0020, 7227.20.0090, 7227.20.0095, 7227.90.6010, 7227.90.6051, 7227.90.6053, 7227.90.6058, 7227.90.6059, and 7227.90.6080 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

Analysis of Comments Received

All issues raised in substantive responses by parties in this sunset review are addressed in the ''Issues and Decision Memorandum for the Expedited Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from Brazil; Final Results,'' (''Decision Memo''), from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated December 31, 2007, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of a countervailable subsidy, the net countervailable subsidy rate likely to

prevail if the order were revoked, and the nature of the subsidies.

Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendation in this public memorandum which is on file in B–099, the Central Records Unit, of the main Commerce building. In addition, a complete version of the Decision Memo can be accessed directly on the Department's Web page at http://ia.ita.doc.gov/frn. The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

For the reasons stated in the Decision Memo, the Department determines that revocation of the countervailing duty order on wire rod from Brazil is likely to lead to continuation or recurrence of countervailable subsidies at the following countervailing duty rates:

Manufacturer/Exporter	Net Subsidy Rate (percent)
Belgo Mineira	6.74
Gerdau S.A.	2.76
All–Others	5.64

Notification Regarding Administrative Protective Orders

This notice also serves as the only reminder to parties subject to administrative protective orders (''APO'') of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing this determination and notice in accordance with sections 751(c), 752(b), and 777(i) of the Act.

Dated: December 31, 2007.

Susan H. Kuhbach,

Acting Assistant Secretaryfor Import Administration.

[FR Doc. E8–115 Filed 1–7–08; 8:45 am]

BILLING CODE 3510–DS–S

COMMISSION OF FINE ARTS

2008 National Capital Arts and Cultural Affairs Program

Notice is hereby given that Public Law 99–190, as amended, authorizing the National Capital Arts and Cultural Affairs Program, has been funded for 2008 in the amount of $8,367,400.00. All requests for information and applications for grants should be sent to: 2008 NCACA Grant Program, U.S. Commission of Fine Arts, 401 F Street, NW., Suite 312, Washington, DC 20001–2728, Phone: 202–504–2200.

Deadline for receipt of grant applications as 1 March 2008.

This program provides grants for general operating support of organizations whose primary purpose is performing, exhibiting, and/or presenting the arts. To be eligible for a grant, organizations must be located in the District of Columbia, must be non-profit, non-academic institutions of demonstrated national repute, and must have annual incomes, exclusive of federal funds, in excess of one million dollars for each of the past three years, Organizations seeking grants must provide a Dun and Bradstreet (D&S) Data Universal Numbering System (DUNS) number when applying.

Thomas E. Luebke,

Secretary, U.S. Commission of Fine Arts.

[FR Doc. 08–16 Filed 1–7–08; 8:45 am]

BILLING CODE 6330–01–M

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–417 and 731–TA–953, 954, 957–959, 961, and 962 (Review)]

Carbon and Certain Alloy Steel Wire Rod From Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty order on carbon and certain alloy steel wire rod from Brazil and the antidumping duty orders on carbon and certain alloy steel wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)) (the Act) to determine whether revocation of the countervailing duty order on carbon and certain alloy steel wire rod from Brazil and the antidumping duty orders on carbon and certain alloy steel wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: January 8, 2008.

FOR FURTHER INFORMATION CONTACT: Olympia DeRosa Hand (202–205–3182), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—On December 10, 2007, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (72 FR 73880, December 28, 2007). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on March 24, 2008, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on April 17, 2008, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before April 9, 2008. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on April 9, 2008, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is April 2, 2008. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is April 28, 2008; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before April 28, 2008. On May 22, 2008, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before May 27, 2008, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: January 8, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8–416 Filed 1–11–08; 8:45 am]

BILLING CODE 7020–02–P

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine
Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)

On December 10, 2007 the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

The Commission received a consolidated response to the notice of institution from a group of five domestic interested parties. This group consisted of domestic steel wire rod producers Gerdau Ameristeel US Inc., ISG Georgetown, Inc., Keystone Consolidated Industries, Inc., Nucor Corp., and Rocky Mountain Steel Mills (collectively "Domestic Producers.") The Commission found each of the individual domestic interested party responses to be adequate. Because Domestic Producers account for the majority of U.S. steel wire rod production, the Commission additionally found that the domestic interested party group response was adequate for all reviews.

With respect to the review on steel wire rod from Canada, the Commission received an individually adequate respondent interested party response from Ivaco Rolling Mills 2004 L.P. and Sivaco Ontario (jointly "Ivaco"), which are producers and exporters of subject merchandise from Canada. Because Ivaco accounts for a majority of both production and exports to the United States of subject merchandise from Canada, the Commission concluded that the respondent interested party group response for this review was adequate.

With respect to the review on steel wire rod from Moldova, the Commission received an individually adequate respondent interested party response from JSCC Moldova Steel Works ("Moldova Steel"), a producer of subject merchandise in Moldova. Because Moldova Steel accounts for all known production of subject merchandise in Moldova, the Commission concluded that the respondent interested party group response for this review was adequate.

With respect to the review on steel wire rod from Mexico, the Commission received an individually adequate interested party response from Hylsa, S.A. de C.V. ("Hylsa"), a producer, exporter, and importer of subject merchandise from Mexico. The Commission determined that the Mexican respondent interested party group response was inadequate because Hylsa accounts for only a relatively small share of production or exports to the United States of subject merchandise from Mexico, or of U.S. imports of such merchandise. However, the Commission determined to conduct a full review of the order on Mexico in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders on Canada and Moldova.

The Commission received no respondent interested party responses with respect to the reviews on steel wire rod from Brazil, Indonesia, Trinidad and Tobago, and Ukraine. Accordingly, the Commission determined that the respondent interested party response was inadequate in each of these reviews. However, the Commission determined to conduct full reviews of the orders on Brazil, Indonesia, Trinidad and Tobago, and Ukraine in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders in the other reviews.

A record of the Commissioners' votes in available from the Office of the Secretary and the Commission's web site (www.usitc.gov).

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearings:

Subject:	Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine
Inv. Nos.:	701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)
Dates and Time:	April 17, 2008 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

OPENING REMARKS:

In Support of Continuation of Orders (**Paul C. Rosenthal**,
Kelley Drye & Warren LLP)
In Opposition to Continuation of Orders (**William Silverman**,
Hunton & Williams LLP)

In Support of the Continuation of the Antidumping and Countervailing Duty Orders:

Kelley Drye & Warren LLP
Washington, D.C.
on behalf of

Gerdau Ameristeel US Inc.
ArcelorMittal USA, Inc.
Keystone Consolidated Industries, Inc.
Rocky Mountain Steel Mills

Jim R. Kerkvliet, Vice President, Sales and Marketing, Gerdau Ameristeel US Inc.

In Support of the Continuation of
the Antidumping and Countervailing
Duty Orders (continued):

David L. Cheek, President and CEO, Keystone Consolidated Industries, Inc.

Robert A. Simon, Vice President and General Manager, Rocky Mountain Steel Mills

Bill Groom, Director of Sales, Rod & Bar, Rocky Mountain Steel Mills

Holly R. Hart, Legislative Director, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Works International Union ("USW")

Michael T. Kerwin, Senior Economist, Georgetown Economic Services

Gina E. Beck, Economist, Georgetown Economic Services

Paul C. Rosenthal)
Kathleen W. Cannon)
) – OF COUNSEL
R. Alan Luberda)
Grace W. Kim)

In Support of the Continuation of the Antidumping and Countervailing Duty Orders (continued):

Wiley Rein LLP
Washington, D.C.
on behalf of

Nucor Corporation
Cascade Steel Rolling Mills, Inc.
Republic Engineered Products, Inc.

Mark Brandon, General Manager, Nucor Steel Connecticut, Inc.

Eric Nystrom, National Marketing Manager, SBQ and Cold Finish Products, Nucor Corporation

Alan H. Price)
) – OF COUNSEL
Daniel B. Pickard)

In Opposition to the Continuation of the Antidumping and Countervailing Duty Orders:

Vorys, Sater, Seymour and Pease LLP
Washington, D.C.
on behalf of

The American Wire Producers Association ("AWPA")

Kimberly A. Korbel, Executive Director, AWPA

Walter Robertson, III, President, Johnstown Wire Technologies Inc.

Robert Moffitt, Vice President, Purchasing, Heico Wire Group

In Opposition to the Continuation of the Antidumping and Countervailing Duty Orders:

H.O. Woltz III, President, Insteel Industries Inc.

Mike McCall, Vice President, MMI Products Inc.

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

Illinois Tool Works Inc.
Glenview, IL

Michael Lynch, Vice President, Government Affairs

Covington & Burling LLP
Washington, D.C.
on behalf of

The Lincoln Electric Company ("Lincoln Electric")

P. Michael DeShane, Sourcing Manager, Steel & Chemicals, Lincoln Electric

David R. Grace) – OF COUNSEL

Hunton & Williams LLP
Washington, D.C.
on behalf of

Ivaco Rolling Mills 2004 L.P. ("IRM")
Sivaco Ontario (a division of Sivaco Wire Group 2004 L.P.)("Sivaco Ontario")

Kevin Shudy, Vice President and CFO, Metal Processing Group, Heico Companies LLC

Luc Lachapelle, Director, Marketing and Sales, IRM

In Opposition to the Continuation of
the Antidumping and Countervailing
Duty Orders:

David Goldsmith, Consultant

Bruce Malashevich, President, Economic Consulting Services, Inc.

Jim Dougan, Economist, Economic Consulting Services, Inc.

Pauline Beauchamp, Manager, Trade Analysis, IRM

William Silverman)
Douglas Heffner) – OF COUNSEL
Richard Ferrin)

McKenna Long & Aldridge LLP
Washington, D.C.
on behalf of

Hylsa, S.A. de C.V. ("Hylsa")

Michael Guhl, Commercial Director, Ternium International, USA

Jeffrey Winton)
) – OF COUNSEL
Elisabeth Carrigan)

Greenberg Traurig, LLP
Washington, D.C.
on behalf of

DeAcero, S.A. de C.V. ("DeAcero")

Jeffrey S. Neeley) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Paul C. Rosenthal**, Kelley Drye & Warren LLP; *and* **Alan H. Price**, Wiley Rein LLP)
In Opposition to Continuation of Orders (**William Silverman**, Hunton & Williams LLP; **Jeffrey Winton**, McKenna Long & Aldridge LLP; *and* **Bruce Malashevich**, Economic Consulting Services, Inc.)

APPENDIX C

SUMMARY DATA

Table C-1
Wire rod: Summary data concerning the U.S. market, 2002-07

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent except where noted)

	Reported data						Period changes					
Item	2002	2003	2004	2005	2006	2007	2002-07	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. consumption quantity:												
Amount	7,753,874	6,590,919	8,135,080	6,505,628	7,109,045	5,858,981	-24.4	-15.0	23.4	-20.0	9.3	-17.6
Producers' share (1)	51.4	62.8	50.3	57.4	53.7	69.6	18.1	11.3	-12.4	7.0	-3.7	15.9
Importers' share (1):												
Brazil	*****	0.0	0.0	0.0	0.0	0.0	*****	*****	0.0	0.0	0.0	0.0
Canada (subject)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Indonesia	0.5	0.0	0.4	0.0	0.0	0.0	-0.5	-0.5	0.4	-0.4	-0.0	0.0
Mexico	1.6	0.3	0.8	0.2	0.1	0.1	-1.5	-1.3	0.5	-0.7	-0.1	0.1
Moldova	0.2	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0
Ukraine	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.0	0.0
Subtotal	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Trindad & Tobago	5.0	2.2	3.2	1.6	1.9	1.6	-3.4	-2.8	1.0	-1.6	0.3	-0.2
Subtotal (subject)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Canada (nonsubject)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Grade 1080 (subject sources)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
All other sources	29.2	22.8	35.2	30.7	35.9	16.9	-12.2	-6.3	12.3	-4.4	5.2	-19.0
Total imports	48.6	37.2	49.7	42.6	46.3	30.4	-18.1	-11.3	12.4	-7.0	3.7	-15.9
U.S. consumption value:												
Amount	2,411,891	2,138,988	4,109,959	3,592,264	3,838,199	3,403,602	41.1	-11.3	92.1	-12.6	6.8	-11.3
Producers' share (1)	53.5	63.3	53.1	58.1	56.0	68.8	15.3	9.9	-10.2	5.0	-2.2	12.8
Importers' share (1):												
Brazil	*****	0.0	0.0	0.0	0.0	0.0	*****	*****	0.0	0.0	0.0	0.0
Canada (subject)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Indonesia	0.4	0.0	0.4	0.0	0.0	0.0	-0.4	-0.4	0.4	-0.4	-0.0	0.0
Mexico	1.4	0.3	0.8	0.2	0.1	0.1	-1.3	-1.1	0.5	-0.6	-0.1	0.1
Moldova	0.2	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0
Ukraine	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.0	0.0
Subtotal	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Trindad & Tobago	4.5	1.8	3.0	1.4	1.7	1.4	-3.1	-2.6	1.2	-1.6	0.3	-0.3
Subtotal (subject)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Canada (nonsubject)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Grade 1080 (subject sources)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
All other sources	25.8	21.6	31.8	28.5	32.4	16.9	-8.9	-4.2	10.2	-3.3	3.9	-15.6
Total imports	46.5	36.7	46.9	41.9	44.0	31.2	-15.3	-9.9	10.2	-5.0	2.2	-12.8
U.S. imports from:												
Brazil:												
Quantity	*****	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)
Value	*****	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)
Unit value	*****	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	*****	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)
Canada (subject):												
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Indonesia:												
Quantity	40,863	0	29,937	333	0	0	-100.0	-100.0	(2)	-98.9	-100.0	(2)
Value	10,494	0	17,247	262	0	0	-100.0	-100.0	(2)	-98.5	-100.0	(2)
Unit value	$257	(2)	$576	$785	(2)	(2)	(2)	(2)	(2)	36.2	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Mexico:												
Quantity	123,380	19,986	68,498	11,480	4,256	8,244	-93.3	-83.8	242.7	-83.2	-62.9	93.7
Value	34,548	6,296	33,332	6,283	2,032	4,263	-87.7	-81.8	429.4	-81.2	-67.7	109.8
Unit value	$280	$315	$487	$547	$477	$517	84.7	12.5	54.5	12.5	-12.8	8.3
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Moldova:												
Quantity	18,826	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)
Value	3,708	0	0	0	0	0	-100.0	-100.0	(2)	(2)	(2)	(2)
Unit value	$197	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Ukraine:												
Quantity	11,159	0	0	738	0	0	-100.0	-100.0	(2)	(2)	-100.0	(2)
Value	2,446	0	0	501	0	0	-100.0	-100.0	(2)	(2)	-100.0	(2)
Unit value	$219	(2)	(2)	$680	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Subtotal:												
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Trinidad & Tobago:												
Quantity	386,419	146,783	260,618	104,804	133,326	95,325	-75.3	-62.0	77.6	-59.8	27.2	-28.5
Value	107,445	39,267	124,194	50,039	64,253	46,228	-57.0	-63.5	216.3	-59.7	28.4	-28.1
Unit value	$278	$268	$477	$477	$482	$485	74.4	-3.8	78.1	0.2	0.9	0.6
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Subtotal (subject):												
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****

Table continued on next page.

Table C-1--Continued
Wire rod: Summary data concerning the U.S. market, 2002-07

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent except where noted)

	Reported data						Period changes					
Item	2002	2003	2004	2005	2006	2007	2002-07	2002-03	2003-04	2004-05	2005-06	2006-07
U.S. imports from:												
Canada (nonsubject):												
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Grade 1080 from subject sources:												
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
All other sources:												
Quantity	2,262,306	1,505,183	2,859,490	1,997,826	2,554,966	992,163	-56.1	-33.5	90.0	-30.1	27.9	-61.2
Value	622,360	462,923	1,308,240	1,024,997	1,244,511	574,316	-7.7	-25.6	182.6	-21.7	21.4	-53.9
Unit value	$275	$308	$458	$513	$487	$579	110.4	11.8	48.8	12.1	-5.1	18.8
Ending inventory quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
All sources:												
Quantity	3,765,047	2,453,575	4,039,783	2,773,119	3,294,798	1,782,699	-52.7	-34.8	64.6	-31.4	18.8	-45.9
Value	1,121,780	784,088	1,927,796	1,505,063	1,690,689	1,063,201	-5.2	-30.1	145.9	-21.9	12.3	-37.1
Unit value	$298	$320	$477	$543	$513	$596	100.2	7.3	49.3	13.7	-5.5	16.2
Ending inventory quantity	244,198	167,756	201,236	143,479	61,438	6,776	-97.2	-31.3	20.0	-28.7	-57.2	-89.0
U.S. producers':												
Average capacity quantity	4,771,377	5,040,727	4,920,229	5,392,176	5,371,016	5,429,678	13.8	5.6	-2.4	9.6	-0.4	1.1
Production quantity	4,035,005	4,052,215	4,089,091	3,741,120	3,877,367	4,067,549	0.8	0.4	0.9	-8.5	3.6	4.9
Capacity utilization (1)	84.6	80.4	83.1	69.4	72.2	74.9	-9.7	-4.2	2.7	-13.7	2.8	2.7
U.S. shipments:												
Quantity	3,988,827	4,137,344	4,095,297	3,732,509	3,814,247	4,076,282	2.2	3.7	-1.0	-8.9	2.2	6.9
Value	1,290,111	1,354,900	2,182,163	2,087,201	2,147,510	2,340,401	81.4	5.0	61.1	-4.4	2.9	9.0
Unit value	$323	$327	$533	$559	$563	$574	77.5	1.3	62.7	4.9	0.7	2.0
Export shipments:												
Quantity	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit value	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Ending inventory quantity	250,935	136,816	140,019	164,647	174,288	152,512	-39.2	-45.5	2.3	17.6	5.9	-12.5
Inventories/total shipments (1)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Production workers	2,461	2,513	2,543	2,407	2,395	2,397	-2.6	2.1	1.2	-5.3	-0.5	0.1
Hours worked (1,000s)	5,545	5,378	5,474	4,919	5,296	5,174	-6.7	-3.0	1.8	-10.1	7.7	-2.3
Wages paid ($1,000s)	140,328	139,194	145,620	143,664	161,223	161,821	15.3	-0.8	4.6	-1.3	12.2	0.4
Hourly wages	$25.31	$25.88	$26.60	$29.21	$30.45	$31.28	23.6	2.3	2.8	9.8	4.2	2.7
Productivity (tons/1,000 hours)	727.7	753.5	747.0	760.5	732.2	786.2	8.0	3.5	-0.9	1.8	-3.7	7.4
Unit labor costs	$34.78	$34.35	$35.61	$38.40	$41.58	$39.78	14.4	-1.2	3.7	7.8	8.3	-4.3
Net sales:												
Quantity	3,996,011	4,151,601	4,103,563	3,749,761	3,844,808	4,087,541	2.3	3.9	-1.2	-8.6	2.5	6.3
Value	1,291,920	1,358,707	2,182,872	2,100,194	2,165,513	2,347,208	81.7	5.2	60.7	-3.8	3.1	8.4
Unit value	$323	$327	$532	$560	$563	$574	77.6	1.2	62.5	5.3	0.6	2.0
Cost of goods sold (COGS)	1,188,586	1,361,436	1,819,855	1,887,745	2,024,653	2,219,518	86.7	14.5	33.7	3.7	7.3	9.6
Gross profit or (loss)	103,334	(2,729)	363,017	212,449	140,860	127,690	23.6	(3)	(3)	-41.5	-33.7	-9.3
SG&A expenses	43,352	43,223	57,777	53,793	55,354	52,821	21.8	-0.3	33.7	-6.9	2.9	-4.6
Operating income or (loss)	59,982	(45,952)	305,241	158,656	85,506	74,869	24.8	(3)	(3)	-48.0	-46.1	-12.4
Capital expenditures	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Unit COGS	$296	$328	$443	$503	$527	$543	83.2	10.6	35.2	13.5	4.6	3.1
Unit SG&A expenses	$11	$10	$14	$14	$14	$13	20.6	-2.8	35.2	1.9	0.4	-10.2
Unit operating income or (loss)	$16	($11)	$74	$42	$22	$18	13.4	(3)	(3)	-43.1	-47.4	-17.6
COGS/sales (1)	92.0	100.2	83.4	89.9	93.5	94.6	2.6	8.2	-16.8	6.5	3.6	1.1
Operating income or (loss)/ sales (1)	4.6	(3.4)	14.0	7.6	3.9	3.2	-1.5	-8.0	17.4	-6.4	-3.6	-0.8

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

COMMENTS BY U.S. PRODUCERS, IMPORTERS, PURCHASERS, AND FOREIGN PRODUCERS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If The Orders Were To Be Revoked (Question II-4)

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the production of wire rod in the future if the countervailing duty and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were to be revoked. Their responses are as follows:

***

"Yes. The volume of wire rod would drop, causing the plant to ***. This would decrease production to a capacity of ***. Sales volume of wire rod dropped ***."

***

"Yes. If the antidumping/countervailing duty orders on wire rod from these countries were revoked, we would anticipate a significant increase in imports, and severe price pressure on our US sales. This would have a serious negative impact on the company, both in terms of production and financial performance, and worsen the already weak condition of the industry."

***

"Yes. We estimate that our sales will decline ***% to ***% if the countervailing duty and antidumping orders are revoked. If this were to occur, we would have to reduce employment and scale back on ***. The reduction in employment would probably occur at ***. If it becomes apparent that this will occur, due to the revoking the countervailing duty and antidumping duty orders, we would put and aggressive cost reduction at ***."

***

"Yes. Elimination of duties would cause lower selling prices due to the dumping of wire rod into the United States. This would lower or eliminate profit margins, reduce employment, reduce capital investment and cause further damage to the domestic steel producers."

***

"Yes. If duties are removed, the profitability of the wire rod business will be severely damaged as the subject countries will redirect exports of wire rod to the United States. The US rod and wire industry is facing serious competitive threat of imported rod and wire."

***

" Yes. No supporting data available. There continues to be excess supply available of wire rod ***. Revoking orders will overwhelm U.S. market."

***

"Yes. The wire rod industry has generally been considered a weak sector, mainly due to the pressures faced from low-priced imports. If the orders are removed, the market will be more unstable, thereby decreasing the likelihood of future investments. Any increase in low-priced imports will affect the entire wire rod market."

***

"Yes. Traditionally, the wire rod industry has been considered one of the weakest sectors of the U.S. steel industry. Generally, domestic production has declined over the years. The fierce import pressure facing domestic wire rod producers is the main reason for this decline. The industry has been plagued with problems, due in large part to the repeated waves of unfair imports purchased in large volumes by our downstream customers.

If the orders are revoked, domestic production and capacity will decline as dumped imports come into the U.S. This will only further injure our downstream customers, who require a healthy U.S. wire rod production base."

***

No response.

***

" Yes. We would see prices drop quickly and *** would lay off and cut back operations when margins dropped below a profitable level."

Significance of Existing Orders In Terms of Trade and Related Data (Question II-15)

The Commission requested U.S. producers to describe the significance of the existing countervailing duty and antidumping duty orders covering imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine in terms of the effect on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Their responses are as follows:

***

"The countervailing duty and antidumping duty orders have provided stability in our markets over the last few years, which have allowed us to continue to invest in plant and equipment. *** has invested $*** in *** since the duties were imposed and has increased its workforce by ***% to *** employees at the end of 2007. Sales have grown ***% since 2002."

***

"Since the inception of the antidumping orders imports from subject countries have decrease to 1.5 million tons from 3 million tons in 2001. This is proof that those countries cannot sell wire rod in the US without dumping. Net income did improve for the years prior to the order though 2004.

Since the order was implemented, we have seen the increase in imports from non-subject countries. Domestic consumption of wire rod has decreased year over year. Imports of steel finished goods composed of wire rod have increased further depressing domestic usage of wire rod.

Due to the difficulty we had in competing with low priced imports, ***. Due to all the increase in imports from non-subject countries and declining demands, we have started to see profitability of the wire rod business has been declining since 2004."

***

"After the imposition of these orders, imports continued to be a problem in the US market, with imports form other countries, particularly China and Turkey, increasing as the subject countries reduced their exports to the U.S. Prices continued to fall, we lost orders, and ***. ***. These orders have been beneficial in providing at least some restraint on the unfair trading conditions that existed in the wire rod market prior to 2002."

***
"Existing orders continue to support market transaction prices which translate into continued capital investment, employment and profitability."

***
" The existing orders have been critical to the health of our company and the U.S. industry as a whole. ***.

***. The imposition of the orders prevented many foreign producers from dumping wire rod in the U.S. Just as the industry began to improve, low-priced imports from non-subject countries (i.e. China) increased. These imports have subsided in the last six months. The only reason the U.S. wire rod industry has remained afloat is because of these orders. Given declining demand, keeping low-priced imports out of the U.S. market has been critical to our survival."

***
" The orders have helped stabilize the market, allowing us to compete in the domestic market without facing unfair pricing. Even so, however, challenges remain. We continue to be vulnerable to foreign producers with excess capacity.

Specifically, since the orders were imposed, there has been a sea change in market conditions with U.S. demand down significantly due to historic declines in the residential housing market and steep declines in U.S. auto production. "

***
"The current order allows U.S. producer to be competitive in their home market."

***
"We have been able to grow our business and continue to invest in capital equipment to improve our product since the imposition of these orders."

***
"***."

***
"Before the orders, there was a surge of imports that negatively impacted shipments and profitability. When the orders were imposed, we saw imports drop and a positive impact on shipments and profitability"

Anticipated Changes in Trade and Related Data If Orders Were To Be Revoked (Question II-16)

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of wire rod in the future if the countervailing duty and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were to be revoked. Their responses are as follows:

***
"Yes. If the orders were revoked, we would expect increases in imports from these countries, with severe negative effects on our operations and likely failure of our wire rod operations. Prices have been

increasing recently because of escalating raw material costs. If low priced imports increase into the US market, our current weak financial performance would certainly deteriorate even further."

***

"Yes. We estimate that our sales will decline ***% to ***% if the countervailing duty and antidumping orders are revoked. If this were to occur, we would have to reduce employment and scale back on ***. The reduction in employment would probably occur at ***. If it becomes apparent that this will occur, due to the revoking the countervailing duty and antidumping duty orders, we would put and aggressive cost reduction at ***."

***

" Yes. The volume of production of wire rod would drop causing our plant to react as we did during 2001, where we reduced our workers to ***. This action would decrease production to a capacity of ***.

Demand has continued to decline, and there is no end to this decline in sight. If the orders were revoked, low priced imports would flood the U.S. market, and push many U.S. producers out of the wire rod industry."

***

"Yes. Margins would decline below cost or market causing declines in profitability, production, and employment. This would in turn eliminate or reduce capital investment back into the production facility."

***

"Yes. The unfair pricing that these suppliers used in the market before the orders caused pricing and therefore profitability decreases the would resume and threaten our ability to continue to invest in improvement for our customers"

***

"Yes. We would expect reductions in all of the business categories listed. Production, employment, revenues, etc.

***

"Yes. We would expect these countries to quickly begin exporting unfairly traded wire rod to the U.S. market. Without restrictions such as those imposed by the orders, these countries' imports would have a negative impact on our production tons, sales volumes, and profits, and would negatively impact the performance of our business as a whole. Erosion of profitability would not justify any capital expenditure projects, and lower production tons could result in reduced hours for our employees. We would also anticipate losing wire rod sales as downstream producers (***) would be forced to purchase low-priced imported wire rod in order to effectively compete in the market. In conclusion, production, employment, profits, etc. would all suffer in the face of revocation."

***

"Yes. Imports would increase, prices will drop until domestic mills can not make profit and we will see closings, cut backs, asset sales etc. Too much world supply of rod."

***

"Yes. If duties are removed, the profitability of the wire rod business will be severely damaged as the subject countries will redirect exports of wire rod to the United States. The US rod and wire industry is facing serious competitive threat of imported rod and wire.

In order to portray the potential downside on our businesses, we have a practical example that *** has experienced over the last 4 years. ***. Given this very recent history, if the orders are revoked, we would

anticipate additional layoffs as well as further declines in most of our wire rod mills. In addition, there could become a need for facility closure."

***
"No"

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If The Orders Were To Be Revoked (Question II-4)

The Commission requested importers to describe any anticipated changes in the character of their operations or organization (as noted above) relating to the importation of wire rod in the future if the countervailing duty and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were to be revoked. Their responses are as follows:

***
"This would allow us to have a second source of 70 carbon and 90 carbon. Currently we are 100% dependent for *** with ***. *** from Japan and Europe are very costly."

***
"We do not anticipate any changes in the character of our operations or organization relating to the importation of wire rod in the future should the various duty orders were to be revoked."

***
"Yes. We would likely buy less from China, Germany and Japan."

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"Yes. Increased profitability and insured longevity of the company."

***
"Yes. We would have additional wire rod offered do us, only if the price were competitive with other global markets."

***
"No"

***
"If the current antidumping and countervailing duty orders were revoked, *** would have the opportunity to increase its purchasing volume of wire rod from Brazil. This would not increase the overall volume of wire rod imported however. Instead, *** would decrease the volume of wire rod imported from European sources and replace it with products from Brazil."

***
"Yes. Mexico would be considered for future wire rod orders."

***
"*** does not have any plans to act as importer of record in the future."

***
"No"

***
"No. It should be noted that ***."

***
"No, we do not anticipate any changes in the character of our operations in the future if the antidumping duty order against were revoked against ***. In order to understand why this is the case, it is important to understand the market dynamics since 2004. In the fall of 2004, Georgetown Steel shut down operations, removing an important source of premium high carbon product from the market. In addition, North Star Beaumont went on strike a few months later, removing another significant chunk of capacity. Following those events, Chinese domestic demand for wire rod grew at a pace that outstripped domestic supply, causing the Chinese to import large volumes of wire rod and resulting in a global shortage of wire rod. Prices in the US and elsewhere, both for raw material (scrap and iron ore) and for wire rod itself, grew rapidly.

Although aggregate US demand for wire rod moderated in 2007, US imports fell much faster, causing purchasers to scramble to ensure an adequate supply of wire rod, especially in the CHQ and welding wire categories. At the same time, our home market affiliates are increasing their demand for wire rod, further capturing our capacity. The share of output competing with open-market U.S. rod sales consequently will decline.

An important factor is the depreciation of the US dollar. ***. This decline in imports from China was due to a currency appreciation of approximately l0%, along with the Chinese Government's slapping on of an export tax of 10% (now being increased to 15%) on wire rod have curtailed the supply of Chinese wire rod to an extraordinary degree, measured in terms of tons as well as export prices.

Given the current circumstances and for the foreseeable future, we do not see any likelihood that our export activities could cause any harm to the U.S. industry after the existing orders are revoked. After all, unlike other subject countries, ***."

***
"N/A"

***
"No"

Significance of Existing Orders In Terms of Trade and Related Data (Question II-8)

The Commission requested importers to describe the significance of the existing countervailing duty and antidumping duty orders covering imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine in terms of their effect on their imports, U.S. shipments of imports, and inventories. Their responses are as follows:

***
"In the case of ***. Thus, despite the administrative headache of the order, it has been business as usual. ***."

***
"The AD order on wire rod in the United States has had little effect on the listed factors. Changes in imports patterns since 2002 have been driven by increased demand and more favorable pricing ***, not by the AD order."

***
"The antidumping duty orders had no significance. During the period under review the countries under investigation would hardly have been competitive for *** compared to imports from other countries. We shifted from imports of *** wire rod from Mexico to *** products, because for this product group the short lead times and closer cultural understanding was essential to develop the business. The antidumping order probably accelerated the process, which we were working on already."

***
"The existing antidumping order has no current or future effect on *** imports, US shipment of imports and inventories. ***."

***
"No real impact."

***
"The existence of CVD/AD order against subject countries has eliminated them as a potential supplier."

***
“The existing antidumping order has no current or future effect on *** imports, U.S. shipment of imports as well as its inventories. ***.”

***
“No change”

***
“None ***.”

***
“ ***. In these circumstances. the antidumping order has not had a significant impact on ***'s operations relating to steel wire rod. However, the company's decision ***.”

***
“Most suppliers in Canada would not want to sell to us.”

***
“Prior to the “order”, we purchased wire rod from Brazil, Europe, Canada and Japan, *** and ***. Since the “order”, we started development of *** with domestic suppliers, ***. ***, so we purchased from Spain *** and some domestic. *** and we began limited purchases in 2006 and were *** in 2007.”

***
“Due to the increase in rod costs to the company, there is a significant decrease in our profits.”

***
“Several rod qualities are not available from domestic mills. The existing AD/CVD Duty orders resulted in increased purchases of wire rod from China, Germany and Japan.”

***
“The United States is a regular importer of wire rod and other countries have filled the need left by the cases against the named countries.”

***
“Our company shifted import focus to other countries. US shipments of imports dropped dramatically with cases forcing customers to look elsewhere for rods. Inventories shifted and become more inconsistent.”

***
“The antidumping order with a deposit rate of ***% doesn’t significantly affect ***’s ability to import to the U.S. ***.”

***
“None”

***
“Pre-2002. *** imported greater volume of wire rod from Brazil. Since 2002. *** has shifted its import purchases to European wire rod. These changes have not impacted ***’s use of domestic wire rod.”

***
“No change.”

***
"Since our business field had been limited in the most critical applications in the market, we didn't have substantially big change before/after the imposition of the orders."

***
"Because ***."

***
"Restrictions on alternative sources tightens overall supply and results in higher prices/cost. This allows for imports finished goods at lower prices, destroying US manufacturing."

***
"None."

***
"Not much change."

Anticipated Changes in Trade and Related Data If Orders Were To Be Revoked (Question II-9)

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of wire rod in the future if the countervailing duty and antidumping duty orders covering imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were to be revoked. Their responses are as follows:

***
"No"

***
"No"

***
"No. As mentioned. ***.

In the event that the antidumping order were to be revoked, it is possible that *** might resume exports of a limited quantity of higher-quality products to supply certain niche markets. However, in view of the decision ***."

***
"No"

***
"No"

***
"Considering that we lack the capacity to supply additional exports to the U.S., the only change that may occur in the future if market supply remains exceptionally tight would be to shift more of our supply of product for ***. This would not be due to the removal of the order, but rather due to the lack of the inability of ***."

***
"No"

***
"No"

***
"No"

***
" Yes. Our guess is that the Canadian suppliers might try to sell to us"

***
"Yes. *** would have increased profitability and be able to further expand our business. There are no acceptable sources of *** in the U.S."

***
"No. *** does not anticipate any changes in its imports, US shipment of imports or inventories of wire rod in the future if the subject countervailing duty order, antidumping duty orders on wire rod were to be revoked against any of the named nations"

***
"No"

***
"No."

***
"N/A"

***
"Yes. We would increase our supply of wire rod from these countries if the prices competitive."

***
"Yes. We would likely buy less from China, Germany and Japan."

***
"Yes. We would expect to import from these countries if AD & CVD were removed but only if demand in the U.S. required the volume and other factors such as ocean freight, foreign export, world price U.S. price created an opportunity for these countries to be competitive"

***
"No."

***
"Yes. Tougher competition might be brought by some leading wire rod suppliers from Brazil and Mexico in the market segment of middle/ high carbon for industrial usage, tire bead and tire cord grades. Another, rather opposite, anticipation is the balance between supply and demand might be stabilized, if we consider the recent decrease of imported quantity from China, which is supposed to continue in a middle term."

***
"See answer at II-4."

***
"No."

***
"Yes. Less competition. More availability"

***
"We could have a second source from Brazil if needed. We are currently in high risk at *** (***% supply of ***). We are forced with higher wire rod prices which make up more than ***% of our manufacturing costs. It is difficult to increase our sales prices because our product are imported from other countries. Total consumption of steelcord in North America is decreasing annually."

***
"Yes. If pricing permits, Mexico would return as source of supply. It may already be too late for us to compete with imports of finished products."

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Effects on Future Activities of the Firms and the U.S. Market as a Whole (Question Questions III-35-1 and III-35-2)

The Commission asked the purchasers to comment on the effects of the revocation of the countervailing duty and antidumping duty orders covering imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine on (1) the future activities of their firms and (2) the U.S. market as a whole. Their responses are as follows:

Effects on the activities of the firm

****
"It will have no direct effect other than driving up the price of domestic rod."

****
No response.

****
"If we cannot purchase 'reasonably' price raw material, then we cannot compete on the finished goods we produce."

****
"Revocation of duties could increase offers into the U.S. and relieve some price pressure."

****
"We see no impact for the foreseeable future based on forecasting negligible changes for the value of the dollar, the current world market for wire rod and the fact that the Canadian and Mexican mills are already significant (in the U.S.) market place. The Canadian mills wold benefit from the elimination and participants in the U.S. wire rod may reduce their price incrementally in response to the rescinding of the order, but the impact on *** would be negligible."

****
"We might have more options of supply if the countervailing duty order/antidumping duty orders were lifted, although given the current high pricing of steel worldwide, it is uncertain that any of these

countries would desire to ship into the United States. Over the last five years, these countries have developed new markets for their capacities, and any return by them to supply the U.S. market would probably be a slow one."

***

"Very little."

***

"In the next 12 to 18 months we are concerned about availability issues for *** wire rod. If the housing market or other markets were to recover quickly there will be shortages due to the lack of foreign suppliers being here currently in the USA. Many foreign suppliers have exited from the U.S. market, because of the weak dollar creating better sales opportunities with improved margins from other countries having stronger currencies."

***

"These locations other than Canada are not large players in our market."

***

"World markets will decide pricing/availability and quality of U.S. wire rod market."

***

"We would likely buy less from China, Germany, and Japan."

***

"We would probably add Mexico and Trinidad back to our purchases."

***

"I don't think this will effect our company since foreign steel is at an all time high. We will continue to buy domestic."

***

"We would potentially increase our purchases from the named countries."

***

"The revocation will allow our firms to be more competitive against finished products from countries with wire rod prices that are $*** a ton cheaper."

***

"We expect no effect on our activities in 2008."

***

"No change."

***

"We would seek availability of rod from several of these countries based on current shortage in the market."

***

"We will be able to purchase rod from ***. We cannot obtain sufficient quantities of product from U.S. mills alone."

***
"More rod available."

***
"***."

***
"This should free up North American capacity for high quality *** rod used by us."

***
"The impact on our firm of revocation would be the same as on the industry - little or none for the next year."

***
"Availability of rods would improve at lower prices."

***
"No changes in purchasing practice. Possible improvement in cost competitiveness of mills in subject countries."

***
"Increase in available rod suppliers at competitive prices."

***
No response.

***
No response.

***
No response.

***
"We have to purchase rod to operate our plants if we are unable to obtain quotes from foreign countries, the price in the U.S. will continue to climb and could cause some shortages."

***
"None."

***
"Would likely source wire rod from *** if the orders were revoked as soon as possible, if price was attractive."

***
"The revocation of the orders from the subject countries is estimated to have a small effect on the imports of wire rod from these countries in the future. The consolidation of the steel industry has created large multi-national corporations which have internal restrictions on international shipments of wire rod. Arcelor Mittal and Gerdau Ameristeel are two perfect examples where they own mills both in the subject countries and United States.

It is estimated that Arcelor Mittal will take a neutral position relative to this investigation. The Arcelor Mittal mills in the Ukraine, Brazil, Mexico, Trinidad and Tobago, and Indonesia will not ship

wire rod into the United Sates without first approving the transactions through the Arcelor Mittal U.S. offices. Arcelor Mittal Canada has a slightly separate structure for sales and service but the effect is the same. The global consolidation of the steel industry has diminished the need for trade measures such as these duty orders.

In the case of Gerdau Ameristeel, their Brazilian parent company appears to have no interest in trying to import wire rod into the United States. Gerdau Ameristeel has a large amount of capacity for low quality wire rod in the United States. The only possible imports into the United States from Gerdau in Brazil would be high quality products not available in the United States.

Brazil and Mexico are interesting situations to consider as these countries are still experiencing strong domestic demand in their home markets for wire rod. It appears that infrastructure growth will continue to keep these countries steel consumption strong and limit any export possibilities.

For ***. For the carbon steel wire rod and steel industry worldwide we believe there has been a convergence of steel prices. Due to industry consolidation and improved price and volume discipline steel producers are more likely to cut production volumes rather than participate in dumping activities."

****

"It will lower the price that imports will enter the market and consequently the 'CAP' on domestic prices."

****

"We would continue to buy domestic steel for as long as possible. If competitors were to use this cheap imported steel, we would likely experience lower profitability or erosion of business. If pressures became large enough, we may need to purchase from imported sources in order to survive, depriving the market with a reliable domestic fastener manufacturer."

****

"If low-priced imports from these countries re-entered the market, we might shift our purchases of wire rod to these foreign producers."

***

"If orders are revoked, we would most likely import wire rod from subject countries as well as others to keep up with our competition. We would purchase substantially less from domestic suppliers due to the price differential between domestics and imports. Given imports of finished goods, we would be much more conservative in investing in equipment and inventory."

****

"If duties are revoked, we will expand our list of potential suppliers."

****

"Possibility to purchase wire rod from Brazil."

***

"Greater competition in U.S. market for carbon 1070 and 1090 rod particularly from Brazil."

Effects on the entire U.S. market

****
"Drive up the price of domestic rod."

****
"The U.S. places tariffs on the raw materials but does not on the finished goods. Therefore it makes U.S. manufactured goods more expensive. If we cannot compete with the finished goods coming into this country, we will be out of business. If the U.S. is going to tariff anything it should tariff all products, or no products."

****
"Typically the lower grade, generic applications (like mesh) benefit the most from offshore sources. This could also help higher grade producers by relieving the overall pressure on U.S. rod mills."

****
"For the reasons given above the impact would be negligible for the foreseeable future which we guess to be 3 to 5 years."

****
"As above."

****
"Very little."

****
"The U.S. industrial market, in normal economic times, consumes more than the domestic steel industry can product in many of the high end quality grades like ***. Continuing duties , especially on the high end products imported from Canada, would have no constructive result."

****
"This can increase the availability of industrial quality and other qualities of steel products."

****
"*** market will continue to decrease with more *** imports coming into the market."

****
"Imports of finished goods would slow down, less wire mfgs. and their customers would move operations offshore. U.S. industry would be more competitive. Revocation of the order is necessary: -There is not enough availability in the U.S. market; this is limiting the development of the domestic wire industry. - U.S. quality offered is often insufficient; ***."

****
"It would ease supply problems and probably reduce prices."

****
"Dollar continues to devalue, ocean freight is at an all time high, scrap is over $400 per ton overseas, and the infrastructure in those countries is demanding large quantities of steel. All the factors listed above puts foreign steel, (even foreign steel that does not have duties) totally out of the reach of domestic manufacturers."

***
"Material availability will improve, and prices will decline with the increase in competition."

***
"It will make the U.S. manufacturer more competitive. However, if countervailing duties / antidumping duty orders stay in place it will force more U.S. manufacturers out of business and U.S. rod suppliers will (have) less manufacturers to sell to."

***
"Cannot forecast the effect on the U.S. market especially with the influence of China."

***
"No change."

***
"I believer the ability to purchase rod from any of these countries would have a positive effect as there is a shortage and domestic producers can not supply all that is consumed."

***
"I do not see any near term impact should the orders be revoked. A weak dollar, a poor U.S. economy and stronger markets elsewhere will keep exports at lower levels."

***
"Price autoregulation due to increased competition."

***
"Probably help supply."

***
"North American general steel products would see global market pricing."

***
"I would think revocation of the orders would have little or no impact on the domestic market at this time. Wire rod will be in critically short supply during the second and third calendar quarters of 2008 due to robust world wide demand and lack of interest in the U.S. market by foreign producers. The weakness of the dollar undoubtedly plays a substantial part in this. Domestic mills have pushed up prices by $*** per ton since October 2007 in order to recover higher costs for all inputs and to restore margins. Looking out further, though, the U.S. market must have access to imported material as domestic production is not sufficient to meet demand."

***
"Availability of rods would improve at lower prices."

***
"More competitive pricing for end users from all mills in all products."

***
"Domestic rod mills would not be able to control prices by cutting their production to promote rod demand exceeding rod supply."

***
"It would help if domestic mills had competition."

***

"We have to purchase rod to operate our plants if we are unable to obtain quotes from foreign countries, the price in the U.S. will continue to climb and could cause some shortages."

***

"Don't know."

***

"Same would occur in U.S. market if price was competitive."

***

"Low-priced imports from these countries will increase, driving U.S. prices for wire rod down. It is likely that market forces would drive our industry to purchase low-priced imports of wire rod to maintain our competitive position in the downstream product market."

***

"Would have a devastating financial impact on the domestic rod industry steel. Our view of the entire U.S. market is not clear, however it is likely that to views stated above may be repeated. Initially each of our competitors may lose business and may be forced to consider purchasing cheap, imported steel as a mater of survival."

***

"Supply and demand will be improved considerably."

***

"Increase of imports, balancing offer and demand, allowing to secure suppliers. In addition, current lack of price competition of wire rod potentially threatens *** industry sustainability, as well as the ***."

***

No response.

***

No response.

***

No response.

***

No response.

***

No response.

***

No response.

FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Anticipated Operational/Organizational Changes If The Orders Were To Be Revoked (Question II-3)

The Commission requested subject foreign producers to describe any anticipated changes in the character of their operations or organization relating to the production of wire rod in the future if the countervailing duty and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were to be revoked. Their responses are as follows:

***
"No."

***
"No, we do not anticipate any changes in the character of our operations in the future if the antidumping duty order against were revoked against ***. In order to understand why this is the case, it is important to understand the market dynamics since 2004. ***. ***.

Given the current circumstances and for the foreseeable future, we do not see any likelihood that our export activities could cause any harm to the U.S. industry after the existing orders are revoked. ***. ***."

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No."

***
"No. *** do not anticipate any changes in the character of our operations or organization relating to the production of wire rod should the various duty orders were to be revoked.

Significance of Existing Orders In Terms of Trade and Related Data
(Question II-14)

The Commission requested subject foreign producers to describe the significance of the existing countervailing duty and antidumping duty orders covering imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine in terms of the effect on their production capacity, production, home market shipments, exports to the United States and other markets, and inventories. Their responses are as follows:

***
"So far there is no significance, since *** has never sold to the USA and any of the wire rod specifications which are restraint by the countervailing and antidumping duties."

***
"The existing anti-dumping order has no current or future effect on ***."

***
"***. In these circumstances, the antidumping order has not had a significant impact on ***'s operations relating to steel wire rod. ***."

***
"The AD order on wire rod in the United States has had little effect on the listed factors. Changes in sales patterns since 2002 have been driven by increased demand and more favorable pricing in the home and third country markets and decreased demand and reduced prices in the United States, not by the AD order."

***
"The existing duty does not have any effect on *** regarding production capacity, production, and inventories of wire rod. Regarding home market shipments, ***."

***
"We have sold less to the US and sold more to our home market and other countries."

***
"The existing antidumping order has no current neither future effect on ***'s production capacity, production itself, home market shipments, exports to the United States or other markets as well as inventories."

***
"There has been no significant effect on ***'s production capacity, production, shipments, or inventories. Modernization of the rolling mill *** was aimed at improving the quality of wire rod and the performance ***.

*** enjoys diversified sales markets. *** does not maintain inventories of finished rolled products. The minor quantities of finished products available in the mill's stock are the remainders left from shipments made under placed orders."

***
"***."

***
"***. Thus, despite the administrative headache of the order, it has been business as usual. ***.

***
"The antidumping order with a deposit rate of ***% doesn't significantly affect ***'s ability to export to the United States. The decision to focus on the domestic market and other export markets answers to price premiums observed in such other markets. ***."

Anticipated Changes in Trade and Related Data If Orders Were To Be Revoked (Question II-15)

The Commission requested subject foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of wire rod in the future if the countervailing duty and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were to be revoked. Their responses are as follows:

***
"No"

***
"No"

***
"No"

***
"No"

***
"No"

***
"No**,** ***.

In the event that the antidumping order were to be revoked, it is possible that ***might resume exports of a limited quantity of higher-quality products to supply certain niche markets. ***."

***
"*** does not anticipate any changes in our production capacity, production, home market shipments, exports to other markets, or inventories relating to the production of wire rod if the antidumping duty order on wire rod from *** is revoked. If the antidumping order on wire rod from *** were to be revoked, there is the possibility that *** may consider shipping wire rod to the United States in the future, but that would depend entirely on the market situations in the United States and other markets. ***."

***
" Yes. Considering that we lack the capacity to supply additional exports to the U.S., the only change that may occur in the future if market supply remains exceptionally tight would be to shift more of our supply of product for ***. This would not be due to the removal of the order, but rather due to the ***."

***
"No"

***
"No. *** does not anticipate any changes in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of subject goods in the future, if the subject countervailing duty order, antidumping duty orders on wire rod were to be revoked against ***."

***
"***."

***
"No"

Other Export Markets
(Question II-13)

The Commission requested subject foreign producers to identify export markets (other than the United States) that they had developed or where they had increased their sales of wire rod as a result of the countervailing duty and antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago and Ukraine. Their responses are as follows:

***
"***."

***
"No exports markets have been developed as a result of the antidumping duty order on wire rod from ***."

***
"*** has increased its sales in *** since 2002, but this increase has not been as a result of the AD order, but has instead resulted from more favorable conditions in these markets."

***
"***."

***
"*** has not developed any market other than the United States, because of countervailing or antidumping duties orders."

***
"*** did not either developed new export markets or increased existing ones due to countervailing and antidumping duties. The development of new markets and/or increasing of sales were due to business strategy in focusing on the *** market. The volumes for United States remained the same over the period."

***
***.

***
“Historically, almost all of ***. Consequently, *** did not develop or increase sales significantly to any export markets other than the United States as a result of the antidumping order on steel wire rod from ***. ***.”

***
“***.”

***
“Most exports to offshore locations are of secondary material. *** does not know the ultimate destination of most of the exports of secondary material because it ships the merchandise to the *** port.”

***
“*** has diversified markets for its wire rod and it has increased it shipments in its home market in the ***. ***.”

***
“*** hasn´t developed markets as a result of the antidumping order in the United States. ***.”

APPENDIX E

COMPANY SPECIFIC SHIPMENT DATA

Table E-1
Wire rod: U.S. producers' shipments, by company and product type, 2002-07

* * * * * * *

Table E-2
Wire rod: Arcelor Mittal Brazil's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-3
Wire rod: Gerdau Acominas Brazil's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-4
Wire rod: Gerdau Acos Longos Brazil's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-5
Wire rod: Arcelor Mittal Canada's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-6
Wire rod: Ivaco Canada's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-7
Wire rod: De Acero Mexico's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-8
Wire rod: Hylsa Mexico's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *

Table E-9
Wire rod: Arcelor Mittal's Sicartsa Mexico's internal and commercial home market shipments, and exports, 2002-07

* * * * * * *