

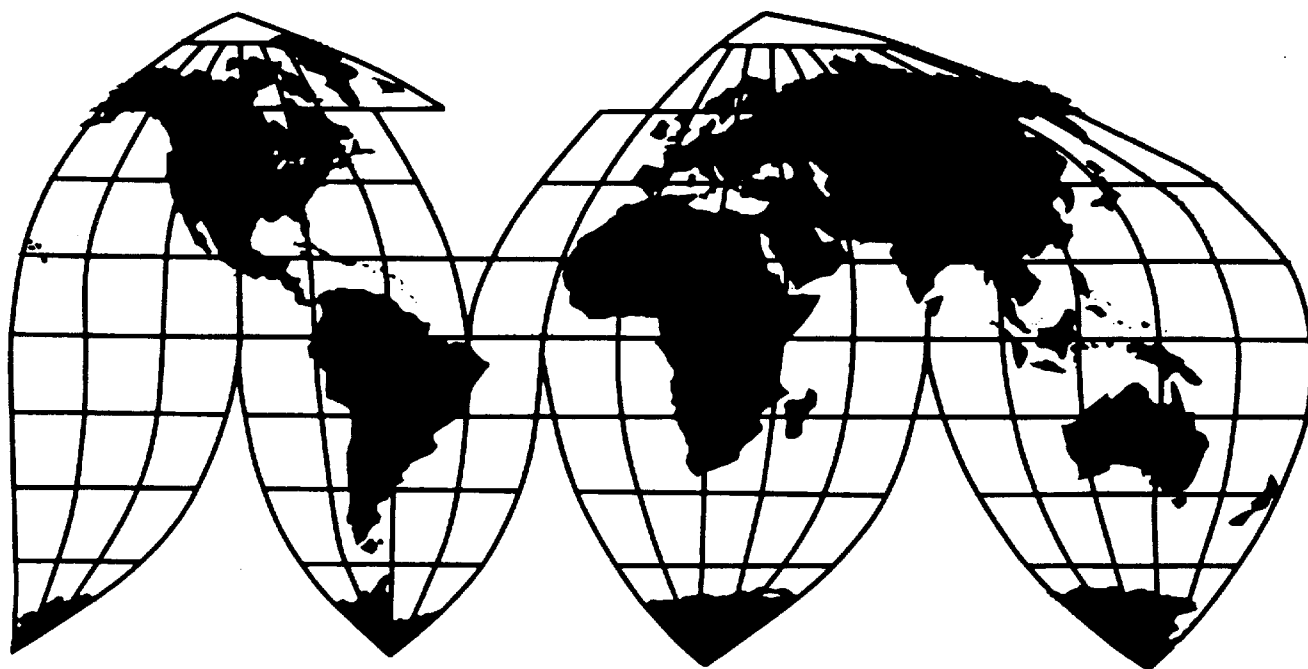
Certain Steel Threaded Rod From China

Investigation No. 731-TA-1145 (Preliminary)

Publication 3996

April 2008

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1145 (Preliminary)

CERTAIN STEEL THREADED ROD FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China of certain steel threaded rod, provided for in statistical reporting number 7318.15.5060 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in the investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

BACKGROUND

On March 5, 2008, a petition was filed with the Commission and Commerce by Vulcan Threaded Products, Inc., Pelham, AL, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of LTFV imports of certain steel threaded rod from China. Accordingly, effective March 5, 2008, the Commission instituted antidumping duty investigation No. 731-TA-1145 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference 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* of March 12, 2008 (73 FR 13251). The conference was held in Washington, DC, on March 26, 2008, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of this investigation, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain steel threaded rod (“CSTR”) from China that allegedly are sold in the United States at less than fair value (“LTFV”).

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.¹ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”²

II. BACKGROUND

The petition in this investigation was filed on March 5, 2008, by Vulcan Threaded Products Inc. (“Vulcan” or “Petitioner”).³ Petitioner and three U.S. importers of the subject merchandise, Porteous Fastener Company (“Porteous”), Industrial Threaded Products (“ITP”) and Fastenal Company (“Fastenal”) appeared at the conference in this preliminary phase investigation and submitted postconference briefs. No producers or exporters of CSTR in China appeared at the conference or submitted briefs.

¹ 19 U.S.C. §§ 1671b(a) and 1673b(a); see also, e.g., Co-Steel Raritan, Inc. v. United States, 357 F.3d 1294 (Fed. Cir. 2004); American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

² American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

³ Vulcan accounted for *** percent of U.S. production of CSTR in 2007. Confidential Staff Report (“CR”) and Public Staff Report (“PR”) at Table III-1. The Commission received questionnaire responses from seven other producers that accounted for the remainder of domestic production. CR/PR at III-1. The Commission received questionnaire responses from 28 importers of CSTR, 24 of which imported CSTR from China. CR/PR at IV-1 and Table IV-1. These 24 importers of the subject merchandise accounted for over 53.0 percent of U.S. imports of the subject merchandise from China in 2007. CR/PR at IV-1. Only three firms (one producer and two exporters) in China provided useable questionnaire responses. CR/PR at VII-1. The exports to the United States of these three firms were equivalent to *** percent of CSTR imports from China in 2007, as reported in importer questionnaire responses. CR at VII-1, PR at VII-1.

III. DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁴ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “[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.”⁵ In turn, 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”⁶

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁷ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁸ The Commission looks for clear dividing lines among possible like products and disregards minor variations.⁹ Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly sold at LTFV,¹⁰ the Commission determines what domestic product is like the imported articles Commerce has identified.¹¹ The Commission must base its domestic like product determination on the record in this investigation. The

⁴ 19 U.S.C. § 1677(4)(A).

⁵ 19 U.S.C. § 1677(4)(A).

⁶ 19 U.S.C. § 1677(10).

⁷ See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

⁸ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

⁹ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

¹⁰ See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 (Fed. Cir. April 25, 2002) at 9 (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹¹ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.¹²

B. Product Description

Commerce's notice of initiation defines the imported merchandise within the scope of this investigation as follows:

The merchandise covered by this investigation is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to this investigation are non-headed and threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

Included in the scope of this investigation are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1. 1.80 percent of manganese, or
2. 1.50 percent of silicon, or
3. 1.00 percent of copper, or
4. 0.50 percent of aluminum, or
5. 1.25 percent of chromium, or
6. 0.30 percent of cobalt, or
7. 0.40 percent of lead, or
8. 1.25 percent of nickel, or
9. 0.30 percent of tungsten, or
10. 0.012 percent of boron, or
11. 0.10 percent of molybdenum, or
12. 0.10 percent of niobium, or
13. 0.41 percent of titanium, or
14. 0.15 percent of vanadium, or
15. 0.15 percent of zirconium.

Steel threaded rod is currently classifiable under subheading 7318.15.5060 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

¹² Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

Excluded from the scope of the investigation are: (a) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, or ASTM A320 Grade L7.¹³

CSTR is primarily used in commercial construction to suspend electrical conduits, plumbing pipes, HVAC ductwork, and fire protection sprinkler pipes. It is also used in structural tie downs in earthquake and hurricane-resistant systems for roofing, as headless screws, and for bolting together pipe joints in waterworks applications. The low carbon steel used to make CSTR allows the rod to be cut to the desired length on site by contractors. Most CSTR is threaded along its entire length.¹⁴

C. Domestic Like Product

Petitioner proposes that the Commission define one domestic like product coextensive with the scope of the investigation.¹⁵ No respondent has taken issue with this proposed definition. For the reasons discussed below, we define a single domestic like product consisting of CSTR, coextensive with the scope of the investigation.

Physical Characteristics and End Uses. All CSTR has the same characteristic threaded grooves, and all or most CSTR is used for the same purpose, namely non-critical bolting applications. CSTR is distinguishable from threaded rod made from materials other than low carbon steel in that CSTR can easily be cut to desired lengths by contractors.¹⁶

Interchangeability. CSTR and threaded rod made from other materials are not interchangeable. CSTR cannot be used in more demanding applications that require heat resistance, high strength, or, in most cases, corrosion resistance.¹⁷ Although threaded rod made from other materials could in theory be used for non-critical bolting applications, it would not be economical to do so, and, because of the difficulty of cutting threaded rod made from higher strength steel, it would be impractical to do so.¹⁸ This evidence indicates that CSTR is not interchangeable with other products.¹⁹

Channel of Distribution. During the period of investigation (“POI”) almost all shipments of CSTR by domestic producers were made to distributors.²⁰ The channels of distribution for threaded rod made from other materials is not indicated on the record.

Manufacturing Facilities, Production Processes, and Employees. All CSTR is produced using common manufacturing facilities, production processes, and employees. Most of the responding domestic producers, however, do make other products using the same equipment and employees that are used to make CSTR.²¹

¹³ Steel Threaded Rod from the People’s Republic of China: Initiation of Antidumping Duty Investigation, 73 Fed Reg. 17318, 17319 (April 1, 2008).

¹⁴ CR/PR at I-3.

¹⁵ Petitioner’s Postconference Brief at 3-5.

¹⁶ CR/PR at I-3.

¹⁷ Petitioner’s Postconference Brief at 6.

¹⁸ Id.

¹⁹ CR at II-7, PR at II-6.

²⁰ CR at I-6, PR at I-5, and CR/PR at II-1.

²¹ CR/PR at I-5 and CR/PR at Table III-1.

Producer and Customer Perceptions. Customers value the versatility of low carbon steel threaded rod, in that it can easily be cut to desired lengths.²²

Price. There is no specific information in the record on the relative prices of CSTR and threaded rod made from other materials, but according to Petitioner, the latter is generally priced higher than CSTR.²³

Conclusion. All CSTR has common physical characteristics (threaded grooves and ease of cutting to size) and uses (non-critical bolting applications). CSTR is not interchangeable with other threaded rod or other products. Almost all U.S.-produced CSTR is sold in one channel of trade, that is, through distributors. The full range of CSTR products is produced using common manufacturing facilities, production processes, and employees. Based on the evidence available on the record, customers perceive CSTR as having distinct properties from other types of threaded rod in that CSTR can easily be cut to desired lengths. In sum, we find for purposes of the preliminary phase of this investigation that the foregoing factors support defining a single domestic like product coextensive with the scope of the investigation.

D. Domestic Industry

1. Domestic Industry

The domestic industry is defined 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.”²⁴ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our finding that the domestic like product is CSTR, for purposes of this preliminary determination we define a single domestic industry consisting of all domestic producers of CSTR.

2. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²⁵ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.²⁶

²² Petitioner’s Postconference Brief at 4.

²³ Petitioner’s Postconference Brief at 5.

²⁴ 19 U.S.C. § 1677(4)(A).

²⁵ 19 U.S.C. § 1677(4)(B).

²⁶ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See, e.g., Torrington Co. v. United States*, 790 F. Supp. 1161 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related

(continued...)

a. Parties' Arguments

Petitioner maintains that appropriate circumstances do not exist to exclude any of these producers from the domestic industry. It argues that these producers have apparently ***.²⁷ Respondent Porteous took no position on the question of whether any related parties should be excluded from the domestic industry, and ITP and Fastenal did not address this issue.²⁸

b. Analysis

Nine domestic producers produced CSTR during the POI: All-Ohio Threaded Rod Company; Bay Standard Manufacturing Inc.; Conklin & Conklin Inc.; Interstate Fittings Inc.; Lancaster Threaded Products, Inc.; Rods Indiana; Threaded Rod Company, Inc.; Vulcan; and Watson Metal Products Corporation. With the exception of *** and ***, all of these companies imported the subject merchandise during the period of investigation²⁹ and thus are related parties under 19 U.S.C. § 1677(4)(B). Therefore, we must consider whether “appropriate circumstances” exist to exclude any of these U.S. producers from the domestic industry on the basis of those importations.

*** *** accounted for *** percent of domestic production in 2007.³⁰ The company ***³¹ Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, respectively.³² The company explained that it ***³³ Its domestic production volumes *** over the POI.³⁴

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. Although the level of its imports relative to its domestic production *** Also, its financial results were generally ***^{35 36 37}

²⁶ (...continued)

producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in Allied Mineral Products, Inc. v. United States, —F. Supp. 2d—, Slip Op. 04-139 (Ct. Int’l Trade November 12, 2004) at 5-6 (“The most significant factor considered by the Commission in making the ‘appropriate circumstances’ determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise.”); USEC, Inc. v. United States, 132 F. Supp. 2d 1, 12 (Ct. Int’l Trade 2001) (“the provision’s purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters.”), aff’d, Slip Op. 01-1421 (Fed. Cir. April 22, 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) (“where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry”).

²⁷ Petitioner’s Postconference Brief at 7-10.

²⁸ Porteous Postconference Brief at 2.

²⁹ CR/PR at Table IV-1.

³⁰ CR/PR at Table III-1.

³¹ Id.

³² CR/PR at Table III-3.

³³ CR/PR at Table III-3 n.1.

³⁴ Production volumes derived from CR/PR at Table III-3.

³⁵ See CR/PR at Table VI-2.

³⁶ Consistent with her practice in past investigations and reviews, Vice Chairman Shara L. Aranoff does not rely on individual-company operating income margins in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related

(continued...)

*** accounted for *** percent of domestic production in 2007.³⁸ The company ***³⁹ Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, respectively.⁴⁰ The company explained that it imports from China ***⁴¹ *** over the POI.⁴²

We find that appropriate circumstances do not exist to exclude *** from the domestic industry.⁴³ The level of its imports relative to its domestic production ***⁴⁴ Also, its financial results were generally ***⁴⁵

*** accounted for *** percent of domestic production in 2007.⁴⁶ The company ***⁴⁷ Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, respectively.⁴⁸ The company explained that it imports from China ***⁴⁹ Its production volumes were ***⁵⁰

³⁶ (...continued)

party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

³⁷ For purposes of this preliminary investigation, Commissioner Pinkert does not rely upon any related party's financial performance as a factor in determining whether there are appropriate circumstances to exclude it from the domestic industry and relies instead on other information relevant to this issue. The present record is not sufficient to infer from any company's profitability on U.S. operations whether it has derived a specific benefit from importing. See Allied Mineral Products, Slip Op. 04-139 at 8 (Ct. Int'l Trade, 2004). For the final investigation, Commissioner Pinkert invites the parties to provide any information they may have with respect to whether any company is benefitting financially from its status as a related party.

³⁸ CR/PR at Table III-1.

³⁹ Id.

⁴⁰ CR/PR at Table III-3.

⁴¹ CR/PR at Table III-3 n.2.

⁴² Production volumes derived from CR/PR at Table III-3.

⁴³ Vice Chairman Aranoff and Commissioner Williamson find that appropriate circumstances exist to exclude *** from the domestic industry. *** imported the subject merchandise in increasing quantities over the POI, at *** pounds in 2005, *** pounds in 2006, and *** pounds in 2007. CR/PR at Table III-3. At the same time, *** domestic production of CSTR fell from *** pounds in 2005 to *** pounds in 2006, and to *** pounds in 2007. *** Producers' Questionnaire (March 20, 2008 revision) at page 6. As a result, the ratio of the company's imports of subject merchandise to its domestic production increased from *** percent in 2005 to *** percent in 2006, and to *** percent in 2007. CR/PR at Table III-3. Based on these facts, they find that *** primary interest has shifted from domestic production to the importation of subject merchandise, and therefore determine to exclude the producer from the domestic industry.

⁴⁴ Commissioner Pinkert notes that *** high ratios of subject imports to its domestic production would ordinarily weigh heavily in favor of finding that appropriate circumstances exist to exclude it from the domestic industry. Nevertheless, for purposes of the preliminary phase of this investigation, he has relied on *** explanation that it imported subject imports in order ***. CR/PR at Table III-3 n.2. In any final phase of the investigation, Commissioner Pinkert intends to revisit the issue of whether there are appropriate circumstances for excluding *** in light of the entirety of the relevant information available at that time.

⁴⁵ See CR/PR at Table VI-2.

⁴⁶ CR/PR at Table III-1.

⁴⁷ Id.

⁴⁸ CR/PR at Table III-3.

⁴⁹ CR/PR at Table III-3 n.3.

⁵⁰ Production volumes derived from CR/PR at Table III-3.

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. Although its imports relative to its domestic production *** Also, its financial results were generally ***⁵¹

*** *** accounted for *** percent of domestic production in 2007.⁵² The company ***⁵³ Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, respectively.⁵⁴ The company explained that it imports from China ***⁵⁵ Its production volumes ***.⁵⁶

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. Although its imports relative to its domestic production *** We note also that because *** did not provide usable financial data, its inclusion in the domestic industry is largely rendered moot.

*** *** accounted for *** percent of domestic production in 2007.⁵⁷ The company ***⁵⁸ Its imports of the subject merchandise were equivalent to *** percent of its production in 2005 and 2006, respectively; the company did not import in 2007.⁵⁹ It explained that it imports from China ***⁶⁰ Its production volumes ***.⁶¹

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. The level of *** imports relative to its domestic production *** We also note that because *** did not provide usable financial data, its inclusion in the domestic industry is largely rendered moot.

Vulcan. Vulcan, the petitioner, accounted for *** percent of domestic production in 2007.⁶² It imported the subject merchandise in ***, and its imports were equivalent to *** percent of its production in that year.⁶³ The company explained that it imported ***⁶⁴ Vulcan's production volumes ***.⁶⁵

We find that appropriate circumstances do not exist to exclude Vulcan from the domestic industry. Its interests almost certainly lie more with domestic production than with importing. Compared to its domestic production, the volume of its imports was ***. Vulcan's financial results were ***⁶⁶ ***.

*** *** accounted for *** percent of domestic production in 2007.⁶⁷ It ***⁶⁸ Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, respectively.⁶⁹ The company ***⁷⁰ *** production volumes ***.⁷¹

⁵¹ See CR/PR at Table VI-2.

⁵² CR/PR at Table III-1.

⁵³ Id.

⁵⁴ CR/PR at Table III-3.

⁵⁵ CR/PR at Table III-3 n. 4.

⁵⁶ *** Producers' Questionnaire Response.

⁵⁷ CR/PR at Table III-1.

⁵⁸ Id.

⁵⁹ CR/PR at Table III-3.

⁶⁰ CR/PR at Table III-3 n. 5.

⁶¹ *** Producers' Questionnaire Response.

⁶² CR/PR at Table III-1.

⁶³ CR/PR at Table III-3.

⁶⁴ CR/PR at Table III-3 n. 6.

⁶⁵ Vulcan Producers' Questionnaire Response.

⁶⁶ See CR/PR at Table VI-2.

⁶⁷ CR/PR at Table III-1.

⁶⁸ Id.

⁶⁹ CR/PR at Table III-3.

⁷⁰ CR/PR at Table III-3 n.7.

⁷¹ Production volumes derived from CR/PR at Table III-3.

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. The level of its imports relative to its domestic production *** Its financial results were ***⁷²

In any final phase of this investigation, we intend to reexamine the appropriate application of the related parties provision. In doing so, we will seek information and explore more fully the extent to which the significant importation by a number of firms indicates a primary interest in importation as opposed to domestic production.

For purposes of the preliminary phase of this investigation, we find that appropriate circumstances do not exist to exclude any related party from the domestic industry and define the domestic industry to consist of all U.S. producers of the domestic like product.

IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁷³

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.⁷⁴ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁷⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁷⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁷⁷ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁷⁸

For the reasons stated below, we determine that there is a reasonable indication that the domestic industry producing CSTR is materially injured by reason of subject imports from China.

A. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

⁷² See CR/PR at Table VI-2.

⁷³ Negligibility is not an issue in this investigation under 19 U.S.C. § 1677(24). The petition was filed on March 5, 2008. Subject imports from China accounted for 73.6 percent of total imports of CSTR for the most recent 12-month period (March 2007 through February 2008) for which data were available that preceded the filing of the petition. CR/PR at Table IV-3.

⁷⁴ 19 U.S.C. §§ 1671b(a) and 1673b(a).

⁷⁵ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination,” but shall “identify each [such] factor . . . [a]nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

⁷⁶ 19 U.S.C. § 1677(7)(A).

⁷⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁷⁸ 19 U.S.C. § 1677(7)(C)(iii).

1. Demand Conditions

CSTR is primarily used in commercial construction to suspend electrical conduits, plumbing pipes, HVAC ductwork, and fire protection sprinkler pipes. It is also used in residential construction for structural tie downs in earthquake and hurricane-resistant systems for roofing, as headless screws, and for bolting together pipe joints in waterworks applications.⁷⁹ Respondent Porteous maintains that CSTR is increasingly used in such non-commercial construction applications.⁸⁰ Thus, overall demand for CSTR is derived from demand for its end-use applications, primarily in commercial construction. To the extent that non-commercial applications for CSTR are growing, these would also influence demand.⁸¹ There is no evidence on the record that the contraction of the single-family residential housing market has adversely affected demand for CSTR.⁸²

Apparent U.S. consumption of CSTR increased irregularly by 1.5 percent over the POI on a quantity basis, but decreased by 3.3 percent on a value basis.⁸³

2. Supply Conditions

There were nine producers of CSTR in the United States during the POI,⁸⁴ of which petitioner Vulcan was the largest.⁸⁵ The domestic industry's capacity to produce CSTR remained stable from 2005 to 2006, and then declined in 2007.⁸⁶ There was at least one plant closure in the United States during the POI.⁸⁷ As explained above, many U.S. producers imported subject merchandise during the POI.

The domestic industry's market share, on a quantity basis, declined from 59.3 percent to 46.0 percent over the POI, while that of subject imports rose from 34.2 percent to 48.4 percent.^{88 89} The market share of nonsubject imports declined from 6.4 percent in 2005 to 6.0 percent in 2006 and 5.6 percent in 2007.⁹⁰

3. Substitutability and Other Conditions

⁷⁹ CR/PR at I-3.

⁸⁰ Porteous Postconference Brief at 3.

⁸¹ CR at II-5, PR at II-4.

⁸² See CR at II-5-7, PR at II-4 and Petitioner's Postconference Brief at 11.

⁸³ The quantity of apparent U.S. consumption was 175.3 million units in 2005, 178.7 million units in 2006, and 177.8 million units in 2007. CR/PR at Table IV-4. The value of apparent U.S. consumption was \$90.2 million in 2005, \$88.3 million in 2006, and \$87.2 million in 2007. Id.

⁸⁴ CR/PR at III-1.

⁸⁵ CR at II-2, PR at II-2.

⁸⁶ The domestic industry's capacity was 181.1 million pounds in 2005, 181.8 million pounds in 2006, and 161.5 million pounds in 2007. CR/PR at Tables III-2 and C-1.

⁸⁷ CR/PR at Table III-1.

⁸⁸ CR/PR at Table IV-5.

⁸⁹ As noted previously, Vice Chairman Aranoff and Commissioner Williamson determine to exclude *** from the domestic industry. As a result, where these views refer to data pertaining to the domestic industry, the Vice Chairman and Commission Williamson rely instead on data reported in the staff report at ***.

⁹⁰ Id. Importers reported nonsubject imports from India, Japan, Germany, and Mexico. Most nonsubject imports were from India. CR at IV-4-5, PR at IV-2. The record indicates that India is the only nonsubject country with any significant CSTR production capacity. Transcript at 108.

Most domestic producers and importers of CSTR reported that the U.S. product, the subject imports, and nonsubject imports are always or frequently interchangeable.⁹¹ There is some evidence in the record that CSTR producers in China do not produce the product to a certain ASTM specification that is sometimes called for by U.S. purchasers, but this specification is required by only a small portion of the domestic market.⁹²

Most producers and importers reported that there are no substitute products for threaded rod.⁹³ According to Petitioner, there is little interchangeability between CSTR and other types of threaded rod, which are made of materials other than low-carbon steel and are produced to different specifications than CSTR.⁹⁴

Although Petitioner and respondents reported that service is an important consideration in the threaded rod market,⁹⁵ the majority of domestic producers and importers reported that differences other than price are only sometimes or never a significant factor in sales of CSTR.⁹⁶

The principal raw material used to make CSTR is carbon steel wire rod (or in the case of larger diameter CSTR, carbon steel bar).⁹⁷ The price of carbon steel wire rod fell early in the POI (in the first half of 2005) and has increased irregularly since then. These prices reached their highest level in the POI in early 2007 and have increased further in early 2008 (i.e., beyond the end of the POI).⁹⁸

⁹¹ CR/PR at Table II-2.

⁹² CR at II-9, PR at II-7.

⁹³ CR at II-7, PR at II-6.

⁹⁴ CR at II-7 n.15, PR at II-6.

⁹⁵ CR at II-8, PR at II-6-7.

⁹⁶ CR/PR at Table II-3. Porteous' assertion that it is winning sales because of its ability to provide superior service (Transcript at 85-87) is thus not confirmed by the data received from producers and importers in the record of this preliminary investigation. We also note that Porteous itself reported that *** Porteous Importer Questionnaire Response at 19. We will examine this issue further in any final phase investigation.

⁹⁷ CR/PR at V-1.

⁹⁸ CR/PR at Figure V-1.

B. Volume of the Subject Imports

Section 771(7)(C) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁹⁹

The volume of subject imports rose throughout the POI, from 56.7 million pounds in 2005 to 72.6 million pounds in 2006 and 87.3 million pounds in 2007.¹⁰⁰ The market share held by subject imports, on a quantity basis, increased from 34.2 percent in 2005 to 41.8 percent in 2006 and 48.4 percent in 2007.¹⁰¹ The ratio of the quantity of subject imports to U.S. production rose from 55.7 percent in 2005 to 78.3 percent in 2006 and 108.0 percent in 2007.¹⁰²

The increase in subject imports’ market share was almost entirely at the expense of the domestic industry. As the market share of subject imports rose from 34.2 percent to 48.4 percent over the 2005-2007 period, the domestic industry’s market share declined from 59.3 percent to 46.0 percent.¹⁰³ Non-subject imports declined from 6.4 percent in 2005 to 6.0 percent in 2006 and 5.6 percent in 2007.¹⁰⁴

Based on the foregoing, we find for purposes of the preliminary phase of this investigation that the volume of subject imports is significant, both in absolute terms and relative to consumption and production in the United States.¹⁰⁵

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

⁹⁹ 19 U.S.C. § 1677(7)(C)(i).

¹⁰⁰ CR/PR at Table IV-2. Because CSTR is classified under a basket tariff category (statistical reporting number 7318.15.5060) under which products outside the scope of this investigation are also imported, the official import statistics for this tariff category overstate the volume of CSTR imports. To the extent that less than all importers responded to the Commission’s questionnaire, however, import data based on importer questionnaire responses are understated. The Commission used importer questionnaire responses as the source for import volume data for purposes of the preliminary phase of this investigation. The Commission received responses from 28 of the 90 importers to which it sent questionnaires. CR/PR at IV-1. In the aggregate the import data from these responses accounted for 53 percent of imports under statistical reporting number 7318.15.5060 in 2007. Id. The Commission intends in any final phase investigation to reexamine the question of which data source provides the most accurate information regarding the quantity of subject imports, and it invites the parties to comment on this issue when providing written comments on the draft questionnaires.

¹⁰¹ CR/PR at Table IV-5.

¹⁰² CR/PR at Table IV-6.

¹⁰³ CR/PR at Table IV-5.

¹⁰⁴ Id.

¹⁰⁵ As we indicated previously, our analysis is based on data known to understate the actual volume of subject imports.

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁰⁶

The record generally indicates that price is the paramount consideration in purchasing decisions. As noted above, the majority of domestic producers and importers reported that differences other than price are only sometimes or never a significant factor in sales of CSTR.¹⁰⁷ The record also shows that subject and domestic CSTR are highly interchangeable and that most sales of both the domestic like product and subject imports are made in head-to-head competition to distributors.¹⁰⁸ There was also a sizable number of confirmed instances in which the domestic industry lost sales and lost revenue due to competition from subject imports,¹⁰⁹ and various purchasers reported that they shifted to the subject imports on the basis of price.¹¹⁰

The Commission sought quarterly pricing data for three types of CSTR: (1) low-carbon steel fully threaded rod, electro-plated with zinc, 3/8 inch in diameter, and 10 feet in length (Product 1); (2) low-carbon steel fully threaded rod, electro-plated with zinc, 1/4 inch in diameter, and 10 feet in length (Product 2); and (3) low-carbon steel fully threaded rod, hot-dip galvanized, 5/8 inch in diameter, and 12 feet in length (Product 3).¹¹¹ The Commission received usable pricing data from six U.S. producers and 19 importers from China.¹¹²

The prices for U.S.-produced Product 1 generally trended downward over the POI, until a small upturn in the last two quarters, with weighted-average annual prices falling by *** percent from 2005 to 2007.¹¹³ The weighted-average quarterly price of Product 1 was \$*** per pound in the first quarter of 2005 and \$*** in the last quarter of 2007.¹¹⁴ The subject imports undersold the domestic product in all 12 price comparisons at margins ranging from 3.5 percent to 18.7 percent.¹¹⁵

The prices for U.S.-produced Product 2 followed a similar path over the POI, with weighted-average annual prices falling by *** percent from 2005 to 2007.¹¹⁶ The weighted-average quarterly price

¹⁰⁶ 19 U.S.C. § 1677(7)(C)(ii).

¹⁰⁷ CR/PR at Table II-3.

¹⁰⁸ CR at I-6, PR at I-5.

¹⁰⁹ All of Petitioner's lost sales allegations and *** of its *** lost revenue allegations were confirmed by the Commission's staff. CR/PR at Tables V-4 and V-5. We recognize that the aggregate value of these lost sales and lost revenue allegations was relatively small, but they provide further evidence of the importance of price in purchasing decisions.

¹¹⁰ Five of nine responding purchasers reported that they had shifted their purchases from domestic producers to subject imports during the POI and that they had done so because of price. CR at V-20, PR at V-8 and CR/PR at Table V-6.

¹¹¹ We note Porteous' argument that the pricing data collected in this preliminary phase investigation are unrepresentative of the market for CSTR because data were not collected for plain threaded rod or for larger diameters of rod. Porteous Postconference Brief at 10-15. We note, however, that these three products accounted for 19.8 percent of U.S. producers' shipments and 21.2 percent of U.S. imports from China. CR at V-7, PR at V-5. The Commission will revisit the pricing products in any final phase investigation, and the parties will have the opportunity to provide input on which products the Commission should use for this purpose in their written comments on the draft questionnaires pursuant to 19 C.F.R. § 207.20(b).

¹¹² CR at V-7, PR at V-5.

¹¹³ See CR/PR at Figure V-3.

¹¹⁴ CR/PR at Table V-1.

¹¹⁵ Id.

¹¹⁶ See CR/PR at Figure V-4.

of Product 2 was \$*** per pound in the first quarter of 2005 and \$*** in the last quarter of 2007.¹¹⁷ The subject imports undersold the domestic product in all 12 price comparisons at margins ranging from 3.3 percent to 27.1 percent.¹¹⁸

The prices for U.S.-produced Product 3 fluctuated irregularly over the POI. The weighted-average annual price increased from \$*** per pound in 2005 to \$*** in 2007, an increase of *** percent.¹¹⁹ This comparison is impacted by ***.¹²⁰ The weighted-average annual prices *** to \$*** per pound in 2006 before *** to \$*** per pound in 2007, a *** of *** percent.¹²¹ The weighted-average quarterly price of Product 3 was \$*** per pound in the first quarter of 2005 and \$*** in the last quarter of 2007.¹²² The subject imports undersold the domestic product in all 12 price comparisons at margins ranging from 13.2 percent to 44.9 percent.¹²³

In total, subject imports undersold the domestic like product in all 36 quarterly pricing comparisons, with margins ranging from 3.3 percent to as high as 44.9 percent.¹²⁴ Given the frequency of underselling and the importance of price in purchasing decisions in this market, the latter of which is evidenced in part by the fact that various purchasers reported switching from the domestic product to subject imports on the basis of price, we find underselling by the subject imports to be significant.

With respect to price depression, we note that the prices of the U.S.-produced pricing products for which the Commission gathered data declined over the POI as lower-priced subject imports entered the market. These price declines are attributable to a significant degree to the significant and increasing volumes of lower-priced and highly substitutable subject imports. For these reasons, we find that subject imports are depressing prices for the domestic product to a significant degree.

We also find that subject imports have to a significant degree prevented domestic price increases that otherwise would have occurred. On a per unit basis, the domestic industry's cost of goods sold ("COGS") increased over the POI, driven ***.¹²⁵ At the same time, the industry experienced a decline in the unit value of its net sales.¹²⁶ As a result, the domestic industry's COGS as a share of net sales increased over the POI.¹²⁷ We attribute the fact that the domestic industry was unable to raise prices to cover increasing costs to, in significant part, competition with subject imports, which are highly interchangeable with the domestic product, competed on the basis of price, undersold the domestic product, and were significant and increasing in volume. On these bases, we find that subject imports prevented price increases, which otherwise would have occurred, to a significant degree.

For the foregoing reasons, we find for purposes of this preliminary determination that there has been significant underselling by subject imports and that such imports have depressed and suppressed prices to a significant degree.

¹¹⁷ CR/PR at Table V-2.

¹¹⁸ Id.

¹¹⁹ See CR/PR at Figure V-5.

¹²⁰ This was partially due to the fact that for Product 3 one producer ***. CR at V-7 n.18, PR at V-5 n.18.

¹²¹ Id.

¹²² CR/PR at Table V-3.

¹²³ Id.

¹²⁴ CR at V-13, PR at V-8.

¹²⁵ The unit value of average COGS was \$*** in 2005, \$*** in 2006, and \$*** in 2007. CR/PR at Tables VI-1 and C-1.

¹²⁶ The unit value of net sales was \$*** in 2005, \$*** in 2006, and \$*** in 2007. CR/PR at Tables VI-1 and C-1.

¹²⁷ The COGS-to-net-sales ratio was *** percent in 2005, *** percent in 2006, and *** percent in 2007. CR/PR at Tables VI-1 and C-1.

D. Impact of the Subject Imports on the Domestic Industry¹²⁸

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹²⁹ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹³⁰

We have examined the performance indicators in the trade and financial data for the domestic industry producing CSTR. These data indicate sharp declines over the POI, despite the fact that domestic demand for CSTR increased modestly. U.S. production, capacity utilization, shipments, and net sales quantity and value all declined over the POI. Production declined by 20.7 percent from 2005 to 2007.¹³¹ Capacity utilization dropped from 56.2 percent in 2005 to 51.1 percent in 2006 and 50.0 percent in 2007.¹³² Domestic producers’ U.S. shipments fell by 21.3 percent from 2005 to 2007,¹³³ and their inventories as a ratio to shipments increased.¹³⁴

Most of the domestic industry’s employment indicators also deteriorated over the POI. The number of production and related workers, aggregate hours worked, and aggregate wages paid all declined sharply.¹³⁵ There were, however, some improvements in hourly wages and productivity.¹³⁶

The domestic industry’s financial indicators – net sales measured by quantity and value, operating income, and operating margins – declined sharply over the period of investigation, especially from 2006 to 2007. The quantity of net sales was *** pounds in 2005, *** pounds in 2006, and *** pounds in 2007; the value of net sales was \$*** in 2005, \$*** in 2006, and \$*** in 2007.¹³⁷ Operating income declined from \$*** in 2005 to \$*** in 2006 and \$*** in 2007.¹³⁸ The industry’s ratio of

¹²⁸ In its notice of initiation, Commerce estimated the dumping margins for imports of subject CSTR from China as ranging from 36.17 percent to 659.26 percent. 73 Fed. Reg. 17318, 17321 (April 1, 2008).

¹²⁹ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 (“In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”). SAA at 885.

¹³⁰ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

¹³¹ Production fell from 101.9 million pounds in 2005 to 92.8 million pounds in 2006 and 80.8 million pounds in 2007. CR/PR at Tables III-2 and C-1.

¹³² CR/PR at Table III-2 and C-1.

¹³³ Shipments were 104.0 million pounds in 2005, 93.2 million pounds in 2006, and 81.9 million pounds in 2007. CR/PR at Tables III-2 and C-1.

¹³⁴ The ratio of inventories to total shipments was 15.5 percent in 2005, 17.0 percent in 2006, and 17.5 percent in 2007. CR/PR at Tables III-2 and C-1.

¹³⁵ The number of production and related workers declined from 183 in 2005 to 163 in 2006 and 133 in 2007. Aggregate hours worked fell from 361,000 in 2005 to 352,000 in 2006 and 278,000 in 2007. Aggregate wages paid were \$5.4 million in 2005, \$5.4 million in 2006, and \$4.6 million in 2007. CR/PR at Tables III-2 and C-1.

¹³⁶ Hourly wages rose from \$14.90 in 2005 to \$15.40 in 2006 and \$16.38 in 2007. Productivity (measured in pounds per hour) declined from 279.1 in 2005 to 261.9 in 2006, before rising to 288.5 in 2007. CR/PR at Tables III-2 and C-1.

¹³⁷ CR/PR at Tables VI-1 and C-1.

¹³⁸ CR/PR at Tables VI-1 and C-1.

operating income to net sales fell from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.¹³⁹

We conclude that subject imports had an adverse impact on the condition of the domestic industry during the POI. In particular, we find that both the absolute and relative volumes of subject imports were significant. In addition, subject imports gained market share at the expense of the domestic industry, undersold the domestic product, and depressed and suppressed domestic prices to a significant degree. As the domestic industry's costs increased and significant volumes of lower-priced subject imports entered the U.S. market, the domestic industry was caught in a cost-price squeeze. The increase in subject imports and their adverse effects on U.S. prices have caused declines in the domestic industry's trade, employment, and financial performance over the period of investigation.¹⁴⁰¹⁴¹

CONCLUSION

For the reasons stated above, we find that there is a reasonable indication that the domestic industry producing CSTR is materially injured by reason of subject imports of CSTR from China that allegedly are sold in the United States at less than fair value.

¹³⁹ CR/PR at Tables VI-1 and C-1.

¹⁴⁰ Regardless of whether CSTR is a commodity product, the first predicate for conducting a Bratsk replacement/benefit test, information collected in the preliminary phase of this investigation indicates that the second predicate, that nonsubject imports are a significant factor in the U.S. market, is not met. See Bratsk Aluminium Smelter v. United States, 444 F.3d 1369, 1375 (Fed. Cir. 2006). The market share of non-subject imports was 6.4 percent (on a quantity basis) in 2005, 6.0 percent in 2006, and 5.6 percent in 2007, while that of subject imports was 34.2 percent in 2005, 41.8 percent in 2006, and 48.4 percent in 2007. CR/PR at Table IV-5. Nonsubject imports accounted for only 15.3 percent of total imports (on a quantity basis) in 2005, 12.2 percent in 2006, and 9.8 percent in 2007. CR/PR at Table IV-2. By comparison, subject imports accounted for 84.7 percent of total imports (on a quantity basis) in 2005, 87.8 percent in 2006, and 90.2 percent in 2007. Id. India appears to be the only significant supplier of nonsubject imports. See CR at II-5, PR at II-4. See also, Hearing Transcript at 108 (only China and India have large threaded rod factories). Accordingly, we need not apply the analysis dictated by Bratsk, because the record does not indicate that imports from nonsubject countries are a significant factor in the U.S. market. In any final phase investigation, any party holding a contrary view should so indicate and provide the basis for its view when providing written comments on the draft questionnaires. If warranted, we will reconsider the applicability of Bratsk in any final phase investigation.

¹⁴¹ For a complete statement of Chairman Pearson and Commissioner Okun's interpretation of Bratsk in a preliminary investigation, see Separate and Additional Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Bratsk Aluminum v. United States in Sodium Hexametaphosphate from China, Inv. No. 731-TA-1110 (Prelim.), USITC Pub. 3912 at 19-25 (Apr. 2007).

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed by Vulcan Threaded Products, Inc. (Vulcan), Pelham, AL, on March 5, 2008, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of certain steel threaded rod (threaded rod)¹ from China. Information relating to the background of the investigation is

¹ In its notice of initiation, Commerce defined the subject product as follows: *“The merchandise covered by this investigation is steel threaded rod. Steel threaded rod is certain threaded rod, bar, and studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in straight lengths, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, and studs subject to this investigation are non-headed, threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (i.e., galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.*

Included in the scope of this investigation are steel threaded rod, bar, and studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1. 1.80 percent of manganese, or
2. 1.50 percent of silicon, or
3. 1.00 percent of copper, or
4. 0.50 percent of aluminum, or
5. 1.25 percent of chromium, or
6. 0.30 percent of cobalt, or
7. 0.40 percent of lead, or
8. 1.25 percent of nickel, or
9. 0.30 percent of tungsten, or
10. 0.012 percent of boron, or
11. 0.10 percent of molybdenum, or
12. 0.10 percent of niobium, or
13. 0.41 percent of titanium, or
14. 0.15 percent of vanadium, or
15. 0.15 percent of zirconium.

Excluded from the scope of this Petition are: (a) threaded rod, bar, and studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, and studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, and ASTM A320 Grade L7.”

(continued...)

provided below.²

<i>Date</i>	<i>Action</i>
March 5, 2008	Petition filed with Commerce and the Commission; ³ institution of Commission investigation (73 FR 13251, March 12, 2008)
March 26, 2008	Commission's conference ⁴
April 1, 2008	Commerce's notice of initiation (73 FR 17318)
April 18, 2008	Commission's vote
April 21, 2008	Commission determination transmitted to Commerce
April 28, 2008	Commission views transmitted to Commerce

SUMMARY DATA

A summary of data collected in this investigation is presented in appendix C, table C-1. U.S. industry data are based on questionnaire responses of eight firms that are believed to have accounted for virtually all of U.S. production of threaded rod during 2007. U.S. imports are based on importer questionnaire responses.⁵

THE SUBJECT PRODUCT

The imported threaded rod covered by the scope of this investigation is described in detail in the "Background" section earlier in Part I.

¹ (...continued)

Threaded rod is currently imported under statistical reporting number 7318.15.5060 of the *Harmonized Tariff Schedule of the United States* (HTS). The HTS provision is provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

² *Federal Register* notices cited in the tabulation are presented in app. A.

³ The alleged LTFV margins based on a comparison of export price to normal value, as calculated by Commerce, range from 36.17 percent to 659.26 percent. 73 FR 17321, April 1, 2008.

⁴ A list of witnesses appearing at the conference is presented in app. B.

⁵ The HTS classification (statistical reporting number 7318.15.5060) also includes items outside the product scope to the extent Customs considers them "studs," such as threaded rods made from alloy steel (other than goods of stainless steel which are imported under statistical reporting number 7318.15.5030), hanger bolts, and rods which are not threaded along their entire length, etc. Hence, use of official Commerce statistics would lead to an overstatement of imports of subject product. To the extent all importers of subject product did not respond to the Commission's request for data, the level of imports is understated.

Tariff Treatment

The product subject to this petition is currently reported under statistical reporting number 7318.15.5060 of the HTSUS , at a general rate of duty of “Free”.

Table I-1
Threaded rod: Tariff treatment, 2008

HTS provision	Article description	General	Special	Column 2
		Rates (<i>percent ad valorem</i>)		
7318	Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel: Threaded articles:			
7318.15	Other screws and bolts, whether or not with their nuts or washers			
.50	Studs	Free		45%
.60	Of other than stainless steel:			
Source: HTS (2008).				

Physical Characteristics and Uses

Threaded rod is primarily used in commercial construction to suspend electrical conduit, pipes for plumbing, HVAC ductwork, and sprinkler pipes for fire protection.⁶ Normally, one end of the threaded rod is fastened to the ceiling and the other end is fastened to the support that is holding the pipes or ductwork or sprinkler system (figure I-1). It is also used in structural tie downs in earthquake- and hurricane-restraint systems for roofing, as headless screws in general fastener applications, and for bolting together pipe joints in the waterworks industry.⁷ Because threaded rod is fully threaded and made from low-carbon steel, it is especially useful in these applications because the rod may be cut to the needed length on site.⁸ The steel used for this product is typically low-carbon steel which makes the rod relatively easy to cut. Because the threads run the entire length of the product, it can be cut to any length and employed in a variety of applications.

⁶ Petition, pp. 8-9.

⁷ Conference transcript, pp. 23-24 (Logan).

⁸ Ibid.

Figure I-1
Threaded rod: Use in suspending pipe



Manufacturing Process and Production Employees

The primary raw material for most threaded rod is wire rod in coils which is purchased by threaded rod producers. For large diameter threaded rod, the raw material is bar instead of rod. However, the basic production process is the same with either raw material. The production process begins with the wire rod being cleaned to remove surface scale.⁹ Next, the rod is put through a series of dies, each one smaller than the preceding one, which reduces the rod diameter to the required size.¹⁰ After the rod is at the required diameter, it is straightened and cut to length. Next the steel is fed through the threading machine, which forms the threaded grooves along the length. The machine uses a process known as thread rolling, in which threads are rolled onto the rod. Finally, the threaded rod is either coated with a plain oil finish in the threading process or it is galvanized using zinc plating or hot dipped galvanizing. Most threaded rod is zinc electroplated with some producers shipping the rod out to be coated and others doing the coating in-house. After the threaded rod has received the oil finish or has been plated, it is packed in paper tubes for shipment. If the threaded rods are of small diameter, several

⁹ Scale is the iron oxides which form on the surface of the wire rod during the wire rod manufacturing process. This material will lower the quality of the threaded rod and so must be removed.

¹⁰ This process is known as “cold drawing.” It is “cold” because no additional heat is supplied during this process.

of them are packed in the same tube, while threaded rods of large diameter may be packed singly in tubes. Threaded rod is almost always shipped by truck.

With regard to their production and related workers, all but one of the responding producers reported that they produce other products using the same equipment and machinery and production and related workers that they use to produce threaded rod. Reported products include partially threaded rod, stainless rod, alloy rod, anchor bolts, coil rod, and custom products.

With respect to threaded rod production in China, petitioner believes that manufacturers in China use the same basic production process, but have inefficiencies involved in feeding and offloading the production machinery and in material movement throughout the plant that make the production process much more labor intensive in China than in the United States.¹¹ According to respondent Porteous Fastener (Porteous), while the old manufacturing plants in China may be inefficient, “the modern factories in China, fastener factories, are the most modern in the world; and I would imagine their threaded rod systems production is very similar to Vulcan's.”¹²

Interchangeability and Customer and Producer Perceptions

U.S. producers of threaded rod as well as importers of threaded rod from China and nonsubject countries generally reported that the U.S.-produced and imported product are always or frequently interchangeable. More detailed information on interchangeability can be found in Part II of this report, *Conditions of Competition in the U.S. Market*.

Channels of Distribution

During the period examined in this investigation, virtually all shipments of threaded rod by U.S. producers went to distributors. In the case of importers more than *** percent went to distributors with the balance going to end users.¹³ More detailed information on channels of distribution can be found in Part II of this report, *Conditions of Competition in the U.S. Market*.

Price

Information with regard to prices of threaded rod is presented in Part V of this report, *Pricing and Related Information*.

¹¹ Conference transcript, pp. 73-74 (Logan) and p. 74 (Upton).

¹² Conference transcript, p. 109 (Haggerty).

¹³ One importer, ***, accounted for virtually all shipments to end users.

DOMESTIC LIKE PRODUCT AND THE DOMESTIC INDUSTRY

No issues with respect to like product and the domestic industry¹⁴ have been raised in this investigation. Petitioners have proposed a domestic like product as follows:

“Based on the Commission’s traditional ‘like product’ factors, there is a single domestic like product consisting of steel threaded rod, bar, and studs, that are like the imported STR described in the proposed scope. The domestic like product is produced using the same types of manufacturing facilities and production processes, possesses the same general physical characteristics, is sold for the same intended uses, and is sold through the same channels of distribution (almost exclusively through distributors). There are no clear dividing lines based on the range of lengths and diameters to which the products are produced, the surface coatings that may be applied to the product, or any other characteristics of the products.

Other types of threaded rod are produced to different specifications, are comprised of different constituent materials, and are used for different and specialized applications. There is little interchangeability between STR and other types of threaded rod due to engineering and design requirements, end-user preferences, and pricing differences. The like product does not include other kinds of threaded steel rod, such as partially threaded rod or threaded rod made of other constituent materials, such as brass, stainless steel, or other alloy steel.”¹⁵

Respondent Porteous, an importer of subject product from China, offered the following with respect to like product and the domestic industry:

“For purposes of the preliminary determination, Porteous does not dispute the Petitioner’s definition of the domestic like product. We note that there are significant variances among the individual threaded rod products competing in the market place, which suggest attenuation of competition between the bulk of domestic like products and imported subject merchandise. Porteous also takes no position as to whether some domestic producers should be excluded from the industry. Porteous reserves the right to argue these issues in the event of future proceedings, if new information becomes available.”¹⁶

¹⁴ Inasmuch as seven producers import subject product, parties were asked to comment as to whether any of those producers should be excluded domestic industry. Petitioner stated: “Based on the responses of the importing U.S. producers, it seems clear that the reason these companies decided to import was to enable them to continue to produce and to compete in the U.S. market . . . Given these facts, appropriate circumstances do not exist at this stage of the proceeding to exclude any of the responding U.S. producers from the definition of the domestic industry. Respondent’s postconference brief, p. 10. Respondent Porteous took no position as to whether any producers should be excluded from the domestic industry. Porteous postconference brief, p. 2.

¹⁵ Petition, pp. 12-13. See also, Petitioner’s postconference brief, pp. 4-6.

¹⁶ Porteous’ postconference brief, p. 2.

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

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

There are numerous and varied uses for threaded rod, and primarily, it is used in commercial construction, where the threaded rods are cut to required lengths and used to suspend electrical conduit, pipes for plumbing, HVAC ductwork, and sprinkler pipes for fire protection.¹ Threaded rod also is used for structural tie-downs in earthquake- and hurricane-restraint systems for roofing, as headless screws in general fastener applications, and for bolting together pipe joints in the waterworks industry. Additional uses of threaded rod include hanging suspended ceilings and elevated conveyor belts, joint restraint systems for underground piping, and basic industrial repair. Petitioner reported that very little threaded rod is used in residential construction.²

Threaded rod is manufactured in various diameters and in various lengths and can have one of several different finishes applied; however, all threaded rod is used for the non-critical bolting applications described above, for which high strength, heat resistance, or special corrosion resistance is not required.³

The vast majority of threaded rod sold in the United States, whether domestically produced or imported from China, is sold directly to distributors,⁴ with only a small percentage sold to end users.⁵

GEOGRAPHIC MARKETS

Three U.S. producers reported serving national markets, while others reported that they served regional markets, primarily the Northeast and Mid-Atlantic. Generally, importers reported serving the Northeast, Southeast, Southwest, West Coast, and Northwest, with 10 importers reporting that they serve the national market (*see* table II-1).

¹ Petition, pp. 8-9.

² Conference transcript, p. 16 (Upton). Respondents reported that threaded rod is increasingly used in wood-frame home construction for hurricane- and earthquake-resistant systems. Conference transcript, p. 85 (Haggerty).

³ Petitioner's postconference brief, p. 4.

⁴ According to questionnaire responses, U.S. producers' shipments to distributors averaged 98.3 percent during the period for which data were collected. Importers from China shipped *** percent of their imports of threaded rod to distributors during the period.

⁵ Petitioner confirmed that threaded rod is sold almost exclusively through distributors, and that there are several "master distributors" that sell to other distributors. Conference transcript, pp. 25-26 (Logan).

Table II-1

Threaded rod: Geographic market areas in the United States served by domestic producers and importers of subject product

Region	Producers	Importers
National	3	10
Northeast	3	6
Mid-Atlantic	3	3
Midwest	2	2
Southeast	2	6
Southwest	1	6
Rocky Mountains	1	2
West Coast	2	7
Northwest	1	7

Note.—Eight producers and 24 importers responded to this question. Firms were not limited to the number of market areas that they could report.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

There are several producers of threaded rod in the United States, with Vulcan being the largest producer. Petitioner reported that ***.⁶ In addition, most U.S. producers also imported threaded rod from China during the period of investigation.⁷

When asked if there had been any changes in the product range or marketing of threaded rod, three of the responding producers and the majority of responding importers reported that there have not been any significant changes. Of the five producers and eight importers reporting that there have been changes, some reported that the product range of imports from China has expanded since 2005. *** reported that sales have increased due to Internet orders.

One producer reported being unable to supply threaded rod at some point during the period of investigation.⁸ *** reported that its production had diminished to the point where it had to import threaded rod. Three importers reported having been unable to supply threaded rod during the period of investigation. *** reported that it lost orders to U.S. suppliers due to increased raw material and

⁶ Petition, exh. 2 and conference transcript, p. 17 (Upton). In its producer questionnaire response, ***. *** also submitted a producer questionnaire response for this investigation and indicated that ***.

⁷ Petitioner reported that it imported some threaded rod from China in 2007 in order to evaluate the product's quality, as well as to help one of its customers compete with other firms that had imported threaded rod from China. Conference transcript, p. 18 (Upton).

⁸ In an attachment to its importer questionnaire response, *** reported that *** refused to sell it threaded rod on several occasions.

transportation costs; *** reported that there were container shortages during the Christmas holiday season; and *** reported that it could not compete with the product imported from China due to pricing.⁹

Domestic Production

Based on available information, U.S. producers are likely to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced threaded rod to the U.S. market. The main contributing factors to the moderate-to-high degree of responsiveness of supply are the availability of unused capacity, moderate levels of inventories, no export shipments, and some production alternatives.

Industry capacity

U.S. producers' reported capacity utilization decreased from 56.2 percent in 2005 to 50.0 percent in 2007 (*see* table III-2). Thus, U.S. producers have excess capacity with which they could increase production of threaded rod.

Alternative markets

U.S. producers' export shipments as a percent of total shipments were zero percent throughout the period of investigation (*see* table III-2), and this lack of exports during the period indicates that domestic producers are constrained in their ability to shift shipments between the United States and other markets in response to price changes.

Inventory levels

U.S. producers' inventories, as a share of total shipments, increased from 15.5 percent in 2005 to 17.5 percent in 2007 (*see* table III-2). These data indicate that U.S. producers have some ability to use inventories to increase shipments to the U.S. market.

Production alternatives

Seven of the eight responding producers reported that they produce other products using the same equipment and machinery and production and related workers that they use to produce threaded rod. Reported products include partially threaded rod, stainless rod, alloy rod, anchor bolts, coil rod, and custom products.

Foreign Supply

Subject Imports

Imports of threaded rod from China increased by 53.9 percent between 2005 and 2007 (*see* table IV-2). The petitioner reported that there are over 400 Chinese manufacturers of threaded rod.¹⁰ However, approximately 40 producers account for the vast majority of U.S. imports. There was a limited response by Chinese producers to the foreign producer questionnaire, and what information was provided is included in part VII of this report, *Threat Considerations and Bratsk Information*.

⁹ *** reported that it imports threaded rod from ***.

¹⁰ Petition, exh. 6.

Nonsubject Imports

Although there are other producers of threaded rod in various countries, including India, Japan, and Mexico, imports from those countries have been at relatively low levels since 2005.¹¹ U.S. shipments of imports of threaded rod from nonsubject countries decreased from 11.2 million pounds in 2005 to 10.0 million pounds in 2007 (*see* table IV-4). According to importer questionnaire responses, India is reportedly the largest source of nonsubject imports of threaded rod.¹²

U.S. Demand

Demand Characteristics

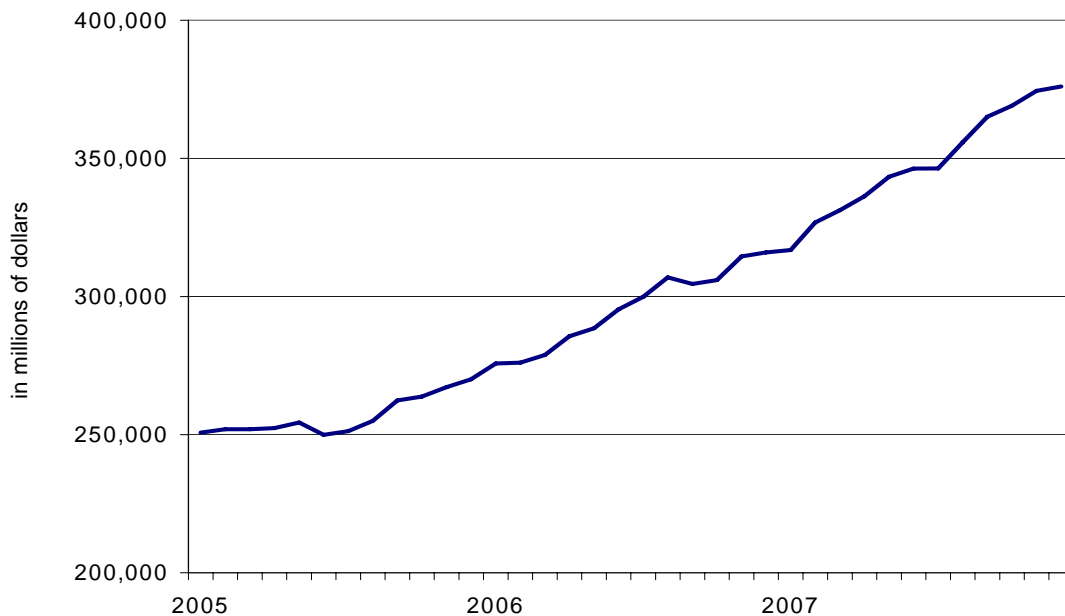
From 2005 to 2007, apparent U.S. consumption of threaded rod increased by 1.5 percent. The overall demand for threaded rod depends upon the demand for end-use applications, namely those in commercial construction. Petitioner described the commercial construction market as being “generally healthy” and “very strong.”¹³ Statistics from the U.S. Census Bureau show that private, nonresidential construction spending was relatively flat in early 2005 but then increased steadily through the end of 2007 (figure II-1).

¹¹ Petition, p. 19.

¹² Petitioner reported that the volume is small and the prices of imports from India are higher than the imports from China. Conference transcript, pp. 17-18 (Upton). Respondents also reported that the availability of threaded rod from India was far less than imports from China and reported that prices are higher for imports from India. Conference transcript, pp. 106-107 (Haggerty).

¹³ Petition, p. 18 and conference transcript, p. 16 (Upton).

Figure II-1
Threaded rod: Private, nonresidential construction spending, January 2005-December 2007



Source: U.S. Census Bureau data at <http://www.census.gov/const/www/c30index.html>.

Producers and importers were asked specifically how the demand for threaded rod in the U.S. market has changed since 2005. Four producers and 11 importers reported that the demand for threaded rod has increased since 2005;¹⁴ 1 producer and 3 importers reported that the demand for threaded rod has decreased since 2005; and 5 importers reported that demand is essentially unchanged. Of the producers and importers that reported that demand had increased, most reported that the increase in commercial construction in the U.S. market was the primary factor for the increased demand. Four importers reported that they did not know how demand has changed since 2005.

Producers and importers also were asked if the threaded rod market is subject to business cycles or conditions of competition distinctive to threaded rod, and 4 producers and 11 importers responded affirmatively. Most reported that the threaded rod market is dependent on the commercial construction market. Others reported that there is a seasonality to the threaded rod market, with more sales in the warmer months when construction activity is heaviest. *** reported that foreign markets and exchange rates have an effect on the U.S. market.

Three producers and seven importers reported that there have been changes in the business cycle or conditions of competition for threaded rod since 2005, with some reporting that there are more competitors in the marketplace, that there have been increased costs for transportation and raw materials, and that there was the start of a downturn in the market in 2007.

¹⁴ Three producers reported that demand had decreased in the U.S. market, but in their explanations of factors contributing to the decrease, it became apparent that they were referring to the demand for U.S.-produced threaded rod, and not the demand for threaded rod, in general, as the question asked.

Substitute Products

Most producers and importers reported that there are no substitute products for threaded rod.¹⁵ Two producers and three importers reported that specially produced double-ended rods, stainless threaded rods, higher grade alloy rods, long-headed bolts, and hex-headed machine bolts are products that may be substituted for threaded rod and that these products can be used in some similar applications.

Cost Share

Producers and importers were asked to provide information on the cost share of threaded rod relative to the end products in which it is used. Producers reported that threaded rod accounts for 30 to 40 percent of the total cost of hanging electrical conduit, hanging mechanical systems, access flooring, hanging pipes for plumbing and sprinklers, and seismic systems. Producers also reported that threaded rod accounts for 15 to 20 percent of the total cost of anchoring systems and ductwork for heat and air. Importers generally were not able to report information about cost share, but a few reported that threaded rod accounts for 60 percent of the total cost of plumbing and overhead sprinklers and very small percentages for strut accessories and fasteners.

Global Demand

Producers and importers were asked how the demand for threaded rod outside the United States has changed since 2005. Two producers and four importers reported that demand has increased in the rest of the world, with most citing the global increase in commercial construction as infrastructure improves. One importer reported that the demand for threaded rod outside of the United States has decreased since 2005, and one producer and six importers reported that demand is unchanged. Five producers and 13 importers reported that they did not know how the demand for threaded rod has changed outside of the United States.¹⁶

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported products depends upon such factors as relative prices, quality, and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that overall, there is likely to be a high degree of substitution between threaded rod produced in the United States and threaded rod produced in China.

Factors Affecting Purchasing Decisions

Both the petitioner and respondents reported that service issues are an important factor in the threaded rod market. Petitioner reported that its product inventory, raw material inventory, and

¹⁵ Petitioner reported that other types of threaded rod are produced to different specifications, comprised of different constituent materials, and used for different and specialized applications, and so there is little interchangeability between low-carbon threaded rod and other types of threaded rod. Petition, p. 13. In addition, the ability of an end user to cut the threaded rod to length on site is an advantage of this specific product that limits substitutability. Conference transcript, pp. 23-24 (Logan) and petitioner's postconference brief, pp. 5-6.

¹⁶ *** did not understand the question; it reported that the demand for threaded rod outside the United States decreased, but in explaining factors for the decrease, it reported that there have been fewer imports into the U.S. market because of increased steel prices, increased ocean freight, and exchange rate movements.

independent warehouses help it to service the entire U.S. market with short lead times.¹⁷ Porteous reported that it has invested in coast-to-coast trucking and stocking warehouses, thus giving it an advantage in lead times, and that it has a unique way of bundling threaded rod so that it is easier to handle.¹⁸ It also reported that it sells a large variety of fastener products that can be packaged together with threaded rod,¹⁹ and that all of these factors allow it to compete for customers on a basis other than price.

Vulcan and Porteous agreed that there are no significant quality differences between U.S.-produced threaded rod and threaded rod that is imported from China.²⁰ Vulcan reported that threaded rod is a commodity product, and that price is the primary factor that customers consider when making their purchasing decisions.²¹ However, respondents Industrial Threaded Products and Fastenal reported that the threaded rod imported from China is not identical to the product produced by Vulcan and that the imported and domestic products do not meet the same technical specifications and thus often do not compete for the same applications.²² Respondents reported that some end users specify that the threaded rod they purchase must meet ASTM A36 specifications, which imports of threaded rod from China do not meet. However, U.S. producers reported that, generally, end users that request threaded rod that meets A36 specifications are a small part of the market.²³

Porteous reported that it disagrees that threaded rod is a commodity product and added that imports from China do not compete with all of the specifications and sizes of threaded rod that are produced in the United States.²⁴

Lead Times

Six of the eight responding producers reported that 60 percent or more of their threaded rod was sold out of inventory and available in 1 to 7 days.²⁵ *** reported that they sold *** percent, respectively, of their threaded rod produced to order. Lead times for those producers who reported selling some threaded rod produced to order ranged from 1 day to 3 weeks.

Fifteen importers reported that at least 80 percent of their threaded rod was sold from inventory, and lead times ranged from 1 day to 2 weeks. Four importers reported that at least 80 percent of their threaded rod was sold produced to order, and lead times ranged from 1 week to 5 months.²⁶

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers and importers were asked to assess how interchangeable threaded rod from the United States is with threaded rod from both subject and nonsubject countries. Their answers are summarized in table II-2. The majority of producers and importers that reported familiarity with imported threaded rod

¹⁷ Conference transcript, pp. 78-79 (Buckner) and pp. 80-81 (Logan).

¹⁸ Conference transcript, pp. 85-87 (Haggerty).

¹⁹ Porteous reported that by bundling products, its customers get an advantage in terms of pre-paid shipping. Conference transcript, pp. 99-100 (Haggerty).

²⁰ Conference transcript, p. 18 (Upton) and p. 104 (Haggerty).

²¹ Petitioner's postconference brief, p. 12.

²² Industrial Threaded Products' and Fastenal's postconference brief, pp. 1-3.

²³ ***. Staff telephone interview with ***. ***. Staff telephone interview with ***.

²⁴ Porteous' postconference brief, pp. 5-6.

²⁵ *** reported that its lead time for threaded rod sold from inventory was 2 weeks.

²⁶ *** reported that its lead time for threaded rod produced to order was 1 to 10 days.

Table II-2

Threaded rod: U.S. producers' and importers' perceived degree of interchangeability of products produced in the United States and in other countries¹

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	4	4	0	0	0	14	7	1	0	4
U.S. vs. other countries	1	3	1	0	2	7	5	1	0	13
China vs. other countries	1	2	0	0	4	6	5	1	0	14

¹ Producers and importers were asked if threaded rod produced in the United States and in other countries are used interchangeably and to what degree.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never, and “0” = No familiarity.

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

reported that U.S.-produced threaded rod is always or frequently interchangeable with threaded rod imported from China and nonsubject countries. Two producers and two importers reported reasons that limit or preclude interchangeable use, with one producer and one importer reporting that use of the metric system in other countries may affect interchangeability. *** reported that if customers require the material to meet certain specifications, only domestic threaded rod can be used, and *** reported that the U.S. product with certain zinc plating cannot be used in Europe.

Producers and importers were asked to assess how often differences other than price were significant in sales of threaded rod from the United States, China, and nonsubject countries (table II-3). Again, the majority of producers and importers reported that differences other than price are sometimes or never a significant factor in sales of threaded rod.²⁷ Among producers, *** reported that customers are often motivated to pay more for availability and to get domestically produced material; *** reported that exchange rates can be a factor; *** reported that availability is always important; and *** reported that there are sometimes differences in the product range.²⁸

In explaining the significance of non-price factors, three of the six responding importers reported that lead times are a factor. *** reported that quality can vary widely, depending on the producer; *** reported that imported threaded rod has readily available inventory and lower transportation costs; and *** reported that availability and transportation are critical. *** reported that the advantages of imported threaded rod from China are in the areas of product availability and order fulfillment.²⁹

²⁷ It appears as though two of the importers that reported non-price factors are always significant did not understand the question; neither explained their answers as requested.

²⁸ *** reported that imports sometimes do not offer threaded rod in the various lengths or diameters that U.S. producers offer.

²⁹ *** also reported that it strives for a multi-tiered sourcing strategy, which often includes a mix of U.S.-produced products, as well as products sourced from abroad.

Table II-3**Threaded rod: U.S. producers' and importers' perceived importance of factors other than price in sales of product produced in the United States and in other countries¹**

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	0	1	4	2	1	5	2	9	5	5
U.S. vs. other countries	0	1	2	0	4	1	1	8	2	14
China vs. other countries	0	0	1	0	6	1	1	7	2	15

¹ Producers and importers were asked if differences other than price between threaded rod produced in the United States and that produced in other countries were a significant factor in sales of the threaded rod.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping were presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of eight firms that accounted for virtually all of U.S. production of threaded rod during 2007.

U.S. PRODUCERS

The Commission sent questionnaires to the nine firms cited in the petition: Vulcan, All Ohio, Bay Standard, Conklin & Conklin, Inc. (Conklin), Interstate Fittings, Inc. (Interstate), Lancaster Threaded Products, Inc. (Lancaster), Rods Indiana, Inc. (Rods Indiana), Threaded Rod, and Watson. Responses were received from eight of the nine firms.¹ Producers of threaded rod, their position with respect to the petition, and information on their production of threaded rod are shown in table III-1.

¹ ***.

Table III-1

Threaded rod: U.S. producers, locations, position on the petition, and production and shares of production in 2007

Firm	Plant location(s)	Position	Reported production of threaded rod in 2007	
			Quantity (1,000 pounds)	Share (percent)
***1	***	***	***	***
Bay Standard ²	Phoenix, AZ Brentwood, CA Fontana, CA Kapolei, HI Las Vegas, NV Tigard, OR	Supports	***	***
Conklin	Union City, CA	Supports	***	***
Lancaster ³	Lancaster, PA	Supports	***	***
Rods Indiana ⁴	Butler, IN	Supports	***	***
Threaded Rod ⁵	Indianapolis, IN	Supports	***	***
Vulcan ⁶	Pelham, AL	Petitioner	***	***
Watson ⁷	Kenilworth, NJ Peterburg, VA	Supports	***	***

1 ***
2 ***
3 ***
4 ***
5 ***
6 ***
7 ***

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

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

CHANGES IN U.S. PRODUCERS' OPERATIONS

Producers were asked to describe changes in their operations since January 1, 2005.² *** reported no changes in operations.

*** noted the following: ***.

*** offered the following relative to the changes in its operations: ***.

*** offered the following comment regarding its operations: ***.

*** offered the following concerning the changes in its operations: ***.

*** stated the following relative to the changes in its operations: ***.

² U.S. producers' questionnaire, Question II-2.

**U.S. PRODUCERS' CAPACITY, PRODUCTION, CAPACITY UTILIZATION,
SHIPMENT, INVENTORY, AND EMPLOYMENT DATA**

Table III-2 presents U.S. producers' capacity, production, capacity utilization, shipment, inventory, and employment data for threaded rod.

Table III-2
Threaded rod: U.S. capacity, production, capacity utilization, shipments, by type, end-of-period inventories, and employment-related indicators, 2005-07

Item	Calendar year		
	2005	2006	2007
Capacity (<i>1,000 pounds</i>)	181,139	181,758	161,547
Production (<i>1,000 pounds</i>)	101,873	92,799	80,834
Capacity utilization (<i>percent</i>)	56.2	51.1	50.0
Commercial shipments:			
Quantity (<i>1,000 pounds</i>)	104,018	93,195	81,854
Value (<i>1,000 dollars</i>)	53,692	47,971	41,758
Unit value (<i>per unit</i>)	\$0.52	\$0.51	\$0.51
Share of quantity (<i>percent</i>)	100.0	100.0	100.0
Internal consumption: ¹			
Quantity (<i>1,000 pounds</i>)	-	-	-
Value (<i>1,000 dollars</i>)	-	-	-
Unit value (<i>per unit</i>)	-	-	-
Share of quantity (<i>percent</i>)	-	-	-
Transfers to related firms: ²			
Quantity (<i>1,000 pounds</i>)	-	-	-
Value (<i>1,000 dollars</i>)	-	-	-
Unit value (<i>per unit</i>)	-	-	-
Share of quantity (<i>percent</i>)	-	-	-
Total U.S. shipments:			
Quantity (<i>1,000 pounds</i>)	104,018	93,195	81,854
Value (<i>1,000 dollars</i>)	53,692	47,971	41,758
Unit value (<i>per unit</i>)	\$0.52	\$0.51	\$0.51
Share of quantity (<i>percent</i>)	100.0	100.0	100.0
Table continued on the next page.			

Table III-2

Threaded rod: U.S. capacity, production, capacity utilization, shipments, by type, end-of-period inventories, and employment-related indicators, 2005-07

Item	Calendar year		
	2005	2006	2007
Exports: ³			
Quantity (1,000 pounds)	-	-	-
Value (1,000 dollars)	-	-	-
Unit value (per unit)	-	-	-
Share of quantity (percent)	-	-	-
Total shipments:			
Quantity (1,000 pounds)	104,018	93,195	81,854
Value (1,000 dollars)	53,692	47,971	41,758
Unit value (per unit)	\$0.52	\$0.51	\$0.51
Share of quantity (percent)	100.0	100.0	100.0
Inventories (1,000 pounds)	16,131	15,846	14,310
Ratio of inventories to total shipments (percent)	15.5	17.0	17.5
Production and related workers (PRWs)	183	163	133
Hours worked by PRWs (1,000 hours)	361	352	278
Hours worked per PRW	1,973	2,160	2,090
Wages paid to PRWs (1,000 dollars)	5,385	5,417	4,556
Hourly wages	\$14.90	\$15.40	\$16.38
Productivity (units produced per hour)	279.1	261.9	288.5
Unit labor costs (per unit)	\$0.05	\$0.06	\$0.06
¹ No internal consumption was reported. ² No transfers to related firms were reported. ³ No exports were reported.			
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. PRODUCERS' IMPORTS

With the exception of ***, all of the U.S. producers reported that they imported threaded rod from China. Additionally, *** reported that it also imported threaded rod from a nonsubject source. Table III-3 presents U.S. producers' direct imports of threaded rod from China.

Table III-3

Threaded rod: U.S. producers' imports from China, 2005-07

* * * * *

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent questionnaires to 90 firms believed to be importers of threaded rod, based on information provided in the petition and information provided by U.S. Customs and Border Protection. In addition, importer questionnaires were sent to the nine firms that received producer questionnaires. Useable questionnaire responses were received from 28 firms. As a share of official statistics (HTS 7318.15.5060), questionnaire responses were received from importers that in 2007 accounted for more than 53.0 percent of U.S. imports from China.¹ Table IV-1 presents a list of the 28 importers responding to the Commission's questionnaire, the countries from which they imported during 2005-07, and their shares of reported imports from China in 2007.

Table IV-1

Threaded rod: U.S. importers and sources of their imports, 2005-07, and share of reported imports from China in 2007

* * * * *

U.S. IMPORTS

As noted earlier in this report, HTS statistical reporting number 7318.15.5060 also includes a number of items outside the product scope such as threaded rods made from alloy steel (i.e., stainless steel), hanger bolts, and rods which are not threaded along their entire length, etc. Hence, use of official Commerce statistics in examining import data would lead to an overstatement of imports of subject product and, in turn, lead to an overstatement of the import presence in apparent consumption figures. On the other hand, to the extent all importers of subject product did not respond to the Commission's request for data, the level of imports would be understated. Given this situation, parties were asked to comment with regard to petitioner's suggested methodology of calculating imports from China and nonsubject sources as well as consumption and to offer any suggestions as to how to go about developing the appropriate import data to use in this investigation.²

In the petition, petitioner based its estimates of consumption during 2005, 2006, and 2007, using data on "Private Commercial and Office Construction, as published by the U.S. Census Bureau. Having used that data to establish consumption levels, petitioner then backed out Vulcan's domestic shipments and shipments of other U.S. producers (as estimated based on petitioner's knowledge of the market) to arrive at its estimated level of imports from China.³ For 2005, 2006, and 2007, this approach yielded estimated import levels of ***, respectively. Using these figures, the questionnaire responses that were received would account for 186.0, 88.6, and 67.9 percent of U.S. imports from China during 2005, 2006, and 2007.

¹ HTS statistical reporting number 7318.15.5060 also includes a number of items outside the product scope such as threaded rods made from alloy steel (i.e., stainless steel), hanger bolts, and rods which are not threaded along their entire length, etc.

² Petition, exhibit 1.

³ Ibid. No imports were attributed to nonsubject sources based on "Vulcan's understanding that there are little or no imports of threaded rod from sources other than China." Petitioner's estimated U.S. producers' shipments, import, and consumption figures are presented in app. D.

In response to questioning from staff, petitioner and respondent Porteous offered the following comments regarding import and consumption numbers.

Petitioner: “Petitioner Vulcan agrees with the statement of the staff at the conference that any calculation of imports and consumption based only on questionnaire responses understates the actual volume of such imports and total consumption; whereas any such calculations employing public import statistics result in imports and consumption being overstated . . . Petitioner Vulcan maintains that reviewing the actual data received in importer questionnaire responses renders the calculation of exact volumes of subject imports and consumption unnecessary, and the methodological problem moot.”⁴

Porteous: “In fact, Petitioner’s only purpose in choosing this methodology seems to have been to exaggerate the percentage increase in Chinese imports and to further exaggerate any decline in U.S. producers’ market share. Porteous maintains that the Commission should follow its standard analysis of basing apparent consumption and market share on the official import statistics and importer questionnaire responses, supplemented by any proprietary data the Commission is able to obtain from U.S. Customs and Border Protection. While this data may itself have problems, such as overstating the level of Chinese imports in the case of import statistics (since the HTSUS subheading is broader than the threaded rod scope description, a point acknowledged by both petitioner and respondents), it cannot be any less accurate than Petitioner’s calculation, which disregards official data altogether.”⁵

Imports of threaded rod based on data reported in response to Commission questionnaires are presented in table IV-2.⁶ In addition to firms reporting imports from China, nine firms reported imports from nonsubject sources (four from India, two from Japan, two from Germany, and one from Mexico). Nearly 90 percent of imports from nonsubject sources were from India and were valued comparably with imports from China (*** average unit value (AUV)). Imports from Japan⁷ ranged from ***; imports from Germany ranged from ***; and imports from Mexico ranged from ***.

⁴ Petitioner’s postconference brief, p. 16.

⁵ Porteous’ postconference brief, pp. 4-5.

⁶ Imports of threaded rod using official Commerce statistics (HTS 7318.15.5060) are presented in app. D.

⁷ ***.

Table IV-2
Threaded rod: Imports, by sources, 2005-07

Source	Calendar year		
	2005	2006	2007
Quantity (1,000 pounds)			
China	56,716	72,636	87,284
Nonsubject sources	10,281	10,134	9,495
Total	66,997	82,770	96,779
Value (1,000 dollars)¹			
China	18,326	22,027	28,840
Nonsubject sources	9,630	9,206	8,868
Total	27,956	31,233	37,708
Unit value (per unit)¹			
China	\$0.32	\$0.30	\$0.33
Nonsubject sources	0.94	0.91	0.93
Average	0.42	0.38	0.39
Share of quantity (percent)			
China	84.7	87.8	90.2
Nonsubject sources	15.3	12.2	9.8
Total	100.0	100.0	100.0
Share of value (percent)			
China	65.6	70.5	76.5
Nonsubject sources	34.4	29.5	23.5
Total	100.0	100.0	100.0
¹ Landed, duty-paid. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires.			

NEGLIGENCE

The Tariff Act provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports, or, if there is more than one such country, their combined share is less than or equal to 7 percent of total imports, during the most recent 12 months for which data are available preceding the filing of the petition – in this case March 2007 to February 2008. Table IV-3 presents the shares according to official statistics (HTS 7318.15.5060).

Table IV-3

Threaded rod: U.S. imports, by sources, based on official Commerce statistics, and shares of total imports (in percent), March 2007-February 2008

Source	Imports (1,000 pounds)	Share of total imports (percent)
China	166,200	73.6
Nonsubject sources	59,727	26.4
Total	226,216	100.0

Note.—Because of rounding, figures may not add to the totals shown.
Source: Compiled from official Commerce statistics (HTS 7318.15.5060).

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-4 shows data on total apparent U.S. consumption for threaded rod using data compiled from responses to Commission questionnaires.

Apparent U.S. consumption of threaded rod increased irregularly by 1.5 percent on a quantity basis and decreased 3.3 percent on a value basis during 2005-07. As shown in table IV-5, U.S. producers' market share, based on quantity, decreased from 59.3 percent in 2005 to 46.0 percent in 2007. China's market share, based on quantity, increased from 34.2 percent in 2005 to 48.4 percent in 2007.

Table IV-4
Threaded rod: U.S. producers' U.S. shipments, U.S. imports, by sources, and total U.S. consumption, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (1,000 units)			
U.S. producers' U.S. shipments:	104,018	93,195	81,854
U.S. shipments of imports from-- China	60,019	74,775	86,018
Nonsubject countries	11,237	10,707	9,966
Total	71,256	85,481	95,984
Total U.S. consumption	175,274	178,676	177,838
Value (1,000 dollars)¹			
U.S. producers' U.S. shipments:	53,692	47,971	41,758
U.S. shipments of imports from-- China	25,886	30,636	36,249
Nonsubject countries	10,620	9,680	9,213
Total	36,506	40,316	45,462
Total U.S. consumption	90,198	88,287	87,219
¹ Landed, duty-paid.			
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table IV-5
Threaded rod: U.S. consumption and market shares, 2005-07

Item	Calendar year		
	2005	2006	2007
Quantity (1,000 units)			
U.S. consumption	175,274	178,676	177,838
Value (1,000 dollars)			
U.S. consumption	90,198	88,287	87,219
Share of quantity (percent)			
U.S. producers' total U.S. shipments	59.3	52.2	46.0
U.S. shipments of imports from-- China	34.2	41.8	48.4
Nonsubject countries	6.4	6.0	5.6
Total import shipments	40.7	47.8	54.0
Share of value (percent)			
U.S. producers' total U.S. shipments	59.5	54.3	47.9
U.S. shipments of imports from-- China	28.7	34.7	41.6
Nonsubject countries	11.8	11.0	10.6
Total import shipments	40.5	45.7	52.1
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of threaded rod is presented in table IV-6.

Table IV-6
Threaded rod: Ratio of U.S. imports to U.S. production, by sources, 2005-07

Item	Calendar year		
	2005	2006	2007
Ratio of U.S. imports to domestic production (percent)			
China	55.7	78.3	108.0
Nonsubject countries	10.1	10.9	11.7
All countries	65.8	89.2	119.7
Source: Compiled from data submitted in response to Commission questionnaires.			

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The main raw material used in the production of threaded rod is low-carbon steel wire rod; the wire rod is cold-drawn, straightened, cut to length, threaded, and then galvanized. The price of carbon steel wire rod decreased in early 2005 before generally increasing until mid-2006 (figure V-1).¹ Prices hit a period high in early 2007 and have increased even further in early 2008. For larger diameter threaded rod, steel bar is used as an input.²

Most threaded rod is galvanized using either zinc plating or a hot-dip process;³ other coatings for threaded rod include a plain oil finish, paint, black oxide, or plating with other elements.⁴

Producers and importers were asked to describe any trends in the prices of raw materials used to produce threaded rod and whether they expect these trends to continue. All 8 responding producers and 20 of the 25 responding importers reported that raw material prices have increased since 2005, with 5 producers and 8 importers reporting that they expect the increases to continue. In addition, three importers reported that raw material costs increased in the first quarter of 2008. Vulcan reported that its raw material costs ***.⁵

¹ Respondents reported that prices of steel wire rod have increased dramatically in China, beginning in late 2007 and continuing into early 2008. Conference transcript, p. 10 (McGrath) and Porteous' postconference brief, pp. 19-22. In addition, Porteous reported that there has been a strong correlation between threaded rod prices and prices of steel wire rod. Porteous' postconference brief, pp. 18-20.

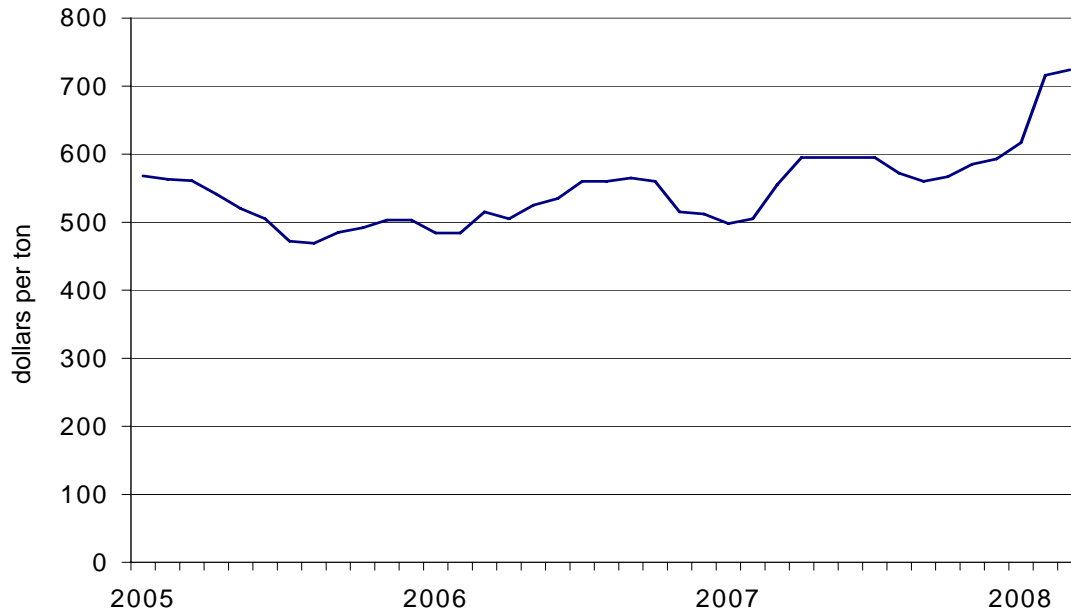
² Conference transcript, p. 21 (Logan).

³ Respondents reported that Chinese producers have an advantage in the galvanized products because of the production process, as well as because they generally have their own coating operations, rather than having to contract out for it, as some U.S. producers do. Conference transcript, pp. 103-104 (Levinson and Haggerty).

⁴ Petitioner reported that galvanized threaded rod, including both electro-plated and hot-dipped, is approximately 75 to 80 percent of the total market. Conference transcript, p. 63 (Logan). Respondents reported that galvanized threaded rod is approximately 70 percent of the total market. Conference transcript, p. 89 (Haggerty).

⁵ Petitioner's postconference brief, p. 14 and exh. 8.

Figure V-1
Low-carbon steel wire rod: Average monthly U.S. spot price in dollars per ton, January 2005-
March 2008



Source: Compiled from data published in Purchasing, Steel Price Transaction Report.

Transportation Costs to the U.S. Market

Transportation costs for threaded rod to the United States (excluding U.S. inland transportation costs) from China were estimated as 14.9 percent in 2007. These 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.⁶

U.S. Inland Transportation Costs

U.S. producers reported that, generally, U.S. inland transportation costs ranged from 3 to 8 percent of the total delivered cost of threaded rod. Importers generally reported that inland transportation costs were anywhere from 2 to 13 percent⁷ of the total delivered cost of threaded rod.⁸

Seven of the eight responding U.S. producers reported that they arranged delivery, with four reporting that they shipped 50 percent or more of their threaded rod less than 100 miles and four reporting that they shipped the majority of their threaded rod between 101 and 1,000 miles. Twenty of the 24 responding importers reported that they arranged delivery, and 9 importers reported shipping 70 percent or more of their threaded rod less than 100 miles. Four importers reported that they shipped 80 percent or

⁶ These estimates are based on HTS subheading 7318.15.5060.

⁷ Some importers apparently did not understand the question, reporting values of 30, 50, and 90 percent.

⁸ Porteous reported that, ***. Porteous' postconference brief, pp. 6-9.

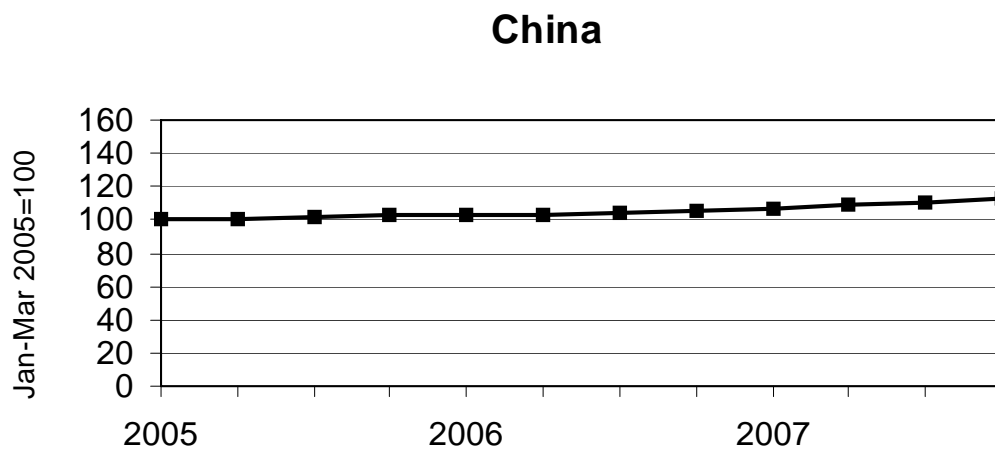
more of their threaded rod between 101 and 1,000 miles, and four importers reported that they shipped 70 percent or more of their threaded rod more than 1,000 miles.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan appreciated relative to the U.S. dollar beginning in mid-2005 and continuing through the end of 2007 (figure V-2).⁹

Figure V-2

Exchange rates: Indices of the nominal exchange rate of the Chinese currency relative to the U.S. dollar, by quarters, January 2005-December 2007



Source: International Monetary Fund, *International Financial Statistics*, retrieved from <http://ifs.apdi.net/imf/about.asp> on March 17, 2008.

PRICING PRACTICES

Pricing Methods

The eight responding U.S. producers of threaded rod reported that they use a variety of methods in determining prices. Three producers reported that they use some form of a cost-plus markup, and three producers reported that they have set price lists. *** reported that it considers the customer, the volume, and competitor's price, and arrives at a negotiated price for each customer. *** reported that it also has contracts for multiple shipments and annualized contracts with conditions attached.

Among importers, 14 reported that they set prices on a transaction-by-transaction basis; 5 importers reported that they use price lists; 4 reported that they use contracts for multiple shipments; and 3 reported that they use some form of a cost-plus markup.

⁹ Real values of the Chinese yuan are not available.

Sales Terms and Discounts

Six out of the eight responding producers reported that terms are generally net 30 days, and the vast majority of importers reported sales terms of net 30 days. Four importers reported discounts for early payment, and one importer reported that its terms are net 180 days. Three producers reported that prices are generally quoted on a f.o.b. warehouse basis; three reported that they generally quote delivered prices; and two reported that they quote prices at different levels. Among importers, 13 reported that they quote delivered prices, and 11 reported that they quote f.o.b. prices.

Seven of the eight responding producers reported that 60 percent or more of their sales of threaded rod are on a spot basis; only *** reported that a significant percent are sales by long-term and short-term contracts.¹⁰ Seventeen importers reported that 80 percent or more of their sales are on a spot basis; three importers reported that at least 60 percent of their sales were on a short-term contract basis; and one importer reported that 100 percent of its sales were on a long-term contract basis.

Two producers reported provisions of long-term contracts, with both reporting that contracts are *** in length and that generally, long-term contracts ***. Two producers reported that short-term contracts are *** in length, with ***. ***.

Importer *** reported that its long-term contracts are ***. Importers reported that short-term contracts are generally 3 to 9 months in length, with both price and quantity fixed, no renegotiations, and no meet-or-release provisions included.

All eight producers reported some type of discount on sales of threaded rod, with three producers reporting quantity discounts, two reporting a discount for early payment, and one reporting both quantity discounts and discounts for early payment. *** reported that it offers ***. *** reported that it has a negotiated rebate program and also gives discounts for payment in cash. Eight importers reporting giving quantity discounts; two importers reporting giving discounts on a customer-by-customer basis; one importer reported discounts for early payment; and one importer reported both quantity discounts and discounts for early payment.

PRICE DATA

The Commission requested U.S. producers and importers of threaded rod to provide quarterly data for the total quantity and f.o.b. value of threaded rod that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 2005 to December 2007. The products for which pricing data were requested are as follows:¹¹

***Product 1.*—Low-carbon steel fully threaded rod, electro-plated with zinc, 3/8" diameter (as measured from the top of the thread), 10 feet in length, in cardboard tubes,**

***Product 2.*—Low-carbon steel fully threaded rod, electro-plated with zinc, 1/4" diameter (as measured from the top of the thread), 10 feet in length, in cardboard tubes, and**

¹⁰ ***.

¹¹ Petitioner reported that the 3/8" diameter product, represented by pricing product 1 in 10-foot lengths, accounts for approximately 60 percent of the U.S. market, and that the three pricing products collectively account for approximately 60 to 70 percent of the U.S. market. Conference transcript, pp. 21 and 52-54 (Upton). From Vulcan's reported price data, the three pricing products accounted for *** percent of its commercial shipments. The pricing products were limited in terms of length in an attempt to get more precise price comparisons, and threaded rod is sold in a variety of lengths, not represented by the pricing products. Staff telephone interview with ***.

Product 3.—Low-carbon steel fully threaded rod, hot-dip galvanized, 5/8" diameter (as measured from the top of the thread), 12 feet in length, in cardboard tubes.

Six U.S. producers¹² provided usable pricing data for sales of the requested products, and 19 importers from China¹³ provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁴ In addition, four importers reported usable pricing data for their imports from India, a nonsubject country. Pricing data for the three products reported by these firms, shown in tables V-1 to V-3 and figures V-3 to V-5, accounted for 19.8 percent of U.S. producers' shipments of threaded rod and 21.2 percent of U.S. imports from China in 2007. Pricing data reported by importers of threaded rod from India accounted for *** percent of U.S. imports from nonsubject countries in 2007.

Price Trends

Prices of U.S.-produced threaded rod for products 1 and 2 generally decreased during the period of investigation, with some increases in late 2007.¹⁵ Prices of product 3 showed a more irregular pattern but also showed an increase in late 2007.¹⁶ Prices of products 2 and 3 imported from China generally declined through 2006 and then increased in 2007, whereas the prices of product 1 imported from China showed a more irregular pattern.

¹² ***.

¹³ ***. *** reported data for product 1 that was labeled "all threaded rod" and was not for the specified pricing product. In addition, the data were clearly rough estimates and so those data have not been included. *** reported data for product 3 that included pre-paid freight for its customers in ***, and so those data have not been included. *** could not report data for 2005 or 2006 and reported extremely small volumes of imports from China in 2007, and so those data have not been included.

¹⁴ In addition, in its importer questionnaire response, *** reported pricing data for its imports from ***, and these data are not included in the tables that follow.

¹⁵ Petitioner reported that the price increases in the fourth quarter of 2007 were forced by the increase in raw material costs, specifically that of carbon steel wire rod. Conference transcript, p. 40 (Magrath).

¹⁶ ***, which partially caused the trends shown in the data.

Table V-1

Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 1, and margins of underselling/(overselling), by quarters, January 2005-December 2007

Period	U.S. producers		Imports from China			Imports from India (nonsubject)		
	Quantity	Price	Quantity	Price	Margin	Quantity	Price	Margin
	<i>Pounds</i>	<i>Per pound</i>	<i>Pounds</i>	<i>Per pound</i>	<i>Percent</i>	<i>Pounds</i>	<i>Per pound</i>	<i>Percent</i>
2005:								
Jan.-Mar.	***	***	1,316,287	\$0.46	***	***	***	***
Apr.-June	***	***	1,941,885	0.43	***	***	***	***
July-Sept.	***	***	2,102,532	0.41	***	***	***	***
Oct.-Dec.	***	***	1,689,527	0.42	***	***	***	***
2006:								
Jan.-Mar.	***	***	2,231,936	0.42	***	***	***	***
Apr.-June	***	***	2,558,276	0.43	***	***	***	***
July-Sept.	***	***	2,918,678	0.43	***	***	***	***
Oct.-Dec.	***	***	2,304,601	0.41	***	***	***	***
2007:								
Jan.-Mar.	***	***	2,836,271	0.43	***	***	***	***
Apr.-June	***	***	5,097,480	0.44	***	***	***	***
July-Sept.	***	***	3,954,073	0.42	***	***	***	***
Oct.-Dec.	***	***	4,034,241	0.44	***	***	***	***
Product 1.—Low-carbon steel fully threaded rod, electro-plated with zinc, 3/8" diameter (as measured from the top of the thread), 10 feet in length, in cardboard tubes.								
Source: Compiled from information submitted in response to Commission questionnaires.								

Table V-2

Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 2, and margins of underselling/(overselling), by quarters, January 2005-December 2007

Period	U.S. producers		Imports from China			Imports from India (nonsubject)		
	Quantity	Price	Quantity	Price	Margin	Quantity	Price	Margin
	<i>Pounds</i>	<i>Per pound</i>	<i>Pounds</i>	<i>Per pound</i>	<i>Percent</i>	<i>Pounds</i>	<i>Per pound</i>	<i>Percent</i>
2005:								
Jan.-Mar.	***	***	94,437	\$0.65	***	***	***	***
Apr.-June	***	***	96,856	0.57	***	***	***	***
July-Sept.	***	***	185,287	0.54	***	***	***	***
Oct.-Dec.	***	***	171,137	0.56	***	***	***	***
2006:								
Jan.-Mar.	***	***	250,346	0.58	***	***	***	***
Apr.-June	***	***	269,789	0.52	***	***	***	***
July-Sept.	***	***	200,579	0.49	***	***	***	***
Oct.-Dec.	***	***	273,742	0.44	***	***	***	***
2007:								
Jan.-Mar.	***	***	409,073	0.47	***	***	***	***
Apr.-June	***	***	449,705	0.51	***	***	***	***
July-Sept.	***	***	410,326	0.52	***	***	***	***
Oct.-Dec.	***	***	506,040	0.51	***	***	***	***
Product 2.—Low-carbon steel fully threaded rod, electro-plated with zinc, 1/4" diameter (as measured from the top of the thread), 10 feet in length, in cardboard tubes.								
Source: Compiled from information submitted in response to Commission questionnaires.								

Table V-3

Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 3, and margins of underselling/(overselling), by quarters, January 2005-December 2007

* * * * *

Figure V-3

Threaded rod: Weighted-average f.o.b. selling prices per unit as reported by U.S. producers and importers of product 1, by quarters, January 2005-December 2007

* * * * *

Figure V-4

Threaded rod: Weighted-average f.o.b. selling prices per unit as reported by U.S. producers and importers of product 2, by quarters, January 2005-December 2007

* * * * *

Figure V-5

Threaded rod: Weighted-average f.o.b. selling prices per unit as reported by U.S. producers and importers of product 3, by quarters, January 2005-December 2007

* * * * *

Price Comparisons

Imports of threaded rod from China undersold the U.S. product in all 36 quarterly comparisons, with margins of underselling ranging from 3.3 to 44.9 percent.¹⁷ Imports of threaded rod from India, a nonsubject country, also undersold the U.S. product in all 34 comparisons, and the prices of the products imported from India were lower than the prices of the products imported from China in the vast majority of comparisons, particularly for product 2.

Product 1 is a low-carbon steel fully threaded rod, electro-plated with zinc, 3/8 inch in diameter, and 10 feet in length. In the 12 quarters where comparisons were possible with sales of threaded rod from China, the imported product undersold the U.S.-produced product in 12 quarters, with margins of underselling ranging from 3.5 to 18.7 percent (table V-1).

Product 2 is a low-carbon steel fully threaded rod, electro-plated with zinc, 1/4 inch in diameter, and 10 feet in length. The product imported from China undersold the U.S.-produced product in all 12 quarters, with margins of underselling ranging from 3.3 to 27.1 percent (table V-2).

Product 3 is a low-carbon steel fully threaded rod, hot-dip galvanized, 5/8 inch in diameter, and 12 feet in length. Imports from China undersold the U.S. product in all 12 quarters where comparisons were possible, with margins of underselling ranging from 13.2 to 44.9 percent (table V-3).

¹⁷ ***.

LOST SALES AND LOST REVENUES

The Commission requested that U.S. producers of threaded rod report any instances of lost sales and lost revenues experienced due to competition from imports from China since January 1, 2005. All of the lost sales and lost revenue allegations are presented in tables V-4 and V-5 and are discussed in more detail below. There were *** lost sales allegations¹⁸ totaling \$*** and *** lost revenue allegations totaling \$***.¹⁹ Staff was able to contact all of the listed purchasers to confirm or deny the allegations. *** of the lost sales allegations were confirmed, and *** of the lost revenue allegations, totaling \$*** were confirmed. Additional information, where relevant, is summarized in the individual responses below.

Table V-4
U.S. producers' lost sales allegations

* * * * * * *

Table V-5
U.S. producers' lost revenue allegations

* * * * * * *

Purchasers responding to lost sales and lost revenue allegations also were asked whether they shifted their purchases of threaded rod from U.S. producers to suppliers of threaded rod from China since January 2005. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of threaded rod from China. Purchaser responses to these questions are shown in table V-6. Five of the nine responding purchasers reported that since January 1, 2005, they shifted purchases of threaded rod from U.S. producers to subject imports; all five of these purchasers reported that price was the reason for the shift. In addition, five of nine purchasers reported that since January 1, 2005, U.S. producers reduced their prices in order to compete with the prices of subject imports.

¹⁸ Petitioner reported that it has lost some significant customers who are now buying 100 percent of their supply of threaded rod from China. Conference transcript, p. 26 (Logan). However, it included *** in its lost sales allegations.

¹⁹ All of the lost sales allegations were made by ***. The lost revenue allegations were submitted by ***. Four producers, ***, indicated in their questionnaire responses that they had lost sales and revenues but did not provide any examples with company information in order to include their allegations in this investigation. The remaining producer, ***, reported that it had neither lost sales nor revenues since January 1, 2005.

Table V-6
Threaded rod: Purchaser responses

Purchaser	Shift from U.S. to imports ¹	Was price the reason ²	If not, list reasons ³	Did U.S. producers reduce price to compete with imports ⁴	Comments
***	Yes	Yes	***	n/a	***
***	Yes	Yes	n/a	Yes	n/a
***	Yes	Yes	n/a	Yes	n/a
***	Yes	Yes	n/a	Yes	n/a
***	No	n/a	n/a	No	***
***	n/a	n/a	***	n/a	***
***	No	n/a	n/a	Yes	(⁵)
***	Yes	Yes	n/a	Yes	***
***	No	n/a	n/a	No ⁶	n/a

¹ Since January 1, 2005, did your firm switch purchases of threaded rod from U.S. producers to suppliers of threaded rod imported from China?
² If yes, was price the reason for the shift?
³ If price was not the reason for the shift, please list the reason(s) for the shift.
⁴ Since January 1, 2005, did U.S. producers reduce their prices of threaded rod in order to compete with prices of threaded rod imported from China?
⁵ ***. Staff telephone interview with ***.
⁶ ***.

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

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Six U.S. producers of threaded rod provided usable financial data on their operations on threaded rod.¹ These data are believed to account for the large majority of U.S. production of threaded rod in 2007. No firms reported internal consumption, transfers to related firms, or toll processing; however, some firms (including Vulcan) contract with other firms to perform coating operations.

OPERATIONS ON THREADED ROD

Income-and-loss data for U.S. producers of threaded rod are presented in table VI-1. Selected company-specific financial data are presented in table VI-2. The overall financial performance of the reporting U.S. producers steadily worsened during the period for which data were collected. The reported aggregate net sales quantities and values declined by approximately *** percent from 2005 to 2007, while aggregate operating costs and expenses declined by approximately *** percent during this time frame. As a result of the larger decline in revenue as compared to operating costs and expenses, aggregate operating income declined during the period for which data were collected by *** percent, with most of the decline in operating income occurring from 2006 to 2007. Of the six firms that reported data, five reported a decline in net sales (quantity and value) in 2007 as compared to 2005,² while four reported a decline in operating income in 2007 as compared to 2005.³

Table VI-1

Threaded rod: Results of operations of U.S. producers, fiscal years 2005-07

* * * * *

For U.S. producers of threaded rod, per-pound net sales values decreased by \$*** from 2005 to 2007, while combined per-pound cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses increased by \$*** during this time frame, which led to a decline in per-pound operating income in 2006 and near break-even profitability in 2007.

While not all components of COGS and SG&A expenses increased on a per-pound basis during the period for which data were collected, increases in raw materials and direct labor (which rose *** and *** percent, respectively, from 2005 to 2007) outpaced declines in other factory costs and SG&A expenses (which decreased *** and *** percent, respectively). Raw material costs accounted for *** to *** percent of total per-pound COGS during the reporting period, and thus had the greatest impact on the overall increase in COGS from 2005 to 2007.^{4 5}

Table VI-2

Threaded rod: Selected results of operations of U.S. producers, by firm, fiscal years 2005-07

* * * * *

¹ The firms (and their fiscal year ends if other than December 31) are: ***.

² ***.

³ ***.

⁴ Table VI-1 reveals that per-pound raw material costs declined from 2005 to 2006, then increased through 2007 to the highest levels of the reporting period. Petitioner Vulcan reported that the firm’s quarterly per-pound raw material costs ***. Petitioner’s postconference brief, p. 14 and exh. 8.

⁵ ***.

While the aggregate data on threaded rod operations reveal an industry that was decreasingly profitable during the period for which data were collected, individual firm data reveal that one firm was *** unprofitable during this time frame. ***.⁶

A variance analysis for the operations of U.S. producers of threaded rod is presented in table VI-3. The information for this variance analysis is derived from table VI-1. The analysis shows that the decline in operating income from 2005 to 2007 was primarily attributable to the unfavorable net cost/expense variance; however, unfavorable price and volume variances also occurred (e.g., prices and volume declined while costs and expenses increased).

Table VI-3

Threaded rod: Variance analysis on the operations of U.S. producers, fiscal years 2005-07

* * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Capital expenditures and research and development (“R&D”) expenses are shown in table VI-4. Only two firms (***) reported capital expenditures, and no firms reported R&D expenses. *** accounted for the majority (over *** percent in each period) of reported capital expenditures. According to ***, its capital expenditures reflect ***.⁷ In all periods for which data were requested, total reported capital expenditures were less than total reported depreciation expense, which suggests the industry is not replacing its productive assets.

Table VI-4

Threaded rod: Capital expenditures and research and development expenses of U.S. producers, fiscal years 2005-07

* * * * *

ASSETS AND RETURN ON INVESTMENT

Data on the U.S. producers’ total assets and their return on investment (“ROI”) are presented in table VI-5. For U.S. producers of threaded rod, the total assets utilized in the production, warehousing, and sale of such products decreased from 2005 to 2007, with a decline from \$*** in 2005 to \$*** in 2007. The ROI declined during the period for which data were requested, with the largest decline occurring between 2006 and 2007. The trend in the ROI was similar to the trend in the operating income margin.

Table VI-5

Threaded rod: U.S. producers’ total assets and return on investment, fiscal years 2005-07

* * * * *

⁶ ***.

⁷ ***.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of threaded rod to describe any actual or potential negative effects of imports of threaded rod from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Their responses are shown in appendix E.

PART VII: THREAT CONSIDERATIONS AND *BRATSK* INFORMATION

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission in relation to *Bratsk* rulings.

THE INDUSTRY IN CHINA

The petition listed over 400 Chinese firms believed to be producing and/or exporting threaded rod. Foreign producer/exporter questionnaires were sent via fax and/or e-mail to more than 125 firms that accounted for nearly all of production/exports of product shipped to the United States under HTS 7318.15.5060.¹ Of those firms, Customs data shows that ***. One firm, ***, accounted for more than *** percent of U.S-bound exports from 2005 to 2007. In spite of the communications by via fax and email and Commission staff's request of importers to urge their Chinese suppliers to respond to the request for data on their operations,² only three firms (one producer and two exporters)³ provided useable responses. That data are presented in table VII-1. The exports to the United States of these firms were equivalent to *** percent of threaded rod U.S. imports from China in 2007 as reported in Commission importer questionnaires. None of the firms reported any shipments going to the home market. From 2005 to 2007, the share of Chinese shipments going to the United States dropped from *** to *** percent while the share of shipments going to all other export markets rose from *** to *** percent. Third country markets included Asia, Australia, and Europe.

Table VII-1
Threaded rod: China's production capacity, production, shipments, and inventories, 2005-07, and projected 2007-08

* * * * *

¹ As noted earlier, the HTS classification (statistical reporting number 7318.15.5060) also includes items outside the product scope such as threaded rods made from alloy steel (i.e., stainless steel), hanger bolts, and rods which are not threaded along their entire length, etc. Hence, a portion of product shipped by Chinese producer/exporters may be outside the scope of the investigation.

² Conference transcript, pp. 111-112 (McClure).

³ ***. U.S Customs data.

U.S. IMPORTERS' INVENTORIES

Inventories of threaded rod as reported by U.S. importers are presented in table VII-2.

Table VII-2

Threaded rod: U.S. importers' end-of-period inventories of imports, 2005-07

Item	Calendar year		
	2005	2006	2007
Imports from China:			
Inventories (1,000 units)	21,942	21,956	22,361
Ratio to imports (percent)	47.6	36.1	30.3
Ratio to U.S. shipments of imports (percent)	46.4	35.8	30.9
Imports from nonsubject sources:			
Inventories (1,000 units)	1,434	857	388
Ratio to imports (percent)	13.9	8.5	4.1
Ratio to U.S. shipments of imports (percent)	12.8	8.0	3.9
Imports from all sources:			
Inventories (1,000 units)	23,376	22,813	22,749
Ratio to imports (percent)	41.4	32.2	27.3
Ratio to U.S. shipments of imports (percent)	39.9	31.6	27.6
Note.--Ratios are based on firms that provided both inventory data and import and/or shipment data.			
Source: Compiled from data submitted in response to Commission questionnaires.			

IMPORTS SUBSEQUENT TO DECEMBER 31, 2007

Importer questionnaire respondents reported there were more than 45.1 million pounds of Chinese threaded rod scheduled for delivery after December 31, 2007.

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

None of the parties to this investigation is aware of any dumping findings or antidumping remedies imposed on threaded rod in third-country markets.

INFORMATION ON NONSUBJECT SOURCES

“Bratsk” Considerations

As a result of the Court of Appeals for the Federal Circuit (“CAFC”) decision in *Bratsk Aluminum Smelter v. United States* (“Bratsk”), the Commission is directed to:

*undertake an “additional causation inquiry” whenever certain triggering factors are met: “whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market.” The additional inquiry required by the Court, which we refer to as the Bratsk replacement / benefit test, is “whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers.”*⁴

Nonsubject Source Information

According to both the petitioner and respondents, virtually all of the U.S. imports of threaded rod from nonsubject sources under statistical reporting number 7318.15.5060 during the period examined in this investigation were from India.⁵ As noted earlier, nine respondents to importer questionnaires reported imports from nonsubject sources (four from India, two from Japan, two from Germany, and one from Mexico). Nearly ninety percent of those imports from nonsubject sources were from India and were valued comparably with imports from China⁶ while values of imports from other nonsubject sources were somewhat higher and, therefore, may have been out-of-scope materials. Imports from India as reported in questionnaires as a share of imports from India reported in official Commerce data⁷ amounted to *** percent in 2005, 2006, and 2007, respectively.

In response to a question posed by staff during the staff conference, both Petitioner and respondent Porteous indicated they did not believe this investigation involved *Bratsk* issues. In this regard, counsel for Petitioner stated:

“ . . . Bratsk . . . would not apply to the facts of this case. Bratsk holds not only a commodity product as an indicator, which is the first threshold test I know that a number of Commissioners use, but it must also be available from other sources and it must be priced below the U.S. product . . . it's very clear that, first of all, there are no other sources of the product in this harmonized tariff schedule that even begins to compare with the volume of China, so you have an issue of availability. You have an issue of

⁴ *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand)*, USITC Publication 3910, March 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

⁵ In response to a question posed by staff on sources other than China and India, a representative of respondent Porteous stated, “But from an importer's point of view, no, there is no other large factory anywhere.” Conference transcript, p. 108 (Haggerty)). The petitioner stated, “We've heard through industry sources that some threaded rod from India has been imported for the U.S. market. However, the volume must be small and the pricing higher than China because we have no direct knowledge of Indian threaded rod in the market. Other than India, we are unaware of imports of threaded rod from any other country.” Conference transcript, p. 18 (Upton).

⁶ However, pricing data submitted by importers of the Indian product show that the Indian product undersold both the U.S. product and the Chinese product in most quarters for which pricing data were collected.

⁷ HTS 7318.15.5060.

pricing because, . . . the average unit price of the next lowest product or the next lowest country rather in that period was India, but it was twice the price average unit value of China, and of course the Indian average unit value is much higher than the domestic price of subject merchandise so Bratsk doesn't really apply here.”⁸

Counsel for Porteous stated:

“In looking at it in the context of a potential Bratsk analysis, as was raised this morning, probably we would find that India is not a sufficient supplier of a pricing level historically to have replaced the Chinese product. That would be if we assume that we're dealing with a commodity product to start with; and I'm not sure that I want to concede that point that it's purely commodity.”⁹

India

Table VII-3 presents data on India's exports and imports of threaded rod. The United States accounted for about 30 percent of India's export shipment volume in 2005, and 23 percent in 2006. During the 2005-07 period, importers responding to Commission questionnaires reported imports from *** Indian firms, *** during 2005-07.¹⁰ During that period, *** accounted for the *** of imports from India. ***.¹¹ ***.¹²

Table VII-3
India's threaded rod exports and imports, 2005-06

Item	Calendar year	
	2005	2006
Quantity (1,000 pounds)		
Exports	189,190	144,548
Imports	23,297	24,501
Net exports	165,892	120,047
<p>Note.—Export and import figures are quantities reported at the 6-digit level for HTS subheading 7318.15 and therefore, include nonsubject products such as certain screws and bolts, threaded rod made from alloy steel, threaded rod with threads covering 25 percent or less of the surface, and other miscellaneous threaded articles made from iron or steel.</p> <p>Note.—Full-year data for 2007 are not yet available from India.</p> <p>Source: Compiled from the Global Trade Atlas database.</p>		

⁸ Conference transcript, pp. 49-50 (Waite).

⁹ Conference transcript, p. 107 (McGrath).

¹⁰ Foreign producer/exporter questionnaires were sent to ***.

¹¹ ***.

¹² ***.

APPENDIX A

***FEDERAL REGISTER* NOTICES**

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1145 (Preliminary)]

Certain Steel Threaded Rod From China

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping duty investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping duty investigation No. 731-TA-1145 (Preliminary) under section 733(a) (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain steel threaded rod provided for in statistical reporting number 7318.15.5060 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping duty investigations in 45 days, or in this case by April 21, 2008. The Commission's views are due at Commerce within five business days thereafter, or by April 28, 2008.

For further information concerning the conduct of this investigation 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 and B (19 CFR part 207).

EFFECTIVE DATE: March 5, 2008.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-205-3191), 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 this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on March 5, 2008, by Vulcan Threaded Products, Inc., Pelham, AL.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

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 this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on March 26, 2008, at the U.S. International Trade Commission Building, 500 E Street SW.,

Washington, DC. Parties wishing to participate in the conference should contact Jim McClure (202-205-3191) not later than March 21, 2008, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before March 31, 2008, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must 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).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (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: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: March 6, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-4832 Filed 3-11-08; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE**International Trade Administration**

A-570-932

Steel Threaded Rod from the People's Republic of China: Initiation of Antidumping Duty Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: April 1, 2008.

FOR FURTHER INFORMATION CONTACT: Juanita H. Chen, AD/CVD Operations, China/NME Group, SEC Office, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-1904.

INITIATION OF INVESTIGATION:**The Petition**

On March 5, 2008, the Department of Commerce ("Department") received a petition concerning imports of steel threaded rod from the People's Republic of China ("PRC"), filed in proper form by Vulcan Threaded Products, Inc. ("Petitioner"). See Petition for the Imposition of Antidumping Duties on Certain Steel Threaded Rod from the People's Republic of China, filed March 5, 2008 ("Petition"). On March 7, and March 14, 2008, the Department issued requests for additional information and clarification of certain areas of the Petition. Based on the Department's requests, Petitioner filed additional information on March 12, 2008 ("Supplement to the Petition"), and on March 18, 2008 ("Second Supplement").

In accordance with section 732(b) of the Tariff Act of 1930, as amended ("Act"), Petitioner alleges that imports of steel threaded rod from the PRC are being, or are likely to be, sold in the United States at less than fair value ("LTFV"), within the meaning of section 731 of the Act, and that the domestic industry is materially injured or threatened with material injury by reason of such imports.

The Department finds that Petitioner may file this Petition on behalf of the domestic industry because Petitioner is an interested party as defined in section 771(9)(C) of the Act, and has demonstrated sufficient industry support with respect to the antidumping duty investigation. See "Determination of Industry Support for the Petition" section, *infra*.

Period of Investigation

The period of investigation (“POI”) is July 1, 2007, through December 31, 2007. See 19 C.F.R. 351.204(b)(1).

Scope of Investigation

The merchandise covered by this investigation is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to this investigation are non-headed and threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

Included in the scope of this investigation are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.012 percent of boron, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

Steel threaded rod is currently classifiable under subheading 7318.15.5060 of the Harmonized Tariff Schedule of the United States (“HTSUS”). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Excluded from the scope of the investigation are: (a) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7,

ASTM A193 Grade B7M, ASTM A193 Grade B16, or ASTM A320 Grade L7.

Comments on Scope of Investigation

During review of the Petition, the Department discussed the scope with Petitioner to ensure that the scope is an accurate reflection of the products for which the domestic industry is seeking relief. In addition, as discussed in the preamble to the Department’s regulations, the Department is setting aside a period of time for interested parties to raise issues regarding product coverage. See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments to the Department by April 15, 2008. Comments should be addressed to Import Administration’s APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, attention Juanita Chen, room 4003. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Comments on Product Characteristics for Antidumping Duty Questionnaire

The Department is requesting comments from interested parties regarding the appropriate physical characteristics of steel threaded rod to be reported in response to the Department’s antidumping questionnaire. This information will be used to identify the key physical characteristics of the subject merchandise in order for any respondents to report more accurately the relevant factors of production, as well as develop appropriate product reporting criteria, in accordance with the Department’s non-market economy (“NME”) methodology, as described in the “Normal Value” section, *infra*.

Interested parties may provide any information or comments that they believe are relevant to the development of an accurate listing of physical characteristics. Specifically, interested parties may provide comments as to which characteristics are appropriate to use as: 1) general product characteristics; and 2) product reporting criteria. The Department notes that it is not always appropriate to use all product characteristics as product reporting criteria. While there may be some physical product characteristics that manufacturers use to describe steel threaded rod, it may be that only a select few product characteristics take

into account meaningful physical characteristics of steel threaded rod.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaire, the Department must receive non-proprietary comments at the above-referenced address by April 15, 2008, and receive rebuttal comments by April 25, 2008.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (“ITC”), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644

(CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the 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." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on the Department's analysis of the information submitted on the record, the Department has determined that steel threaded rod constitutes a single domestic like product and the Department has analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* "Antidumping Duty Investigation Initiation Checklist: Steel Threaded Rod from the People's Republic of China" ("Initiation Checklist"), at Attachment II (Industry Support), on file in the Central Records Unit, Room 1117 of the main Department of Commerce building.

The Department's review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioner has established industry support. First, the Petition establishes support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* Section 732(c)(4)(D) of the Act. Second, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(i) because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(ii) because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on

behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See* Initiation Checklist, at Attachment II.

The Department finds that Petitioner filed the Petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient industry support with respect to the antidumping investigation that it is requesting the Department initiate. *See* Initiation Checklist, at Attachment II.

Allegations and Evidence of Material Retardation and of Material Injury and Causation

Petitioner alleges that the U.S. industry producing the domestic like product is being materially injured by reason of the imports of the subject merchandise sold at less than normal value ("NV"). Petitioner contends that the industry's injured condition is illustrated by the reduced market share, reduced production, and capacity utilization, reduced shipments, increased inventory, underselling and price depressing and suppressing effects, lost revenue and sales, reduced employment, a decline in financial performance, and an increase in import penetration. The Department has assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and the Department determines that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Initiation Checklist, at Attachment III.

Allegation of Sales at Less Than Fair Value

The following is a description of the allegation of sales at LTFV upon which the Department based its decision to initiate this investigation of imports of steel threaded rod from the PRC. The sources of data for the deductions and adjustments relating to the U.S. price and the factors of production are also discussed in the checklist. *See* Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in the preliminary or final determinations, the Department will reexamine the information and revise the margin calculations, if appropriate.

Export Price

Petitioner relied on 24 price quotes on three steel threaded rod products from the PRC offered for sale to the U.S. customer during the POI. *See* Petition, at 30 and Exhibits 22 and 23; Supplement to the Petition, at Exhibit G;

Second Supplement at Exhibit C. Petitioner deducted from the prices the costs associated with exporting and delivering the product, including ocean freight, U.S. inland freight costs, and distributor markup. *See* Initiation Checklist. Petitioner also deducted discounts, when applicable. *See* Initiation Checklist. Petitioner calculated the freight charges and distributor mark-up based on its own industry knowledge and experience. *See* Petition, at Exhibits 22; Supplement to the Petition, at Exhibit G; Second Supplement, at Exhibit C.

Normal Value

Petitioner notes that the Department's long-standing treatment of the PRC as an NME country remains in effect until revoked by the Department, and notes that no such revocation determination has been made to date. *See* Petition, at 27. The Department has previously examined the PRC's market status and determined that NME status should continue for the PRC. *See* Memorandum from the Office of Policy to David M. Spooner, Assistant Secretary for Import Administration, regarding The People's Republic of China Status as a Non-Market Economy, dated May 15, 2006 (available online at <http://ia.ita.doc.gov/download/prc-nme-status/prc-nme-status-memo.pdf>). In addition, in recent investigations, the Department has continued to determine that the PRC is an NME country. *See Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007); *Final Determination of Sales at Less Than Fair Value: Certain Activated Carbon from the People's Republic of China*, 72 FR 9508 (March 2, 2007).

In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country, in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioner argues that India is the appropriate surrogate country for the

PRC, because it is a market-economy country at a comparable level of economic development, its surrogate data is available and reliable, and it is a significant producer of steel threaded rod. *See* Petition, at 27–28. Petitioner asserts that other potential surrogate countries are not known manufacturers of steel threaded rod. *See* Petition, at 28; Initiation Checklist. Based on the information provided by Petitioner, the Department believes that the use of India as a surrogate country is appropriate for purposes of initiation. However, after initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 C.F.R. 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioner calculated NVs and dumping margins for each of the U.S. prices, discussed above, using the Department's NME methodology as required by 19 C.F.R. 351.202(b)(7)(i)(C) and 19 C.F.R. 351.408. Petitioner calculated NVs based on its own consumption rates for producing steel threaded rod in 2007. *See* Initiation Checklist. Petitioner states that its production experience is representative of the production process used in the PRC because all of the material inputs and processing must be virtually identical, and are unlikely to be materially different for a Chinese producer of steel threaded rod. *See* Supplement to the Petition, at 9.

Petitioner valued the factors of production on reasonably available, public surrogate country data, including India statistics from the World Trade Atlas, public information from the website of the Joint Plant Committee, an Indian institution that collects data on the Indian iron and steel industry, and Key World Energy Statistics 2003, published by the International Energy Agency, as adjusted and used by the Department in the twelfth administrative review of fresh garlic from the PRC. *See* Initiation Checklist. Where Petitioner was unable to find input prices contemporaneous with the POI, Petitioner adjusted for inflation using the wholesale price index for India, as published in "International Financial Statistics" by the International Monetary Fund. *See* Petition, at 29 and Exhibit 20. For purposes of initiation, the Department determines that the surrogate values used by Petitioner are reasonably available and, thus, acceptable for purposes of initiation.

Petitioner based factory overhead expenses, selling, general and administrative expenses, and profit, on data from Lakshmi Precision Screws Limited ("Lakshmi"), an Indian manufacturer of fasteners, for the fiscal year ending March 31, 2007. *See* Petition, at Exhibit 21. The Department has previously relied on Lakshmi's data for other antidumping investigation initiations and finds Petitioner's use of Lakshmi's financial ratios appropriate for purposes of initiation. *See* Initiation Checklist; *see also* Steel Wire Garment Hangers from the PRC: AD Investigation Initiation Checklist (September 10, 2007); and Steel Nails from the PRC: AD Investigation Initiation Checklist (July 9, 2007). However, the Department has made minor modifications, as appropriate, to the surrogate financial ratios as calculated by Petitioner. *See* Initiation Checklist, at Attachment V.

Fair Value Comparisons

Based on the data provided by Petitioner, as adjusted by the Department, there is reason to believe that imports of steel threaded rod from the PRC are being, or are likely to be, sold in the United States at LTFV. Based on comparisons of export price to NV, calculated in accordance with section 773(c) of the Act, the estimated dumping margins for steel threaded rod range from 36.17 percent to 659.26 percent. *See* Initiation Checklist, at Attachment V.

Initiation of Antidumping Investigations

Based upon the examination of the Petition on steel threaded rod from the PRC, the Department finds that the Petition meets the requirements of section 732 of the Act. Therefore, the Department is initiating an antidumping duty investigation to determine whether imports of steel threaded rod from the PRC are being, or are likely to be, sold in the United States at LTFV. In accordance with section 733(b)(1)(A) of the Act, unless postponed, the Department will make its preliminary determination no later than 140 days after the date of this initiation.

Separate Rates

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application. *See* Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries (April 5, 2005) ("Separate Rates/Combination Rates Bulletin"), available on the Department's website at [http://](http://ia.ita.doc.gov/policy/bull05-1.pdf)

ia.ita.doc.gov/policy/bull05-1.pdf. The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, available on the Department's website at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate rate-application will be due on June 2, 2008.

NME Respondent Selection and Quantity and Value Questionnaire

The Department will request quantity and value information from all known exporters and producers identified in the Petition and Supplement to the Petition. The quantity and value data received from NME exporters/producers will be used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. *See Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221, 10225 (February 26, 2008); and *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (April 28, 2005). Appendix I of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters/producers no later than April 22, 2008. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the Import Administration website, at <http://ia.ita.doc.gov/ia-highlights-and-news.html>. The Department will send the quantity and value questionnaire to those PRC companies identified in the Petition, at Exhibit 6, and in the Supplement to the Petition, at Exhibit B.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate Rates/Combination Rates Bulletin states:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that

one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See Separate Rates/Combination Rates Bulletin, at 6.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 C.F.R. 351.202(f), copies of the public version of the Petition have been provided to

the representatives of the Government of the PRC. Because of the particularly large number of exporters and producers identified in the Petition, the Department considers the service of the public version of the Petition to the foreign exporters/producers satisfied by the delivery of a public version to the Government of the PRC, consistent with 19 C.F.R. 351.203(c)(2).

U.S. International Trade Commission Notification

The Department has notified the ITC of its initiation, as required by section 732(d) of the Act.

Preliminary Determination by the International Trade Commission

The ITC will preliminarily determine, no later than April 21, 2008, whether there is a reasonable indication that the U.S. industry is materially injured or threatened with material injury by imports of steel threaded rod from the PRC. A negative ITC determination with respect to the investigation will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: March 25, 2008.

David M. Spooner,
Assistant Secretary for Import Administration.

Appendix I

Where it is not practicable to examine all known exporters/producers of subject merchandise, section 777A(c)(2) of the Tariff Act of 1930, as amended, permits us to investigate 1) a sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or 2) exporters and producers accounting for the largest volume and value of the subject merchandise that can reasonably be examined.

In the chart below, please provide the total quantity and total value of all your sales of merchandise covered by the scope of this investigation (see "Scope of Investigation" section of this notice), produced in the PRC, and exported/shipped to the United States during the period July 1, 2007, through December 31, 2007.

Market	Total Quantity in Pieces	Terms of Sale	Total Value
United States
1. Export Price Sales
2. a. Exporter Name
b. Address
c. Contact
d. Phone No.
e. Fax No.
3. Constructed Export Price Sales
4. Further Manufactured
Total Sales

Total Quantity:

- Please report quantity on a metric ton basis. If any conversions were used, please provide the conversion formula and source.

Terms of Sales:

- Please report all sales on the same terms (e.g., free on board at port of export).

Total Value:

- All sales values should be reported in U.S. dollars. Please indicate any exchange rates used and their respective dates and sources.

Export Price Sales:

- Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated customer occurs before importation into the United States.

- Please include any sales exported by your company directly to the United States.
- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.
- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.
- Please **do not** include any sales of subject merchandise manufactured in Hong Kong in your figures.

Constructed Export Price Sales:

- Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated

customer occurs after importation. However, if the first sale to the unaffiliated customer is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation.

- Please include any sales exported by your company directly to the United States;
- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.
- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to

the United States.

- Please **do not** include any sales of subject merchandise manufactured in Hong Kong in your figures.

Further Manufactured:

- Sales of further manufactured or assembled (including re-packaged) merchandise is merchandise that undergoes further manufacture or assembly in the United States before being sold to the first unaffiliated customer.
- Further manufacture or assembly costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expense, interest expense, and additional packing expense incurred in the country of further manufacture, as well as all costs involved in moving the product from the U.S. port of entry to the further manufacturer.

[FR Doc. E8-6712 Filed 3-31-08; 8:45 am]

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APPENDIX B
CONFERENCE WITNESSES

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject: Certain Steel Threaded Rod from China
Inv. No.: 731-TA-1145 (Preliminary)
Date and Time: March 26, 2008 - 9:30 a.m.

The conference in connection with this investigation was held in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

In Support of the Imposition of Antidumping Duties:

Vorys, Sater, Seymour, and Pease LLP
Washington, D.C.
on behalf of

Vulcan Threaded Products, Inc.

William D. Upton, Jr., President, Vulcan Threaded Products, Inc.
Alan D. Logan, VP Operations, Vulcan Threaded Products, Inc.
William Buckner, National Sales Manager, Vulcan Threaded Products, Inc.
Patrick Magrath, Georgetown Economic Services

Frederick P. Waite)
Kimberly R. Young) – OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

Barnes, Richardson, and Colburn
Washington, D.C.
on behalf of

Porteous Fastener Company

Don Haggerty, Senior Vice President, Porteous Fastener Company

Matthew T. McGrath)
Stephen W. Brophy) – OF COUNSEL

Garvey Schubert Barer
Washington, D.C.
on behalf of

Fastenal Company
Industrial Threaded Products, Inc.

Liz Levinson) – OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1
Threaded rod: Summary data concerning the U.S. market, 2005-07

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound;
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2005	2006	2007	2005-07	2005-06	2006-07
U.S. consumption quantity:						
Amount	175,274	178,676	177,838	1.5	1.9	-0.5
Producers' share (1)	59.3	52.2	46.0	-13.3	-7.2	-6.1
Importers' share (1):						
China	34.2	41.8	48.4	14.1	7.6	6.5
All other sources	6.4	6.0	5.6	-0.8	-0.4	-0.4
Total imports	40.7	47.8	54.0	13.3	7.2	6.1
U.S. consumption value:						
Amount	90,198	88,287	87,219	-3.3	-2.1	-1.2
Producers' share (1)	59.5	54.3	47.9	-11.7	-5.2	-6.5
Importers' share (1):						
China	28.7	34.7	41.6	12.9	6.0	6.9
All other sources	11.8	11.0	10.6	-1.2	-0.8	-0.4
Total imports	40.5	45.7	52.1	11.7	5.2	6.5
U.S. shipments of imports from:						
China:						
Quantity	60,019	74,775	86,018	43.3	24.6	15.0
Value	25,886	30,636	36,249	40.0	18.3	18.3
Unit value	\$0.43	\$0.41	\$0.42	-2.3	-5.0	2.9
Ending inventory quantity	21,942	21,956	22,361	1.9	0.1	1.8
All other sources:						
Quantity	11,237	10,707	9,966	-11.3	-4.7	-6.9
Value	10,620	9,680	9,213	-13.3	-8.9	-4.8
Unit value	\$0.95	\$0.90	\$0.92	-2.2	-4.3	2.2
Ending inventory quantity	1,434	857	388	-72.9	-40.2	-54.7
All sources:						
Quantity	71,256	85,481	95,984	34.7	20.0	12.3
Value	36,506	40,316	45,462	24.5	10.4	12.8
Unit value	\$0.51	\$0.47	\$0.47	-7.6	-7.9	0.4
Ending inventory quantity	23,376	22,813	22,749	-2.7	-2.4	-0.3
U.S. producers:						
Average capacity quantity	181,139	181,758	161,547	-10.8	0.3	-11.1
Production quantity	101,873	92,799	80,834	-20.7	-8.9	-12.9
Capacity utilization (1)	56.2	51.1	50.0	-6.2	-5.2	-1.0
U.S. shipments:						
Quantity	104,018	93,195	81,854	-21.3	-10.4	-12.2
Value	53,692	47,971	41,758	-22.2	-10.7	-13.0
Unit value	\$0.52	\$0.51	\$0.51	-1.2	-0.3	-0.9
Export shipments:						
Quantity	0	0	0	(2)	(2)	(2)
Value	0	0	0	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	16,131	15,846	14,310	-11.3	-1.8	-9.7
Inventories/total shipments (1)	15.5	17.0	17.5	2.0	1.5	0.5
Production workers	183	163	133	-27.3	-10.9	-18.4
Hours worked (1,000s)	361	352	278	-23.0	-2.7	-20.9
Wages paid (\$1,000)	5,385	5,417	4,556	-15.4	0.6	-15.9
Hourly wages	\$14.90	\$15.40	\$16.38	9.9	3.4	6.3
Productivity (pounds per hour)	279.1	261.9	288.5	3.4	-6.2	10.2
Unit labor costs	\$0.05	\$0.06	\$0.06	6.3	10.2	-3.5
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

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.

Table C-2
Threaded rod: Summary data concerning the U.S. market (excluding * from U.S. producer data),**
2005-07

* * * * *

APPENDIX D

**IMPORT DATA COMPILED FROM OFFICIAL COMMERCE STATISTICS
AND PETITIONER'S ESTIMATES OF U.S. PRODUCERS' SHIPMENTS,
IMPORTS, AND APPARENT CONSUMPTION**

Table D-1
Threaded rod: Imports (HTS 7318.15.5060), by sources, 2005-07

Source	Calendar year		
	2005	2006	2007
Quantity (1,000 units)			
China	98,111	149,770	164,387
Nonsubject sources	54,911	63,627	60,366
Total	153,022	213,398	224,754
Value (1,000 dollars)¹			
China	46,133	71,413	83,058
Nonsubject sources	95,532	100,208	105,246
Total	141,664	171,621	188,304
Unit value (per unit)¹			
China	\$0.47	\$0.48	\$0.51
Nonsubject sources	1.74	1.57	1.74
Average	0.93	0.80	0.84
¹ Landed, duty-paid. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from official Commerce statistics (HTS 7318.15.5060).			

Table D-2
Threaded rod: Petitioner's estimated domestic shipments, imports, apparent consumption, and market shares, 2005-07

* * * * *

APPENDIX E

**ALLEGED EFFECTS OF SUBJECT IMPORTS ON U.S. PRODUCERS'
EXISTING DEVELOPMENT AND PRODUCTION EFFORTS,
GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL**

The Commission requested U.S. producers to describe any actual or potential negative effects since January 1, 2005, on their return on investment, growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of threaded rod from China. Their responses are as follows:

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

