Certain Steel Threaded Rod From China

Investigation No. 731-TA-1145 (Final)

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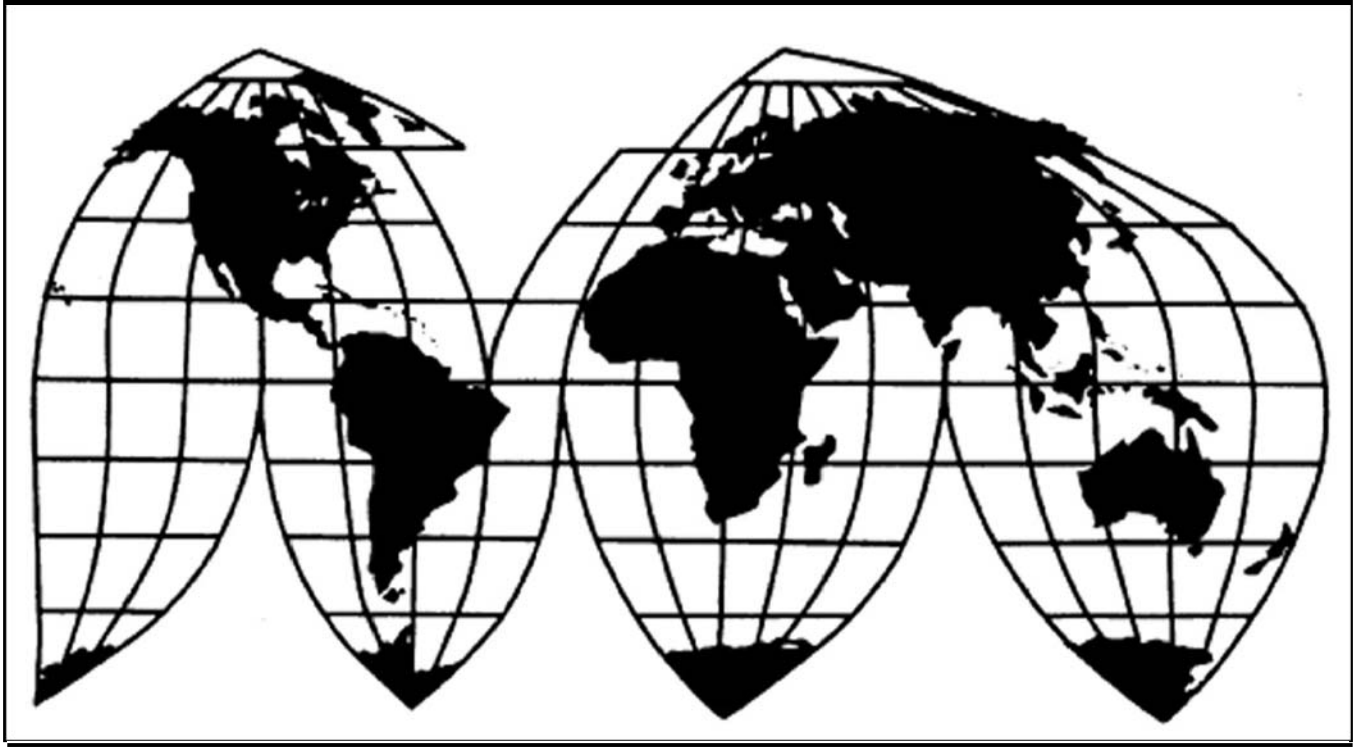
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1145 (Final)

CERTAIN STEEL THREADED ROD FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of certain steel threaded rod, provided for in subheading 7318.15.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective March 5, 2008, following receipt of a petition filed with the Commission and Commerce by Vulcan Threaded Products, Pelham, AL. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of certain steel threaded rod from were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of November 21, 2008 (73 FR 70671). The hearing was held in Washington, DC, on February 25, 2009, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on April 6, 2009. The views of the Commission are contained in USITC Publication 4070 (April 2009), entitled *Certain Steel Threaded Rod from China: Investigation No. 731-TA-1145 (Final)*.

[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 final phase of this investigation, we find that an industry in the United States is materially injured by reason of imports of certain steel threaded rod ("CSTR") from the People's Republic of China ("China") that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value.

I. BACKGROUND

The petition in this investigation was filed on March 5, 2008, by Vulcan Threaded Products, Inc. ("Vulcan"). Petitioner appeared at the staff conference and hearing and filed briefs. Two other domestic producers, Bay Standard Mfg. Inc. ("Bay Standard") and Watson Metal Products Corporation ("Watson"), also appeared at the hearing. The Commission received questionnaire responses from these three firms and from the following other domestic producers: All-Ohio Threaded Rod Company ("All Ohio"); Conklin & Conklin Inc. ("Conklin & Conklin"); Lancaster Threaded Products, Inc. ("Lancaster"); and Threaded Rod Company, Inc. ("Threaded Rod").[1]

No producers or exporters of subject threaded rod from China participated in the preliminary or final phase of this investigation or provided responses to the Commission's data requests in the final phase of this investigation.[2]

Three U.S. importers of the subject merchandise, Porteous Fastener Company ("Porteous"), Industrial Threaded Products, and Fastenal Company ("Fastenal"), appeared at the staff conference and submitted postconference briefs. Only Porteous filed briefs in the final phase of this investigation.

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether 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."[3] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole 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."[4] In turn, the Tariff 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 . . . ."[5]

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

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[1] Confidential Staff Report, Memorandum INV-GG-020 (March 16, 2009) ("CR") at Table III-1. Another producer, Rods Indiana, provided a questionnaire response in the preliminary phase, but not the final phase, of this investigation. Its data were not included in the domestic industry data in the final-phase staff report. CR/PR at Table III-1 n.5.

[2] Three firms from China (one producer and two exporters) provided usable questionnaire responses in the preliminary phase of the investigation.

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(10).

characteristics and uses" on a case-by-case basis.[6] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[7] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[8] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[9] the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

B. Scope

Commerce defined 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:

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[6] See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); 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 the following: (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).

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

[8] Nippon, 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.").

[9] See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("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).

[10] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); Torrington, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

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 7318.15.5050 and 7318.15.5090 of the 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.[11]

CSTR is primarily used in commercial construction to suspend electrical conduits, plumbing pipes, HVAC ductwork, and fire protection sprinkler pipes. It is also used to hang suspended ceilings and elevated conveyor belts, in joint restraint systems for underground piping, in structural tie downs in earthquake and hurricane-resistant systems for roofing, as headless screws, for bolting together pipe joints in waterworks applications, and for basic industrial repair.[12] The low carbon steel used to make CSTR allows the rod to be cut to the desired length on site by contractors.[13] CSTR is threaded along its entire length.[14]

C. Domestic Like Product Analysis

In its preliminary determination in this investigation, the Commission found a single domestic like product that was coextensive with the scope of the investigation. It based this finding on record evidence that showed that all CSTR has common physical characteristics (threaded grooves and composed of low and medium carbon steel) and uses (non-critical bolting applications); that CSTR is not interchangeable with other threaded rod or other products; that almost all U.S.-produced CSTR is sold in

[11] Steel Threaded Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 74 Fed Reg. 8907 (Feb. 28, 2009).

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

[13] CR at I-7-I-8, PR at I-6-I-7.

[14] CR at I-7, PR at I-6.

one channel of trade, that is, through distributors; that the full range of CSTR products is produced using common manufacturing facilities, production processes, and employees; and that customers perceive CSTR as having distinct properties from other types of threaded rod in that CSTR can easily be cut to desired lengths.[15]

No party challenged the definition of the like product made in the preliminary determination, and there is no evidence in the record calling that definition into question. We therefore again find a single domestic like product coextensive with the scope of the investigation.

III. DOMESTIC INDUSTRY

1. In General

The domestic industry is defined as the domestic "producers as a whole 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."[16] 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.

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.[17] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[18]

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[15] Certain Steel Threaded Rod From China, Inv. No. 731-TA-1145 (Preliminary), USITC Pub. 3996 ("Preliminary Determination") at 6-7.

[16] 19 U.S.C. § 1677(4)(A).

[17] 19 U.S.C. § 1677(4)(B).

[18] 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 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, Slip Op. 04-139 (Ct. Int'l Trade November 12, 2004) at 5-6, 27 ITRD 1010, 1012 ("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

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The Commission obtained data from the following seven domestic producers of CSTR: ***, Bay Standard, Conklin & Conklin, Lancaster, Threaded Rod, Vulcan, and Watson.[19] ***, imported the subject merchandise during the period of investigation[20] and thus are related parties under the statute. 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.

a. Parties' Arguments

Petitioner maintains that appropriate circumstances do not exist to exclude any of the domestic producers from the domestic industry. It argues that these producers have apparently ***. Petitioner cites the support of *** for the petition as evidence that these firms consider domestic production to be their primary area of interest. Petitioner also cites the data for interim 2008 as further support for a decision not to exclude any related parties from the domestic industry. It notes that the ratio of imports to domestic production ***. It particularly emphasizes that for ***. Finally, Petitioner argues that the fact that CSTR production accounts for a substantial share of total production for the domestic producers further underscores the importance of steel threaded rod production to these firms.[21]

Porteous argues that *** should be excluded from the domestic industry because it is primarily an importer. It notes that the ratio of *** imports to its domestic production ***. Porteous also argues that the inclusion of *** in the domestic industry "appears to have skewed portions of the data for the domestic industry as a whole." Porteous maintains that most of *** domestic production is of CSTR meeting the ASTM A36 specification ("A36 CSTR"), that this is a specialty product which commands premium prices, and that subject imports do not compete with A36 CSTR. Porteous contends that *** may have adopted a strategy whereby it ***. Porteous concludes that the inclusion of *** in the domestic industry has skewed the data in the record in two respects: (1) it has skewed domestic prices upwards, and, (2) it has skewed the domestic industry's financial data because *** financial condition cannot be reflective of any injury caused by subject imports.[22]

b. Analysis

We now consider whether appropriate circumstances exist to exclude any related parties from the domestic industry.

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[18] (...continued)
industry").

[19] CR/PR at Table III-1. Another producer, Rods Indiana, provided a questionnaire response in the preliminary, but not the final, phase of this investigation. Its data were not included in the domestic industry data in the final-phase staff report. CR/PR at Table III-1 n.5. Rods Indiana accounted for *** percent of the reported production of threaded rod in 2007. Id.

[20] CR at III-6 and Table III-5, PR at III-4. In the preliminary phase of this investigation it appeared that *** also imported the subject merchandise, and we considered whether to exclude that firm from the domestic industry as a related party. Preliminary Determination at 10. In the final phase of this investigation it became apparent that ***. ***, to Commission staff (Jan 22, 2009). The Commission has on occasion found that a domestic producer that *** to be a related party.

[21] Petitioner's Prehearing Brief at 7-10.

[22] Porteous Prehearing Brief at 3-5.

*** We find that appropriate circumstances do not exist to exclude ***,[23] ***,[24] or ***[25] from the domestic industry. The volume of threaded rod produced by these firms in the United States was in each case consistently greater than the volume of subject merchandise they imported from China. Accordingly, even though *** imported ***. Also, ***'s and ***.[26] [27] [28]

Bay Standard. Bay Standard accounted for *** percent of domestic production in 2007.[29] The company supports the petition.[30] Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006 and 2007, and to *** percent of its production in interim 2007 and interim 2008.[31] The company explained that it imports from China ***.[32] At the hearing, a representative from Bay Standard further explained that its ability to maintain domestic production was also strained by the minimum rolling requirements of the mills from which it obtains its steel wire rod.[33]

We find that appropriate circumstances do not exist to exclude Bay Standard from the domestic industry.[34] Although the levels of its imports relative to its domestic production ***. It is particularly significant that the company's ratio of subject imports to domestic production declined to *** percent in

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[23] *** accounted for *** percent of domestic production in 2007. CR/PR at Table III-1. The company ***. Id. Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, and to *** percent of its production in interim 2007 and interim 2008. CR/PR at Table III-5. The company explained that it ***. CR/PR at Table III-3 n.1.

[24] *** accounted for *** percent of domestic production in 2007. CR/PR at Table III-1. The company supports the petition. Id. Its imports of the subject merchandise were equivalent to *** percent of its production in 2005, 2006, and 2007, and to *** percent of its production in interim 2007 and interim 2008. CR/PR at Table III-5. In addition, in 2007 ***. The company explained that it imports from China ***. CR/PR at Table III-3 n.3.

[25] *** accounted for *** percent of domestic production in 2007. CR/PR at Table III-1. The company supports the petition. Id. Its imports of the subject merchandise were equivalent to *** percent of its production in 2005 and 2006; the company ***. CR/PR at Table III-3. The company explained that it imports from China ***. CR/PR at Table III-3 n. 5.

[26] See CR/PR at Table VI-2.

[27] Consistent with her practice in past investigations and reviews, 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 party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

[28] 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 in this investigation. He would only do so if a link were indicated between the relationship in question and financial performance.

[29] CR/PR at Table III-1.

[30] Id.

[31] CR/PR at Table III-5.

[32] CR/PR at Table III-3 n.2.

[33] Hearing Tr. at 25-26.

[34] Chairman Aranoff and Commissioner Williamson concur with the Commission majority with respect to the inclusion of Bay Standard in the domestic industry. In the preliminary investigation, they found that appropriate circumstances existed to exclude Bay Standard from the domestic industry largely because of Bay Standard's ***, which reached *** percent in 2007. Bay Standard's *** provides further evidence, not apparent in the preliminary investigation, that its primary interest is in domestic production.

interim 2008. It supports the petition, and its reason for importing is that it was driven to do so by the competitive pressure of subject imports. Also, its financial results were generally ***.[35]

We are not persuaded by Porteous's argument that Bay Standard benefitted from its importation of subject merchandise by pursuing a strategy wherein it ***. While Porteous contends that A36 CSTR is a premium product, a witness for Bay Standard testified that its A36 CSTR is not more costly to produce or higher in price than other CSTR.[36] Moreover, as noted above, Bay Standard's ***. Nor is there evidence that Bay Standard's pricing data skew the overall domestic pricing data. The exclusion of Bay Standard's prices ***.[37] In addition, Porteous's argument that the inclusion of Bay Standard skews the domestic industry's financial data is not supported by the record. Bay Standard accounts for only a small share of domestic production, therefore its data have little effect on the data for the domestic industry as a whole.[38]

Vulcan. Vulcan accounted for *** percent of domestic production in 2007.[39] Vulcan is the petitioner. It imported the subject merchandise in ***, and these imports were equivalent to *** percent of its production in that year.[40] The company explained that it imported ***.[41]

We find that appropriate circumstances do not exist to exclude Vulcan from the domestic industry. As it is the petitioner, we conclude that its interests lie more with domestic production than with importing. Compared to its domestic production, the volume of its imports was ***. Vulcan's financial results were ***[42]***.

In sum, we define the domestic industry as consisting of all producers of the domestic like product.

IV. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA[43]

A. Legal Standards

In the final phase of antidumping or countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[44] 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

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[35] See CR/PR at Table VI-2.

[36] Hearing Tr. at 103(Mr. Iverson).

[37] The exclusion of Bay Standard's pricing data would reduce only *** of the 105 U.S. quarterly prices presented in the staff report, in most cases by only $***, while increasing *** of the prices. Only *** quarterly comparisons showing underselling by subject imports would become instances of overselling if the Bay Standard pricing data were excluded. See CR/PR at Tables V-1-V-7 and E-1-E-7.

[38] Compare CR/PR Tables C-1 with C-2.

[39] CR/PR at Table III-1.

[40] CR/PR at Table III-3.

[41] CR/PR at Table III-5 n.5.

[42] See CR/PR at Table VI-2.

[43] 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 for which data were available that preceded the filing of the petition (March 2007 through February 2008). CR/PR at Table IV-3.

[44] 19 U.S.C. §§ 1671d(b), 1673d(b).

operations.[45] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[46] In assessing whether 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.[47] 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."[48]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured by reason of" unfairly traded imports,[49] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[50] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[51]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[52] In performing its examination, however, the Commission need not

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[45] 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).

[46] 19 U.S.C. § 1677(7)(A).

[47] 19 U.S.C. § 1677(7)(C)(iii).

[48] 19 U.S.C. § 1677(7)(C)(iii).

[49] 19 U.S.C. §§ 1671d(a), 1673d(a).

[50] Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), aff'g 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[51] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[52] Statement of Administrative Action ("SAA") on Uruguay Round Agreements Act ("URAA"), H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized

(continued...)

isolate the injury caused by other factors from injury caused by unfairly traded imports.[53] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.[54] It is clear that the existence of injury caused by other factors does not compel a negative determination.[55]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[56] [57] Indeed, the

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[52] (...continued)
imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); accord Mittal Steel, 542 F.3d at 877.

[53] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); Taiwan Semiconductor Industry Ass'n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports . . . . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[54] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[55] See Nippon Steel Corp., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[56] Mittal Steel, 542 F.3d at 877-78; see also id. at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... . {and has} broad discretion with respect to its choice of methodology.") citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

[57] Commissioner Pinkert does not join this paragraph or the following four paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances, to undertake a particular kind of analysis of non-subject imports. Mittal explains as follows:

> What Bratsk held is that "where commodity products are at issue and fairly traded, price-competitive, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

(continued...)

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[58]

The Federal Circuit's decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive non-subject imports. The Commission interpreted the Federal Circuit's guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.[59] The additional "replacement/benefit" test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission's interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from non-subject imports or other factors to subject imports.[60] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[61] [62]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence

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[57] (...continued)
542 F.3d at 878.

[58] Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 ("Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[59] Mittal Steel, 542 F.3d at 875-79.

[60] Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

[61] Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

[62] To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of non-subject imports.

standard. Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[63] [64]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury or threat of material injury by reason of subject imports from China.

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 to hang suspended ceilings and elevated conveyor belts, in joint restraint systems for underground piping, in structural tie downs in earthquake and hurricane-resistant systems for roofing, as headless screws, for bolting together pipe joints in waterworks applications, and for basic industrial repair.[65] Most questionnaire respondents reported that there are no substitute products for threaded rod.[66] Overall demand for CSTR is derived from demand for its end-use applications, primarily in commercial construction.[67]

Apparent U.S. consumption of CSTR (the sum of U.S. shipments by the domestic industry and imports from subject and non-subject sources) declined slightly from 169,675,000 pounds in 2005 to 169,263,000 pounds in 2006, and then rose to 171,599,000 pounds in 2007. In interim 2008, apparent U.S. consumption (128,225,000 pounds) was higher than in interim 2007 (122,966,000 pounds). In short, based on quantity, apparent U.S. consumption rose by 1.1 percent from 2005 to 2007, and was 4.3 percent higher in interim 2008 than in interim 2007.[68]

2. Supply Conditions

There are three sources of supply in the U.S. market: imports of the subject merchandise, imports from non-subject sources, and domestic production.

a. Imports of the Subject Merchandise

The petition listed over 400 firms in China believed to be producing and/or exporting CSTR. In the final phase of this investigation, the Commission sent foreign producer/exporter questionnaires to more than 125 firms that accounted for almost all of the production/exports of merchandise shipped to the United States under HTSUS statistical reporting number 7318.15.5060 (a classification which encompasses CSTR and other products). Of these 125 firms, in the 2005-2007 period, one firm accounted for over *** percent of U.S.-bound exports, *** of such exports, and *** percent of such exports. The Commission did not receive any responses to its foreign producer/exporter questionnaires in

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[63] Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[64] We provide in the discussion of impact in section V.E. below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

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

[66] CR at II-12-13, PR at II-9.

[67] CR at II-8, PR at II-6.

[68] CR/PR at Table IV-4.

the final phase of this investigation; it received responses from only three firms in the preliminary phase.[69] The U.S. market share of subject imports rose from 34.8 percent in 2005 to 50.4 percent in 2007.[70]

b. Non-Subject Imports

Importers reported obtaining non-subject imports from five countries: India, Japan, Belgium, Germany, and Mexico. Nearly 90 percent of non-subject imports were from India.[71] The market share of non-subject imports declined from 6.4 percent in 2005 to 5.8 percent in 2007, and was lower in interim 2008 (5.3 percent) than in interim 2007 (5.9 percent).[72]

c. Domestic Shipments

The petition identified the following nine producers of CSTR during the period of investigation: All-Ohio, Bay Standard, Conklin & Conklin, Interstate Fittings, Inc., Lancaster, Rods Indiana, Threaded Rod, Vulcan, and Watson. The petitioner, Vulcan, is the largest of these producers, accounting for *** percent of domestic production in 2007.[73] The Commission received responses to its U.S. producer questionnaire from seven of these firms (***), accounting for *** percent of the quantity of reported U.S. production of threaded rod in 2007.[74]

The domestic industry's capacity to produce CSTR remained stable from 2005 to 2006, and then declined in 2007.[75] There was one plant closure in the United States during the POI.[76] As explained above, many U.S. producers imported subject merchandise during the POI. The domestic industry's market share declined from 58.8 percent in 2005 to 43.8 percent in 2007, and was lower in interim 2008 (43.4 percent) than in interim 2007 (45.7 percent).[77]

3. Raw Material Costs

The main raw material input used to make CSTR is carbon steel wire rod. Approximately 80 percent of CSTR is made from wire rod, and the remaining 20 percent is made from steel bar.[78] The price of steel wire rod decreased in early 2005, but then generally increased from the third quarter of 2005 until the end of 2007. Prices then increased rapidly until July 2008, after which they declined through the end of 2008.[79]

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[69] CR at VII-1-VII-2, PR at at VII-1.

[70] CR/PR at Table IV-5.

[71] CR at IV-4, PR at IV-3.

[72] CR/PR at Table IV-5.

[73] CR/PR at Table III-1.

[74] CR at III-1 and Table III-1, PR at III-1 and Table III-1.

[75] The domestic industry's capacity was *** million pounds in 2005 and 2006 and *** million pounds in 2007. CR/PR at Table III-2.

[76] CR/PR at Table III-1 n. 8.

[77] CR/PR at Table IV-5.

[78] CR at V-1, PR at V-1. Steel costs accounted for an average *** percent of the total cost of goods sold during the periods for which domestic producers reported data. CR at VI-3, PR at VI-1.

[79] CR/PR at V-1 and Figure V-1.

4. Substitutability

The record shows that there is a high degree of interchangeability between CSTR produced in the United States, subject imports from China, and non-subject imports. Most domestic producers, importers, and purchasers of CSTR reported that the U.S. product, the subject imports, and non-subject imports are "always" or "frequently" interchangeable.[80] When asked to identify the three major factors considered in purchasing decisions, they identified price most frequently as the most important factor.[81] 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.[82]

Most producers and importers reported that there are no substitute products for threaded rod,[83] and 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.[84]

C. Volume of the Subject Imports from China

In evaluating the volume of subject imports, section 771(7)(C)(i) of the Tariff 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."[85]

As noted above, demand, as measured by apparent U.S. consumption, rose modestly between 2005 and 2007 (by 1.1 percent) and was higher in interim 2008 as compared with interim 2007 (by 4.3 percent). The volume of subject imports rose at a much higher rate, increasing from 53.5 million pounds in 2005 to 78.3 million pounds in 2006 and 96.8 million pounds in 2007 (or by 80.9 percent from 2005 to 2007), and was 65.8 million pounds in interim 2007 compared with 80.1 million pounds in interim 2008.[86] The market share of subject imports on a quantity basis rose from 34.8 percent in 2005 to 41.8 percent in 2006 and 50.4 percent in 2007, and was 48.4 percent in interim 2007 compared with 51.3

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[80] CR/PR at Table II-5. Porteous argued that CSTR is not a single undifferentiated product, and in particular that Chinese producers do not supply threaded rod that meets the ASTM A36 specification. Porteous's Prehearing Brief at 6. The record evidence in the final phase of this investigation , however, does not indicate that there is anything about the A36 specification that calls into question our conclusion that CSTR is broadly interchangeable regardless of its source. The ASTM A36 specification is a raw material specification – it relates to the steel that is used to make CSTR. CR at II-11 n.29, PR at II-8. There was disagreement among the parties as to the significance of this specification. On the one hand, Porteous contends that the ASTM A36 specification "requires elongation and yield testing that is not required by other specifications." Porteous Posthearing Brief at 3. On the other hand, representatives for the domestic industry testified that this specification is "nothing special" and "kind of the lowest grade." Bay Standard testified that it makes all of its threaded rod using A36 steel so that it can satisfy those customers that request this specification, while not having to carry duplicate inventory, and that it sells this kind of threaded rod for the same price as other threaded rod. Hearing Tr. at 103 (Iverson, Bay Standard). Regardless of the significance of the ASTM A36 specification, it is clear that threaded rod meeting this specification accounts for a small share of the overall market. CR at II-22 n.43, PR at II-15 n.43.

[81] CR at II-15, PR at II-10, and CR/PR at Table II-3.

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

[83] CR at II-12, PR at II-9.

[84] CR at II-12 n.31, PR at II-9 n.31.

[85] 19 U.S.C. § 1677(7)(C)(i).

[86] CR/PR at Table IV-2.

percent in interim 2008.[87] The ratio of the quantity of subject imports to U.S. production rose from 55.7 percent in 2005 to 79.9 percent in 2006 and 117.9 percent in 2007, and was 107.7 percent in interim 2007 compared with 110.6 percent in interim 2008.[88]

The domestic industry's U.S. shipments declined over the POI, falling from 99.8 million pounds in 2005 to 87.8 million pounds in 2006 and 75.2 million pounds in 2007, and was 56.2 million pounds in interim 2007 compared with 55.6 million pounds in interim 2008.[89] The domestic industry's market share on a quantity basis declined from 58.8 percent in 2005 to 51.9 percent in 2006 and 43.8 percent in 2007, and was 45.7 percent in interim 2007 compared with 43.4 percent in interim 2008.[90]

The volume of non-subject imports also declined over the POI, falling from 10.8 million pounds in 2005 to 10.7 million pounds in 2006 and 9.9 million pounds in 2007, and was 7.2 million pounds in interim 2007 compared with 6.8 million pounds in interim 2008.[91] The market share of non-subject imports on a quantity basis declined from 6.4 percent in 2005 to 6.3 percent in 2006 and 5.8 percent in 2007, and was 5.9 percent in interim 2007 compared with 5.3 percent in interim 2008.[92]

It is apparent from these data that, during a period of stable-to-rising apparent U.S. consumption, subject imports gained market share in the United States almost entirely at the expense of the domestic industry. From 2005 to 2007, the market share of subject imports rose by 15.6 percentage points, while that of the domestic industry fell by 15.0 percentage points. This trend is also seen in a comparison of the interim periods, with subject imports 1.9 percentage points higher and the domestic industry 2.3 percentage points lower in market share in interim 2008 than in interim 2007.

For all of these reasons, we find that the volume of subject imports and the increase in that volume are significant, both in absolute terms and relative to consumption and production in the United States.

D. Price Effects of Subject Imports from China

In evaluating the price effects of the subject imports, section 771(7)(C)(ii) of the Tariff Act provides that 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
>
> (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.[93]

As explained above, the record shows that there is a high degree of substitutability between the domestic like product and subject imports from China, that purchasers most frequently identified price as the most important factor in purchasing decisions, and that most domestic producers and importers reported that non-price factors are only sometimes or never a significant factor in CSTR sales.

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[87] CR/PR at Table IV-5.

[88] CR/PR at Table IV-6.

[89] CR/PR at Table IV-4.

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

[91] CR/PR at Table IV-4.

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

[93] 19 U.S.C. § 1677(7)(C)(ii).

The Commission sought quarterly pricing data for seven types of CSTR.[94] The Commission received usable pricing data from seven U.S. producers and 19 importers from China.[95] The pricing data collected for all seven products show widespread underselling (99 of 105 quarterly comparisons) by subject imports at sometimes large margins throughout the period of investigation.[96] In light of these facts, we find that there has been significant underselling of the domestic like product by subject imports from China.

We have also considered changes in CSTR prices over the period of investigation. For products 1 through 6, the prices of U.S. produced CSTR generally declined from 2005 through the middle of 2007 (the declines ranged from 1.6 to 24.7 percent), and then increased rapidly from late 2007 through interim 2008, with the greatest increases in the final two quarters of the POI. The prices for product 7 increased irregularly from 2005 through 2007, and then increased more rapidly in interim 2008.[97] The prices of the subject imports from China showed patterns that were similar to those for the prices of the U.S. products, except that prices of the subject imports for all seven products declined from 2005 through the third quarter of 2007 (the declines ranging from 2.0 to 26.4 percent).[98] Given that the domestic product and subject imports are highly substitutable, that price is the most important factor in purchasing decisions, and that subject imports undersold the domestic product to a significant degree, the price and volume data provide strong evidence that subject imports depressed domestic prices to a significant degree in the period from 2005 through the third quarter of 2007. Declining prices during a period in which subject import levels are rising are particularly significant for a highly substitutable, price-competitive product such as CSTR.

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[94] These products are as follows: (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); (3) low-carbon steel fully threaded rod, hot-dip galvanized, 5/8 inch in diameter, and 12 feet in length (Product 3); (4) low-carbon steel fully threaded rod, electro-plated with zinc, 3/8 inch in diameter, and 6 feet in length (Product 4); (5) low-carbon steel fully threaded rod, electro-plated with zinc, 1/2 inch in diameter, and 10 feet in length (Product 5); (6) low-carbon steel fully threaded rod, plain, 3/4 inch in diameter, and 12 feet in length (Product 6); and (7) low-carbon steel fully threaded rod, plain, 1 1/4 inch in diameter, and 12 feet in length (Product 7). CR at V-7, PR at V-5.

[95] CR at V-8, PR at V-6. In comparing prices, the Commission's practice is to rely on data for sales made at arm's length and at the same level of trade. See, e.g., Tetrahydrofurfuryl Alcohol from China, Inv. No. 731-TA-1046 (Final), USITC Pub. 3709 (July 2004) at n. 42 (declining to place significant weight on price comparisons from differing levels of trade); and Durum and Hard Red Spring Wheat from Canada, Inv. Nos. 701-TA-430A and 430B and 731-TA-1019A and 1019B (Final), USITC Pub. 3639 (October 2003) at 27, n. 245 ("not directly comparable"). Accordingly, ***. CR at V-8 n.20, PR at V-6 n.20. We note that even if *** data had been included, there would still have been significant underselling by subject imports. See CR/PR at App. F.

[96] Subject imports undersold the domestic like product in all 15 comparisons for product 1, with the margins of underselling ranging from 6.0 percent to 19.3 percent. CR/PR at Table V-1. For product 2, subject imports undersold the domestic like product in 14 of 15 comparisons, with the margins of underselling ranging from 5.8 to 28.3 percent. CR/PR at Table V-2. For product 3, subject imports undersold the domestic like product in 14 of 15 comparisons, with the margins of underselling ranging from 2.2 to 34.0 percent. CR/PR at Table V-3. For product 4, subject imports undersold the domestic like product in 14 of 15 comparisons, with the margins of underselling ranging from 1.0 to 15.1 percent. CR/PR at Table V-4. For product 5, subject imports undersold the domestic like product in 14 of 15 comparisons, with the margins of underselling ranging from 7.2 to 23.3 percent. CR/PR at Table V-5. For product 6, subject imports undersold the domestic like product in 13 of 15 comparisons, with the margins of underselling ranging from 0.0 to 18.4 percent. CR/PR at Table V-6. For product 7, subject imports undersold the domestic like product in all 15 comparisons, with the margins of underselling ranging from 3.9 to 46.1 percent. CR/PR at Table V-7.

[97] CR at V-8, PR at V-6 and CR/PR at Tables V-1 through V-7.

[98] CR at V-9, PR at V-6 and CR/PR at Tables V-1 through V-7.

There is also evidence that subject imports suppressed prices of the domestic like product to a significant degree. Because there are few if any viable substitutes for CSTR in many applications, and because CSTR accounts for a low cost share in the completion of various construction-related projects, demand for CSTR has a low sensitivity to changes in price.[99] While demand for such a product may still vary for reasons unrelated to price (such as a drop in construction-related activity), demand in the U.S. market was stable or slightly increasing from 2005 to 2007. In such a market, we would expect domestic producers to be able to pass on higher production costs to their purchasers, absent other evidence on the record reflecting market conditions that restrict price adjustment. In this investigation, the domestic industry experienced higher production costs, yet was unable to offset its higher costs with an increase in prices. From 2005 to 2007, while the domestic industry experienced an increase in average unit costs of goods sold, prices for most pricing products fell and the industry's average unit sales values remained essentially unchanged.[100] We attribute the industry's inability to raise costs to competition from a significant and growing volume of subject imports, which undersold and were highly substitutable with the domestic product, in an environment in which price is the most important factor in purchasing decisions. Based on these data, we find that the domestic industry was experiencing a cost-price squeeze in 2007, that it should have been able to increase prices for CSTR and that subject imports prevented price increases that otherwise would have occurred to a significant degree.

Finally, the evidence of confirmed lost sales and revenues[101] supports our finding that the subject imports depressed and suppressed prices of the domestic like product to a significant degree.

There is evidence in the record that the pendency of this investigation allowed domestic producers to regain customers and raise their prices in interim 2008.[102] After the petition was filed, ***,[103] ***.[104] While the suspension of sales was temporary, this action taken by a high-volume importer had an impact on purchasing decisions. A representative from Bay Standard testified at the hearing that "[i]mmediately after the case was filed, Porteous ceased doing business in threaded rod . . . [and that] [d]uring that time, Bay Standard was able to capitalize on their temporary absence from the market and

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[99] CR at II-24, PR at II-17.

[100] The domestic industry's average unit sales value was $0.53 per pound in 2005, $0.52 per pound in 2006, and $0.53 per pound in 2007. CR/PR at App. G. (As discussed below, we have decided to use the data on the domestic industry's operations presented in Appendix G of the staff report, rather than the data in Table VI-1.) The domestic industry's average unit cost of goods sold ("COGS") was $0.41 per pound in 2005, $0.41 per pound in 2006, and $0.44 per pound in 2007. CR/PR at App. G. The domestic industry's COGS as a share of net sales rose from 78.1 percent in 2005 to 78.2 percent in 2006 and 84.5 percent in 2007. CR/PR at App. G. The industry's COGS-to-net-sales ratio was *** in interim 2008 (*** percent) than in interim 2007 (*** percent). Id. As described below, we give the data for interim 2008 less weight in our analysis due to the pendency of these investigations.

[101] The Commission confirmed *** of the total *** in alleged lost sales during the period of investigation. CR at V-24, PR at V-15. The Commission also confirmed *** of the total *** in alleged lost revenues. Id.

[102] See 19 U.S.C. § 1677(7)(I). The statutory provision governing the Commission's treatment of post-petition information states as follows:

> [T]he Commission shall consider whether any change in the volume, price effects, or impact of imports of the subject merchandise since the filing of the petition in an investigation … is related to the pendency of the investigation and, if so, the Commission may reduce the weight accorded to the data for the period after the filing of the petition in making its determination of material injury, threat of material injury, or material retardation of the establishment of an industry in the United States.

[103] *** accounted for almost *** percent of reported imports of the subject merchandise from China in 2007. CR/PR at Table IV-1.

[104] Porteous Posthearing Brief at 9.

recapture additional business."[105] Similarly, a representative from Vulcan testified that Porteous' temporary withdrawal from the market prompted purchasers to turn to Vulcan.[106] The filing of the petition on March 5, 2008 also led to price increases. Vulcan announced a 25 percent price increase on March 20, 2008,[107] and ***.[108] Other domestic producers and importers also raised their prices.[109] As discussed below, the higher prices that the domestic industry was able to realize in interim 2008 led to improvements in its financial performance.

We recognize that sharply rising prices for steel wire rod (the principal raw material used in producing CSTR) also played an important role in the rising prices for CSTR in interim 2008, although CSTR price increases were greater than the increase in raw material costs.[110] As noted above, prices for steel wire rod increased rapidly from the beginning of 2008 until July of that year.[111] We also find, however, that domestic producers would not have been able to implement the price increases without the pendency of this investigation.[112] Consequently, we give less weight to the improvement in domestic prices in interim 2008 in our assessment of the price effects of subject imports.

For the foregoing reasons, we find that there has been significant underselling by the subject imports and that such imports depressed and suppressed domestic prices to a significant degree. Accordingly, we find that subject imports have had significant adverse effects on domestic prices.

E. Impact of the Subject Imports from China on the Domestic Industry[113]

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[114] 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."[115]

We have examined the performance indicators in the trade and financial data for the domestic industry producing CSTR. These data indicate sharp declines in the 2005-2007 period. Production

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[105] Hearing Tr. at 28-29 (Iverson).

[106] Hearing Tr. at 64 (Upton).

[107] Porteous Postconference Brief at Attachment 6. This price increase was to go into effect on April 16, 2008. Id.

[108] Porteous Posthearing Brief at 9.

[109] E.g., Hearing Tr. at 22 (Ostermueller, Watson Metal Products Corp.) (Watson and importers of Chinese threaded rod raised their prices after the filing of the petition).

[110] See Memorandum INV-GG-025 (March 25, 2009).

[111] CR/PR at Figure V-1.

[112] Hearing Tr. at 17 (Logan, Vulcan); CR/PR at App. H (statements on anticipated negative effects by ***.

[113] In its final determination, Commerce found a dumping margin of 55.16 percent for all producer/exporter groupings except one, for which the margin was 206 percent, which is also the country-wide margin. CR/PR at Table I-1.

[114] 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.").

[115] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386, 731-TA-812-813 (Prelim.), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

declined by 22.9 percent from 2005 to 2007.[116] Capacity utilization dropped from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.[117] Domestic producers' U.S. shipments fell by *** percent from 2005 to 2007.[118] Domestic producers' inventories as a ratio to shipments declined from 2005 to 2007.[119]

As to the domestic industry's employment indicators, the number of production and related workers, aggregate hours worked, and aggregate wages paid all declined sharply over the 2005-2007 period.[120] There were, however, some improvements in hourly wages and productivity in this period.[121]

The domestic industry's financial indicators – net sales measured by quantity and value, operating income, and operating margins – also declined sharply in the 2005-2007 period (especially from 2006 to 2007). The quantity of net sales was *** pounds in 2005, *** pounds in 2006, and *** pounds in 2007.[122] The value of net sales was $*** in 2005, $*** in 2006, and $*** in 2007.[123] Operating income declined from $*** in 2005 to $*** in 2006 and $*** in 2007.[124] The industry's ratio of operating income to net sales fell from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.[125]

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[116] Production fell from *** million pounds in 2005 to *** million pounds in 2006 and *** million pounds in 2007. CR/PR at Tables III-2 and C-1.

[117] CR/PR at Table III-2 and C-1.

[118] U.S. shipments were *** million pounds in 2005, *** million pounds in 2006, and *** million pounds in 2007. CR/PR at Tables III-4 and C-1.

[119] The ratio of inventories to total shipments was *** percent in 2005, *** percent in 2006, and *** percent in 2007. CR/PR at Tables III-6 and C-1.

[120] The number of production and related workers declined from *** in 2005 to *** in 2006 and *** in 2007. Aggregate hours worked fell from *** in 2005 to *** in 2006 and *** in 2007. Aggregate wages paid were $*** million in 2005, $*** million in 2006, and $*** million in 2007. CR/PR at Tables III-7 and C-1.

[121] Hourly wages rose from $*** in 2005 to $*** in 2006 and $*** in 2007. Productivity (measured in pounds per hour) declined from *** in 2005 to *** in 2006, before rising to *** in 2007. CR/PR at Tables III-7 and C-1.

[122] CR/PR at App. G. To analyze the condition of the U.S. industry, Commission practice is to request financial data for the most recent three full fiscal years as well as the most recent partial year available for each domestic firm. The data must then be aggregated to reflect the condition of the industry as a whole. When the fiscal years of the individual reporting companies do not coincide, the Commission must attempt to aggregate data from different time periods. While the Commission endeavors to base its determinations on the most recent data available to it, it also seeks to base its determinations on a complete set of trade and financial data that cover the same, or substantially the same, time periods, for the industry as a whole. In this investigation, not all U.S. producers reported full fiscal year data for 2008. To address this inconsistency, staff presented industry financial data using two different approaches (Table VI-I and Appendix G). The Commission has decided to rely on the data in Appendix G (capturing financial data for fiscal years 2005-2007) because those data cover substantially the same time periods as the trade data in the report. As such, any developments in any given fiscal year – and trends between fiscal years – are much more directly comparable to the trade data in Tables III-4 and IV-2 rather than the "blended" data in Table VI-1. In our view, the data presented in Appendix G are also the most representative of the financial state of the domestic industry for any given fiscal year. Whereas the data in Appendix G represent fiscal years 2005-2007 for all domestic producers, Table VI-1 aggregates data for fiscal years 2006-2008 for producers representing most of domestic production with data for fiscal years 2005-2007 for producers representing the rest of domestic production. The Appendix G data also are preferable because they permit the Commission to examine three full years of data preceding the filing of the petition in this case.

[123] Id.

[124] Id.

[125] Id.

We recognize that many of the domestic industry's performance indicators improved in interim 2008 as compared with interim 2007. Production was 17.9 percent higher in interim 2008 as compared with interim 2007.[126] Capacity utilization was *** percent in interim 2008 compared with *** percent in interim 2007,[127] although domestic producers' U.S. shipments were *** percent lower in interim 2008 as compared with interim 2007.[128] Domestic producers' inventories as a ratio to shipments, however, were higher in interim 2008 as compared with interim 2007.[129] There also was improvement in some of the domestic industry's employment indicators.[130] Some of the the domestic industry's financial indicators also showed signs of improvement. The value of net sales was $*** in interim 2007 and $*** in interim 2008.[131] The industry experienced an operating loss of $*** in interim 2007 and a gain of $*** in interim 2008.[132] The industry's ratio of operating income to net sales was *** percent in interim 2007 and *** percent in interim 2008.[133] However, the quantity of net sales was *** pounds in interim 2007 and *** pounds in interim 2008.[134] We give less weight to the improvements in the domestic industry's condition in interim 2008 due to the effect of the pendency of this investigation during that period. As discussed above, the filing of the petition in this case allowed the domestic industry to raise prices and to regain customers.[135]

We conclude that subject imports had an adverse impact on the condition of the domestic industry during the period of investigation. 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 to a significant degree, 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 in 2007. The increase in subject imports and their adverse effects on U.S. prices caused declines in the domestic industry's trade, employment, and financial performance over the period of investigation until interim 2008.

We have also examined market trends with respect to non-subject imports. We recognize that the majority of questionnaire respondents consider domestically produced CSTR and imports from China to

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[126] Production was *** million pounds in interim 2007 compared with *** million pounds in interim 2008. CR/PR at Tables III-2 and C-1.

[127] CR/PR at Table III-2 and C-1.

[128] U.S. shipments were *** million pounds in interim 2007 and *** million pounds in interim 2008. CR/PR at Tables III-4 and C-1.

[129] The ratio of inventories to total shipments was *** percent in interim 2007 and *** percent in interim 2008. CR/PR at Tables III-6 and C-1.

[130] The number of production and related workers was *** in interim 2007 and *** in interim 2008. Aggregate hours worked were *** in interim 2007 and *** in interim 2008. Aggregate wages paid were $*** million in interim 2007 and $*** million in interim 2008. Hourly wages were $*** in interim 2007 and $*** in interim 2008. Productivity (measured in pounds per hour) was *** in interim 2007 and *** in interim 2008. CR/PR at Tables III-7 and C-1.

[131] Id.

[132] Id.

[133] Id.

[134] CR/PR at App. G.

[135] The effects of the filing of the petition also can be seen in Vulcan's monthly profit and loss statement for 2008. As noted above, Vulcan announced a price increase on March 20, 2008 that was to take effect on April 16, 2008. The profit and loss statement shows that there was ***. Petitioner's Posthearing Brief at Exh. 13.

be "always" or "frequently" interchangeable with non-subject imports.[136] By quantity, non-subject imports' share of the U.S. market declined from *** percent in 2005 to *** percent in 2007, and was lower in interim 2008 (*** percent) compared with interim 2007 (*** percent).[137] Importers reported obtaining non-subject imports from five countries (India, Japan, Belgium, Germany, and Mexico), with nearly 90 percent of non-subject imports from India.[138] There is no information on the record with respect to Indian producers' capacity and capacity utilization, but the limited evidence available indicates that India is not a significant supplier of threaded rod to the U.S. market and that U.S. imports from India have remained at consistent levels, accounting for a relatively small share of the U.S. market during the period of investigation.[139] Collectively, non-subject imports generally were higher valued than subject imports from China, although the evidence suggests that non-subject imports, particularly from India and Mexico, were lower valued than the domestic like product.[140] We find that any injury we have found from subject imports from China cannot be attributed to non-subject imports because of the relatively low and declining levels of non-subject imports.[141] [142]

Consequently, the record in this investigation indicates a causal nexus between the subject imports and the condition of the domestic industry and thus demonstrates material injury by reason of subject imports. We therefore conclude that subject imports have had a significant adverse impact on the domestic industry.

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[136] CR/PR at Table II-5.

[137] CR/PR at Table IV-5.

[138] CR at IV-4, PR at IV-3.

[139] Revised Staff Report Tables IV-2 and IV-4.

[140] Importer questionnaire responses showed that the value of imports from India (which accounted for almost 90 percent of non-subject imports) was close to that of imports from China – in 2007, imports from India averaged *** per pound, while imports from China averaged $*** per pound. On the other hand, importer questionnaire responses showed that imports from Japan, Belgium and Germany were priced ***. CR at IV-4, PR at IV-3. We recognize that the quarterly pricing data show that non-subject imports from India and Mexico ***. CR/PR at Tables V-1-V-7.

[141] With respect to the analysis required by the Federal Circuit in Bratsk, Commissioner Pinkert notes that, although the record indicates that threaded rod is a commodity product for these purposes, it is unclear whether price-competitive non-subject imports are a significant factor in the U.S. market. Regardless of whether the Bratsk threshold criteria are satisfied, however, he finds that the record evidence is clear that, had subject imports exited the U.S. market during the period examined in this investigation, non-subject imports would not have replaced them without benefit to the domestic industry from their absence. Non-subject imports held only a small and declining share of the U.S. market during the period. CR/PR at Table IV-5. Nearly 90 percent of those imports were from India. Non-subject imports from countries other than India during the period had average unit values that were substantially higher than imports from China and India and thus may have been products outside the scope of the investigation. CR at IV-4 and VII-5, PR at IV-3 and VII-2. There is no record information with respect to Indian producers' capacity and capacity utilization, but the limited information that is available indicates that India is not a significant enough supplier of threaded rod to have replaced imports from China. Petitioner and respondent Porteous agree that Bratsk should not have any impact on the Commission's conclusions in this investigation regarding causation of material injury. CR at VII-5 to VII-6, PR at VII-2-VII-3 citing Staff Conference Transcript at 49-50 (Waite) and 107 (Magrath).

[142] We have not identified, and no party has claimed that, any factors other than those already discussed have been injurious to the domestic industry during the period examined.

CONCLUSION

For the reasons stated above, we find that an industry in the United States is materially injured by reason of imports of certain steel threaded rod from China that have been found by Commerce to be sold at less than fair value.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed with the U.S. International Trade Commission ("Commission") and the U.S. Department of Commerce ("Commerce") 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 provided below.[2]

Effective Date	Action
March 5, 2008	Petition filed with Commerce and the Commission; institution of Commission investigation
April 1, 2008	Commerce's notice of initiation
April 18, 2008	Commission's preliminary affirmative determination
October 8, 2008	Commerce's preliminary antidumping duty determination
October 8, 2008	Commission's scheduling of the final phase investigations (73 FR 70671, November 21, 2008)
October 27, 2008	Commerce's amended preliminary antidumping duty determination and postponement of final determination (73 FR 63694)
February 27, 2009	Commerce's final determination (74 FR 8907)
February 25, 2009	Commission's hearing[1]
March 26, 2009	Commission's vote
April 6, 2009	Commission determination to Commerce

[1] A list of the witnesses appearing at the hearing is presented in appendix B.

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to this investigation.

[2] Selected *Federal Register* notices cited in the tabulation are presented in appendix A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and . . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

> *In evaluating the volume of imports of merchandise, 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.*
> . . .
> *In evaluating the effect of imports of such merchandise on prices, 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 (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.*
> . . .
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to*
> . . .
> *(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

Organization of the Report

Part I of this report presents information on the subject merchandise, dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume in the market of imports of the subject merchandise and pricing, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury and the judicial requirements and information obtained for use in the Commission's consideration of *Bratsk* issues.

U.S. MARKET SUMMARY

Threaded rod generally is used in commercial construction to suspend electrical conduit, pipes for plumbing, HVAC ductwork, and sprinkler systems. The leading U.S. producer of threaded rod is Vulcan, while the petition identified over 400 possible producers of threaded rod from China. The leading U.S. importers of threaded rod from China are ***. The majority of threaded rod imported into the United States came from China,[3] with India accounting for nearly 90 percent of nonsubject imports from 2005 to 2007.[4]

Apparent U.S. consumption of threaded rod totaled approximately *** in the U.S. market in 2007. Currently, eight firms are known to produce threaded rod in the United States. U.S. producers' U.S. shipments of threaded rod totaled *** in 2007, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from China totaled 86.4 million pounds ($53.3 million) in 2007 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from nonsubject sources totaled 9.9 million pounds ($9.2 million) in 2007 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in this investigation is presented in appendix C, tables C-1 and C-2. Except as noted, U.S. industry data are based on questionnaire responses of seven firms that are believed to have accounted for the majority of U.S. production of threaded rod during 2007. U.S. imports are based on importer questionnaire responses.[5]

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[3] According to official Commerce statistics for HTS 7318.15.5060, imports from China accounted for 73.1 percent of all threaded rod imports in 2007. HTS statistical reporting number 7318.15.5060 may overstate imports of subject threaded rod since it also includes a number of nonsubject products such as threaded rods made from alloy steel, hanger bolts, and rods not threaded along their entire length, etc.

[4] According to reported U.S. importers' pricing data from nonsubject countries, the large majority (***) of nonsubject threaded steel rod in the U.S. market is from India. *See Part V: Pricing and Related Information.*

[5] According to official Commerce statistics for HTS 7318.15.5060, imports from China accounted for 73.1 percent of all threaded rod imports in 2007. HTS statistical reporting number 7318.15.5060 may overstate imports of subject threaded rod since it also includes a number of nonsubject products such as threaded rods made from alloy steel, hanger bolts, and rods not threaded along their entire length, etc.

PREVIOUS AND RELATED INVESTIGATIONS

Threaded rod has not been the subject of any prior countervailing or antidumping duty investigations in the United States.

SALES AT LTFV

On February 27, 2009, the Commission received Commerce's final determination of sales at LTFV with respect to imports from China.[6] Table I-1 summarizes Commerce's final LTFV findings.

Table I-1
Threaded rod: Commerce's final weighted-average LTFV margins

Exporter	Producer	Dumping margin (*percent*)
RMB Fasteners Ltd., and IFI & Morgan Ltd.	Jiaxing Brother Fastener Co., Ltd.	55.16
Ningbo Yinzhou Foreign Trade Co., Ltd.	Zhejiang Guorui Industry Co., Ltd.; or Ningbo Daxie Chuofeng Industrial Development Co., Ltd.	206.00
Shanghai Recky International Trading Co., Ltd.	Shanghai Xiangrong International Trading Co., Ltd.; Shanghai Xianglong International Trading Co., Ltd.; Pighu City Zhapu Screw Cap Factory; or Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Suntec Industries Co., Ltd.	Jiaxing Xinyue Standard Part Co., Ltd.; or Haiyan County No. 1 Fasteners Factory	55.16
Hangzhou Grand Imp. & Exp. Co., Ltd.	Zhapu Creative Standard Parts Material Co., Ltd.	55.16
Shanghai Prime Machinery Co. Ltd.	Haiyan Yida Fasteners Co., Ltd.; or Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Jiaxing Xinyue Standard Part Co., Ltd.	Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Certified Products International Inc.	Jiashan Zhongsheng Metal Products Co., Ltd.; or Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Zhejiang New Oriental Fastener Co., Ltd.	Zhejiang New Oriental Fastener Co., Ltd.	55.16
Jiashan Zhongsheng Metal Products Co., Ltd.	Jiashan Zhongsheng Metal Products Co., Ltd.	55.16
Haiyan Dayu Fasteners Co., Ltd.	Haiyan Dayu Fasteners Co., Ltd.	55.16
All other (PRC-Wide)		206.00
Source: 74 FR 8907, February 27, 2009.		

[6] *Certain Threaded Steel Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 8907, February 27, 2009.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined 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.

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."

Threaded rod is currently imported under statistical reporting number 7318.15.5050 of the *Harmonized Tariff Schedule of the United States* ("HTS").[7] The HTS provision is

[7] Effective July 1, 2008, a separate HTS subheading 7318.15.5050 was created for "continuously threaded rod" made of carbon or alloy steel. At the same time, the HTS subheading under which carbon and alloy steel threaded rod had previously been classified (7318.15.5060) was deleted, and a new HTS subheading 7318.15.5090 for "other" (continued...)

provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.[8]

Tariff Treatment

Threaded rod is currently classifiable in the Harmonized Tariff Schedule of the United States under subheading 7318.15.50 and reported for statistical purposes under statistical reporting number 7318.15.5050 at a general rate of duty of "Free." Table I-2 presents current tariff rates for threaded rod.

Table I-2
Threaded rod: Tariff treatment, 2009

HTS provision	Article description	General	Special	Column 2
		Rates (*percent ad valorem*)		
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%
.50	Of other than stainless steel: continuously threaded rod:			

Source: HTS (2009).

THE SUBJECT PRODUCT

Physical Characteristics and Uses

Threaded rod is fully threaded along its entire length and made from low- and medium-carbon steel for its strength and ease of cutting.[9] It is especially useful in applications where the rod may be cut to the needed length on-site.[10] Threaded rod is primarily used in commercial construction to suspend the following: electrical conduit; pipes for plumbing; HVAC-ductwork; and sprinkler systems for fire protection.[11] Normally, one end of the threaded rod is fastened to the ceiling and the other end is fastened to the support for suspending the pipes, ductwork, or sprinkler system. It is also used in structural tie

[7] (...continued)
category of products was added. E-mail from Frederick Waite, Counsel for Vulcan, November 14, 2008.

[8] *Certain Steel Threaded Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 8907, February 27, 2009.

[9] According to Robert Williams, Owner of RIEX (an importer of subject product), low-carbon rod consists of rod with a carbon content between 0.2 and 0.3 percent, medium and high carbon rod have a carbon content between 0.3 and 1 percent carbon, and ultra-high carbon rod have a carbon content above 1 percent. Hearing transcript, pp. 124-125 (Williams)less by weight, the majority of all threaded rod produced in the United States is of low-carbon content and produced via thread rolling. Some companies, such as RIEX and ***, have the capability to thread medium-carbon rod for use in applications where strength is an important factor such as in the oil patch, machinery, or automobile industries. Hearing transcript, pp. 134 and 140 (Williams) and e-mail from ***, March 6, 2009. There is no known production of high- or ultra-high carbon rod.

[10] *Certain Steel Threaded Rod From China, Investigation No. 731-TA-1145 (Preliminary)*, USITC Pub. 3996, I-3.

[11] Ibid.

downs in earthquake- and hurricane-restraint systems for roofing. Threaded rod may also be used as headless screws in general fastener applications or for bolting pipe joints together.[12]

Manufacturing Process and Production Employees

The primary raw material for most threaded rod is steel wire rod in coils. However, for larger-diameter threaded rod, the raw material is steel bar.[13] The basic production process is the same with either raw material beginning with cleaning to remove surface scale.[14] The rod or bar is then cold-drawn through a series of dies, each one smaller than the preceding one, to reduce the rod diameter to the required size.[15] Afterwards, the resulting rod is straightened and cut to the desired length, most often to 8- and 10-foot sections.[16] Next, the steel is fed through a threading machine, which forms the threaded grooves along its entire length by the process of thread rolling[17] the rod between grooved dies. Finally, the threaded rod is either coated with a plain oil finish during the threading process, or is galvanized either by zinc electroplating or hot-dipping. Most threaded rod is zinc electroplated which imparts corrosion resistance. After the threaded rod has received its oil finish or galvanizing, it is packed (in paper tubes or other methods) for shipment. Depending on the rod diameter, several may be packed in the same tube.

All but one of the responding domestic producers reported that they manufacture other products using the same equipment and machinery and the same production and related workers that they use to produce threaded rod. Other such reported products include partially threaded rod, stainless rod, alloy rod, anchor bolts, and coiled rod.[18]

Domestic producers reported that threaded rod producers in China use the same basic manufacturing process, but may have inefficiencies in feeding and offloading their production machinery and in material movement throughout the plant, thus making their production process more labor intensive.[19] There are also some reports that although the older manufacturing plants in China may be inefficient "the modern factories in China, fastener factories, are...very similar to Vulcan's."[20]

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[12] Ibid.

[13] Hearing transcript, p. 15 (Logan).

[14] 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 therefore must be removed.

[15] This process is known as "cold-drawing" because no additional heat is supplied during this process.

[16] Hearing transcript, p. 15 (Logan).

[17] Thread rolling "pushes the steel out of the valleys and into peaks, forming the threaded groves." Because this process does not involve cutting the steel, there is no scrap or waste material left over. Hearing transcript, p. 15 (Logan).

[18] U.S. producers' questionnaires, section II-3.

[19] Ibid.

[20] *Certain Steel Threaded Rod From China, Investigation No. 731-TA-1145 (Preliminary),* USITC Pub. 3996, I-6.

Interchangeability and Customer and Producer Perceptions

U.S. producers of threaded rod, as well as importers of threaded rod from China and from nonsubject countries, generally reported that the U.S.-produced and imported products 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 this period of investigation, the vast majority of shipments of threaded rod by U.S. producers and importers were to distributors.[21] In fact, all but one U.S. producer shipped a majority of their production to distributors.[22] 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*.

DOMESTIC LIKE PRODUCT AND THE DOMESTIC INDUSTRY

No issues were raised with respect to either the like product or the domestic industry in the preliminary phase of this investigation. In the final phase, respondent Porteous advocates excluding *** from the domestic industry due to ***'s imports of the subject merchandise[23] and its production of steel threaded rod meeting the A-36 specification.[24]

Petitioners proposed a domestic like product as:

> "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

[21] U.S. producers' questionnaires, section II-9 and U.S. importers' questionnaires, section II-5.

[22] ***. U.S. producers' questionnaires, section IV-19 and U.S. importers' questionnaires, section III-19.

[23] Respondent Porteous' prehearing brief, pp. 3-4 and posthearing brief, p. 3.

[24] Respondent Porteous' prehearing brief, p. 4 and posthearing brief, p. 3.

rod or threaded rod made of other constituent materials, such as brass, stainless steel, or other alloy steel."[25]

Respondent Porteous, an importer of subject product from China, while not disputing the petitioners' description noted that:

"there are significant variances among the individual threaded rod products competing in the marketplace, which suggest attenuation of competition between the bulk of domestic like products and imported subject merchandise."[26]

[25] *Certain Steel Threaded Rod From China, Investigation No. 731-TA-1145 (Preliminary),* USITC Pub. 3996, I-6.

[26] Ibid.

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. 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] Additional uses of threaded rod include: hanging suspended ceilings and elevated conveyor belts; joint restraint systems for underground piping; structural tie-downs in earthquake- and hurricane-restraint systems for roofing; as headless screws in general fastener applications; for bolting together pipe joints in the waterworks industry; 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 lengths, and can have one of several different finishes applied. All threaded rod can be used for the bolting applications described above for which high strength, heat resistance, or special corrosion resistance is not required.[3] It is made of low-quality steel wire rod and bar.[4] During the period studied, it included both low-carbon steel threaded rod and medium-carbon steel threaded rod.[5]

The vast majority of threaded rod sold in the United States, whether produced domestically or imported, is sold to distributors,[6] with only a small percentage sold directly to end users.[7]

GEOGRAPHIC MARKETS

Two U.S. producers reported selling threaded rod nationwide, whereas the other five reported that they served regional markets, primarily the Northeast, Mid-Atlantic, Midwest, and the West Coast. Sixteen of 24 responding importers reported serving regional markets whereas the other 8 reported serving the national market (table II-1).

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[1] Petition, pp. 8-9.

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

[3] Petitioner's postconference brief, p. 4.

[4] Hearing transcript, pp. 62-63 (Upton).

[5] Hearing transcript, pp. 124-128 (Williams).

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

[7] Petitioner confirmed that threaded rod is sold almost exclusively through distributors, and that the market has several "master distributors" that sell to other distributors. Preliminary 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	2	8
Hawaii	1	1
Mid-Atlantic	2	3
Midwest	2	4
Northeast	2	7
Northwest	1	6
Rocky Mountains	1	1
Southeast	0	6
Southwest	1	7
West Coast	2	6

Note.–Six producers and 18 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.

PURCHASER CHARACTERISTICS

Purchaser questionnaires were sent to 112 purchasers identified by the producers and importers. Thirty-nine purchasers responded to the purchaser questionnaire, with 37 reporting they had purchased threaded rod since 2005. Of the 37 purchasers, 33 identified themselves as distributors, while three identified themselves as end users, two identified themselves as retailers, and one identified itself as a manufacturer.[8] Thirteen of the purchasers that identified themselves as distributors reported selling threaded rod to other distributors/retailers/supply houses, 21 reported selling to electrical, general, HVAC, mechanical, plumbing and/or other contractors or consumers, and 3 reported selling to other entities. Twelve of 34 responding purchasers that re-sell threaded rod indicated that they compete for sales to their customers with the manufacturers or importers from which they purchase threaded rod.

Responding purchasers reported purchases totaling 22 million pounds of threaded rod in 2007, accounting for approximately 13.1 percent of the market during that year.[9] Some purchasers only buy threaded rod sourced from one country, noting factors such as: availability, "Buy American" provisions, distributors only stocking threaded rod from one source, price, proximity to a domestic producer, quality, and service as reasons why.

Thirteen of 36 responding purchasers described at least one change in their purchasing patterns that were established prior to 2005. Four purchasers reported buying more lower-cost imports, two have

[8] One end user and the firm that identified itself as a manufacturer also consider themselves to be distributors.

[9] Some purchasers did not provide data on their annual purchases, so these data are likely understated. Some purchasers also apparently reported their annual purchases in thousands of pounds instead of pounds. These data were adjusted to account for this oversight.

added new vendors, and two have increased the inventory they hold. Other changes described by these purchasers include: buying more; buying less; buying more frequently; buying less frequently; buying farther in advance; decreasing the inventory they hold; switching to a domestic producer; switching to buying some items instead of manufacturing them; and changing to buying on an inventory-replacement system rather than an estimated yearly purchase system.

In addition to those changing their general purchasing patterns, 18 purchasers reported changes in the relative shares of threaded rod that are attributable to different sources since 2005. Eight firms reported decreasing their purchases of threaded rod from domestic producers, while four reported an increase in purchases from domestic sources. Eleven firms reported increasing the share of their purchases of threaded rod that were imported from China, while three reported a decrease in the share of their purchases imported from China. With respect to threaded rod from nonsubject countries, two purchasers increased the relative shares of purchases from India, while three reported decreasing the share originating in India; one increased its share from Taiwan; and one decreased its share from Germany and Switzerland.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

There are eight producers of threaded rod in the United States, with Vulcan being the largest producer. Petitioner reported that ***.[10] In addition, most U.S. producers also imported threaded rod from China during the period of investigation.[11]

Domestic Production

Based on available information, U.S. producers have the ability 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, *** export shipments, and the existence of some production alternatives.

Industry capacity

U.S. producers' reported capacity utilization decreased steadily, from *** percent in 2005 to *** percent in 2007 (*see* table III-2). However, capacity utilization was higher in January-September

[10] Petition, exh. 2 and preliminary conference transcript, p. 17 (Upton). In its producer questionnaire response, ***. *** also submitted a producer questionnaire response in the preliminary phase of this investigation and indicated that at that time ***.

[11] 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. Preliminary conference transcript, p. 18 (Upton). Though Vulcan submitted an importer's questionnaire in this investigation, tabulations in Parts 2 and 5 of this report referring to the number of importers responding a certain way to a question do not include Vulcan as an importer. ***.

2008 (*** percent) than it was in the same period of 2007 (*** percent). Accordingly, 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 *** (*see* table III-4). This level 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, and in particular, to the United States from other markets.

Inventory levels

U.S. producers' inventories, as a share of total shipments, decreased from *** percent in 2005 to *** percent in 2007 (*see* table III-6). Comparing interim periods, producers' inventories were higher in January-September 2008 (*** percent) than in the same period of 2007 (*** percent on an annualized basis. These data indicate that U.S. producers have some ability to use inventories to increase shipments to the U.S. market.

Production alternatives

Six of the seven 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. Alternative products include: alloy, brass, coil, high-strength, non-ferrous, partially-threaded, and stainless steel rod; anchor bolts; and custom products.

Foreign Supply

China is the main source of imports of threaded rod in the United States. Imports from China accounted for 84.5 percent all shipments of imported threaded rod in 2005, increasing to 89.7 percent in 2007 and 90.6 percent in January-September 2008.[12]

Subject Imports

U.S. shipments of imports of threaded rod from China increased by 46.4 percent between 2005 and 2007 (86.4 million pounds in 2007, compared to 59.0 million pounds in 2005), and were 10.5 percent higher in interim 2008 than in interim 2007 (*see* table C-1). The Petitioner reported that there are over 400 Chinese manufacturers of threaded rod.[13] However, approximately 40 producers reportedly account for the vast majority of U.S. imports. There was a limited response by Chinese producers to the Commission's foreign producer questionnaire, and information provided from Chinese producers is included in part VII of this report, *Threat Considerations and Information on Nonsubject Countries*.

[12] According to questionnaire data and official Commerce statistics for HTS 7318.15.5060, imports from China accounted for 73.1 percent of all threaded rod imports in 2007. Data included in HTS statistical reporting number 7318.15.5060 may be overstated, however, because it includes a number of nonsubject products such as threaded rods made from alloy steel, hanger bolts, and rods not threaded along their entire lengths, etc.

[13] Petition, exh. 6.

Nonsubject Imports

Although there are other producers of threaded rod in various countries, imports from those countries have been at relatively low levels since 2005.[14] In 2007, the greatest quantity of nonsubject imports under HTS subheading 7318.15.5060 originated in Taiwan, Japan, and India, respectively. It is unknown what proportion of nonsubject imports classified under this HTS statistical reporting number is accounted for by products not subject to this investigation. India, however, was the country which producers, importers, and purchasers were most familiar, according to their questionnaire responses. Further, according to importer questionnaire responses, India is reportedly the largest source of nonsubject imports of threaded rod.[15] U.S. shipments of imports of threaded rod from nonsubject countries declined from 10.9 million pounds in 2005 to 9.9 million pounds in 2007, and were 6.1 percent lower in interim 2008 (6.8 million pounds) than in interim 2007 (7.2 million pounds) (*see* table C-1).

General Supply Conditions

When asked if there had been any changes in the product range or marketing of threaded rod, two of the seven producers and the majority (14) of the 23 responding importers reported that there have not been any significant changes. Among the five producers and nine importers reporting that there have been changes, a number reported that the product range of imports from China has expanded since 2005. Producers *** reported expanding their product lines to include more imports. *** stated that it increased its imports due to their low prices in order to stay in business. *** reported an increase in its sales via the Internet. Four of the nine importers replying affirmatively are also producers (***). Among the other five importers, *** noted the expansion of niche markets which don't require A36 structural steel instead of steel with a lower carbon content.[16]

One producer reported being unable to supply threaded rod at some point during the period of investigation. *** 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 there were container shortages during the Christmas holiday season and a dock worker strike; *** reported that it could not compete with the product imported from China due to pricing; and *** had shipments that did not arrive on time, or had its demand exceed the amount it could supply.[17]

Twelve of 33 responding purchasers noted changes in factors that have affected the supply of threaded rod since 2005. More than half (8 of 13) of these purchasers reported increases in the price of steel used to make threaded rod; three importers reported lengthening lead times and threaded rod being in short supply from at least one source; two importers reported increased transportation costs and fewer domestic suppliers; and one noted being on allotment.[18] In addition, one purchaser reported that its main import supplier, ***, stopped selling threaded rod because antidumping tariffs made it uncompetitive.

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[14] Petition, p. 19.

[15] In fact, over *** percent of quarterly sales of nonsubject product reported by importers were of threaded rod from India. *See* Part V: *Pricing and Related Information*.

[16] The remaining two importers replying affirmatively stated that pricing in the steel market has increased. One of these importers added that the product range has remained the same, however.

[17] Additionally, in the preliminary phase of the investigation, *** reported that it lost orders to U.S. suppliers due to increased raw material and transportation costs; this importer did not provide a response in the final phase of this investigation. *** reported that it imports threaded rod from ***.

[18] Purchasers may have reported more than one change in supply conditions.

Overall, though, 27 of 34 responding purchasers reported not experiencing any short supplies, unavailability of specific products, or being placed on allocation since 2005.[19]

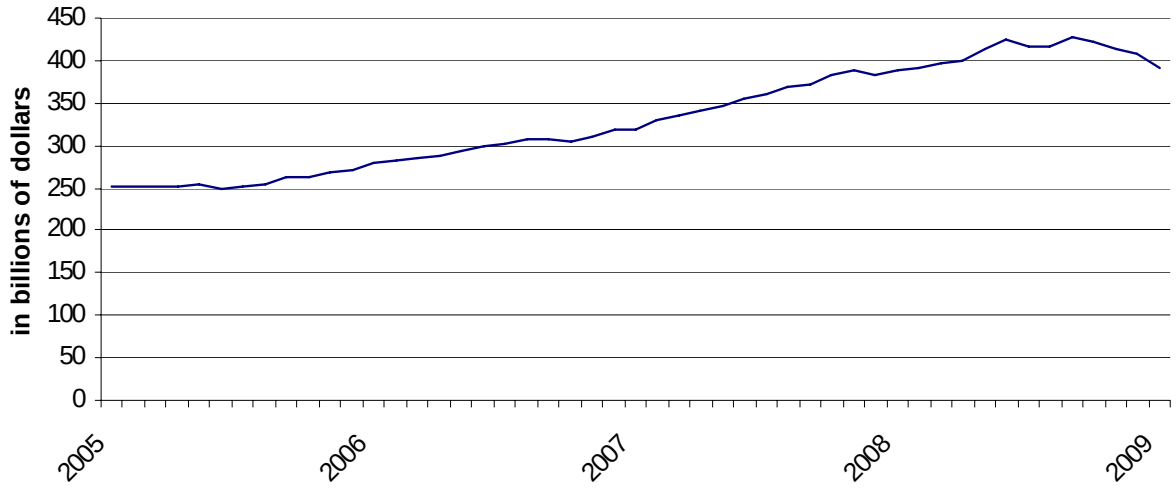
Demand

U.S. Demand

Demand Characteristics

The overall demand for threaded rod depends upon the demand for end-use applications, most of which are related to commercial construction. From 2005 to 2007, apparent U.S. consumption of threaded rod increased by 1.1 percent in terms of quantity. Apparent U.S. consumption of threaded rod was also 4.3 percent higher in January-September 2008 than in January-September 2007. In the preliminary phase of the investigation, the Petitioner described the commercial construction market as being "generally healthy" and "very strong."[20] Statistics from the U.S. Census Bureau show that private, nonresidential construction spending was relatively flat in early 2005 but then increased steadily through June 2008 (figure II-1). It then increased irregularly through September 2008 and has been decreasing since that time. As of January 2009, nonresidential construction has decreased 8.4 percent since the September 2008 peak.

Figure II-1
Threaded rod: Private, nonresidential construction spending (seasonally-adjusted, annual rate), January 2005-January 2009



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

[19] In an attachment to its importer questionnaire response in the preliminary phase of this investigation, *** reported that *** refused to sell it threaded rod on several occasions.

[20] Petition, p. 18 and preliminary conference transcript, p. 16 (Upton).

Producers, importers, and purchasers were asked specifically how the demand for threaded rod in the U.S. market has changed since 2005. Three producers noted an increase in demand since 2005 and three noted a decrease. Two producers reporting an increase attributed the increase to a growing commercial construction sector, and one ascribed it to better marketing. The three producers that noted a decrease described a decrease in their own sales due to less expensive, imported threaded rod, not demand in general, though one (***) added that the downturn in commercial construction, the housing market slowdown, and the economy in general has had a depressing effect on demand for steel threaded rod. At the hearing, domestic producers testified that the decline in general economic activity has led to a sharp drop in sales.[21] Also, one representative testified that purchasers are only buying small orders as they need threaded rod, upon the assumption that prices will decline due to the declining price of steel.[22]

Fourteen of 23 responding importers reported an increase in demand since 2005, six reported "no change," and three reported a decrease (***. Nine of the 14 importers reporting an increase ascribed it to growth in construction markets, while others noted availability, the economy, marketing, pricing, and increased use in final manufactured products as the reason for the increase. Two of the three importers reporting a decrease further explained that the decrease is due to the housing market slowdown of 2007 and 2008.

Six of 30 responding purchasers reported an increase in domestic demand for threaded rod since 2005, eight reported a decrease, eight reported that demand did not change, five noted an increase in demand followed by a decrease in 2007 and/or 2008, and three reported something other than these.[23] Twelve of these purchasers attributed the increase, decrease, or fluctuations to commercial or residential construction activity and five purchasers noted general changes in the U.S. economy as the determinative factor. For end users of threaded rod, two of the three responding purchasers noted that demand for their goods containing threaded rod has increased, whereas one reported a decrease.[24]

The recently passed economic stimulus plan (the American Recovery and Reinvestment Act of 2009) contains language including "Buy American" provisions and includes $29.6 billion for building repair, renovation, and construction. Respondent Porteous contends the Act will aid the domestic industry while shutting Chinese threaded rod makers out of this portion of the market.[25] Petitioner, however, contends that these funds will not help since most of the market for threaded rod is in commercial construction, and commercial structures are excluded from the stimulus plan.[26]

Producers, importers, and purchasers also were asked if the threaded rod market is subject to business cycles or conditions of competition that are distinctive to threaded rod. Five of seven producers responded affirmatively, and they noted that the market is dependent on the construction market, with increases during good weather, e.g., in the middle of the year.[27] Ten of 23 importers also responded affirmatively, while 13 responded negatively. Eight of the ten importers responding affirmatively agreed with the majority of producers; i.e., the threaded rod market is dependent on the commercial construction market, with six importers further describing the seasonality of the construction market, when sales are

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[21] Hearing transcript, pp. 17-18 (Logan).

[22] Hearing transcript, p. 70 (Iverson).

[23] Of these three, one purchaser stated that its demand had increased, but that did not necessarily mean demand in general had increased; another purchaser reported that its demand, not demand for threaded rod in general, decreased in 2006, increased in 2007, and did not change in 2008; and one stated that demand basically moves with the economy.

[24] One purchaser reporting an increase noted that the increase has had only a minimal effect on its purchases of threaded rod, whereas the other two end users reported a commensurate increase/decrease in their purchases of threaded rod based on the increase/decrease in sales of their goods that incorporate threaded rod.

[25] Respondent Porteous's posthearing brief, p. 15.

[26] Petitioner's posthearing brief, exh. 10, p. 2.

[27] Three of the five producers actually responded "no," but in their descriptions of the market, two relayed that the market depends on the construction market, but this seasonality is not specific to only the threaded rod market.

greater in the warmer months when construction activity is heaviest. One of the other importers described a shift to the ASTM A36 specification in some construction projects, which it believes is a standard that China is reportedly unable to meet.[28] [29] Ten of 36 responding purchasers reported seasonality or conditions of competition distinctive to the threaded rod market. Five purchasers reported that construction market cycles play a role in the business cycle for threaded rod; two reported seasonality as influencing the threaded rod market's business cycle; one noted the influence of the economy in general; and one stated the business cycle of the metalworking industry has an impact on the threaded rod market.

With respect to the business cycle or conditions of competition for threaded rod, three producers and five importers reported that there have been changes since 2005. The changes noted by producers and importers include increased costs for transportation and raw materials, the emergence of master distributors, and a downturn in the market starting in second half of 2008, during which purchasers began to worry about being able to finance their projects. In addition, four purchasers described changes in the conditions of competition specific to the threaded rod market. Two purchasers reported that pricing has become more competitive since 2005, and as a result, domestic firms have had to reduce prices. As a result, one of these purchasers stopped buying imports and started buying from Vulcan because it was relatively less expensive. One other purchaser described how the preliminary antidumping duties lengthened lead times to unjustifiable levels and made the market non-competitive. The remaining purchaser reported that end users have now found out that threaded rod from China is "excellent" and is a great value, which it termed the "Wal-Mart effect."[30]

[28] The other importer described the availability of threaded rod to be a condition of competition distinctive to the threaded rod market.

[29] ASTM specification A36 is a raw material specification that is "almost interchangeable with the other products made by the companies that do purchase A36 grade wire rod," is seldom requested by purchasers, and is priced the same as non-A36 material (i.e., "1018" material). Hearing transcript, p. 102 (Iverson and Waite). Producer Bay Standard manufactures all of its threaded rod using A36 material so that it will meet the specifications of those customers that request it, and so that Bay Standard does not have to carry duplicate inventory. Hearing transcript, pp. 102-103 (Iverson). Other witnesses described A36 material as "nothing special," "the most common spec out there," "kind of the lowest grade," and that "no difference between it and just common low carbon grades" exists. Hearing transcript, p. 103 (Magrath and Logan). Respondent Porteous disagrees with this assessment, noting there are special qualities of material meeting the A36 specification, including requiring elongation and yield testing not required by other specifications. Respondent Porteous's posthearing brief, p. 3. At the hearing, Mr. Iverson of Bay Standard stated that, though imports from China cannot be certified as meeting the A36 specification, when tested, sometimes threaded rod labelled "A36" from China will meet the required mechanical properties. Hearing transcript, p. 28 (Iverson). Mr. Williams of Riex testified that he has been told by his suppliers of Chinese threaded rod that they can meet the A36 specification. Hearing transcript, p. 131 (Williams).

[30] *** purchaser questionnaire response.

Alternative Products

Six of seven producers, 17 of 22 responding importers, and 29 of 34 responding purchasers reported that there are no substitute products for threaded rod.[31] Two producers,[32] five importers, and five purchasers reported that A193-B7 threaded rod, anchor bolts and wedge anchors, double-ended studs used in bracing applications, headed bolts, jack chain, long bolts with plate washers used in concrete applications, single- or double-ended rod, specially produced double-ended rods, steel strapping, pipe, wire rope, and different grades of steel threaded rod are products that may be substituted for threaded rod and that these products can be used in some similar applications. Purchasers were asked if changes in the prices of the alternative products affect the price of threaded rod. Only one of the five purchasers which noted the existence of possible substitutes responded affirmatively.[33]

***.[34]

Cost Share

Producers, importers, and purchasers 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 access flooring, hanging electrical conduit, hanging mechanical systems, hanging pipes for plumbing and sprinklers, and seismic systems.[35] Importers generally were not able to report information about cost share, but importer *** estimated that threaded rod accounts for less than 10 percent of the total cost of hanging plumbing pipe, electrical conduit, and HVAC duct equipment; importer *** estimated that threaded rod makes up 20 percent of the cost of all thread studs; and importer *** estimated that steel threaded rod accounts for 2 to 5 percent of the cost for hanging light fixtures or cable tray, 15 percent of the cost of hanging plumbing, fire protection, or HVAC systems, and 20 percent of the cost of hanging strut trapezes. Three purchasers responded to this question, with responses of 1 to 5 percent, 10 percent, and 60 percent for the end uses they cited.

Global Demand

Producers, importers, and purchasers were asked how the demand for threaded rod outside the United States has changed since 2005. Two producers, four importers, and six purchasers reported that demand has increased in the rest of the world, with most citing the global increase in commercial construction and infrastructure requirements. Two of the six purchasers specifically cited increased demand in China, and one importer specified that Europe and the Middle East were the reason for increased demand. One producer, seven importers, and one purchaser reported that the demand for

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[31] Petitioner reported that other types of threaded rod exist which are produced to different specifications, comprised of different constituent materials, and used for different and specialized applications. Therefore, 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. Preliminary conference transcript, pp. 23-24 (Logan) and Petitioner's postconference brief, pp. 5-6.

[32] Despite answering "no," *** reported that specially-produced double-ended rods could be made to order, adding that usually these products are not used as substitutes.

[33] Purchaser *** stated that there is a direct relationship between the prices of different grades of threaded rod, once a 90-180 day time lag is taken into account.

[34] ***.

[35] In the preliminary phase of the investigation, 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.

threaded rod outside of the United States had not changed since 2005, and one purchaser reported that demand has decreased, but did not specify a reason or a region.

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 producer, importer, and purchaser responses, 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.

Knowledge of Country Sources

Thirty-four of the 37 responding purchasers were familiar with the source of the threaded rod that they purchase. Of these 34 purchasers, 29 were familiar with domestically produced threaded rod, 26 were familiar with that from China, nine were familiar with threaded rod from India, two were familiar with threaded rod from Taiwan, and one each was familiar with threaded rod from Mexico, and Germany/Switzerland. Purchasers were also asked if they were aware whether the threaded rod they purchased was imported or produced in the United States, how often they knew the manufacturer of the threaded rod, and how often their customers were aware of or interested in the country of origin of the threaded rod. Responses to these questions are presented in table II-2.

Table II-2
Threaded rod: Certain purchaser responses to questions regarding the origin of their purchases

Purchaser/customer decision	Always	Usually	Sometimes	Rarely	Never
Purchaser aware of whether U.S.-produced or imported	12	18	3	1	2
Purchaser knows the manufacturer	6	7	12	4	7
Purchaser's customer is aware of, or interested in the country of origin	4	7	11	11	3
Source: Compiled from data submitted in response to Commission questionnaires.					

Factors Affecting Purchasing Decisions

Major Factors in Purchasing

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase threaded rod (table II-3). Price was most frequently reported to be the most important factor, and was cited by 15 of 35 responding purchasers. For the second and third most important factors, availability and quality, respectively, were the most common responses (13 purchasers each). Additionally, 15 of 24 responding purchasers stated that their customers will specifically order threaded rod from one country over another, with 13 of the 15 referencing the need to buy domestically produced threaded rod for some applications, mostly due to "Buy American" provisions. One purchaser reported that it will buy from China or the United States, but not India, for quality reasons, whereas another purchaser noted that his customers will specify imported product because it costs less. Also, when purchasers were asked how frequently they purchased the lowest-priced threaded rod, 4 purchasers replied "always," 17 replied "usually," 7 replied "sometimes," 4 replied "rarely" and 3 replied "never."

Table II-3
Threaded rod: Ranking factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting			
	First	Second	Third	Total
Price	15	9	8	32
Availability	7	13	5	25
Quality (including meeting or exceeding specifications and exceeding competition)	7	5	13	25
Reliability	1	1	2	4
Traditional supplier	2	0	1	3
Product range	1	1	1	3
Extension of credit	0	1	2	3
Delivery and delivery terms	2	0	0	2
Lead times	0	2	0	2
Packaging	0	1	1	2
Specification	0	1	1	2
Prepaid freight	0	1	0	1
Minimum order	0	1	0	1
Service	0	0	1	1

Note.–Some purchasers listed more than three factors. Among those factors deemed important enough to rank, but not in the top three are: availability, buying group participation, buying domestically, lead times, service, and terms.

Note.–Two purchasers stated that all of their listed factors are treated equally or are equally important. These purchasers listed delivery and quality as the first factor, price and availability second, and quality and price third.

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

Twenty-one purchasers stated that they have bought a higher-priced threaded rod even though a lower-priced threaded rod was available. The reasons listed by purchasers include availability, "Buy American" provisions, delivery history, freight costs, maintaining multiple suppliers, minimum order requirements, product range, proximity, quality, service, and supply history.

Importance of Specified Purchase Factors

Purchasers were asked to rate the importance of 18 factors when making their purchasing decisions (table II-4). The factors listed as "very important" by at least three-quarters of the 35 responding firms were: quality meets standards (32 firms), availability and product consistency (31 firms each), reliability of supply (30 firms), and price (28 firms). The next factor listed most frequently as "very important" was delivery time (20 firms). The availability of consigned inventory was listed as "not important" by a large majority (27 of 33) of these purchasers.

Table II-4
Threaded rod: Importance of factors as reported by U.S. purchasers

Factor[1]	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	31	4	0
Availability of consigned inventory	1	5	27
Delivery terms	18	17	0
Delivery time	20	15	0
Discounts offered	12	19	4
Extension of credit	14	11	10
Minimum quantity requirements	8	20	7
Packaging	15	13	7
Price	28	7	0
Product consistency	31	3	1
Product range	15	15	5
Quality meets standards	32	3	0
Quality exceeds standards	10	15	10
Reliability of supply	30	5	0
Technical support/service	10	19	6
U.S. transportation costs	14	16	5
Willingness to negotiate price/terms	17	17	1
Willingness of supplier to accept raw material cost increase risk	8	19	8

[1] One purchaser also added that "communication" is a "very important" factor.

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

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of threaded rod. Purchasers reported numerous specific factors: meeting standards, codes, and claimed specifications; clean, functional, and/or uniform threads; appearance; good plating; strength; durability; each rod being useable; product consistency; packaging; material traceability; and the ability to bend.

Certification/Qualification Issues

Purchasers were asked if they require certification or prequalification of their suppliers. Eighteen of 35 responding purchasers reported that they required prequalification, with 16 requiring it for all of the firms' purchases. Qualification can range from a visual inspection of the material to financial, material quality, and delivery performance data checks. One purchaser reported the qualification process could last up to 6 weeks, whereas another purchaser only requires verbal confirmation that the threaded rod meets building code specifications.

Only two of 32 responding purchasers reported that any firms had failed to qualify: *** failed at one purchaser because it would not provide material certifications, and *** failed to qualify at a purchaser because of a poor service and delivery record.

Purchasers were asked how often domestic, imported Chinese, and imported nonsubject threaded rod met minimum quality specifications since January 2005. All responding purchasers reported that domestic producers were either "always" (19 purchasers) or "usually" (11 purchasers) able to meet minimum specifications. All responding purchasers reported that imported Chinese threaded rod "always" (14 purchasers) or "usually" (14 purchasers) met minimum specifications. In addition, four purchasers reported that threaded rod from India "always" meets specifications, three reported that it "usually" meets specifications, and one reported that threaded rod from India "rarely" meets specifications. Among other responses, Germany, Japan, Mexico, Russia, and Taiwan were reported by one purchaser each to "usually" meet specifications.

Thirty-one purchasers reported the factors they consider when choosing a supplier. Factors identified by purchasers include: quality, service, price, availability, reliability, dependable delivery times, lead times, financial stability of the vendor, shipping, location, packaging, the quality control process employed, technical support, reputation, participation in a buying group, and vendor relationship.

Supply Sources

Purchasers reported contacting between 1 and 7 suppliers for their threaded rod needs, though most contact very few. At least 10 purchasers only contact one supplier or have set supply agreements with one supplier. Twenty-one purchasers have not changed suppliers since 2005, whereas 15 have. Availability, low minimum amounts, payment terms, pricing, and unsatisfactory delivery performance all contributed to these purchasers changing supply sources. Ten of 34 responding purchasers became aware of new suppliers since 2005. The suppliers that these purchasers listed are: Ameri-bolt, Cavalier, EGW Utilities, Heads and Threads, J and D Industrial Products, Inc., Master Distribution, Petrom Pacific, Porteous, Prime Source, Taylor Threaded Products, and Worldwide Construction Products.

Lead Times

Five of the seven producers reported that 60 percent (***) to 98 percent (***) of their threaded rod was sold out of inventory and all noted lead times between zero and seven days, with an average lead time of 3.3 days.[36] Lead times for those producers who reported selling some threaded rod produced-to-order ranged from "1 to 10" days to three weeks and averaged just less than two weeks.

Eleven of the 22 responding importers reported only selling from inventory, and four reported only selling on a produced-to-order basis. The remaining importers sell the majority (between 60 and 90 percent) of their threaded rod out of inventory. Reported lead times for importers' sales from inventory ranged between one day and two weeks, but averaged 3.6 days. For importers' sales that are produced to order, lead times ranged between two and five months[37] and averaged slightly more than three-and-a-half months.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers, importers, and purchasers were asked to assess how interchangeable threaded rod produced in the United States, China, and nonsubject countries is; responses are presented in table II-5. The majority of producers, importers, and purchasers that reported familiarity with imported threaded rod reported that U.S.-produced threaded rod is always or frequently interchangeable with threaded rod imported from China and nonsubject countries. Two producers, three importers, and five purchasers

[36] *** reported that it ships *** percent from inventory and *** percent is produced to order, and *** reported that it ships *** percent from inventory and *** percent is produced to order.

[37] One importer, however, reported a lead time of one week.

reported reasons that limit or preclude interchangeable use. One producer and one importer stated that the use of the metric system in other countries affects interchangeability. Producer *** reported that if customers require the material to meet certain specifications, only domestic threaded rod can be used, and importer *** reported that the U.S. product with certain zinc plating cannot be used in Europe. Importer *** noted that the quality of the material and manufacture may play a role in limiting interchangeability. Four purchasers noted that federal or state projects can require the use of domestically produced threaded rod, while the other reported that domestic and Chinese threaded rod are only sometimes interchangeable due to the need for a mill certificate.

Table II-5
Threaded rod: U.S. producers' and importers' perceived degree of interchangeability of products produced in the United States and in other countries[1]

	U.S. producers				U.S. importers				U.S. purchasers			
Country comparison	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	4	3	0	0	12	7	0	0	19	5	3	0
U.S. vs. other countries[2]	3	2	1	0	8	5	0	0	6	4	1	0
China vs. other countries[2]	3	2	0	0	6	4	0	0	5	2	0	0

[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.
[2] All producers and importers which identified the "other countries" referred to India as the other country. Purchasers used Germany, India, Indonesia, Mexico, South Korea, Switzerland, and Taiwan for comparisons.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, and "N" = Never.

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

In addition, 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-6). Producers reported a varying degree of differences, and importers most often reported that differences other than price are "sometimes" a significant factor in their sales of threaded rod.[38] Among producers, *** reported there are "always" differences because availability is very important; *** reported that there are "frequently" differences between threaded rod from the United States and that from nonsubject countries because of floating exchange rates; and *** reported that there are "sometimes" differences among all three comparisons due to variations in product range. Importers that noted non-price factors are "always" or "frequently" significant factors described availability, differences among producers, lead times, order fulfillment, product range, quality, and transportation as factors leading to those non-price differences between countries' products. Only one of 34 (***) responding purchasers reported that a certain grade, size, or type of threaded rod is only available from one source; specifically, A36 grade steel threaded rod is only available domestically.

[38] Two of the importers that reported non-price factors are "always" or "frequently" significant did not explain their answers as requested.

Table II-6
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 countries[1]

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	1	1	3	2	4	2	9	3
U.S. vs. other countries	1	1	3	1	1	1	5	2
China vs. other countries	0	0	1	3	1	1	4	2

[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, and "N" = Never.

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

Petitioner Vulcan and respondent Porteous agreed that there are no significant quality differences between U.S.-produced threaded rod and threaded rod that is imported from China.[39] Vulcan reported that threaded rod is a commodity product, and that price is the primary factor that customers consider when making their purchasing decisions.[40] However, importers Industrial Threaded Products ("ITP") 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.[41] Some end users specify that the threaded rod they purchase must meet ASTM A36 specifications, which imports of threaded rod from China inconsistently meet.[42] However, U.S. producers reported that end users that request threaded rod that meets A36 specifications are a small part of the market.[43]

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.[44]

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 independent warehouses help it to service the entire U.S. market with short lead times.[45] Respondent 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.[46] It also reported that it sells a large variety of fastener products that can be packaged together

[39] Preliminary conference transcript, p. 18 (Upton) and p. 104 (Haggerty).

[40] Hearing transcript, p. 6 (Waite) and pp. 16-17 (Logan)

[41] Industrial Threaded Products' and Fastenal's postconference brief, pp. 1-3.

[42] Hearing transcript, p. 28 (Iverson).

[43] ***. Staff telephone interview with ***. According to testimony presented at the hearing, the West Coast is the only place where the A36 specification is an issue. Hearing transcript, p. 101 (Magrath). Bay Standard reported that all of the raw materials it buys meet the ASTM A36 specification, in an effort to reduce the duplication of inventories. Hearing transcript, pp. 102-103 (Iverson). In all, less than five percent of his customers specify A36 when they place orders for threaded rod. Hearing transcript, p. 28 (Iverson).

[44] Porteous's postconference brief, pp. 5-6.

[45] Preliminary conference transcript, pp. 78-79 (Buckner) and pp. 80-81 (Logan).

[46] Preliminary conference transcript, pp. 85-87 (Haggerty).

with threaded rod,[47] and that all of these factors allow it to compete for customers on a basis other than price.

Country Comparisons

Purchasers were asked to compare threaded rod produced in the United States to that made in China and nonsubject countries with respect to 18 different attributes. Twenty-five purchasers provided responses; details are provided in table II-7.

Table II-7
Threaded rod: Comparisons of U.S. product, product from China, and product from other countries, as reported by U.S. purchasers

Factor	U.S. vs China			U.S. vs India			US vs other nonsubject[1]		
	S	C	I	S	C	I	S	C	I
	Number of firms responding								
Availability	12	11	2	3	4	0	0	3	0
Availability of consigned inventory	1	19	3	1	6	0	0	2	0
Delivery terms	7	15	3	3	4	0	0	3	0
Delivery time	14	8	3	3	4	0	1	2	0
Discounts offered	0	19	5	0	6	1	0	2	0
Extension of credit	2	19	4	1	5	1	0	2	1
Minimum quantity requirements	9	15	1	3	4	0	0	3	0
Packaging	4	18	3	2	5	0	0	3	0
Price[2]	0	7	18	0	5	2	0	2	1
Product consistency	3	21	1	1	6	0	0	3	0
Product range	6	17	2	1	6	0	0	2	1
Quality meets standards	1	22	1	0	7	0	0	3	0
Quality exceeds standards	4	20	1	0	7	0	0	3	0
Reliability of supply	5	18	1	1	6	0	0	3	0
Technical support/service	7	17	1	2	5	0	0	3	0
U.S. transportation costs[2]	4	17	2	1	6	0	0	3	0
Willingness to negotiate price/terms	0	18	7	0	7	0	0	3	0
Willingness of supplier to accept raw material cost increase risk	0	18	7	0	6	0	0	2	1

[1] Other nonsubject includes Germany, Switzerland, and Taiwan.
[2] A rating of superior means that the price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the price of U.S. product is generally lower than the price of the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

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

[47] Porteous reported that by bundling products, its customers get an advantage in terms of pre-paid shipping. Preliminary conference transcript, pp. 99-100 (Haggerty).

ELASTICITY ESTIMATES[48]

U.S. Supply Elasticity[49]

The domestic supply elasticity for threaded rod measures the sensitivity of the quantity supplied to changes in the U.S. market price of threaded rod. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to and from production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced threaded rod.

In the short term, the domestic industry has a moderate-to-high degree of responsiveness to changes in prices. Supply responsiveness is enhanced by possible available capacity, the ability to switch to producing threaded rod instead of other products, and the quantity of inventory on hand, but is limited by ***. Domestic supply elasticity is likely in the range of 3 to 5.

U.S. Demand Elasticity

The U.S. demand elasticity for threaded rod measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of threaded rod, and is likely to be low, and in the range of -.25 to -.5. This estimate is driven by factors discussed earlier, such as the low cost share of threaded rod in the production of various construction-related products, and a lack of viable substitute products in large portions of the market.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[50] Product differentiation, in turn, depends upon such factors as quality (both perceived and actual), specs, availability, and conditions of sale. Many of the producers, importers, and purchasers noted the similarities of threaded rod produced domestically and imported from China with respect to most factors. Based on the above data, substitution elasticity between domestic and imported Chinese threaded rod is high, and is likely to be in the range of 4 to 6.

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[48] Parties were invited to submit comments regarding this section in their prehearing briefs. Neither petitioner nor respondents did so.

[49] A supply function is not defined in the case of a non-competitive market.

[50] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like product to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change.

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 of imports of the subject merchandise and pricing is presented in Parts IV and V, respectively. 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 seven firms that accounted for the vast majority of U.S. production of threaded rod from 2005 to 2007.[1]

U.S. PRODUCERS

The Commission sent U.S. producer's questionnaires to the nine firms cited in the petition: Vulcan, All Ohio, Bay Standard,[2] Conklin, Interstate Fittings, Inc. ("Interstate"), Lancaster, Rods Indiana, Threaded Rod Company, Inc.,[3] and Watson.[4] Responses were received from seven of the nine firms.[5] 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] Eight producers submitted U.S. producer questionnaires in the preliminary phase of this investigation. ***.

[2] ***.

[3] Effective October 10, 2008, TRC, Inc., a wholly owned subsidiary of Acme Manufacturing Company, Inc. located in Denver, CO, purchased the assets of Threaded Rod. The company is now Indianapolis Threaded Rod Company. E-mail from ***, January 25, 2009.

[4] RIEX, an importer of the subject product, testified at the hearing of this investigation that it has threading operations and that might qualify it as a producer of the subject product. Hearing transcript, pp. 122-123 and 141-142. ***.

[5] ***.

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] [5]	Butler, IN	Supports	***[5]	***[5]
Threaded Rod[6]	Indianapolis, IN	Supports	***	***
Vulcan[7]	Pelham, AL	Petitioner	***	***
Watson[8]	Kenilworth, NJ Petersburg, VA	Supports	***	***

[1] ***.
[2] ***.
[3] ***.
[4] ***.
[5] ***.
[6] ***.
[7] ***.
[8] ***.

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

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

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for threaded rod are presented in table III-2. Total U.S. capacity for threaded rod decreased by *** percent from 2005 to 2007 and experienced no change when comparing data from interim 2007 to interim 2008.[6] Total U.S. production of threaded rod declined by *** percent from 2005 to 2007, but was *** percent higher in interim 2008 compared with interim 2007. Capacity utilization declined from *** percent in 2005 to *** percent in 2007. Capacity utilization stood at *** percent in interim 2008 compared with *** percent in interim 2007.

Table III-2
Threaded rod: U.S. capacity, production, and capacity utilization, 2005-07, January-September 2007, and January-September 2008

* * * * * * *

In the Commission's questionnaire, U.S. producers were asked if they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of their operations or organization relating to the production of threaded rod since January 1, 2005. Five firms reported such changes; their responses to this question are presented in table III-3.

Table III-3
Threaded rod: U.S. producers' comments concerning plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns

Firm	Changes in the character of operations
***	***.
***	***.
***	***.
***	***.
***	***.
Source: Compiled from data submitted in response to Commission questionnaires.	

[6] The decline in capacity to produce threaded rod is attributable to ***.

U.S. PRODUCERS' SHIPMENTS[7]

Data on domestic producers' shipments of threaded rod are presented in table III-4. Domestic commercial sales accounted for *** of U.S. producers' shipments of threaded rod during the period of investigation. U.S. producers' commercial shipments decreased by *** percent from 2005 to 2007 and was *** percent lower in interim 2008 than in interim 2007. No firm reported internal consumption, transfers to related firms, or export shipments during the period of investigation.

Table III-4
Threaded rod: U.S. producers' shipments, by types, 2005-07, January-September 2007, and January-September 2008

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Five U.S. producers, ***, reported direct imports of threaded rod from China during the period for which data were collected. Data concerning U.S. producers' purchases of imported and domestically produced threaded rod are shown in table III-5. Two producers, ***[8] and ***,[9] reported purchases from importers of threaded rod from China. *** also reported purchases from importers of threaded rod from India. *** purchased threaded rod from domestic producers, stating that it could not meet customer demands with its own production so it purchased domestically produced threaded rod from *** to fill inventory.

Table III-5
Threaded rod: U.S. producers' imports and purchases of imports, 2005-07, January-September 2007, and January-September 2008

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of threaded rod are presented in table III-6. All responding U.S. producers held inventory of threaded rod. *** accounted for the vast majority of inventory during the period of investigation.[10]

Table III-6
Threaded rod: U.S. producers' end-of-period inventories, 2005-07, January-September 2007, and January-September 2008

* * * * * * *

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[7] Appendix D presents data on U.S. producers' total shipments of the subject product by diameter in 2007.

[8] *** stated that it purchased subject threaded rod from ***. ***'s producer questionnaire response, section II-12.

[9] ***'s producer questionnaire response, section II-12.

[10] *** asserts that the "substantial increases in both U.S. producer inventories and inventory-to-shipment ratios clearly show the continued threat of Chinese imports in the marketplace," Petitioner's posthearing brief, p. 10.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' aggregate employment data for threaded rod are presented in table III-7. In the aggregate, U.S. threaded rod producers reported an overall decline of *** percent in the number of production and related workers employed in the manufacture of threaded rod during 2005-07.

Table III-7
Threaded rod: U.S. producers' employment-related indicators, 2005-07, January-September 2007, and January-September 2008

* * * * * * *

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 27 firms.[1] As a share of official statistics (HTS 7318.15.5060), questionnaire responses were received from importers that in 2007 accounted for more than 52.4 percent of U.S. imports from China.[2] Table IV-1 presents a list of the firms that provided useable responses to the Commission's questionnaire in the final phase of this investigation, 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

Subject Imports from China

Table IV-2 presents U.S. imports of threaded rod based on data reported in response to Commission questionnaires.[3] The quantity of U.S. imports from China increased 63.3 percent from 2005 to 2007 while the value of U.S. imports from China increased 64.0 percent. During the interim periods, U.S. imports from China also increased 21.1 percent by quantity and increased 63.3 percent by value.

[1] Twenty-eight firms submitted a U.S. importer questionnaire response in the preliminary phase of this investigation. Five firms, ***, did not submit a U.S. importer questionnaire for the final phase of the investigation. Two of these six firms, ***, are also U.S. producers of the subject product. ***. Four additional firms, ***, provided U.S. importer questionnaire responses in the final phase only.

[2] 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 (e.g., stainless steel), hanger bolts, and rods which are not threaded along their entire length, etc. As noted in Part I, effective July 1, 2008, a separate HTS subheading 7318.15.5050 was created for "continuously threaded rod" made of carbon or alloy steel. At the same time, the HTS subheading under which carbon and alloy steel threaded rod had previously been classified (7318.15.5060) was deleted, and a new HTS subheading 7318.15.5090 for "other" products was added. E-mail from Frederick Waite, counsel for Vulcan, November 14, 2008.

[3] 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.

Table IV-2
Threaded rod: Imports, by sources, 2005-07, January-September 2007, and January-September 2008

Source	Calendar year			January-September	
	2005	2006	2007	2007	2008
			Quantity (*1,000 pounds*)		
China	53,496	68,157	87,339	59,091	71,537
Nonsubject sources	9,865	10,125	9,466	6,710	8,529
Total	63,362	78,282	96,805	65,801	80,066
			Value (*1,000 dollars*)[1]		
China	17,237	20,610	28,273	18,666	30,485
Nonsubject sources	9,475	9,191	8,815	6,084	8,584
Total	26,712	29,802	37,088	24,750	39,069
			Unit value (*per pound*)[1]		
China	$0.32	$0.30	$0.32	$0.32	$0.43
Nonsubject sources	0.96	0.91	0.93	0.91	1.01
Average	0.42	0.38	0.38	0.38	0.49
			Share of quantity (*percent*)		
China	84.4	87.1	90.2	89.8	89.3
Nonsubject sources	15.6	12.9	9.8	10.2	10.7
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	64.5	69.2	76.2	75.4	78.0
Nonsubject sources	35.5	30.8	23.8	24.6	22.0
Total	100.0	100.0	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.

Nonsubject Sources of Imports

In addition to firms reporting imports from China, seven firms reported imports from nonsubject sources (three from India, two from Japan, one from Belgium and Germany, and one from Mexico), with an overall decline in volume from nonsubject countries from 2005 to 2007.

Nearly 90 percent of imports from nonsubject sources were from India and were valued comparably with imports from China (***). Imports from Japan ranged from ***; imports from Belgium and Germany ranged from ***; and imports from Mexico ranged from ***.

NEGLIGIBILITY

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	166,489	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), the 7318.15.5050 supercedes 7318.15.5060 starting in July 1, 2008.

APPARENT U.S. CONSUMPTION

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 by 1.1 percent from 2005 to 2007 in quantity, and was 4.3 percent higher in interim 2008 than in interim 2007. The value of apparent U.S. consumption increased by 0.7 percent from 2005 to 2007, and was 36.2 percent higher in interim 2008 than in interim 2007.

Table IV-4
Threaded rod: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2005-07, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
Quantity (*1,000 pounds*)					
U.S. producers' U.S. shipments:	***	***	***	***	***
U.S. shipments of imports from--					
China	59,045	70,683	86,436	59,531	65,780
Nonsubject countries	10,861	10,696	9,943	7,244	6,799
Total	69,906	81,379	96,379	66,775	72,579
Apparent U.S. consumption	***	***	***	***	***
Value (*1,000 dollars*)[1]					
U.S. producers' U.S. shipments:	***	***	***	***	***
U.S. shipments of imports from--					
China	38,163	44,775	53,323	36,656	50,561
Nonsubject countries	10,431	9,660	9,170	6,496	7,973
Total	48,593	54,435	62,493	43,152	58,534
Apparent U.S. consumption	***	***	***	***	***

[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.

U.S. MARKET SHARES

Table IV-5 shows data on total U.S. market share for threaded rod using data compiled from responses to Commission questionnaires. From 2005 to 2007, U.S. producers lost 15.0 percentage points of market share based on quantity and 13.3 percentage points based on value. Comparing interim 2008 with interim 2007, U.S. producers lost 2.3 percentage points of market share based on quantity, but gained 0.2 percentage points based on value. U.S. imports from China gained 15.6 percentage points based on quantity and 14.6 percentage points based on value from 2005 to 2007. Comparing interim 2008 with interim 2007, U.S. imports from China gained 2.9 percentage points of market share in terms of quantity and experienced a 0.7 percentage point increase in terms of value. Nonsubject imports lost market shares in both value and quantity during 2005-07.

Table IV-5
Threaded rod: U.S. consumption and market shares, 2005-07, January-September 2007, and January-September 2008

* * * * * * *

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, January-September 2007, and January-September 2008

Item	Calendar year			January-September	
	2005	2006	2007	2007	2008
	Quantity (*1,000 pounds*)				
U.S. production	***	***	***	***	***
U.S. imports from--					
China	53,496	68,157	87,339	59,091	71,537
Nonsubject countries	9,865	10,125	9,466	6,710	8,529
All countries	63,362	78,282	96,805	65,801	80,066
	Ratio of U.S. imports to domestic production (*percent*)				
U.S. imports from--					
China	***	***	***	***	***
Nonsubject countries	***	***	***	***	***
All countries	***	***	***	***	***

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

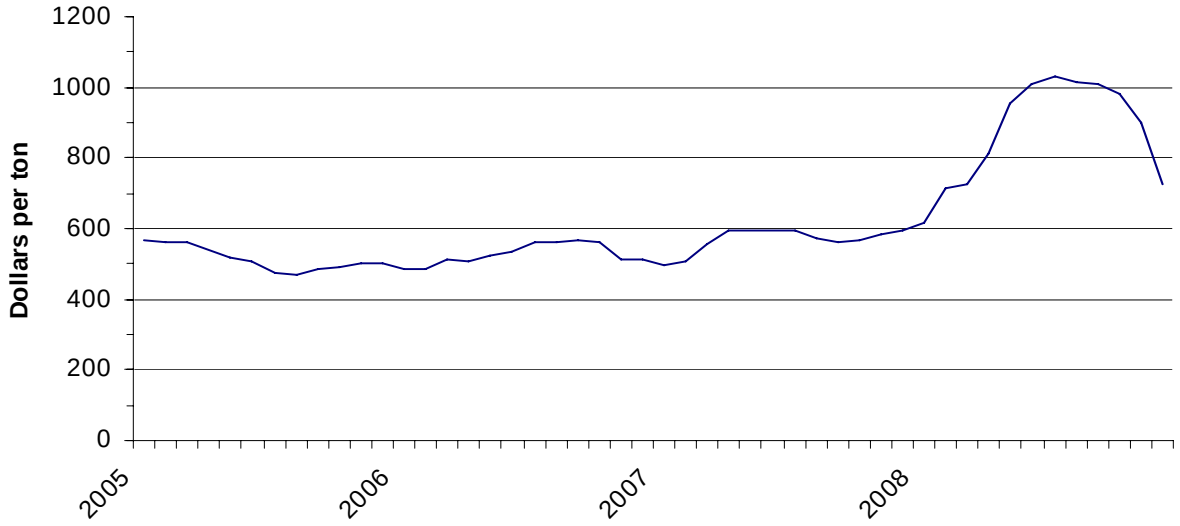
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The main raw material used in the production of threaded rod is carbon steel wire rod; the wire rod is cold-drawn, straightened, cut to length, threaded, and then galvanized. It accounted for 67 percent of total cost of goods sold during the financial data reporting period (*see* Part VI: *Financial Condition of U.S. Producers*). The price of carbon steel wire rod decreased in early 2005 before generally increasing until the end of 2007 (figure V-1).[1] Prices then increased rapidly until July 2008 and then declined through the end of 2008. For larger diameter threaded rod, steel bar is used as an input.[2]

Figure V-1
Low-carbon steel wire rod: Average monthly U.S. spot price in dollars per ton, January 2005-January 2009



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

[1] Respondents reported that prices of steel wire rod have increased dramatically in China, beginning in late 2007 and continuing into early 2008. Preliminary 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] Approximately 80 percent of threaded rod is made from steel wire rod and 20 percent from steel bar. Hearing transcript, pp. 61-62 (Logan and Iverson).

Most threaded rod is galvanized using either a 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. Six of seven responding producers and 18 of the 27 responding importers described the fluctuations of raw material prices that are shown in figure V-1. As the economy has sunk into recession, demand for steel in general has declined leading to lower prices.[5] Producer *** reported the threat of increasing steel prices in 2009, however, and importer *** noted that it believes the price decline is over. Importers *** expect prices to decline further, and importer *** stated that it is difficult to know how long the current decline in steel and fuel costs will last, or how much farther prices will drop.

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 to be 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 1 to 8 percent of the total delivered cost of threaded rod, and averaged 4.2 percent. Sixteen of 21 responding importers reported that inland transportation costs ranged between 3 and 10 percent (averaging 6.2 percent)[7] of the total delivered cost of threaded rod.[8]

Six of seven U.S. producers reported that they arranged delivery, with four reporting that they shipped 50 to 80 percent of their threaded rod less than 100 miles and the other two reporting that they shipped 80 percent of their threaded rod between 101 and 1,000 miles. Twenty of the 24 responding importers reported that they arranged delivery. Based on a simple average, the 18 responding importers noted shipping 50.6 percent of their threaded rod less than 100 miles, 34.6 percent between 101 and 1,000 miles, and 14.8 percent more than 1,000 miles.

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[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. Preliminary conference transcript, pp. 103-104 (Levinson and Haggerty).

[4] Petitioner estimated that galvanized threaded rod, including both electro-plated and hot-dipped, is approximately 75 to 80 percent of the total market. Preliminary conference transcript, p. 63 (Logan). Simlarly, respondents estimated that galvanized threaded rod makes up approximately 70 percent of the total market. Preliminary conference transcript, p. 89 (Haggerty).

[5] *See*, e.g., "OECD sees slowdown affecting steel demand and outlook," January 28, 2009, found at http://steelguru.com/news/index/2009/01/02/NzcxMjA%3D/Recession_reports_-_OECD_sees_slowdown_affecting_steel_demand_and_outlook.html, downloaded January 28, 2009, and "Down economic reports set the stage for weak steel prices," January 9, 2009, found at http://www.purchasing.com/blog/1570000357/post/1660038966.html, downloaded January 28, 2009.

[6] These estimates are based on HTS subheading 7318.15.5060 which, at that time was the heading for threaded rod.

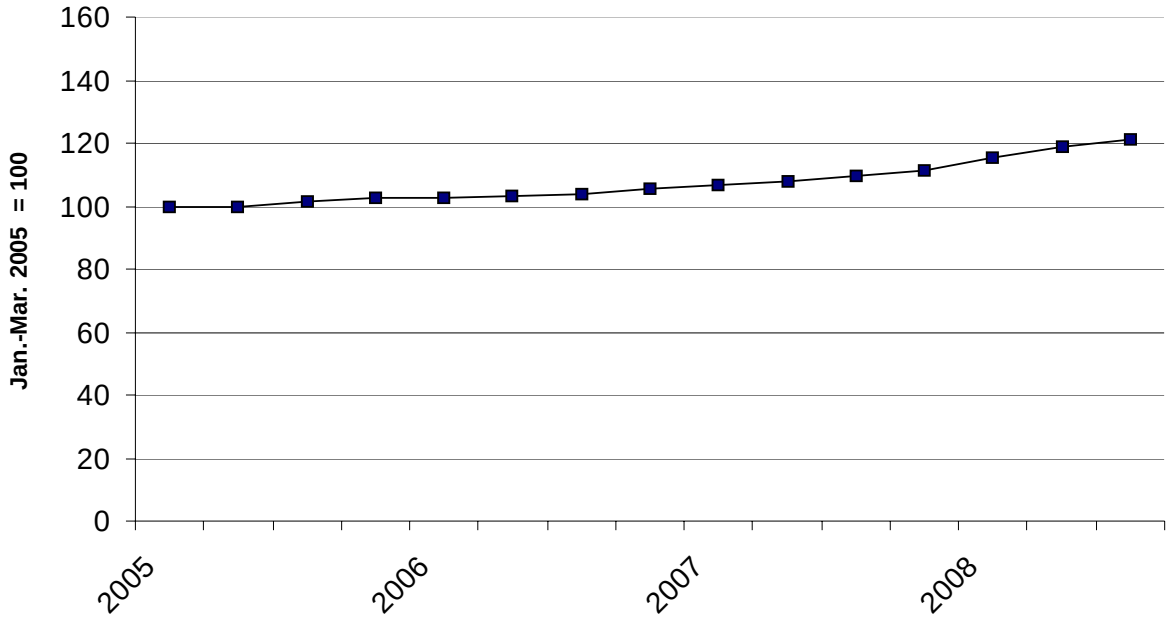
[7] *** reported inland transportation costs of 20 and 30 percent, respectively, and may have been referring to total transportation costs from overseas.

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

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 the third quarter of 2005 and continued to do so through the entire period under review (figure V-2).[9] In all, the yuan appreciated 21.0 percent over the period.

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-September 2008
Source: International Monetary Fund, *International Financial Statistics*, retrieved from http://www.imfstatistics.org/imf/ on January 15, 2009.



PRICING PRACTICES

Pricing Methods

The seven responding U.S. producers of threaded rod reported that they use a variety of methods in determining prices. Two producers (***) reported that they use some form of a cost-plus markup, and three others (***) remarked that they have set price lists. In addition to their use of set price lists, *** also contract for multiple shipments and *** will negotiate on a transaction-by-transaction basis, which is the way *** sets its pricing. *** 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.

[9] Real values of the Chinese yuan are not available.

Among importers, 14 reported that they set prices on a transaction-by-transaction basis; seven importers reported that they use price lists; four reported that they use contracts for multiple shipments; four reported that they use some form of a cost-plus markup, and three reported using market pricing as a guide.

Sales Terms and Discounts

Six of the seven producers and the vast majority of importers reported that sales terms for threaded rod are generally net 30 days.[10] Four of the seven producers and six of 23 importers stated that they give discounts for early payment. Three producers reported that prices are generally quoted on a f.o.b. warehouse basis; three reported that they generally quote delivered prices; and *** reported that it negotiates freight terms on a customer-by-customer basis.[11] Among responding importers, 11 reported that they quote delivered prices, nine reported that they quote f.o.b. prices, and two quote on both a delivered and f.o.b. basis.

Six of seven responding producers reported that the majority of their sales of threaded rod are on a spot basis (*** percent, based on a simple average); only *** reported that a significant percent are sales by long-term and short-term contracts:[12] ***, *** sells *** percent to *** on a short-term contract basis, and *** sells *** percent on a short-term basis, respectively.[13] Ten importers sell threaded rod exclusively on a spot basis, two sell exclusively on a short-term contract basis, and one sells exclusively on a long-term contract basis.[14] The other nine responding importers sold about 68.1 percent on the spot market and about 31.9 percent via short-term contracts (up to 12 months in length).[15]

Four producers reported that short-term contracts are *** in length, with ***. ***. Ten importers reported that short-term contracts are generally 3 to 9 months in length, with both price and quantity fixed, no price renegotiations, and no meet-or-release provisions included.[16]

Purchasers were asked if sales terms differ between U.S. producers of threaded rod and importers of Chinese threaded rod. Twenty of 27 responding purchasers replied "no."[17] Of the seven purchasers responding "yes," two stated that imported material is at least sometimes less expensive than threaded rod produced domestically; two noted that importers are more willing to enter into longer contracts; one stated that some importers will offer special payment terms; one indicated that imports have to meet certain specifications; and one reported shorter domestic producer lead times, which has the effect of bringing about quicker changes in the market price.

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[10] Two importers offer net 60 and net 90 days payment terms.

[11] ***.

[12] Additionally, *** reported that *** percent of its 2007 sales were via short-term contracts.

[13] *** reported a portion of its sales subject to long-term contracts, but these contracts were for a period of up to one year, which means they should be classified as short-term contracts. However, these longer short-term contracts can have prices renegotiated and have a fixed price with an approximate quantity. With *** other short-term contracts, both quantity and price are fixed and prices cannot be renegotiated.

[14] *** sells exclusively on a long-term contract basis; its contract is ***.

[15] Importers *** reported selling on a long-term contract basis, but the details provided reference short-term contracts.

[16] Among the five importers whose contracts do not generally fit this description, three importers reported that prices were renegotiable, and two importers each reported that only prices were fixed and that meet-or-release clauses were included.

[17] Additionally, three purchasers noted that they only purchase from one source. Therefore, their responses are excluded in these totals.

With respect to discounts, six of seven producers reported offering some type of discount on their sales of threaded rod,[18] with five producers reporting that the discounts depend on the quantity purchased. Additionally, *** reported that it offers ***. Nine importers reporting giving quantity discounts; one gives discounts based on the frequency of purchases; one gives a rebate based on total volume of purchases that include products other than threaded rod; and 10 do not offer discounts.

Price Leadership

Purchasers were asked if there have been any firms that they would consider price leaders in the market since 2005. Responding purchasers identified the following suppliers as price leaders: Vulcan (identified by 7 purchasers); Heads and Threads (4); Porteous and PrimeSource (3); Bay Standard, Conklin & Conklin, Industrial Threaded Products, and Western States (2).[19]

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 September 2008. The products for which pricing data were requested are as follows:

***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**

***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**

***Product 4*.—Low-carbon steel fully threaded rod, electro-plated with zinc, 3/8-inch diameter (as measured from the top of the thread), 6 feet in length, in cardboard tubes**

***Product 5*.—Low-carbon steel fully threaded rod, electro-plated with zinc, 1/2-inch diameter (as measured from the top of the thread), 10 feet in length, in cardboard tubes**

***Product 6*.—Low-carbon steel fully threaded rod, plain, 3/4 inch diameter (as measured from the top of the thread), 12 feet in length, in cardboard tubes**

***Product 7*.—Low-carbon steel fully threaded rod, plain, 1¼ inch diameter (as measured from the top of the thread), 12 feet in length, in cardboard tubes**

[18] These discounts are in addition to those previously mentioned for early payment.

[19] Ten other suppliers were identified by purchasers, however none of these suppliers was identified by more than one purchaser.

All U.S. producers provided usable pricing data for sales of the requested products, and 19 importers from China[20] provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[21] In addition, four importers reported usable pricing data for their imports from India and Mexico, nonsubject countries. Pricing data for the seven products reported by these firms, shown in tables V-1 to V-7 and figures V-3 to V-9, accounted for 37.7 percent of U.S. producers' shipments of threaded rod and 28.5 percent of U.S. shipments of imports from China in 2007.[22] Pricing data reported by importers of threaded rod from nonsubject countries accounted for *** percent of U.S. shipments of imports from nonsubject countries in 2007.[23]

Price Trends

Prices of U.S.-produced threaded rod for products 1 through 6 generally decreased from 2005 through the middle of 2007, before rapidly increasing in late 2007 through 2008.[24] Prices of product 7 irregularly increased through 2007, and began to increase more rapidly in 2008. For products 1 through 6, prices of U.S.-produced threaded rod decreased from the first quarter of 2005 to the third quarter of 2007. The decrease in prices ranged between 1.6 and 24.7 percent. Overall, prices were between 32.4 percent (product 3) and 83.5 percent (product 7) higher in the third quarter of 2008 than the first quarter of 2005.

In general, prices of products imported from China show a similar pattern to the prices of the U.S. Prices of all products imported from China declined from the first quarter of 2005 to the third quarter of 2007, with decreases ranging from 2.0 to 26.4 percent. All products, however, had large price increases in 2008. A summary of price trends is shown in tables V-1 through V-7 and figures V-3 through V-9.

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[20] ***.

[21] Quarterly pricing data excluding Bay Standard is presented in app. E. All of Bay Standard's shipments would meet the A36 specification, whether requested by the customer or not. Respondent Porteous alleges that A36 is a specialty product that commands a premium price. Respondent Porteous's prehearing brief, pp. 4-5. At the hearing, a representative for Bay Standard reported with respect to A36-compliant threaded rod, "We sell it for the same price as we do regular threaded rod." Hearing transcript, p. 103 (Iverson).

[22] Including *** import data presented in app. F, the percentage of import shipments would rise to *** percent.

[23] The large majority (over *** percent) of these sales were imported from India.

[24] 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. Preliminary conference transcript, p. 40 (Magrath).

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,[1] and margins of underselling, by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$***	***	$0.45	1,276,168	***	$***	***
Apr.-June	***	***	0.43	1,894,638	***	***	***
July-Sept.	***	***	0.42	2,153,878	***	***	***
Oct.-Dec.	***	***	0.42	1,776,693	***	***	***
2006:							
Jan.-Mar.	***	***	0.45	2,159,355	***	***	***
Apr.-June	***	***	0.44	2,375,281	***	***	***
July-Sept.	***	***	0.44	2,745,524	***	***	***
Oct.-Dec.	***	***	0.42	2,314,064	***	***	***
2007:							
Jan.-Mar.	***	***	0.41	2,679,148	***	***	***
Apr.-June	***	***	0.42	2,878,362	***	***	***
July-Sept.	***	***	0.41	3,309,037	***	***	***
Oct.-Dec.	***	***	0.43	3,478,609	***	***	***
2008:							
Jan.-Mar.	***	***	0.49	3,538,787	***	***	***
Apr.-June	***	***	0.61	3,520,713	***	***	***
July-Sept.	***	***	0.69	3,638,697	***	***	***

[1] 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.
[2] Nonsubject data were reported for India and Mexico.

Source: Compiled from data 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,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$***	***	$0.65	94,727	***	$***	***
Apr.-June	***	***	0.56	105,090	***	0.54	13,294
July-Sept.	***	***	0.52	94,137	***	***	***
Oct.-Dec.	***	***	0.57	88,157	***	***	***
2006:							
Jan.-Mar.	***	***	0.64	126,689	***	***	***
Apr.-June	***	***	0.53	140,845	***	***	***
July-Sept.	***	***	0.48	139,543	***	***	***
Oct.-Dec.	***	***	0.42	243,908	***	***	***
2007:							
Jan.-Mar.	***	***	0.44	215,211	***	***	***
Apr.-June	***	***	0.47	356,950	***	***	***
July-Sept.	***	***	0.50	252,451	***	***	***
Oct.-Dec.	***	***	0.53	260,495	***	***	***
2008:							
Jan.-Mar.	***	***	0.59	248,258	***	***	***
Apr.-June	***	***	0.68	369,455	***	***	***
July-Sept.	***	***	0.83	290,268	***	***	***

[1] 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.
[2] Nonsubject data were reported for India and Mexico.

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,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$***	***	$***	***	27.5	$***	***
Apr.-June	***	***	***	***	34.0	***	***
July-Sept.	***	***	***	***	15.2	***	***
Oct.-Dec.	***	***	***	***	32.5	***	***
2006:							
Jan.-Mar.	***	***	***	***	30.5	***	***
Apr.-June	***	***	0.60	77,893	31.8	***	***
July-Sept.	***	***	0.62	43,153	29.0	***	***
Oct.-Dec.	***	***	***	***	28.5	***	***
2007:							
Jan.-Mar.	***	***	***	***	12.0	--	0
Apr.-June	***	***	0.73	97,222	7.4	***	***
July-Sept.	***	***	0.67	112,856	5.6	***	***
Oct.-Dec.	***	***	0.72	106,686	9.7	--	0
2008:							
Jan.-Mar.	***	***	0.80	77,773	2.2	***	***
Apr.-June	***	***	1.09	81,648	(14.1)	***	***
July-Sept.	***	***	1.15	61,541	8.0	***	***

[1] 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.
[2] Nonsubject data were reported for India and Mexico.

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

Table V-4
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 4,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$***	***	$0.53	402,231	***	$***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	0.50	482,608	***	***	***
Oct.-Dec.	***	***	0.50	441,807	***	***	***
2006:							
Jan.-Mar.	***	***	0.48	595,997	***	***	***
Apr.-June	***	***	0.45	977,831	***	***	***
July-Sept.	***	***	0.43	1,029,141	***	***	***
Oct.-Dec.	***	***	0.43	881,790	***	***	***
2007:							
Jan.-Mar.	***	***	0.44	1,314,313	***	***	***
Apr.-June	***	***	0.45	1,333,295	***	***	***
July-Sept.	***	***	0.46	1,279,985	***	***	***
Oct.-Dec.	***	***	0.48	950,695	***	***	***
2008:							
Jan.-Mar.	***	***	0.53	1,092,543	***	***	***
Apr.-June	***	***	0.66	1,068,833	***	***	***
July-Sept.	***	***	0.74	1,316,927	***	***	***

[1] Product 4.-Low-carbon steel fully threaded rod, electro-plated with zinc, 3/8-inch diameter (as measured from the top of the thread), 6 feet in length, in cardboard tubes.
[2] Nonsubject data were reported for India.

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

Table V-5
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 5,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$***	***	$0.57	411,478	***	$***	***
Apr.-June	***	***	0.45	714,680	***	***	***
July-Sept.	***	***	0.40	767,769	***	***	***
Oct.-Dec.	***	***	0.44	565,192	***	***	***
2006:							
Jan.-Mar.	***	***	0.43	624,435	***	***	***
Apr.-June	***	***	0.43	897,173	***	***	***
July-Sept.	***	***	0.43	904,586	***	***	***
Oct.-Dec.	***	***	0.45	790,427	***	***	***
2007:							
Jan.-Mar.	***	***	0.44	1,047,561	***	***	***
Apr.-June	***	***	0.41	1,093,558	***	***	***
July-Sept.	***	***	0.45	1,169,943	***	***	***
Oct.-Dec.	***	***	0.45	1,353,309	***	***	***
2008:							
Jan.-Mar.	***	***	0.50	1,141,191	***	***	***
Apr.-June	***	***	0.61	1,513,738	***	***	***
July-Sept.	***	***	0.74	1,364,068	***	***	***

[1] Product 5.-Low-carbon steel fully threaded rod, electro-plated with zinc, 1/2-inch diameter (as measured from the top of the thread), 10 feet in length, in cardboard tubes.
[2] Nonsubject data were reported for India.

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

Table V-6
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 6,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$***	***	$***	***	***	$***	***
Apr.-June	***	***	0.47	82,511	***	--	0
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***
2006:							
Jan.-Mar.	0.49	165,567	***	***	***	***	***
Apr.-June	***	***	0.44	118,496	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***
2007:							
Jan.-Mar.	0.48	129,568	0.42	166,299	12.1	***	***
Apr.-June	0.48	135,482	0.39	192,690	18.4	***	***
July-Sept.	***	***	0.42	213,446	***	***	***
Oct.-Dec.	***	***	0.43	184,302	***	***	***
2008:							
Jan.-Mar.	***	***	0.51	137,480	***	***	***
Apr.-June	***	***	0.63	187,627	***	***	***
July-Sept.	***	***	0.69	147,586	***	--	0

[1] Product 6.-Low-carbon steel fully threaded rod, plain, 3/4 inch diameter (as measured from the top of the thread), 12 feet in length, in cardboard tubes. .
[2] Nonsubject data were reported for India.

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

Table V-7
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 7,[1] and margins of underselling, by quarters, January 2005-September 2008

Period	United States		China			Nonsubject[2]	
	Price (*per pound*)	Quantity (*pounds*)	Price (*per pound*)	Quantity (*pounds*)	Margin (*percent*)	Price (*per pound*)	Quantity (*pounds*)
2005:							
Jan.-Mar.	$0.53	122,441	$***	***	***	$***	***
Apr.-June	0.52	125,476	***	***	***	***	***
July-Sept.	0.58	94,890	***	***	***	--	0
Oct.-Dec.	0.54	137,468	***	***	***	***	***
2006:							
Jan.-Mar.	***	***	***	***	***	--	0
Apr.-June	***	***	***	***	***	***	***
July-Sept.	0.56	107,239	0.47	70,840	16.5	***	***
Oct.-Dec.	0.61	60,167	***	***	***	--	0
2007:							
Jan.-Mar.	0.56	90,457	***	***	***	--	0
Apr.-June	0.60	92,947	0.43	122,969	28.5	***	***
July-Sept.	0.63	97,426	***	***	***	--	0
Oct.-Dec.	0.59	143,501	0.32	138,909	46.1	***	***
2008:							
Jan.-Mar.	0.66	69,402	***	***	***	***	***
Apr.-June	0.82	72,909	0.50	156,138	38.5	***	***
July-Sept.	0.96	60,082	0.64	119,491	33.3	--	0

[1] Product 7.-Low-carbon steel fully threaded rod, plain, 1¼ inch diameter (as measured from the top of the thread), 12 feet in length, in cardboard tubes.
[2] Nonsubject data were reported for India.

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

Figure V-3
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 1, by quarters, January 2005-September 2008

* * * * * * *

Figure V-4
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 2, by quarters, January 2005-September 2008

* * * * * * *

Figure V-5
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 3, by quarters, January 2005-September 2008

* * * * * * *

Figure V-6
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 4, by quarters, January 2005-September 2008

* * * * * * *

Figure V-7
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 5, by quarters, January 2005-September 2008

* * * * * * *

Figure V-8
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 6, by quarters, January 2005-September 2008

* * * * * * *

Figure V-9
Threaded rod: Weighted-average f.o.b. selling prices and quantities, as reported by U.S. producers and importers of product 7, by quarters, January 2005-September 2008

* * * * * * *

Price Comparisons

Imports of threaded rod from China undersold the U.S. product in 99 of 105 quarterly comparisons, with margins of underselling ranging from 0.002 to 46.1 percent.[25] Conversely, the remaining six quarters of imports of threaded rod from China oversold the U.S. product, with margins of overselling ranging from 2.2 to 14.1 percent. A summary of margins of underselling and overselling is presented in table V-8.

[25] ***.

Table V-8
Threaded rod: Number of quarters of underselling and overselling and highest and lowest margins of underselling and (overselling) by product number

Product	Number of quarters of underselling	Number of quarters of (overselling)	Average margin of underselling (*percent*)	Range of margins of underselling (*percent*)	Average margin of (overselling) (*percent*)	Range of margins of (overselling) (*percent*)
1	15	0	11.9	6.0 to 19.3	--	--
2	14	1	15.1	5.8 to 28.3	5.4	--
3	14	1	19.6	2.2 to 34.0	14.1	--
4	14	1	7.7	1.0 to 15.1	8.7	--
5	14	1	13.2	7.2 to 23.3	2.8	--
6	13	2	8.9	0.0 to 18.4	7.6	2.2 to 13.1
7	15	0	31.1	3.9 to 46.1	--	--

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

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. Six of the seven producers reported that they had reduced prices and four had rolled back announced price increases, allegedly due to imports from China. Five of six responding producers alleged that they had lost sales due to low-priced imports from China.[26] All of the lost sales and lost revenue allegations are presented in tables V-9 and V-10 and are discussed in more detail below. There were *** lost sales allegations totaling $*** and *** lost revenue allegations totaling $***.[27] Staff was able to contact all of the listed purchasers. *** of the lost sales allegations were confirmed totaling $***, and *** of the lost revenue allegations, totaling $*** were confirmed. Additional information, where relevant, is summarized in the individual responses below.

Table V-9
Threaded rod: U.S. producers' lost sales allegations

* * * * * * *

Table V-10
Threaded rod: U.S. producers' lost revenue allegations

* * * * * * *

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

[27] All of the lost sales allegations were made by ***. The lost revenue allegations were submitted by ***. Producer *** reported that it had neither lost sales nor revenues since January 1, 2005. Producer *** did not provide details regarding its lost sales, just a statement of how its volume had decreased.

***

***.

***

***.

***

***.

***

***.

Purchasers responding to lost sales and lost revenue allegations in the preliminary phase of the investigation 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 (table V-11). Five of the nine responding purchasers reported that they had shifted purchases of threaded rod from U.S. producers to subject imports since January 1, 2005; 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.

Table V-11
Threaded rod: Purchaser responses regarding purchase shifting

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 THE U.S. PRODUCERS

BACKGROUND

Seven U.S. producers of threaded rod provided usable financial data on their operations on threaded rod.[1] [2] These data are believed to account for the large majority of U.S. production of threaded rod in 2008. ***.

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 reported financial condition of the U.S. industry irregularly *** from 2006 to 2008, and *** during the comparable interim periods. The reported aggregate net sales quantities *** from 2006 to 2008, while aggregate net sales values *** during this time. Collectively, the aggregate cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses *** during this time. As a result of the *** in operating costs and expenses as compared to revenue, aggregate operating income *** from 2006 to 2008.

While the data show an overall *** in operating income from 2006 to 2008, year-to-year changes in aggregate revenue and costs led to *** in the U.S. industry's financial condition during this time. From 2006 to 2007, the ***, while from 2007 to 2008, as well as during the comparable interim periods, operating income ***.

For U.S. producers of threaded rod, per-pound net sales values *** from 2006 to 2007, while combined per-pound operating costs and expenses ***, which led to ***. From 2007 to 2008, as well as during the comparable interim periods, per-pound net sales values ***, respectively, while per-pound operating costs and expenses ***, respectively.

While not all components of operating costs and expenses *** on a per-pound basis during the period for which data were collected, raw material costs *** during this time. Steel costs accounted for an average of *** percent of total COGS for the reporting period, ***. From 2006 to 2008, as well as during the comparable interim periods, per-pound steel costs ***, respectively.

Table VI-1
Threaded rod: Results of operations of U.S. producers, fiscal years 2006-08, January-September 2007, and January-September 2008

* * * * * * *

Table VI-2
Threaded rod: Selected results of operations of U.S. producers, by firm, fiscal years 2006-08, January-September 2007, and January-September 2008

* * * * * * *

[1] The firms (and their fiscal year ends if other than December 31) are: ***. In accordance with standard Commission practice, financial data were collected for each firm's three most recently completed fiscal years. Full year financial data in this section of the report are presented for fiscal years 2006 to 2008 because firms accounting for 85 percent of 2008 net sales reported data for these fiscal years. Full year financial data for fiscal years 2005 to 2007 are presented in app. G.

[2] Commission staff verified the U.S. producers' questionnaire response of ***, and the results of the verification are incorporated in this report.

While the aggregate data on threaded rod operations reveal an industry that experienced an *** in profitability from 2006 to 2008, individual firm data reveal some variation in profitability during this time. ***.[3] In contrast, ***.[4] ***.[5]

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 ***. During the comparable interim periods, the ***.

Table VI-3
Threaded rod: Variance analysis on the operations of U.S. producers, fiscal years 2006-08, and January-September 2007-08

* * * * * * *

CAPITAL EXPENDITURES

Capital expenditures are shown in table VI-4. Only three firms (***) reported capital expenditures, and no firms reported R&D expenses. *** accounted for the majority of reported capital expenditures. According to ***, its capital expenditures reflect ***.[6] During the first two fiscal years for which data were requested, as well as the January-September 2007 time frame, total reported capital expenditures were less than total reported depreciation expense, which suggests the industry was not replacing its productive assets during that time.

Table VI-4
Threaded rod: Capital expenditures of U.S. producers, fiscal years 2006-08, January-September 2007, and January-September 2008

* * * * * * *

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 ***. The ROI ***. 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 2006-08

* * * * * * *

[3] ***.
[4] ***.
[5] ***.
[6] ***.

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 H.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume of imports of the subject merchandise and pricing is presented in Parts IV and V, respectively; 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 on nonsubject countries and the global market.

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 show that ***. One firm, ***,[2] accounted for more than *** percent of U.S.-bound exports from 2005 to 2007.[3] No foreign producer/exporter in China submitted a questionnaire response in the final investigation.[4] Three firms (one producer and two exporters)[5] provided useable responses in the preliminary phase of this investigation. Their 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 2008-09

* * * * * * *

[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] According to ***.

[3] From January to October 2008, Customs data show that *** accounted for *** percent of total exports of threaded rod classified under HTS 7318.15.5060 for January-June 2008 and HTS 7318.15.5050 and 7318.15.5090 for July-October 2008.

[4] One firm, ***, submitted a final phase foreign producer/exporter questionnaire with the same data from its response in the preliminary phase. Responses to the additional questions and January-September 2007 and January-September 2008 data were left blank.

[5] ***. 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, January-September 2007, and January-September 2008

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO SEPTEMBER 30, 2008

Importer questionnaire respondents reported there were approximately 10.2 million pounds of Chinese threaded rod scheduled for delivery after September 30, 2008.

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 COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[6]

Global Market

According to respondents, virtually all of the U.S. imports of threaded rod from nonsubject sources were from India.[7] Nearly 90 percent of imports from nonsubject sources were from India and were valued comparably with imports from China, while values of imports from other nonsubject sources were somewhat higher and, therefore, may have been materials outside the scope of this investigation.[8] As a share of imports from India reported in official Commerce data,[9] responding importers' accounted for *** 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:

[6] Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006).

[7] *Certain Steel Threaded Rod from China, Inv. No. 731-TA-1145 (Preliminary),* USITC Publication 3996, April 2008, p. VII-3.

[8] *** reported imports from *** during 2005–07.

[9] HTS 7318.15.5060.

" . . . 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 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."[10]

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."[11]

India

Table VII-3 presents data on India's exports and U.S. imports of threaded rod from India. The U.S. accounted for about 30 percent of India's export shipment volume in 2005, 23 percent in 2006, and 20 percent in 2007. During the 2005-07 period, importers reported imports from *** Indian firms, ***. ***.[12] ***.[13]

Table VII-3
India's threaded rod exports and imports, 2005–07

Item	Calendar year		
	2005	2006	2007
	Quantity (*1,000 pounds*)		
Exports	189,190	144,548	113,454
Imports	23,297	24,501	41,410
Net exports	165,892	120,047	72,044

Note.--Export and import figures are quantities reported at the 6-digit level for HTS subheading 7318.15 and may 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.

Source: Compiled from the Global Trade Atlas database.

[10] Conference transcript, pp. 49-50 (Waite).

[11] Conference transcript, p. 107 (Magrath).

[12] ***, retrieved January 21, 2009.

[13] ***, retrieved January 21, 2009.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1145 (Final)]

Certain Steel Threaded Rod From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–1145 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether 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 less-than-fair-value imports from China of certain steel threaded rod, provided for in subheading 7318.15.50 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigation, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: October 8, 2008.

FOR FURTHER INFORMATION CONTACT: Joanna Lo (202–205–1888), 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.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of certain steel threaded rod from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on March 5, 2008, by Vulcan Threaded Products, Inc., Pelham, AL.

Participation in the investigation and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary

[1] For purposes of this investigation, the Department of Commerce has defined the subject merchandise as ''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.''

to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

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 the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on February 5, 2009, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on February 25, 2009, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before February 16, 2009. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on February 18, 2009, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is February 12, 2009. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is March 4, 2009; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation, including statements of support or opposition to the petition, on or before March 4, 2009. On March 18, 2009, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before March 20, 2009, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the 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 207.21 of the Commission's rules.

Issued: November 18, 2008.

By order of the Commission.

William R. Bishop,

Acting Secretary to the Commission.

[FR Doc. E8–27750 Filed 11–20–08; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

(A–570–932)

Certain Steel Threaded Rod from the People's Republic of China: Final Determination of Sales at Less Than Fair Value

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

EFFECTIVE DATE: February 27, 2009.

SUMMARY: The Department of Commerce (''Department'') has determined that certain steel threaded rod (''STR'') from the People's Republic of China (''PRC'') is being, or is likely to be, sold in the United States at less than fair value (''LTFV'') as provided in section 735 of the Tariff Act of 1930, as amended (''Act''). The final dumping margins for this investigation are listed in the ''Final Determination Margins'' section below.

FOR FURTHER INFORMATION CONTACT: Bobby Wong or Toni Dach, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482–0409 or (202) 482–1655, respectively.

SUPPLEMENTARY INFORMATION:

Case History

On October 8, 2008, the Department published in the **Federal Register** its preliminary determination. *See Certain Steel Threaded Rod from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 58931 (October 8, 2008) (''*Preliminary Determination*''). On October 27, 2008, the Department published in the **Federal Register** its amended preliminary determination that STR from the PRC are being, or are likely to be, sold in the United States at LTFV. *See Certain Steel Threaded Rod from the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 73 FR 63693 (October 27, 2008) (''*Amended Preliminary Determination*'').[1] As provided in section 782(i) of the Act, we verified the information submitted by: 1) RMB Fasteners Ltd. and IFI & Morgan Ltd.[2] (the ''RMB/IFI Group'') from November 3–4, 2008, and Jiaxing Brother Standard Part Co.[3] (''Jiaxing Brother''), its affiliated producer from November 6–7, 2008; 2) Ningbo Yinzhou Foreign Trade Co., Ltd.[4] (''Ningbo Yinzhou'') from November 13–14, 2008, and Haiyan Zhonghuan Fastener Factory (''Zhonghuan''), one of Ningbo Yingzhou's manufacturers, and Zhejiang Guorui Industry Co., Ltd.[5] (''Guorui''), one of Ningbo Yinzhou's suppliers from November 10–12, 2008; and 3) Shanghai Prime Machinery Co., Ltd.[6] (''Shanghai Prime''), a separate rate respondent, on November 17, 2008. On December 12, 2008, Vulcan Threaded Products (''Petitioner'') and the RMB/IFI Group placed new factual information on the record regarding surrogate valuation, and submitted rebuttal comments on December 22, 2008. In accordance with 19 CFR 351.309(c)(i), we invited parties to comment on our *Preliminary Determination*. On January 16, 2009, the Department received case briefs from the RMB/IFI Group, Ningbo Yinzhou, and Petitioner. On January 23, 2009, we received rebuttal briefs from Petitioner and the RMB/IFI Group. On November 6 and 7, 2008, Petitioner and the RMB/IFI Group submitted requests for a hearing, respectively. On January 22, 2009, Petitioner and the RMB/IFI Group withdrew their requests for a hearing.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by the parties to this investigation are addressed in the ''Certain Steel Threaded Rod from the People's Republic of China: Issues and Decision Memorandum for the Final Determination of Sales at Less than Fair Value,'' dated concurrently with this notice, which is hereby adopted by this notice in its entirety (''Issues and Decision Memorandum''). A list of the issues which parties raised and to which we respond in the Issues and Decision Memorandum is attached to this notice as an Appendix. The Issues and Decision Memorandum is a public document and is on file in the Central Records Unit in the main Commerce building, Room 1117, and is accessible on the Web at http://www.trade.gov/ia. The paper copy and electronic version of the Issues and Decision Memorandum are identical in content.

Period of Investigation

The period of investigation (''POI'') is July 1, 2007, through December 31, 2007.

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

[1] In the *Amended Preliminary Determination*, the Department amended the *Preliminary Determination* to correct certain ministerial errors with respect to the antidumping duty margin calculation for RMB Fasteners Ltd. and IFI and Morgan Ltd.

[2] *See* Memorandum to the File from Scot T. Fullerton, Program Manager, and Toni Dach, International Trade Compliance Analyst, regarding: ''Verification of the Sales Response of RMB Fasteners Ltd. and IFI & Morgan Ltd. in the Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China,'' dated January 6, 2009 (''RMB & IFI Verification Report'').

[3] *See* Memorandum to the File from Scot T. Fullerton, Program Manager, and Toni Dach, International Trade Compliance Analyst, regarding: ''Verification of the Factors of Production Response of Jiaxing Brother Standard Part Co. in the Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China,'' dated January 6, 2009 (''Brother Fastener Verification Report'').

[4] *See* Memorandum to the File from Scot T. Fullerton, Program Manager, and Toni Dach, International Trade Compliance Analyst, regarding: ''Verification of the Sales Response of Ningbo Yinzhou Foreign Trade Co., Ltd. in the Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China,'' dated January 6, 2009 (''Ningbo Yinzhou Verification Report'').

[5] *See* Memorandum to the File from Scot T. Fullerton, Program Manager, and Toni Dach, International Trade Compliance Analyst, regarding: ''Verification of the Factors of Production Response of Haiyan Zhonguan Fastener Factory and Zhejiang Guorui Industry Co., Ltd. in the Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China,'' dated January 6, 2009 (''Zhonghuan & Guorui Verification Report'').

[6] *See* Memorandum to the File from Scot T. Fullerton, Program Manager, and Toni Dach, International Trade Compliance Analyst, regarding: ''Verification of the Separate Rate Response of Shanghai Prime Machinery Co., Ltd. in the Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China,'' dated January 6, 2009 (''Shanghai Prime Separate Rate Verification Report'').

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 7318.15.5050 and 7318.15.5090 of the 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.

Scope–HTSUS Modification

On September 22, 2008, U.S. Customs and Border Protection (''CBP'') informed the Department that on July 1, 2008, it amended the United States Harmonized Tariff Schedule (''HTSUS'') category 7318.15.5060, and replaced the category with two new HTSUS categories: 7318.15.5050 and 7318.15.5090. Therefore, the Department has modified the scope to reflect the new HTSUS categories.

Changes Since the Preliminary Determination

Based on our findings at verification, and additional information placed on the record of this investigation, we have made changes since the *Amended Preliminary Determination*. As discussed further below, we have applied total adverse facts available (''AFA'') to Ningbo Yinzhou for purposes of this final determination. *See* Issues and Decision Memorandum at Comment 5.

Based on our analysis of information on the record of this investigation, and comments received from the interested parties, we have made changes to the margin calculations for the RMB/IFI Group. We have revalued certain surrogate values used in the *Amended Preliminary Determination*. The values that were modified for this final determination are those for surrogate financial ratios, packing strips, buckles, and coal. For further details see I&D Memo at Comment 6, and Memorandum to the File from Bobby Wong, through Scot T. Fullerton, Program Manager, AD/CVD Operations, Office 9, and James C. Doyle, Director, AD/CVD Operations, Office 9; Certain Steel Threaded Rod from the People's Republic of China: Surrogate Values for the Final Determination, dated February 20, 2009 (''Final Surrogate Value Memo'').

In addition, we have made certain company–specific changes since the *Amended Preliminary Determination*. Specifically, we have incorporated, where applicable, post–preliminary clarifications based on a post–preliminary supplemental questionnaire and verification for the RMB/IFI Group. For further details on these company–specific changes, *see* Memorandum to the File, through Scot T. Fullerton, Program Manager, AD/CVD Operations, Office 9, from Bobby Wong, Senior International Trade Analyst, AD/CVD Operations, Office 9, regarding ''Program Analysis for the Final Determination of Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China,'' dated February 20, 2009 (''The RMB/IFI Group Analysis Memorandum'').

Adverse Facts Available

Section 776(a)(2) of the Act provides that the Department shall apply ''facts otherwise available'' if, *inter alia*, an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form or manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act. Section 776(b) of the Act provides further that the Department may use an adverse inference when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information.

Pursuant to sections 776(a)(2)(A), (B), (C), and (D) of the Act, we are applying facts otherwise available to Ningbo Yinzhou because it withheld certain information that had been requested by the Department which significantly impeded the Department's investigation. Ningbo Yinzhou failed to provide information regarding certain factors of production (''FOP'') in the form and manner requested by the Department. Ningbo Yinzhou withheld certain information that was specifically requested by the Department and significantly impeded the proceeding by not providing accurate or complete responses to the Department's questions regarding certain FOPs and the sales reconciliation. *See* Verification of the Sales Response of Ningbo Yinzhou Foreign Trade Co., Ltd. in the Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China, dated January 6, 2009 at 2, 6–8, and 10–11; and Ningbo Yinzhou's response to the Department's First Supplemental Sections C and D Questionnaire, dated September 8, 2008, at 19. Additionally, information discovered at verification directly contradicted information contained in Ningbo Yinzhou's questionnaire responses.[7] Significant delays were experienced by the Department in completing verification procedures, which prevented the completion of some verification procedures. Due to the insufficiency of the respondent's record keeping, numerous verification procedures could not be completed. For these reasons, the Department was unable to verify certain statements in Ningbo Yinzhou's questionnaire responses for which the Department sought verification. *See* Ningbo Yinzhou Verification Report and Zhonghuan/Guorui Verification Report.

Furthermore, based on the record evidence and pursuant to section 776(b) of the Act, the Department has determined that Ningbo Yinzhou did not cooperate to the best of its ability to comply with the Department's requests for information. In particular, the Department gave specific instructions in our questionnaires and the verification outline as to the purpose of and directions for submission and

[7] For example, the Department specifically asked Ningbo Yinzhou in its August 21, 2008, supplemental questionnaire whether any FOPs other than those reported were consumed by Zhonghuan in production of the subject merchandise. Ningbo Yinzhou reported in its September 8, 2008, response that all factors consumed by Zhonghuan in the production of the subject merchandise were reported. We discovered at verification that this statement was not correct, and unreported factors were consumed in the production of the subject merchandise. Additionally, Ningbo Yinzhou provided a sales reconciliation to the Department on August 8, 2008, that they claimed reconciled its U.S. sales database to its financial statements. At verification, we discovered that the sales reconciliation did not tie the U.S. sales database to Ningbo Yinzhou's financial statements. For additional information and examples of situations where verification findings contradicted Ningbo Yinzhou's questionnaire responses, *see* Issues and Decision Memorandum at Comment 5.

verification of the reconciliation of Ningbo Yinzhou's U.S. sales database to Ningbo Yinzhou's accounting records, and proper reporting of all FOPs for all models. Despite these extensive instructions, provided numerous times over the course of the investigation, Ningbo Yinzhou failed to provide the Department with adequate information and supporting documentation to fully verify its responses to the Department's questionnaires. In addition, despite multiple opportunities presented by the Department, Ningbo Yinzhou failed to report certain FOPs and failed to report FOPs for each model in the U.S. sales database. For a detailed description of each of the deficiencies, see Issues and Decision Memorandum at Comment 5.

Surrogate Country

In the *Preliminary Determination* and unchanged in the *Amended Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) it is a significant producer of comparable merchandise; (2) it is at a level of economic development comparable to that of the PRC; and (3) we have reliable data from India that we can use to value FOPs. *See Preliminary Determination*. We received no comments on our surrogate country selection. Accordingly, for the final determination, we made no changes to our finding with respect to the selection of India as a surrogate country.

Separate Rates

In proceedings involving non–market economy (''NME'') countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. *See Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588, 20589 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR at 22585, 22587 (May 2, 1994), and 19 CFR 351.107(d).

In the *Preliminary Determination* and unchanged in the *Amended Preliminary Determination*, we found that Shanghai Recky, Suntec Industries, Hangzhou Grand, Shanghai Prime, Jianxing Xinyue, CPII, Jiashan Zhongsheng, Haiyan Dayu, and New Oriental (hereinafter referred to as ''Separate Rate Companies''), and Ningbo Yinzhou, a mandatory respondent, have provided company–specific information to demonstrate that they operate independently of *de jure* and *de facto* government control, and therefore satisfy the standards for the assignment of a separate rate.

No party has commented on the eligibility of these companies for separate rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by these companies demonstrates both a *de jure* and *de facto* absence of government control with respect to their exports of the merchandise under investigation. Thus, we continue to find that they are eligible for separate rate status. Normally, the separate rate is determined based on the estimated weighted–average dumping margins established for exporters and producers individually investigated, excluding *de minimis* margins or margins based entirely on AFA. *See* section 735(c)(5)(A) of the Act.

In the *Preliminary Determination* and unchanged in the *Amended Preliminary Determination*, the Department stated that it could not deny the RMB/IFI Group separate rate status because the Department did not ask specifically for information relating to the RMB/IFI Group's separate rate eligibility. However, subsequent to the *Preliminary Determination*, on October 22, 2008, in response to the Department's inquiry, the RMB/IFI Group reported that it is a wholly foreign–owned company, and at verification the Department found no discrepancies in the RMB/IFI Group's responses to the Department's separate rate questions. As the RMB/IFI Group is wholly foreign–owned, a separate rate analysis is not necessary to determine whether it is independent from government control. *See Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China*, 64 FR 71104, 71105 (December 20, 1999) (the respondent was wholly foreign–owned, and thus, qualified for a separate rate). Consequently, for the final determination we find that the evidence placed on the record of this investigation by the RMB/IFI Group demonstrates that it is eligible for a separate rate.

In the *Preliminary Determination* and unchanged in the *Amended Preliminary Determination*, the Department assigned to nine exporter/producer combinations that qualified for a separate rate a weighted–average margin based on the experience of the mandatory respondents, excluding any *de minimis* or zero rates or rates based on total AFA. *See Preliminary Determination*. For the final determination, because the Department based the rate for Ningbo Yinzhou on total AFA, the Department has applied the RMB/IFI Group's calculated rate for purposes of establishing a separate rate. *See* section 735(c)(5)(A) of the Act. Therefore, the Department will assign the RMB/IFI Group's calculated rate as the separate rate for the nine exporter/producer combinations. This rate is corroborated, to the extent practicable, for the reasons stated below. *See* ''Corroboration'' section below.

The PRC–Wide Rate

In the *Preliminary Determination* and unchanged in the *Amended Preliminary Determination*, the Department found that certain companies did not respond to our requests for information. *See Preliminary Determination*, 73 FR at 58936. In the *Preliminary Determination* we treated these PRC producers/exporters as part of the PRC–wide entity because they did not demonstrate that they operate free of government control over their export activities. Because these producers/exporters did not provide information regarding their export activities, the Department has determined that application of facts available (''FA'') is warranted. No additional information was placed on the record with respect to these companies after the *Preliminary Determination*. Therefore, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find that the use of FA is appropriate to determine the PRC–wide rate.

Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold–Rolled Flat–Rolled Carbon–Quality Steel Products From the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000). *See also* Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 103–316, vol. 1, at 870 (1994) (''SAA''). We determined that, because the PRC–wide entity did not respond to our request for information, it has failed to cooperate to the best of its ability. Therefore, the Department finds that, in selecting from among the facts otherwise available, an adverse inference is appropriate for the PRC–wide entity.

Because we begin with the presumption that all companies within an NME country are subject to government control and because only the companies listed under the ''Final Determination Margins'' section below have overcome that presumption, we are applying a single antidumping rate (*i.e.*, the PRC–wide entity rate) to all other exporters of subject merchandise from the PRC. Such companies did not demonstrate entitlement to a separate rate. *See*, *e.g.*, *Synthetic Indigo From the People's Republic of China; Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706 (May 3, 2000). The PRC–wide entity rate applies to all entries of subject merchandise except for entries from the respondents which are listed in the ''Final Determination Margins'' section below.

In the *Preliminary Determination* and unchanged in the *Amended Preliminary Determination*, we assigned to the PRC–wide entity the highest rate calculated from the petition, 206.00 percent. *See Preliminary Determination*, 73 FR at 58936. We received no comments on this rate. Therefore, for the final determination, we have continued to assign to the PRC–wide entity the rate of 206.00 percent.

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. We have interpreted ''corroborate'' to mean that we will, to the extent practicable, examine the reliability and relevance of the information submitted. *See Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold–Rolled Flat–Rolled Carbon–Quality Steel Products From Brazil*, 65 FR 5554, 5568 (February 4, 2000); *see*, *e.g.*, *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

To corroborate the AFA margin we have selected, we compared that margin to the margins calculated for the RMB/IFI Group. We found that the margin of 206.00 percent has probative value because it is in the range of margins calculated for the RMB/IFI Group. *See* October 1, 2008, Memorandum to the File, From Bobby Wong, Through Scot T. Fullerton, regarding: Antidumping Duty Investigation of Certain Steel Threaded Rod from the People's Republic of China: RMB/IFI Program Analysis for the Preliminary Determination, at 1. Accordingly, we find that the rate of 206.00 percent is corroborated within the meaning of section 776(c) of the Act.

Combination Rates

In the *Preliminary Determination*, the Department stated that it would calculate combination rates for the respondents that are eligible for a separate rate in this investigation. *See Preliminary Determination*, 73 FR at 58931. This change in practice is described in Policy Bulletin 05.1, available at http://ia.ita.doc.gov/. Policy Bulletin 05.1, 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 Policy Bulletin 05.1, ''Separate Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non–Market Economy Countries.''

Final Determination Margins

We determine that the following percentage weighted–average margins exist for the POI:

CERTAIN STEEL THREADED ROD FROM THE PRC

Exporter	Producer	Weighted–Average Margin
RMB Fasteners Ltd., and IFI & Morgan Ltd. (''RMB/IFI Group'')	Jiaxing Brother Fastener Co., Ltd. (aka Jiaxing Brother Standard Parts Co., Ltd.)	55.16
Ningbo Yinzhou Foreign Trade Co. Ltd.	Zhejiang Guorui Industry Co., Ltd.; or Ningbo Daxie Chuofeng Industrial Development Co. Ltd.	206.00%

Separate Rates Entities: Exporter	Producer	Margin
Shanghai Recky International Trading Co., Ltd.	Shanghai Xiangrong International Trading Co., Ltd.; Shanghai Xianglong International Trading Co., Ltd.; Pighu City Zhapu Screw Cap Factory; or Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Suntec Industries Co., Ltd.	Jiaxing Xinyue Standard Part Co., Ltd.; or Haiyan County No. 1 Fasteners Factory	55.16
Hangzhou Grand Imp. & Exp. Co., Ltd.	Zhapu Creative Standard Parts Material Co., Ltd.	55.16
Shanghai Prime Machinery Co. Ltd.	Haiyan Yida Fasteners Co., Ltd.; or Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Jiaxing Xinyue Standard Part Co., Ltd.	Jiaxing Xinyue Standard Part Co., Ltd.	55.16

Separate Rates Entities: Exporter	Producer	Margin
Certified Products International Inc.	Jiashan Zhongsheng Metal Products Co., Ltd.; or Jiaxing Xinyue Standard Part Co., Ltd.	55.16
Zhejiang New Oriental Fastener Co., Ltd.	Zhejiang New Oriental Fastener Co., Ltd.	55.16
Jiashan Zhongsheng Metal Products Co., Ltd.	Jiashan Zhongsheng Metal Products Co., Ltd.	55.16
Haiyan Dayu Fasteners Co., Ltd.	Haiyan Dayu Fasteners Co., Ltd.	55.16
PRC–wide Entity		206.00%

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

We will instruct U.S. Customs and Border Protection (''CBP'') to continue the suspension of liquidation required by section 735(c)(1)(B) of the Act, of all entries of subject merchandise from the RMB/IFI Group, Ningbo Yinzhou, the Separate Rate Companies, and the PRC–wide entity entered, or withdrawn from warehouse, for consumption on or after October 8, 2008, the date of publication of the *Preliminary Determination*. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the NV exceeds the U.S. price as shown above. *See* section 735(c)(1)(B)(ii) of the Act. The suspension of liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (''ITC'') of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (''APO'') of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: February 20, 2009.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

Appendix

I. General Issues:

Comment 1: Surrogate Financial Ratios

Comment 2: Treatment of Drawing Power as a Direct Material Input

Comment 3: Wire Rod & Round Bar

Comment 4: Hydrochloric Acid and Trisodium Phosphate

II. Ningbo Yinzhou Issues

Comment 5: Application of Facts Available for Ningbo Yinzhou

Comment 6: Ningbo Yinzhou and Zhonghuan/Guorui Verification Report

Comment 7: Surrogate Value Selection Galvanizing Surrogate Value

III. RMB/IFI Issues

Comment 8: Surrogate Values Packing Strips, Buckles, and Coal

Comment 9: Limits to By–Product Offset

Comment 10: Minor Corrections for the RMB/IFI Group

[FR Doc. E9–4248 Filed 2–26–09; 8:45 am]

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APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject:	Certain Steel Threaded Rod from China
Inv. No.:	731-TA-1145 (Final)
Date and Time:	February 25, 2009 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

In Support of the Imposition of <u>Antidumping Duty Order:</u>

Vorys, Sater, Seymour and Pease LLP
Washington, D.C.
<u>on behalf of</u>

Vulcan Threaded Products, Inc. ("Vulcan")

William D. Upton, Jr., President, Vulcan
Alan D. Logan, Vice President, Operations, Vulcan
Gary Ostermueller, President and CEO, Watson Metal Products Corporation
Greg Iverson, President, Bay Standard Mfg., Inc.
Robert Rodgers, Vice President of Sales and Marketing, Bay Standard Mfg., Inc.
Dr. Patrick Magrath, Managing Director,
Georgetown Economic Consulting Services

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

In Opposition to the Imposition of <u>Antidumping Duty Order:</u>

Kelly Hart & Hallman LLP
Fort Worth, TX
<u>on behalf of</u>

RIEX Co., LP ("RIEX")

Robert Williams, Owner

John T. Wilson) – OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Threaded rod: Summary data concerning the U.S. market, 2005-07, January-September 2007, and January-September 2008

(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)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2005	2006	2007	2007	2008	2005-07	2005-06	2006-07	2007-08
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:									
China:									
Quantity	59,045	70,683	86,436	59,531	65,780	46.4	19.7	22.3	10.5
Value	38,163	44,775	53,323	36,656	50,561	39.7	17.3	19.1	37.9
Unit value	$0.65	$0.63	$0.62	$0.62	$0.77	-4.6	-2.0	-2.6	24.8
Ending inventory quantity	21,856	21,295	21,678	20,790	23,410	-0.8	-2.6	1.8	12.6
All other sources:									
Quantity	10,861	10,696	9,943	7,244	6,799	-8.5	-1.5	-7.0	-6.1
Value	10,431	9,660	9,170	6,496	7,973	-12.1	-7.4	-5.1	22.7
Unit value	$0.96	$0.90	$0.92	$0.90	$1.17	-4.0	-6.0	2.1	30.8
Ending inventory quantity	854	586	378	55	2,107	-55.7	-31.4	-35.5	3730.9
All sources:									
Quantity	69,906	81,379	96,379	66,775	72,579	37.9	16.4	18.4	8.7
Value	48,593	54,435	62,493	43,152	58,534	28.6	12.0	14.8	35.6
Unit value	$0.70	$0.67	$0.65	$0.65	$0.81	-6.7	-3.8	-3.1	24.8
Ending inventory quantity	22,710	21,881	22,056	20,845	25,517	-2.9	-3.7	0.8	22.4
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
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.
(3) Undefined.

Note.--Financial data are reported on a fiscal year basis for 2006-08 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 Bay Standard from U.S. producer data), 2005-07, January-September 2007, and January-September 2008

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APPENDIX D

U.S. PRODUCERS' AND IMPORTERS' TOTAL SHIPMENTS OF THREADED ROD BY DIAMETER

Table D-1
Threaded rod: U.S. producers' shipments by diameter, 2007, in percent

Diameter	Pounds	Linear feet	Value
	Share of quantity		*Share of value*
1/4-inch	2.9	9.5	3.3
5/16-inch	0.7	1.3	0.9
3/8-inch	46.6	64.7	41.8
7/16-inch	0.2	0.1	0.2
1/2-inch	19.1	14.8	18.4
9/16-inch	0.0	0.0	0.0
5/8-inch	7.8	3.7	8.4
3/4-inch	11.9	3.9	13.0
7/8-inch	3.2	0.8	4.0
1-inch	3.2	0.6	4.0
1 1/8-inch	0.8	0.1	1.0
1 1/4-inch	1.7	0.2	2.2
1 3/8-inch	0.2	0.0	0.2
1 1/2-inch	1.0	0.1	1.4
1 3/4-inch	0.4	0.0	0.5
2-inch	0.3	0.0	0.5
2 1/4-inch	0.1	0.0	0.1
2 1/2-inch	0.1	0.0	0.1
Other[1]	0.1	0.1	0.2
Total (all diameters)	100.0	100.0	100.0

[1] Accounted for by *** reported shipments of screw diameter rod.

Note.--Reported shipments include all lengths and finishes.

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

Table D-2
Threaded rod: U.S. importers' shipments by diameter, 2007, in percent

Diameter	Pounds	Linear feet	Value
	Share of quantity		*Share of value*
1/4-inch	2.5	12.8	2.9
5/16-inch	0.8	1.4	1.1
3/8-inch	38.0	60.9	32.3
7/16-inch	0.2	0.1	0.3
1/2-inch	15.8	11.9	16.8
9/16-inch	0.0	0.0	0.0
5/8-inch	11.8	5.6	12.4
3/4-inch	14.3	4.2	16.2
7/8-inch	5.2	1.3	5.4
1-inch	6.3	1.1	7.0
1 1/8-inch	1.6	0.2	1.3
1 1/4-inch	2.1	0.2	2.5
1 3/8-inch	0.1	0.0	0.1
1 1/2-inch	0.9	0.1	1.1
1 3/4-inch	0.2	0.0	0.2
2-inch	0.2	0.0	0.3
2 1/4-inch	0.0	0.0	0.0
2 1/2-inch	0.0	0.0	0.0
Other	0.1	0.2	0.2
Total (all diameters)	100.0	100.0	100.0

Note.--Reported shipments include all lengths and finishes.

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

APPENDIX E

ADDITIONAL QUARTERLY PRICE DATA
EXCLUDING BAY STANDARD

Table E-1
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 1,[1] and margins of underselling, by quarters, January 2005-September 2008

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Table E-2
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 2,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

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Table E-3
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 3,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

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Table E-4
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 4,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

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Table E-5
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 5,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

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Table E-6
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 6,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008

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Table E-7
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers excluding Bay Standard, and importers excluding Bay Standard, of product 7,[1] and margins of underselling, by quarters, January 2005-September 2008

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APPENDIX F

ADDITIONAL QUARTERLY PRICE DATA INCLUDING ***

Table F-1
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 1,[1] and margins of underselling, by quarters, January 2005-September 2008**

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Table F-2
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 2,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008**

* * * * * * *

Table F-3
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 3,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008**

* * * * * * *

Table F-4
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 4,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008**

* * * * * * *

Table F-5
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 5,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008**

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Table F-6
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 6,[1] and margins of underselling/(overselling), by quarters, January 2005-September 2008**

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Table F-7
Threaded rod: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers, including *, and importers of product 7,[1] and margins of underselling, by quarters, January 2005-September 2008**

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APPENDIX G

U.S. PRODUCERS' AGGREGATE FINANCIAL DATA FISCAL YEARS 2005 THROUGH 2007, JANUARY-SEPTEMBER 2007, AND JANUARY-SEPTEMBER 2008

Appendix G-1
Threaded Rod: Results of operations of U.S. producers, fiscal years 2005-07, January-September 2007, and January-September 2008

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Appendix G-2
Threaded Rod: Results of operations of U.S. producers excluding *, fiscal years 2005-07, January-September 2007, and January-September 2008**

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APPENDIX H

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

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