

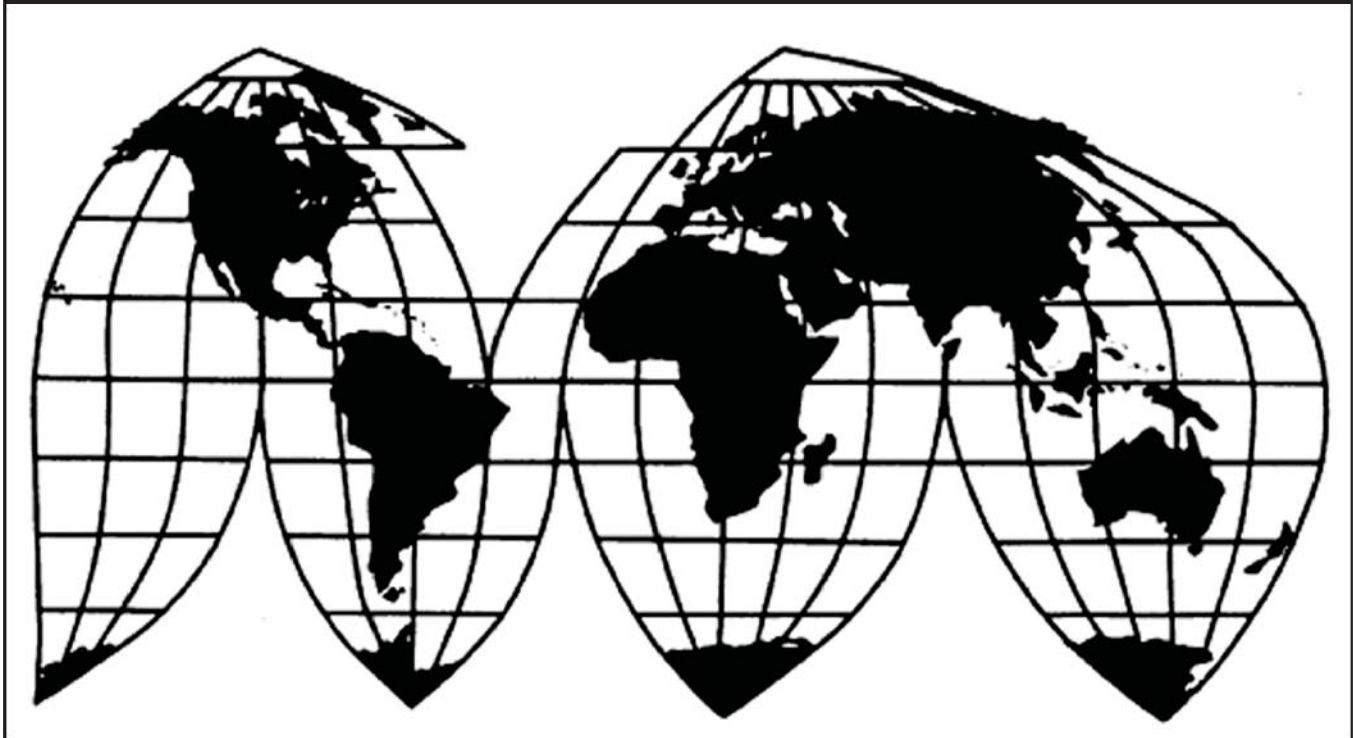
Galvanized Steel Wire from China and Mexico

Investigation Nos. 701-TA-479 and 731-TA-1183-1184 (Final)

Publication 4323

May 2012

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Deanna Tanner Okun, Chairman
Irving A. Williamson, Vice Chairman
Daniel R. Pearson
Shara L. Aranoff
Dean A. Pinkert
David S. Johanson

Robert Koopman
Acting Director of Operations

Staff assigned

Angela M. W. Newell, Investigator
Gerald Houck, Industry Analyst
James Fetzer, Economist
Samantha Warrington, Economist
Justin Jee, Accountant
Michael Haldenstein, Attorney
Elizabeth Haines, Supervisory Investigator

Special assistance from
Darlene Smith, Statistician

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

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Galvanized Steel Wire from China and Mexico

Investigation Nos. 701-TA-479 and 731-TA-1183-1184 (Final)

Publication 4323



May 2012

CONTENTS

	<i>Page</i>
Determinations	1
Views of the Commission	3
Dissenting views of the Commission	33
Part I: Introduction	I-1
Background	I-1
Statutory criteria and organization of the report	I-1
Statutory criteria	I-1
Organization of the report	I-2
U.S. market summary	I-3
Summary data and data sources	I-3
Previous and related investigations	I-3
Nature and extent of subsidies and sales at LTFV	I-3
Subsidies	I-3
Sales at LTFV	I-4
The subject merchandise	I-7
Commerce’s scope	I-7
Tariff treatment	I-8
The product	I-8
Description and applications	I-8
Manufacturing processes	I-9
Domestic like product issues	I-11
Part II: Conditions of competition in the U.S. market	II-1
U.S. market characteristics	II-1
U.S. purchasers	II-3
Channels of distribution	II-5
Supply and demand considerations	II-6
U.S. supply	II-6
U.S. demand	II-11
Substitutability issues	II-15
Factors affecting purchasing decisions	II-15
Comparison of U.S.-produced and imported products	II-20
Elasticity estimates	II-26
U.S. supply elasticity	II-26
U.S. demand elasticity	II-26
Substitution elasticity	II-27

CONTENTS

	<i>Page</i>
Part III: U.S. producers’ production, shipments, and employment	III-1
U.S. producers	III-1
U.S. capacity, production, and capacity utilization	III-3
U.S. producers’ shipments	III-4
Captive consumption	III-6
Transfer and sale of significant production of the domestic like product	III-6
The first statutory criterion	III-6
The second statutory criterion	III-7
The third statutory criterion	III-7
U.S. producers’ inventories	III-8
U.S. producers’ imports and purchases	III-8
U.S. employment, wages, and productivity	III-8
 Part IV: U.S. imports, apparent U.S. consumption, and market shares	 IV-1
U.S. importers	IV-1
U.S. imports	IV-3
Cumulation considerations	IV-6
Geographic markets	IV-6
Presence in the market	IV-6
Negligibility	IV-6
Apparent U.S. consumption	IV-7
U.S. market shares	IV-9
Ratio of imports to U.S. production	IV-11
 Part V: Pricing and related information	 V-1
Factors affecting prices	V-1
Raw material costs	V-1
U.S. inland transportation costs	V-3
Pricing practices	V-3
Pricing methods	V-3
Price leadership	V-4
Lead times	V-5
Sales terms and discounts	V-5
Price data	V-6
Price trends	V-8
Price comparisons	V-23
Lost revenues and lost sales	V-24

CONTENTS

	<i>Page</i>
Part VI: Financial condition of U.S. producers	VI-1
Background	VI-1
Operations on galvanized steel wire	VI-2
Capital expenditures and research and development expenses	VI-14
Assets and return on investment	VI-15
Capital and investment	VI-16
Part VII: Threat considerations and information on nonsubject countries	VII-1
The industry in China	VII-1
Overview	VII-1
Operations on galvanized steel wire	VII-2
The industry in Mexico	VII-4
Overview	VII-4
Operations on galvanized steel wire	VII-4
U.S. inventories of product from China and Mexico	VII-5
U.S. importers' current orders	VII-6
Antidumping investigations in third-country markets	VII-6
Information on nonsubject sources	VII-6
Appendixes	
A. <i>Federal Register</i> notices	A-1
B. Calendar of public hearing	B-1
C. Summary data	C-1
D. Additional price data for galvanized steel wire	D-1
E. Alleged effects of subject imports on U.S. producers' existing development and production efforts, growth, investment, and ability to raise capital	E-1
F. Foreign industry data for Mexico by carbon content	F-1

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-479 and 731-TA-1183-1184 (Final)

GALVANIZED STEEL WIRE FROM CHINA AND MEXICO

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines,² pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from China of galvanized steel wire, provided for in subheadings 7217.20.30, 7217.20.45, and 7217.90.10³ of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are subsidized by the Government of China and sold in the United States at less than fair value (LTFV). The Commission further determines,² pursuant to section 735(b) of the Act (19 U.S.C. § 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Mexico of galvanized steel wire, provided for in subheadings 7217.20.30, 7217.20.45, and 7217.90.10³ of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted these investigations effective March 31, 2011, following receipt of petitions filed with the Commission and Commerce by Davis Wire Corporation, Irwindale, CA; Johnstown Wire Technologies, Inc., Johnstown, PA; Mid-South Wire Company, Inc., Nashville, TN; National Standard, LLC/DW-National Standard-Niles, LLC, Niles, MI; and Oklahoma Steel & Wire Company, Inc., Madill, OK. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of galvanized steel wire from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and that imports of galvanized steel wire from China and Mexico were sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on November 25, 2011 (76 FR 72721). The hearing was held in Washington, DC, on March 22, 2012, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Vice Chairman Williamson and Commissioner Pinkert dissenting.

³ Galvanized steel wire may also enter under HTS statistical reporting numbers 7229.20.0015, 7229.20.0090, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051.

VIEWS OF THE COMMISSION

Based on the record in the final phase of these investigations, we find that an industry in the United States is not materially injured or threatened with material injury by reason of imports of galvanized steel wire from China found by the U.S. Department of Commerce (“Commerce”) to be subsidized and sold in the United States at less than fair value and imports of galvanized steel wire from Mexico that Commerce found to be sold in the United States at less than fair value.^{1 2}

I. BACKGROUND

The petitions in these investigations were filed by Davis Wire Corporation; Johnstown Wire Technologies, Inc.; Mid-South Wire Company, Inc.; National Standard, LLC; and Oklahoma Steel & Wire Company, Inc. (“Petitioners”). Petitioners appeared at the hearing and submitted prehearing and posthearing briefs.

Two groups of respondents entered appearances, participated in the public hearing and submitted prehearing and posthearing briefs. The first group consisted of Deacero S.A. de C.V., a Mexican producer and exporter of the subject merchandise, and Deacero USA, Inc., an importer of the subject merchandise (collectively, “Deacero”). The second group consisted of Mexican producer and exporter Aceros Camesa S.A. de C.V. and domestic producer WireCo WorldGroup, Inc. (“WireCo”) (collectively, “Camesa”).

In the final phase of these investigations, the Commission sent questionnaires to ten firms identified as potential U.S. producers of galvanized steel wire and received nine usable responses.³ The nine responding U.S. producers accounted for *** percent of U.S. production of galvanized steel wire in 2011.⁴

The Commission sent questionnaires to 44 firms believed to be importers of galvanized steel wire from subject and nonsubject sources.⁵ Usable questionnaire responses were received from 23 U.S. importers.⁶ These importers accounted for approximately 50 percent of imports of subject galvanized steel wire from China during 2011, 90 percent of imports of subject galvanized steel wire from Mexico in 2011, and 70 percent of nonsubject galvanized steel wire imports from other sources during 2011.⁷

The Commission received questionnaire responses from two Chinese producers of the subject product during the final phase of these investigations.⁸ Due to the limited response by Chinese producers, we have also considered questionnaire data collected from 18 Chinese producers in the preliminary phase. The 19 firms for which we have information are believed to account for 50.1 percent of imports of subject

¹ Vice Chairman Irving A. Williamson and Commissioner Dean A. Pinkert dissent and determine that a domestic industry is materially injured by reason of subject imports of galvanized steel wire from China and Mexico. See Separate and Dissenting Views of Vice Chairman Irving A. Williamson and Commissioner Dean A. Pinkert. Except to the extent otherwise noted, they join sections I-VI of these views.

² Material retardation of the establishment of an industry is not an issue in these investigations.

³ Confidential Report, Memorandum INV-KK-043 (Apr. 10, 2012), as revised by Memorandum INV-KK-049 (Apr. 19, 2012) and Memorandum INV-KK-050 (Apr. 23, 2012) (“CR”) at III-1; Public Report, Galvanized Steel Wire from China and Mexico, Inv. Nos. 701-TA-479 and 731-TA-1183-1184 (Final), USITC Pub. 4323 (“PR”) at III-1.

⁴ CR/PR at III-1.

⁵ CR/PR at IV-1.

⁶ CR/PR at IV-1; CR/PR at Table IV-1.

⁷ CR/PR at IV-1.

⁸ CR/PR at VII-1-VII-2; Table VII-1.

galvanized steel wire from China in 2011.⁹ The Commission also received questionnaire responses from Mexican producers Deacero and Aceros Camesa, whose reported exports to the United States in 2011 were equivalent to *** percent of U.S. imports of galvanized steel wire from Mexico that year.¹⁰

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 subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹¹ 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.”¹² 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.”¹³

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹⁴ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁵ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁶ Although the Commission must accept Commerce’s determination as to the scope of the imported

⁹ CR/PR at VII-1.

¹⁰ CR at VII-5, PR at VII-4.

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(4)(A).

¹³ 19 U.S.C. § 1677(10).

¹⁴ 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).

¹⁵ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁶ 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.”).

merchandise that is subsidized or sold at less than fair value,¹⁷ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁸

B. Scope of These Investigations

Commerce defined the scope of the imported merchandise under investigation (galvanized steel wire) as follows:

{A} cold-drawn carbon quality steel product in coils, of circular or approximately circular, solid cross section with any actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating).

Steel products to be included in the scope of these investigations, regardless of Harmonized Tariff Schedule of the United States (“HTSUS”) definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.02 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.

Specifically excluded from the scope of these investigations are galvanized steel wire in coils of 15 feet or less which are pre-packed in individual retail packages.¹⁹

¹⁷ 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).

¹⁸ 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 in which Commerce found five classes or kinds).

¹⁹ Notice of Final Determination of Sales at Less than Fair Value: Galvanized Steel Wire from the People’s Republic of China, 77 Fed. Reg. 17430 (Mar. 26, 2012); Notice of Final Determination of Sales at Less Than Fair Value: Galvanized Steel Wire From Mexico, 77 Fed. Reg. 17427 (Mar. 26, 2012); Galvanized Steel Wire From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, 77 Fed. Reg. 17418 (Mar. 26,

continue...

Galvanized steel wire is an intermediate product used to make corrosion resistant wire products.²⁰ The larger volume end-use applications for galvanized steel wire are chain link fence, vineyard wire, baling wire and bale ties.²¹ Other wire products produced from galvanized steel wire include wire cloth, wire shelving, wire racks, wire decking, wire rope, stranded wire and cable guy wire, armour wire, ACSR wire (for the manufacture of aluminum-conductor, steel-reinforced electrical cable), strapping wire, tie wire, stitching wire, brush wire, staple wire, paper clips, book binding wire, bucket handles, paint can handles, paint roller handles, springs, nails, and hangers.²²

Galvanized steel wire is produced in a range of diameters, tensile strengths, and coating thicknesses, and at least two alloys of zinc.²³ Tensile strength depends in large part on the carbon content, and the level of corrosion resistance depends upon the thickness of the zinc coating.²⁴ Galvanized steel wire is produced from carbon steel wire rod in a process that involves drawing cleaned and descaled wire rod through a series of dies to reduce its size. The wire is then galvanized (coated with zinc) by hot-dipping or electroplating to enhance the wire's resistance to corrosion.²⁵

C. Analysis

In the preliminary phase of these investigations, the Commission defined a single domestic like product that was coextensive with Commerce's scope of investigation. It found that all types of galvanized steel wire, regardless of carbon content, diameter or thickness of zinc coatings, are arrayed along a continuum of products without any clear dividing line.²⁶

No party favors an expansion of the domestic like product, but Camesa asks the Commission to define two domestic like products, arguing that there is a clear dividing line between galvanized steel wire with a carbon content greater than 0.64 percent (described by Camesa as "high carbon") and galvanized steel wire with a carbon content of 0.64 percent or less (described by Camesa as "low carbon"). Camesa contends that high carbon galvanized steel wire is distinct in its physical properties and production process and is sold for very specialized end uses.²⁷ It asserts that high carbon galvanized steel wire has substantially greater tensile strength and higher breaking strength than low carbon galvanized steel wire, offers better wear resistance and fatigue resistance, and is stiffer and less malleable than low carbon

¹⁹ ...continue

2012). Commerce's notices explain that the products subject to these investigations are classified in subheadings 7217.20.30, 7217.20.45, and 7217.90.10 of the HTSUS, which cover galvanized wire of all diameters and all carbon content. In its final determination, Commerce included HTS subheading 7217.90.10 for the first time. CR at I-10 n.8. Galvanized wire is reported under statistical reporting numbers 7217.20.3000, 7217.20.4510, 7217.20.4520, 7217.20.4530, 7217.20.4540, 7217.20.4550, 7217.20.4560, 7217.20.4570, and 7217.20.4580. Galvanized wire may also enter under HTSUS subheadings 7229.20.0015, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051. Commerce notes that, although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive. Id.

²⁰ CR at I-10-I-11, PR at I-8-I-9.

²¹ Transcript of Public Hearing of March 22, 2012 ("Tr."). at 23 (Cronin).

²² CR at I-10-I-11, PR at I-8-I-9.

²³ CR at I-10, PR at I-8.

²⁴ CR at I-11, PR at I-9.

²⁵ CR at I-12-I-14, PR at I-9-I-11.

²⁶ Galvanized Steel Wire from China and Mexico, Inv. Nos. 701-TA-479 and 731-TA-1183-1184 (Preliminary), USITC Pub. 4234 (May 2011) ("Preliminary Determination") at 7.

²⁷ Camesa's Posthearing Brief at 7-14.

galvanized steel wire. According to Camesa, the much higher tensile strength of high carbon galvanized steel wire is its key distinguishing feature.²⁸

Petitioners contend that the Commission should define a single domestic like product consisting of all galvanized wire described in the scope definition regardless of carbon content.²⁹ Responding to Camesa's argument that it is appropriate to define two domestic like products based on carbon content, they maintain that regardless of carbon content, all galvanized steel wire is produced using the same types of manufacturing facilities and production processes, possesses the same general physical characteristics, and is sold through the same channels of distribution.³⁰ They note that WireCo's own witness acknowledged there is no industry-accepted demarcation between high and low carbon galvanized steel wire.³¹ Petitioners maintain that, absent a clear dividing line, it is appropriate to define one domestic like product coterminous with the scope of the investigations.

In the final phase of these investigations, we find that the record does not indicate a clear dividing line between galvanized steel wire with a carbon content greater than 0.64 percent and galvanized steel wire with a carbon content of 0.64 percent or less.

Physical Characteristics and End Uses. There is no accepted industry definition for high carbon galvanized steel wire.³² The carbon content, gauge, and thickness of the zinc coating can differ for each specific galvanized steel wire product depending upon the downstream product to be produced. Carbon content is one of the factors considered by purchasers, but other factors are important as well.³³ A higher carbon content imparts greater tensile strength, but there are a variety of high carbon products, from vineyard wire to 2-ACSR wire for conductor cable, and a high carbon galvanized steel wire product is not necessarily a premium or specialty product.³⁴ Specialty products can be either high carbon or low carbon.³⁵

Interchangeability. Different galvanized steel wire products are not interchangeable for use in different downstream products, because the wire products are produced for specific applications.³⁶ There is a similar lack of interchangeability between high and low carbon galvanized steel wire products, but that does not suggest a clear dividing line because it is generally true of all galvanized steel wire products.³⁷

Channels of Distribution. Channels of distribution are similar for all domestically produced galvanized steel wire. The majority of domestic producers' shipments, *** percent in 2011, were sold directly to end users.³⁸ Some products, such as high carbon galvanized spring wire (music wire), are sold through distributors, but the record does not indicate that this is the case for all or even most high carbon galvanized steel wire.

Manufacturing Facilities, Production Processes, and Employees. Although Camesa argues to the contrary, the record indicates that the same production processes, facilities, and employees are generally used for the production of different types of galvanized steel wire regardless of carbon content.

²⁸ Camesa's Posthearing Brief at 7.

²⁹ Petitioners' Posthearing Brief at 1-4.

³⁰ Petitioners' Posthearing Brief at 2.

³¹ Petitioners' Posthearing Brief at 4 (citing Tr. at 201-202 (Barrios)).

³² Tr. at 201-202 (Barrios).

³³ See CR at I-11, PR at I-8-I-9; Tr. at 28 (Weinand).

³⁴ Tr. at 68 (Cronin).

³⁵ See Tr. at 66-67 (Robertson) (low carbon galvanized steel wire can be a premium product).

³⁶ CR at I-11, PR at I-8-I-9.

³⁷ Tr. at 169 (Barrios).

³⁸ CR/PR at Table II-3.

Testimony from two domestic producers indicated that they produce high and low carbon galvanized steel wire on the same equipment, with the same production process, and with the same employees.³⁹

Producer and Customer Perceptions. Producers and consumers perceive all galvanized steel wire, regardless of wire gauge, coating, or carbon content, to be different forms of the same product that are suitable for different applications.⁴⁰ Galvanized steel wire is produced to purchasers' specifications, only one of which is carbon content. There is no widely accepted definition of high carbon galvanized steel wire, and domestic producers testified that they consider products higher carbon if they contain over 0.44 percent carbon.⁴¹ Even a witness for respondent WireCo (which is associated with Camesa) conceded that there is no clear dividing line at 0.64 percent carbon content.⁴² Despite the differing specifications of galvanized steel wire products, we find that they are viewed as part of a continuum of galvanized steel wire products.⁴³

Price. Pricing is determined by the diameter, zinc coating, and weight of the wire.⁴⁴ Higher carbon content does add some cost to the galvanized steel wire, and the price can therefore be somewhat higher for a high carbon product, but other factors play a role as well.⁴⁵ The pricing data do not indicate significant price differentials based on carbon content.⁴⁶

Conclusion. The record in the final phase of these investigations indicates that galvanized steel wire varies in carbon content and diameters (gauges), and in terms of coatings of zinc of various thicknesses, indicating a continuum without any clear dividing lines. All the various galvanized steel wire products have common physical characteristics, similar end uses and pricing. They share common channels of distribution and production processes, facilities, and employees, and they are perceived by producers and consumers to be forms of the same product.

The record does not indicate any clear lines dividing galvanized steel wire products within the scope of the investigations based upon carbon content, and we therefore find a single domestic like product.

III. DOMESTIC INDUSTRY

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.”⁴⁷ 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.

³⁹ Tr. at 27-28, 103-106 (Cronin, Weinand, Robertson).

⁴⁰ See Tr. at 67-68 (Cronin, Weinand).

⁴¹ Tr. at 27 (Weinand). See also CR at I-11 n.16, PR at I-9 n.16.

⁴² The HTSUS divides high and low carbon galvanized steel wire at 0.60 percent carbon content, suggesting there is no clear dividing line at 0.64 percent as Camesa contends. Tr. at 202 (Planert). Camesa cites to an article dividing carbon steel into three categories: low, medium and high carbon. See Camesa's Posthearing brief at Response to Commissioner Question 3. This further suggests that there is no clear dividing line at 0.64 percent.

⁴³ Tr. at 28 (Weinand) (Oklahoma Steel produces a continuum of galvanized steel wire products); Tr. at 67 (Robertson) (high carbon is part of a continuum relating to fitness for intended use).

⁴⁴ Tr. at 27-28 (Weinand).

⁴⁵ Tr. at 68 (Weinand).

⁴⁶ Compare CR/PR at Table V-3 with V-7 (similar prices for high carbon pricing product 7 and low carbon product 3).

⁴⁷ 19 U.S.C. § 1677(4)(A).

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). The statute provides that “[i]f a producer of a domestic like product and an exporter or importer of the subject merchandise are related parties, or if a producer of the domestic like product is also an importer of the subject merchandise, the producer may, in appropriate circumstances, be excluded from the industry.”⁴⁸ Exclusion of such producers is within the Commission’s discretion based upon the facts presented in each investigation.⁴⁹

In the preliminary phase of the investigations, the Commission found that appropriate circumstances existed to exclude ***, but not five other related parties.⁵⁰ The record in the final phase indicates that five⁵¹ of the nine domestic producers are subject to possible exclusion under the related parties provision.⁵²

Domestic producers ***⁵³ are all related parties, because each firm imported subject merchandise during the period of investigation.⁵⁴ *** are also related parties by virtue of being owned by Heico Holding, Inc., which has export operations in China.⁵⁵ Petitioners argue that appropriate circumstances exist to exclude *** as a related party but not any of the other related parties.⁵⁶

For four of the related party producers (***), the ratio of subject imports to domestic production was low during the period of investigation,⁵⁷ never exceeding 10 percent for any of the producers in any year, except for *** during the last year of the period of the investigation (whose ratio in 2011 was still

⁴⁸ 19 U.S.C. § 1677(4).

⁴⁹ 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (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. See, e.g., Open-End Spun Rayon Singles Yarn from Austria, Inv. No. 731-TA-751 (Preliminary), USITC Pub. 2999 at 7 n.39 (October 1996). These latter two considerations were cited as appropriate factors as well in Allied Mineral Products v. United States, 28 CIT 1861, 1865-67 (2004).

⁵⁰ Preliminary Determination at 8-9.

⁵¹ In the preliminary phase of the investigations, *** submitted an importer questionnaire response and was treated as a related party. It has since been determined that *** was not the importer of record and that it purchased rather than imported a very small quantity of subject imports from Mexico. CR/PR at Tables IV-1 and III-9. We therefore do not treat *** as a related party in the final phase of these investigations.

⁵² A tenth domestic producer, ***, did not submit a questionnaire response. However, its production during the period examined was minimal at approximately *** short tons per year, of which approximately *** percent is out of scope material (*i.e.*, galvanized steel wire that is finer than 0.5 mm). See CR/PR at III-1 n.1.

⁵³ The ***, although those firms submitted individual responses to producer questionnaires.

⁵⁴ See 19 U.S.C. § 1677(4)(B)(i); CR/PR at Table III-9.

⁵⁵ See 19 U.S.C. § 1677(4)(B)(ii)(III), CR at III-3, PR at III-3.

⁵⁶ Petitioners’ Prehearing Brief at 5-6.

⁵⁷ See CR/PR at Table III-9.

only *** percent).⁵⁸ We find, therefore, that these related parties' principal interests are in domestic production. None of these domestic producers opposes the petitions (although ***) and no party has argued that any of these companies should be excluded from the definition of the domestic industry. There also is no indication that the relatively modest size of these four companies' imports relative to their domestic production shielded them from subject imports or otherwise skewed their performance to any significant degree.^{59 60} With respect to the corporate relationship that makes *** related parties, the fact that their *** suggests that they are not being shielded from the effects of subject imports. We therefore find that appropriate circumstances do not exist to exclude any of these four domestic producers.

The circumstances for *** are different from those of the other four related party producers. Its imports of subject merchandise from Mexico were *** short tons in 2009, *** short tons in 2010, and *** short tons in 2011.⁶¹ Its ratio of subject imports to domestic production was *** percent in 2009, *** percent in 2010, and *** percent in 2011.⁶² Additionally, it owns the smaller of the two Mexican respondents, *** and *** the petition.⁶³ *** ratio of operating income to net sales was *** ratios *** the industry average.⁶⁴ Given that its interests lie primarily in importing and that it may have benefitted from its importations, we find that appropriate circumstances exist to exclude *** from the definition of the domestic industry as a related party. We therefore define the domestic industry as all domestic producers of galvanized steel wire other than ***.

IV. CUMULATION⁶⁵

A. Legal Framework

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and the domestic like product in the U.S. market.⁶⁶ In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including the following:

⁵⁸ CR/PR at Table III-9.

⁵⁹ Consistent with her practice in past investigations and reviews, Commissioner Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, 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.

⁶⁰ Commissioner Pinkert does not rely upon related parties' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry. The present record is not sufficient to link the related parties' profitability on U.S. operations to any specific benefit they derive from importing or from their relationships to foreign producers. See Allied Mineral Products v. United States, 28 CIT 1861, 1865-67 (2004).

⁶¹ CR/PR at Table III-9.

⁶² CR/PR at Table III-9.

⁶³ CR/PR at Table III-1.

⁶⁴ CR/PR at Table VI-3

⁶⁵ Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. During the 12-month period prior to the filing of the petitions, subject imports from China and Mexico accounted for 19.5 percent and 39.0 percent of total imports of galvanized steel wire, respectively. CR at IV-7, PR at IV-7.

⁶⁶ 19 U.S.C. § 1677(7)(G)(i).

- (1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁶⁷

Although no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁶⁸ Only a “reasonable overlap” of competition is required.⁶⁹

B. Discussion

In these investigations, the threshold criterion for cumulation is satisfied because petitioners filed the antidumping duty petitions with respect to China and Mexico and the countervailing duty petition with respect to China on the same day. None of the cumulation exceptions applies.⁷⁰ Subject imports from China and Mexico are therefore eligible for cumulation.

We consequently examine whether there is a reasonable overlap of competition between subject imports from China and Mexico, as well as between subject imports and the domestic like product.⁷¹

⁶⁷ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278 to 280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

⁶⁸ See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

⁶⁹ The Statement of Administrative Action (“SAA”) states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” SAA on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 848 (1994) (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988)), aff'd, 859 F.2d 915 (Fed. Cir. 1988). See also, e.g., Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) (“cumulation does not require two products to be highly fungible”); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁷⁰ See 19 U.S.C. § 1677(7)(G)(ii).

⁷¹ Petitioners argue that the prerequisites for cumulation for purposes of present material injury are satisfied in these investigations, Petitioners’ Prehearing Brief at 6-8, and neither group of respondents has addressed the issue.

1. Fungibility

There is a moderate to high degree of fungibility among the subject imports from each country and the domestic like product.⁷² The questionnaire responses indicate that market participants perceive domestic galvanized steel wire and the subject imports to be interchangeable. Eight of nine responding U.S. producers and all but two responding importers indicated that subject imports from China are either always or frequently interchangeable with subject imports from Mexico.⁷³ Twenty-one of 28 responding purchasers indicated that subject imports from China are always or frequently interchangeable with domestic galvanized steel wire, and 26 of 37 responding purchasers indicated that subject imports from Mexico are always or frequently interchangeable with domestic galvanized steel wire.⁷⁴ Further, 17 of 22 responding purchasers indicated that subject imports from China are always or frequently interchangeable with subject imports from Mexico.⁷⁵

2. Geographic Overlap

There is also a geographic overlap in sales. U.S. producers and Deacero USA, the importer of record for the largest Mexican producer and exporter, Deacero S.A. de C.V., reported selling ***,⁷⁶ as did importers of galvanized steel wire from China.⁷⁷

3. Channels of Distribution

The record indicates that the great majority of shipments of domestically produced merchandise and subject imports from China and Mexico were shipped directly to end users.⁷⁸

4. Simultaneous Presence

Domestically produced galvanized steel wire was present throughout the period for which information was gathered.⁷⁹ Official Commerce statistics show that subject imports from China and Mexico both entered the United States in every month of the period of investigation.⁸⁰

C. Conclusion

Based on the record, we find a reasonable overlap of competition among the subject imports from China and Mexico and the domestic like product. We therefore cumulatively assess the volume and effects of subject imports from China and Mexico for purposes of determining whether there is material injury to the domestic industry by reason of the subject imports.

⁷² CR at II-15, PR at II-9.

⁷³ CR/PR at Table II-8.

⁷⁴ CR/PR at Table II-8.

⁷⁵ CR/PR at Table II-8.

⁷⁶ CR at IV-6, PR at IV-6.

⁷⁷ CR at IV-6, PR at IV-6.

⁷⁸ CR/PR at Table II-3.

⁷⁹ See CR/PR at Tables V-1, V-2, V-3, V-4 and V-7 (indicating sales of domestic galvanized steel wire during each quarter of the three-year period of investigation).

⁸⁰ CR at IV-7, PR at IV-6.

V. LEGAL STANDARDS

A. In General

In the final phase of antidumping and 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.⁸¹ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁸² The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁸³ 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.⁸⁴ 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.”⁸⁵

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,⁸⁶ 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.⁸⁷ 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.⁸⁸

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 nonsubject 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

⁸¹ 19 U.S.C. §§ 1671d(b), 1673d(b).

⁸² 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 ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁸³ 19 U.S.C. § 1677(7)(A).

⁸⁴ 19 U.S.C. § 1677(7)(C)(iii).

⁸⁵ 19 U.S.C. § 1677(7)(C)(iii).

⁸⁶ 19 U.S.C. §§ 1671d(a), 1673d(a).

⁸⁷ 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’d, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁸⁸ 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).

the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁸⁹ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁹⁰ 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 nonsubject imports, which may be contributing to overall injury to an industry.⁹¹ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁹²

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.”^{93 94} Indeed, the

⁸⁹ SAA at 851-52 (“{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 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.

⁹⁰ 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, Invs. 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.”).

⁹¹ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁹² 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.”).

⁹³ 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.

⁹⁴ Commissioner Pinkert does not join this paragraph or the following three 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 when considering present material injury, to undertake a particular kind of analysis of nonsubject imports, albeit without reliance upon presumptions or rigid formulas. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive,
continue...

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁹⁵

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 nonsubject 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 nonsubject imports.⁹⁶ The additional “replacement/benefit” test looked at whether nonsubject 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 nonsubject imports or other factors to subject imports.⁹⁷ 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 nonsubject 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.⁹⁸

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

⁹⁴ ...continue

nonsubject 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 nonsubject 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.

542 F.3d at 878.

⁹⁵ 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.”).

⁹⁶ Mittal Steel, 542 F.3d at 875-79.

⁹⁷ 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).

⁹⁸ 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 nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject 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 nonsubject imports.

standard.⁹⁹ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.¹⁰⁰

VI. 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.

A. Captive Production

The domestic industry consumed a *** of its galvanized steel wire production in the manufacture of various downstream products. This captive consumption accounted for between *** percent (2011) and *** percent (2009) of production.¹⁰¹ We have considered whether, in this case, the captive production provision of the statute requires our primary focus to be on the merchant market when we assess market share and factors affecting the financial performance of the domestic industry. Deacero argues that the provision does not apply in these investigations because the third statutory criterion for its application is not satisfied.¹⁰² We agree and conclude that the provision does not apply for the reasons set forth below.¹⁰³ We nonetheless consider as a condition of competition the fact that a significant portion of domestic production is captively consumed and examine both merchant market data and data for the total U.S. market in our analysis.¹⁰⁴

⁹⁹ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

¹⁰⁰ 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.”).

¹⁰¹ CR at III-7, PR at III-6.

¹⁰² Deacero's Prehearing Brief at 3 n.5. The Petitioners do not address the issue.

¹⁰³ The third criterion of the captive production provision of the statute requires the Commission to examine whether merchant market purchasers are generally using the domestic like product in the production of the same downstream article or articles as integrated domestic producers. If merchant market purchasers are using the domestic like product in the production of the same downstream article or articles as integrated domestic producers, then the statutory criterion is not satisfied. In these investigations, domestic producers that internally consume galvanized steel wire indicated in their questionnaire responses that, with respect to fencing, there is an overlap in the downstream articles produced from commercial and non-commercial shipments of galvanized steel wire. CR at III-9-III-10 and CR/PR at Table III-7, PR at III-7-III-8 (indicating overlap in production of fencing with commercial and internally consumed galvanized steel wire). Although the extent of the overlap is not quantified, the near-universal view of the domestic producers is that the same products are produced with commercial shipments and internally consumed shipments of galvanized steel wire. Thus, in this case, galvanized steel wire sold in the merchant market is used in the production of the same downstream product for which galvanized steel wire is captively consumed, and the third statutory criterion is not satisfied. See 19 U.S.C. § 1677(7)(C)(iv).

¹⁰⁴ As discussed, we have determined to exclude *** from the definition of the domestic industry. Thus, for purposes of analyzing the market as a whole we relied on Table C-4 of the Commission's report. In analyzing the merchant market, we have relied upon Tables C-4 and VI-2 and *** questionnaire response.

B. Demand Considerations

Demand for galvanized steel wire is influenced by overall economic activity, as it is used by downstream manufacturers in the production of many different products.¹⁰⁵ Real GDP growth in the United States was negative 3.5 percent in 2009, 3.0 percent in 2010, and 1.7 percent in 2011.¹⁰⁶ The parties agree that the economic downturn in 2008-2009 resulted in reduced apparent U.S. consumption at the beginning of the period of investigation, followed by a recovery during 2010-2011.¹⁰⁷

Overall, apparent U.S. consumption of galvanized steel wire increased during the period examined, rising from 608,254 short tons in 2009 to 669,407 short tons in 2010 and 704,867 short tons in 2011, for an overall increase of 15.9 percent.¹⁰⁸ This increase was largely mirrored in the merchant market, where apparent U.S. consumption increased from 373,303 short tons in 2009 to 421,625 short tons in 2010 and 439,384 short tons in 2011, an increase of 17.7 percent.¹⁰⁹

C. Supply Considerations

There are three sources of supply in the U.S. market – domestic shipments, imports of subject merchandise from China and Mexico, and imports from nonsubject sources. There are ten known U.S. producers of galvanized steel wire – Bekaert Corporation; Davis Wire; Johnstown Wire; Keystone Consolidated Industries, Inc.; Leggett & Platt, Inc.; Mid-South Wire; Mount Joy Wire Co.; National Standard; Oklahoma Steel & Wire Co.; and WireCo.¹¹⁰ Johnstown Wire and Mid-South Wire produce wire only for the commercial market, while the other domestic producers captively consume some

¹⁰⁵ CR at I-3, II-11, PR at I-3, II-6.

¹⁰⁶ CR at II-11, PR at II-6; CR/PR at Figure II-1.

¹⁰⁷ See CR at II-14, PR at II-11. Deacero, and Petitioners to a lesser extent, have suggested that we consider data from 2008 in addition to the three-year period of investigation (2009-2011). See, e.g., Petitioners' Final Comments at 1; Deacero's Posthearing Brief at 7. The Commission's normal practice is to consider data for the three most recent calendar years, plus interim periods where applicable. This achieves a balance between the burden on questionnaire recipients and the Commission's need for sufficient information for making its determinations. See, e.g., Frontseating Service Valves from China, Inv. No. 731-TA-1148, USITC Pub. 4073 (April 2009) at 10, n.44; Silicon Metal from Russia, Inv. No. 731-TA-991 (Final), USITC Pub. 3584 (March 2003) at 11, n.68, citing, inter alia, Kenda Rubber Industrial Co. v. United States, 630 F. Supp. 354, 359 (Ct. Int'l Trade 1986), aff'd on this point, Bratsk Smelter v. United States, Slip Op. 04-75 (Ct. Int'l Trade June 22, 2004) at 14-15 ("The statute . . . does not direct the ITC to use a specific period of time for its analysis . . . [but] 'in making a present material injury determination, the Commission must address record evidence of significant circumstances and events that occur between the petition date and vote date' . . . [recognizing] that 'older information on the record provides a historical backdrop against which to analyze fresher data.'") (quoting Usinor v. United States, 26 CIT 767,780 (2002)). We find that the parties have failed to provide a compelling reason for us to deviate from our normal practice, and we have considered the fact that, as a result of the recession, the domestic industry experienced a drop in apparent consumption in 2009 relative to 2008.

¹⁰⁸ CR/PR at Tables IV-5a, C-4.

¹⁰⁹ CR/PR at Table IV-5b. This trend in overall consumption was not, however, reflected in the views of market participants, who generally reported that demand had fallen since 2009. CR/PR at Table II-4. None of the seven responding producers, only one of 17 responding importers, and only 17 of 44 responding purchasers indicated that demand increased since 2009. See CR/PR at Table II-4. Because the value of apparent U.S. consumption increased by more than the quantity over the period, we conclude that demand increased over the period examined, notwithstanding the reports of most market participants. See CR/PR at Table II-4.

¹¹⁰ CR/PR at Table III-1.

production of the domestic product and produces for the commercial market as well.¹¹¹ With respect to galvanized steel wire sold on the commercial market, over three-quarters was sold directly to end users, with the remainder sold to distributors.¹¹²

Five firms reported shutdowns or curtailments in domestic production during the period examined, mostly due to a lack of business, although one firm reported a ***.¹¹³ Three producers reported expanding or upgrading production facilities or making an acquisition during the period.¹¹⁴ Domestic production capacity fell from *** short tons in 2009 to *** short tons in 2010, but then increased to *** short tons in 2011.¹¹⁵

The domestic industry was the largest supplier of galvanized steel wire to the U.S. market between 2009 and 2011. In terms of quantity, U.S. producers' market share increased slightly overall, from *** percent in 2009 to *** percent in 2010 and *** percent in 2011.¹¹⁶ Similarly, in the merchant market, U.S. producers' market share rose from *** percent in 2009 to *** percent in 2010 and *** percent in 2011.¹¹⁷ Subject imports held the second largest share of the market, which increased from 14.3 percent in 2009 to 16.1 percent in 2010, before declining to 14.3 percent in 2011.¹¹⁸ Nonsubject imports fell from 13.0 percent in 2009 to 11.0 percent in 2010 and 10.7 percent in 2011.¹¹⁹

D. Substitutability and Other Conditions

Raw material costs accounted for approximately 74 percent of domestic producers' total cost of goods sold ("COGS") in 2011. Steel wire rod and zinc are the primary raw materials used in the manufacture of galvanized steel wire.¹²⁰ The monthly average price of wire rod decreased by 25 percent in 2009, then recovered to near its January 2009 level by December 2010.¹²¹ Between December 2010 and December 2011, wire rod prices increased by 9 percent.¹²² The domestic industry's unit COGS rose somewhat in 2010 and 2011.¹²³

Despite the variety of galvanized wire products, producers, importers, and purchasers agree that galvanized steel wire, regardless of the source, is interchangeable. Two-thirds or more of the responding

¹¹¹ See Deacero's Posthearing Brief, Answers to Commissioners' Questions at 16.

¹¹² CR/PR at Table II-3.

¹¹³ CR/PR at Table III-3.

¹¹⁴ CR/PR at Table III-3.

¹¹⁵ CR/PR at Table C-4.

¹¹⁶ CR/PR at Table C-4.

¹¹⁷ Derived from CR/PR at Table IV-5b and *** Questionnaire.

¹¹⁸ CR/PR at Table C-4.

¹¹⁹ CR/PR at Table C-4. In the merchant market, nonsubject imports fell from 21.2 percent in 2009 to 17.5 percent in 2010 and 17.2 percent in 2011. Derived from CR/PR at Table IV-5b and *** Questionnaire. Based on official import statistics, the three largest sources of nonsubject imports during both 2010 and 2011 were Canada, Israel, and India. Combined, these countries accounted for approximately 85 percent of nonsubject imports of galvanized steel wire in 2011, and Canada alone accounted for more than two-thirds of nonsubject imports. CR/PR at Table IV-3.

¹²⁰ CR at V-1, PR at V-1.

¹²¹ CR at V-1, PR at V-1.

¹²² CR at V-1, PR at V-1.

¹²³ CR/PR at Table C-4.

U.S. producers, importers, and purchasers indicated that galvanized steel wire produced in the United States and imports from China and Mexico are “always” or “frequently” used interchangeably.¹²⁴

During the period examined, both imported galvanized steel wire and galvanized steel wire manufactured in the United States were sold nationwide and were sold predominantly to end users.¹²⁵ Although price is an important factor, purchasers listed “product consistency,” “quality meets industry standards,” and “reliability of supply” somewhat more frequently than price.¹²⁶ Purchasers, when asked to report the three most important factors in their decisions to purchase galvanized steel wire, reported quality to be the most important factor.¹²⁷ When asked to assess the importance of 20 factors influencing their purchasing behavior, 48 of 50 responding purchasers reported “product consistency,” 46 of 50 reported “availability,” and 47 of 49 reported “quality meeting industry standard” to be “very important.”¹²⁸ More than three-quarters of responding purchasers reported that “delivery time” and “reliability of supply” were “very important.”¹²⁹ Testimony at the hearing also indicated that just-in-time delivery and short lead times have become increasingly important to purchasers in the U.S. market and have led to a preference for closer sources of supply for galvanized steel wire.¹³⁰

VII. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

Based on the record in the final phase of these investigations, we find that an industry in the United States is not materially injured by reason of imports of galvanized steel wire from China that Commerce has found is sold in the United States at less than fair value and subsidized by the Government of China and galvanized steel wire from Mexico that Commerce has found is sold in the United States at less than fair value.

A. Volume of Subject Imports

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

¹²⁴ CR/PR at Table II-8.

¹²⁵ CR at II-1, II-5, PR at II-1, II-2.

¹²⁶ CR/PR at Table II-6.

¹²⁷ CR/PR at Table II-5. In their questionnaire responses, 25 purchasers ranked quality as the most important factor in purchasing decisions, 11 ranked it as the second most important factor, and seven ranked it as the third most important factor. By comparison, 15 purchasers ranked price as the most important factor in purchasing decisions, 22 purchasers ranked it as the second most important factor, and seven ranked it as the third most important factor. CR/PR at Table II-5 (tabulating responses from unrelated purchasers). Purchasers also indicated that availability is an important factor in purchasing decisions. Three purchasers ranked availability as the most important factor, eight ranked it as the second most important factor, and 15 ranked it as the third most important factor. CR/PR at Table II-5.

¹²⁸ CR/PR at Table II-6.

¹²⁹ CR/PR at Table II-6.

¹³⁰ Tr. at 124-125 (Talbot) (“[W]e’ve seen a distinct change in our customers [sic] order patterns after the recession to be more just-in-time, very low lead times, very low visibility from our standpoint as a supplier to know when they wanted their orders produced and shipped.”).

volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹³¹ ¹³²

Subject imports from China and Mexico increased from 87,078 short tons in 2010 to 107,897 short tons in 2011, and then decreased to 101,495 short tons in 2011, for an overall increase of 16.6 percent from 2009 to 2011.¹³³ The market share of the subject imports only increased slightly for the period overall, increasing from 14.3 percent in 2009 to 16.1 percent in 2010, before falling to 14.4 percent in 2011.¹³⁴ In the merchant market, however, the subject imports’ market share fell slightly for the period as a whole; their share increased from 23.4 percent in 2009 to 25.6 percent in 2010, and then fell to 23.1 percent in 2011.¹³⁵ Viewed in isolation, the volume of subject imports appears significant. However, viewed in the context of rising U.S. demand and the domestic industry’s ability to gain market share and sales volume, as discussed below, we find that the increase in volume of subject imports was not significant.¹³⁶

The domestic industry was by far the largest supplier of galvanized steel wire to the U.S. market throughout the period examined, and the increase in subject imports occurred as apparent U.S. consumption was increasing at a similar rate. Apparent U.S. consumption of galvanized steel wire increased from 608,254 short tons in 2009 to 669,407 short tons in 2010 and then 704,867 short tons in 2011, for an overall increase of 15.9 percent, which is comparable to the 16.6 percent increase in subject imports in absolute terms.¹³⁷

We have also considered the fact that, in terms of quantity, the domestic industry’s market share increased from 2009 to 2011.¹³⁸ The industry’s share was *** percent in 2009, *** percent in 2010, and *** percent in 2011.¹³⁹ Even when the volume of subject imports increased by 23.9 percent in 2010 relative to 2009, the domestic industry was able to increase its share of the U.S. market.¹⁴⁰ Further, in the merchant market, the only portion of the market where subject imports compete, the domestic industry increased its share from *** percent in 2009 to *** percent in 2010 and *** percent in 2011.¹⁴¹ The U.S. industry was also able to increase its U.S. shipments from *** short tons in 2009 to *** short tons in 2010, and *** short tons in 2011, for an overall increase of *** percent during the period.¹⁴²

Despite the increase in apparent U.S. consumption, the market share of nonsubject imports declined. Nonsubject imports’ market share fell between 2009 and 2011, from 13.0 percent in 2009 to 11.0 percent in 2010 and then fell to 10.7 percent in 2011.¹⁴³ The 1.8 percentage point increase in subject

¹³¹ 19 U.S.C. § 1677(7)(C)(i).

¹³² The imported galvanized steel wire subject to these investigations is generally reported under HTS statistical reporting numbers 7217.20.30, 7217.20.45, and 7217.90.10. CR at I-10 and I-10 n.8. The Commission has relied upon official import statistics. CR at I-4, PR at I-3.

¹³³ CR/PR at Table IV-4.

¹³⁴ CR/PR at Table C-4.

¹³⁵ Derived from CR/PR at Table IV-5b and *** Questionnaire.

¹³⁶ CR/PR at Table C-4.

¹³⁷ CR/PR at Table C-4.

¹³⁸ CR/PR at Table C-4.

¹³⁹ CR/PR at Table C-4.

¹⁴⁰ See CR/PR at Table C-4.

¹⁴¹ Derived from CR/PR at Table IV-5b and *** Questionnaire.

¹⁴² CR/PR at Table C-4.

¹⁴³ CR/PR at Table C-4.

imports' market share in 2010, rising from 14.3 percent in 2009 to 16.1 percent in 2010, came at the expense of nonsubject imports and not the domestic industry.¹⁴⁴

Given the domestic industry's increased market share and its ability to increase its shipments during the period by an amount exceeding both the growth in subject imports and apparent U.S. consumption, we do not find the increase in subject imports either in absolute terms or relative to apparent U.S. consumption to be significant.

We also have considered whether the volume of subject imports or any increase in that volume is significant relative to domestic production. The domestic industry's production rose by *** percent overall during the period. It increased from *** short tons in 2009, to *** short tons in 2010 and *** short tons in 2011.¹⁴⁵ As a ratio to domestic production, subject imports accounted for *** percent in 2009, *** percent in 2010 and *** percent in 2011.¹⁴⁶ Given the overall decline in this ratio and the industry's increase in domestic production each year, we do not find that the increase in subject import volume is significant relative to domestic production.¹⁴⁷

Accordingly, while we find the volume of subject imports to be significant, we do not find any increase in that volume either in absolute terms or relative to apparent U.S. consumption and relative to U.S. production to be significant.¹⁴⁸

¹⁴⁴ CR/PR at Table C-4.

¹⁴⁵ CR/PR at Table C-4.

¹⁴⁶ Derived from CR/PR at Table IV-6 and *** Questionnaire.

¹⁴⁷ In final phase investigations, the statutory provision governing the Commission's treatment of post-petition information, 19 U.S.C. § 1677(7)(I), states that "the 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" The petitions in these investigations, as noted above, were filed March 31, 2011, and Petitioners argue that the pendency of the investigations has had a major impact on import volumes. Petitioners' Prehearing Brief at 15-18. They argue that subject import volumes would have been greater but for the filing of the petitions, Commerce's preliminary countervailing determination on September 6, 2011, and the preliminary determinations of sales at less than fair value on November 4, 2011. Petitioners' Posthearing Brief at 5-6.

As noted, the statutory provision pertaining to post-petition information confirms that the Commission has discretion to reduce the weight of data for the period after the petition filing if it deems any post-petition reductions in import volumes or changes in import prices are due to the pendency of the investigation. See, e.g., SAA at 853-54. Contrary to petitioners' argument, the statute does not direct the Commission to speculate on what import volumes would have been in the absence of the filing of the petitions. Moreover, subject imports were actually greater in the six months after the filing of the petitions (April 2011- September 2011) than either the six months prior to the filing (October 2010-March 2011) or the same six month period in 2010 (April 2010-September 2010). See Petitioners' Prehearing Brief at Exhibit 3 (monthly import statistics). While there is evidence that an import decline occurred in the last few months of 2011 due to the pendency of the investigations, this occurred too late in the year to have much effect on our data for 2011 as a whole. Moreover, the evidence also indicates that this did not work a reduction in overall 2011 import volume, as one large importer concedes that it simply accelerated the imports it was planning to import late in the year by a few months in order to beat the imposition of cash deposits, suggesting that overall import volume for 2011 was not affected. Tr. at 183 (Gutierrez). We therefore decline to reduce the evidentiary weight we accord to information from the post-petition period.

¹⁴⁸ Despite finding significant volume, in light of the conditions of competition in the U.S. market and because subject imports had no significant adverse price effects and no significant adverse impact on the condition of the domestic industry, as discussed below, we find no material injury by reason of subject imports.

B. Price Effects of the Subject Imports

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.¹⁴⁹

As discussed above, in the U.S. galvanized steel wire market, price is an important factor in purchasing decisions, but other factors such as quality, reliability and delivery time are also important.¹⁵⁰ In the final phase of these investigations, the Commission collected quarterly pricing data on seven pricing products, four of which were lower carbon products in which the subject imports and domestic product are concentrated.¹⁵¹ Pricing data were reported by eight U.S. producers,¹⁵² eight importers of galvanized steel wire from China, and three importers of galvanized steel wire from Mexico.¹⁵³ Pricing data accounted for approximately 12 percent of reported U.S. producers' commercial shipments of steel wire between January 2009 and December 2011, 12 percent of reported U.S. shipments of subject imports of galvanized steel wire from China, and *** percent of reported U.S. shipments of subject imports of galvanized steel wire from Mexico.¹⁵⁴

The pricing data show significant underselling. Cumulated subject imports undersold the domestic like product in 61 of 97 available quarterly price comparisons, at an average underselling

¹⁴⁹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁵⁰ CR/PR at Table II-10.

¹⁵¹ See CR at V-6, PR at V-5. Pricing product 1 is 0.143 to 0.153-inch (3.632 mm to 3.886 mm) in diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use. Product 2 is 0.080 to 0.090-inch (2.032 mm to 2.286 mm) in diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use. Product 3 is 0.0720 to 0.0907-inch (1.828 mm to 2.305 mm) in diameter, maximum carbon content up to 0.15 percent galvanized wire, Class 3 coating, for industrial use. Product 4 is 0.245 to 0.255-inch (6.223 mm to 6.477 mm) in diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use. Product 5 is 0.038 to 0.045-inch (0.97 mm to 1.14 mm) in diameter, maximum carbon content over 0.44 percent galvanized wire, Commercial coating, for industrial use. Product 6 is 0.033 to 0.038-inch (0.84 mm to 0.97 mm) in diameter, maximum carbon content over 0.44 percent galvanized wire, Class 1 coating, for industrial use. Product 7 is 0.0720 to 0.0907-inch (1.828 mm to 2.305 mm) in diameter, grade 1065 and above galvanized wire, Commercial coating, for industrial use. CR at V-6, PR at V-5.

¹⁵² The domestic producer we have excluded as a related party, ***, did not report any pricing information.

¹⁵³ CR at V-6, PR at V-5. Petitioners believe that the pricing data are representative despite the coverage and lack of data for some pricing products. Petitioners' Posthearing Brief at 6-7. They note that for products 1-4, U.S. producers reported prices for all possible quarters and imports from Mexico were reported in all but one quarter and that reported sales by U.S. producers were at least in the hundreds of tons in all but two quarters and that imports from Mexico were reported in at least double digits in all but six instances. *Id.* Given the multiplicity of galvanized steel wire products sold in the U.S. market, we agree that this level of sales coverage is adequate for making price comparisons.

¹⁵⁴ CR at V-6-V-7, PR at V-5.

margin of 13.6 percent and average overselling margin of 48.1 percent.¹⁵⁵ Underselling occurred in the two pricing products (pricing products 1 and 2) for which there were the most shipments of domestic product and across all price products. There was underselling by Chinese or Mexican galvanized steel wire, or both, in each quarter of the three-year period.¹⁵⁶

Despite the evidence of underselling by subject imports, the prices of the domestic product remained stable between January 2009 and December 2011. Prices generally fluctuated without a clear trend for the pricing products 1-4 manufactured in the United States.¹⁵⁷ While prices for U.S.-produced products 1-4 decreased overall by *** percent, *** percent, *** percent, and *** percent respectively during the three-year period, the price decreases for these four products were confined to early 2009 when prices were still bottoming out due to the recession.¹⁵⁸ These price reductions correspond to the recession-induced drop in demand. The trends in domestic product prices measured from the second quarter of 2009 to the fourth quarter of 2011 are notably different, with prices for the four products increasing by *** percent, *** percent, *** percent, and *** percent respectively.¹⁵⁹ We find that the record does not indicate that subject imports were responsible for the price declines in early 2009 as subject import volumes were smaller early in 2009 than most of the remaining portion of the period.¹⁶⁰ Accordingly, notwithstanding the evidence of underselling, we do not find that subject imports depressed U.S. prices to a significant degree between January 2009 and December 2011. Moreover, given that either an upward trend or only small fluctuations in the prices for pricing products 1-4 occurred prior to the filing of the petitions, we cannot attribute the absence of significant price depression to the filing of the petitions.

Regarding possible suppression of domestic prices, the domestic industry's ratio of cost of goods sold ("COGS") to net sales was relatively high during the period. The ratio declined from *** percent in 2009 to *** percent in 2010 before increasing to *** percent in 2011.¹⁶¹ In the merchant market, the domestic industry's ratio followed a similar trend, declining from *** percent in 2009 to *** percent in 2010 before increasing to *** percent in 2011.¹⁶² Thus, while the industry's costs were high relative to its sales values over the entire period, any cost price squeeze did not worsen between 2009 and 2011. Nor do we find that the presence of subject imports prevented the domestic industry from raising its prices to any significant degree. As discussed above, domestic producers' prices were rising during much of the period. Moreover, between 2009 and 2010, when the volume of subject imports was increasing, the industry's ratio of COGS-to-net-sales declined, and between 2010 and 2011, when subject imports

¹⁵⁵ CR/PR at Table V-8.

¹⁵⁶ See CR/PR at Tables at V-1-V-7.

¹⁵⁷ See CR/PR at Fig. V-2 (showing 3-year trends in prices for all seven pricing products).

¹⁵⁸ See CR/PR at Fig. V-2, Tables V-1 to V-4 and V-8. See also Petitioners' Hearing Exhibit Chart 4 (showing price trends for products 1-4).

¹⁵⁹ See Deacero's Posthearing Brief at 14.

¹⁶⁰ Petitioners argue that we typically evaluate changes in prices from the first to the last quarter of the period in order to assess any changes in domestic product price levels and we must restrict ourselves to such an analysis in these investigation. See Petitioners' Prehearing Brief at Exhibit 3. We are not confined to examining these two quarters and performing a rote calculation of the change in prices. In these investigations, price movements early in the investigation are not representative of changes in prices for the period as a whole. The changes in prices early in 2009 may simply reflect declines in wire rod prices or the effects of the recession and weak demand rather than the price depressing effects of subject imports. See CR/PR at Fig. V-1.

¹⁶¹ See CR/PR at Table C-4.

¹⁶² Derived from CR/PR at Table VI-2 and *** Questionnaire. Petitioners have indicated that a different product mix, more specifically their focus on "niche" products in the merchant market accounts for the industry's more favorable results in the commercial portion of the market. See Petitioners' Posthearing Brief, Answers to Questions from Chairman Okun and Commissioners Pearson (citing Tr. at 82 (Weinand)).

declined, the industry's ratio of COGS-to-net-sales increased.¹⁶³ As a result, there was no correlation between changes in the volume of subject imports and the COGS-to-net-sales ratio. Moreover, in both the total market and the merchant market there was an overall decline in the COGS-to-net-sales ratio from 2009-2011. Based on the record, we do not find evidence that the subject imports prevented price increases, which otherwise would have occurred, to a significant degree.¹⁶⁴ Additionally, the record shows that the domestic industry experienced a lower COGS-to-net-sales ratio in the merchant market, where it faced competition from subject imports, than in the captive market, where it did not. If subject imports were having significant price suppressing effects, we would expect higher ratios in the merchant market.

We also note the lack of confirmed lost sales and lost revenue allegations in these investigations.¹⁶⁵ The 35 lost sales allegations made by producers totaled \$13.5 million and involved more than 13,600 short tons of galvanized steel wire and the 18 lost revenues allegations totaled \$664,000 and involved more than 13,300 short tons of galvanized steel wire.¹⁶⁶ However, the four confirmed lost sales only involved a total of *** short tons of product valued at \$***, and none of the lost revenue allegations were confirmed.¹⁶⁷ More importantly, subject imports did not gain significant market share at the expense of the domestic industry over the period examined as discussed above.

Accordingly, although subject imports undersold the domestic product, the record does not indicate that subject imports had any significant price suppressing or depressing effects. For all of these reasons, we do not find that subject imports had significant adverse effects on prices for the domestic like product.

C. Impact of the Subject Imports¹⁶⁸

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

¹⁶³ See CR/PR at Table C-4. Domestic producers' net sales values increased by a greater amount than their COGS during the period. Domestic producers' unit net sales value increased by \$***, or *** percent, from 2009 to 2011, while their unit COGS increased by \$***, or *** percent. CR/PR at Table C-4. The trend was similar in the merchant market. See CR/PR at Table C-4.

¹⁶⁴ The Petitioners' reliance on the Commission's determination in Citric Acid and Certain Citrate Salts from Canada and China, Inv. Nos. 701-TA-456 and 731-TA-1151-1152 (Final), USITC Pub No. 4076 (May 2009) is misplaced. As noted above, Commission determinations are deemed sui generis even with respect to investigations of the same product. Moreover, while the COGS-to-net-sales ratio in those investigations declined during the period overall, the ratio was higher and increased at the same time that subject imports were increasing (2006-2007), which is not the case in these investigations in which there is an inverse correlation between the ratio and the volume of subject imports. Id. at 23-24, 29.

¹⁶⁵ CR at V-24, PR at V-10.

¹⁶⁶ CR at V-24, PR at V-10.

¹⁶⁷ CR/PR at Tables V-10 and V-11.

¹⁶⁸ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at less than fair value for China, Commerce found the following weighted-average dumping margins: 194.00 percent for fifteen specific producer and exporter combinations, and 235.00 percent for all others. CR/PR at Table I-2; 77 Fed. Reg. 17434-35 (Mar. 26, 2012). With respect to Mexico, Commerce found a weighted average margin of dumping of 20.89 percent for Deacero S.A. de C.V. and 37.69 percent for Aceros de Camesa S.A. de C.V., and 22.43 percent for all others. CR/PR at Table I-3; 77 Fed. Reg. 17429 (Mar. 26, 2012).

industry.”¹⁶⁹ 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.”¹⁷⁰

Virtually all of the domestic industry’s indicators improved during the period. The industry’s production,¹⁷¹ capacity,¹⁷² capacity utilization,¹⁷³ shipments,¹⁷⁴ and net sales¹⁷⁵ all improved throughout the period.¹⁷⁶ The domestic industry’s productivity, number of production workers, hours worked, and wages paid all improved as well.¹⁷⁷ The domestic industry’s capital expenditures increased sharply, reflecting optimism concerning the industry’s prospects. Inventories rose only modestly, indicating that U.S. producers did not find it difficult to sell their higher level of production.¹⁷⁸

Improvements in trade measures were accompanied by improvements, albeit modest, in the industry’s financial performance. While the domestic industry reported a *** operating *** margin in 2009, that margin improved to *** percent in 2010, and to *** percent in 2011.¹⁷⁹ The domestic industry’s operations in the merchant market, where it faced competition from subject imports, also improved. The industry reported a ratio of operating income to net sales of *** percent in 2009, *** percent in 2010, and *** percent in 2011.¹⁸⁰ Moreover, the domestic industry achieved its biggest gains in shipment volumes and market share in the merchant market.¹⁸¹ We would expect any adverse effects of the subject imports to be most apparent in the merchant market. The fact that the domestic industry

¹⁶⁹ 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.”).

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

¹⁷¹ The domestic industry’s production was *** short tons in 2009, *** short tons in 2010, and *** short tons in 2011. CR/PR at Table C-4.

¹⁷² The domestic industry’s capacity was *** short tons in 2009, *** short tons in 2010, and *** short tons in 2011. CR/PR at Table C-4.

¹⁷³ The domestic industry’s capacity utilization rate increased from *** percent in 2009 to *** percent in 2010 and *** percent in 2011. CR/PR at Table C-4.

¹⁷⁴ U.S. producers’ U.S. shipments (by quantity) were *** short tons in 2009, *** short tons in 2010, and *** short tons in 2011. CR/PR at Table C-4.

¹⁷⁵ U.S. producers’ net sales (by quantity) were *** short tons in 2009, *** short tons in 2010, and *** short tons in 2011. CR/PR at Table C-4.

¹⁷⁶ CR/PR at Table C-4.

¹⁷⁷ Productivity increased from *** short tons per 1,000 hours in 2009 to *** short tons per 1,000 hours in 2010, and *** short tons per 1,000 hours in 2011. The domestic industry’s number of production and related workers (PRWs) was *** workers in 2009, *** workers in 2010, and *** workers in 2011. The number of hours worked by PRWs was *** hours in 2009, *** hours in 2010, and *** hours in 2011. The wages paid to PRWs were *** in 2009, *** in 2010, and *** in 2011. CR/PR at Table C-4.

¹⁷⁸ Capital expenditures totaled \$*** million in 2009, *** million in 2010 and \$*** million in 2011. The domestic industry’s ending inventories were *** short tons in 2009, *** short tons in 2010, and *** short tons in 2011. CR/PR at Table C-4. Id.

¹⁷⁹ CR/PR at Table C-4.

¹⁸⁰ Derived from CR/PR at Table VI-2 and *** Questionnaire.

¹⁸¹ Derived from CR/PR at Table C-4 and *** Questionnaire.

improved and performed better in the merchant market than the market as whole suggests an absence of any causal connection between the subject imports and any material injury to the domestic industry.¹⁸²

The increase in apparent U.S. consumption from 2009 to 2011 played a clear role in the domestic industry's improving performance. As apparent U.S. consumption and general economic conditions improved in 2010 and 2011, the domestic industry returned to profitability and its other performance indicia rose, commensurate with increasing U.S. demand.^{183 184}

Moreover, given the improvement in the domestic industry's performance indicators occurring despite the absolute increase in subject imports, we do not find a sufficient causal link between the subject imports and the condition of the domestic industry. The lack of significant increases in subject import volumes and significant adverse price effects only reinforce our view that the subject imports' presence in the U.S. market has not adversely affected the domestic industry's condition to a material degree. Petitioners acknowledge these improvements, but argue that subject imports have prevented the domestic industry from enjoying a "full" recovery.¹⁸⁵ We note that the domestic industry increased its market share and, was able to pass along its increasing costs to purchasers, and that the industry's trade and financial data improved at the same time subject import volumes peaked. This suggests that subject imports did not prevent the domestic industry from recovering from the recession that occurred early in the period. We decline to speculate as to what might constitute a "full recovery."

For the reasons described above, we find a lack of correlation between the subject imports and the domestic industry's condition, which steadily improved over the period. Therefore, we do not find that subject imports are having a significant adverse impact on the domestic industry.

VIII. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. Cumulation for Purposes of Analyzing Threat of Material Injury

Cumulation for threat analysis is treated in Section 771(7)(H) of the Act.¹⁸⁶ This provision leaves to the Commission's discretion the cumulation of imports in analyzing threat of material injury. Based on an evaluation of the relevant criteria as well as our analysis supporting cumulation in the context of assessing present material injury, we do not find any factors that lead us to decline to exercise our discretion to cumulate the subject imports. We therefore cumulate subject imports from China and Mexico for purposes of assessing threat of material injury.

¹⁸² See, e.g., 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 (October 2008) at 18, and at 29 (noting that adverse effects of subject imports "would normally be most visible with respect to the industry's operations supplying the merchant market, where head-to-head competition occurs.").

¹⁸³ CR/PR at Table C-4.

¹⁸⁴ We note that financial information for the *** domestic producer, ***, was excluded from our financial data set because of the company's inability or unwillingness to follow the Commission's instructions for valuation of inputs. The Commission's questionnaire instructions in these investigations are consistent with those used in steel investigations and call for the valuation of raw materials used as inputs at cost. Although other domestic producers were able to comply with the Commission's instructions, *** as well. See, e.g., CR/PR at VI-1 n.2. Other information, that was unaffected by these deficiencies, including *** trade and pricing data, have been used where appropriate.

¹⁸⁵ Petitioners' Posthearing Brief at 10; Petitioners' Final Comments at 8. With respect to the filing of the petitions in these investigations, the domestic industry's condition improved in 2010 before the filing of the petitions, as discussed above.

¹⁸⁶ 19 U.S.C. § 1677(7)(H).

B. Analysis of Statutory Factors

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”¹⁸⁷ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole.”¹⁸⁸ In making our determination, we have considered all factors that are relevant to these investigations.¹⁸⁹ ¹⁹⁰ Based on an evaluation of the relevant statutory factors, we find that the

¹⁸⁷ 19 U.S.C. §§ 1677d(b) and 1677(7)(F)(ii).

¹⁸⁸ 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence tending to show an intention to increase the levels of importation.” Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

¹⁸⁹ 19 U.S.C. § 1677(7)(F). The Commission must consider, in addition to other relevant economic factors, the following statutory factors in its threat analysis:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this subtitle which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 1671d(b)(1) or 1673d(b)(1) of this title with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the 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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i).

To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to a material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. There was no argument that
continue...

domestic industry is not threatened with material injury by reason of subject imports from China and Mexico.

As an initial matter, we do not find the domestic industry producing galvanized steel wire to be vulnerable. As discussed above, the operating performance of the domestic industry reflected trends in the overall economy during the years 2009 to 2011. During 2010 and 2011, as the overall economy improved, the domestic industry experienced healthy increases in production, shipments, capacity utilization, net sales, capital expenditures, and profitability. There is no indication that the upward swing in the business cycle that has led to positive trends for nearly all of the domestic industry's indicators will not continue for at least the imminent future.

We next consider whether the volume of subject imports is likely to increase substantially in the imminent future. In examining the volume of subject imports during the period examined, we find no significant rate of increase in either volume and/or market penetration by subject imports that would indicate the likelihood of substantially increased imports in the imminent future. The cumulated volume of subject imports did not increase significantly during the period examined but instead mirrored apparent U.S. consumption. That subject imports did not increase significantly during the period examined suggests that no substantial increase is likely in the imminent future, absent a change in circumstances that would suggest otherwise.

In reviewing the record for evidence that such a change is likely, we first consider the volume of subject imports on a non-cumulated basis, in order to identify trends possibly masked in the cumulated data. Subject imports from China fell in the six months immediately preceding the filing of the petitions in March 2011 (October 2010-March 2011) relative to the previous six months (April 2010-September 2010) indicating a clear downward trend unrelated to the pendency of the investigations.¹⁹¹ In contrast, subject imports from Mexico did not follow the same downward pattern. We turn to whether any factors indicate that the trend as to subject imports from China will likely reverse in the imminent future, or likely accelerate as to subject imports from Mexico.

As a threshold inquiry, we evaluate whether the foreign producers of subject merchandise in China or Mexico have the capacity to substantially increase shipments to the United States in the imminent future. After considering that question, we will address if there are factors that would motivate foreign producers to substantially increase shipments to the United States, assuming they have the capacity to do so. We examine the evidence bearing on the volume of subject imports from China before turning the evidence on subject imports from Mexico.

We have incomplete data on the capacity of the foreign producers of galvanized steel wire in China. In the final phase of these investigations, the Commission received questionnaire responses from two Chinese producers/exporters of subject galvanized steel wire. When supplemented with information obtained in the preliminary phase of the investigation from 17 producers in China, the questionnaire data

¹⁸⁹ ...continue

the industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

¹⁹⁰ In its final countervailing duty determination, Commerce found a total subsidy rate of 19.06 percent ad valorem for the Bao Zhang Companies. It also found subsidy rates of 223.27 percent ad valorem for Huayuan Companies, M&M Industries Co., Ltd. and Shandong Hauling Hardware and Tool Co., Ltd and a rate of 19.06 percent ad valorem for all others. Commerce also found the following five programs to be countervailable: (1) Provision of Wire Rod for Less than Adequate Remuneration (LTAR); (2) Provision of Zinc for LTAR; (3) Provision of Electricity for LTAR; (4) Export Grants from Local Governments; (5) Zhabei District "Save Energy Reduce Emission Team" Award Program. CR at I-5; 77 Fed. Reg. at 17420 (Mar. 26, 2012).

¹⁹¹ See Petitioners' Prehearing Brief at Exhibit 3.

account for 50.1 percent or more of subject imports from China during 2011.¹⁹² The record also includes questionnaire data from 15 U.S. importers of galvanized steel wire from China in 2011, accounting for approximately half of U.S. imports of the subject merchandise during the period examined.¹⁹³ Although Petitioners allege that there are 279 firms in China that produce galvanized steel wire, the questionnaire responses suggest that there are far fewer Chinese producers, given that only 19 Chinese firms accounted for approximately half of the subject imports during 2011.¹⁹⁴

We also examine other factors bearing on the ability of foreign producers in China to increase shipments to the United States, including the extent of any unused capacity among those foreign producers, the extent to which foreign producers in that country are export oriented, and their ability to product shift. Producers of subject merchandise in China reported unused capacity, although capacity utilization increased between 2009 and 2011.¹⁹⁵ In 2010 and 2011, Chinese subject producers exported less than one-third of their shipments, and less than 10 percent of their shipments were exported to the U.S. market.¹⁹⁶ Nonetheless, recognizing the limitations of the available information, we find that Chinese producers have significant production capacity and excess capacity and are likely to be at least moderately export-oriented, although such exports are not necessarily focused on the U.S. market. In terms of product shifting (the potential to increase production using equipment currently dedicated to other products), the responding Chinese foreign producers did not report producing other products on the same equipment used in the production of galvanized steel wire.¹⁹⁷ Thus, product-shifting is unlikely to be a source of significantly increased volumes of subject imports, as are inventories¹⁹⁸ and importers' current orders.¹⁹⁹ Based on the above, we find that foreign producers in China will likely have considerable capacity and excess capacity, and that the Chinese industry is export-oriented to some extent.

We do not find any likely change in conditions that would motivate foreign producers in China to substantially increase their shipments to the United States in the imminent future. Excess capacity was endemic to the Chinese industry throughout the period examined, yet subject imports from China declined

¹⁹² CR at VII-1, PR at VII-1.

¹⁹³ CR/PR at Tables IV-1 and VII-1; CR at IV-1, PR at IV-1.

¹⁹⁴ In evaluating the size of foreign producers in China, we have considered the utility of data published in the *Global Trade Atlas*. China was the leading global exporter of galvanized steel wire during the period 2009- 2011, accounting for just over half of total world exports of the subject product, according to that source. CR/PR at Table VII-7. *Global Trade Atlas* also indicates that Chinese producers exported 848,872 short tons in 2011. CR/PR at Table VII-7. However, when compared to data reported to the Commission by U.S. producers accounting for almost all domestic production, the export data in the *Global Trade Atlas* *** Compare CR/PR at Table C-1 (exports from U.S. producers of *** short tons in 2011 with CR/PR at Table VII-7 (*Global Trade Atlas* reports U.S. exports of 33,536 short tons in 2011). *Global Trade Atlas* also ***. Id. The difference is likely attributable to the broader product categories utilized in the *Global Trade Atlas*, which contain volumes not subject to the current investigation, including iron wire, shaped wire and wire in diameters smaller than 0.23 inches that is not within the scope of the investigations, as well as wire in retail packages. See CR/PR at Table VII-7. Given that distinction, we do not rely on data from that source to estimate exports of galvanized steel wire from China.

¹⁹⁵ CR/PR at Table VII-2.

¹⁹⁶ CR/PR at Table VII-2.

¹⁹⁷ CR at VII-3, PR at VII-2.

¹⁹⁸ Importers' inventories of subject imports from China were relatively limited at *** short tons at the end of 2011, lower than the end of the year totals for the prior two years. We therefore do not find that inventories are likely to be a source of significantly increased subject imports from China.

¹⁹⁹ Importers' existing orders for subject imports are very limited. See CR/PR at Table VII-6 (less than *** short tons).

on a yearly basis from 2009 to 2011.²⁰⁰ We find no likely new urgency to increase shipments to the United States, such as, for example, a sharp decline in home market demand or newly imposed limits on access to third country markets. Additionally, the increasing importance of just-in-time delivery to purchasers indicates that subject imports from China will be at a disadvantage in the U.S. market relative to the domestic industry and foreign producers such as Deacero that have commenced production in the United States.²⁰¹ We also note that subject imports from China displayed a pattern of mixed underselling and overselling rather than the aggressive underselling that might signal a strong desire to increase U.S. market share.²⁰² Thus, we find no indication on the record that a significant increase in penetration of the U.S. market by subject imports from China will occur in the imminent future.

We further find that subject imports from Mexico are not likely to imminently substantially increase in volume. The volume and market share of subject imports from Mexico increased from 2009 to 2010, before increasing by only a very small amount from 2010 to 2011.²⁰³ In assessing the ability of foreign producers in Mexico to increase shipments to the United States, we note that the Mexican industry's capacity increased over the period from *** short tons in 2009 to *** short tons in 2011. The Mexican producer Deacero accounted for the vast majority of subject imports from Mexico during the period, and the vast majority of total capacity in Mexico as well.²⁰⁴ The record indicates in addition that Deacero and Aceros Camesa (which also supplied data to the Commission) collectively operated at a *** capacity utilization rate of *** during the period examined, leaving them with a collective excess capacity of just *** short tons in 2011, an amount equivalent to *** percent of apparent U.S. consumption in 2011.²⁰⁵ Accordingly, foreign producers in Mexico have little ability to increase shipments to the United States in the imminent future.

Moreover, Deacero's installation of a production line in the United States indicates that the volume of subject imports from Mexico to the United States will decline.²⁰⁶ Deacero has invested \$*** to install a galvanized steel wire production line in Houston, Texas. Deacero intends to supply its U.S. affiliates, Deacero USA, Inc., Stay-Tuff, and Mid-Continent, and its unaffiliated U.S. customers with galvanized steel wire from its U.S. production facility. Deacero's U.S. production line is forecast to produce *** short tons per month beginning in ***. Deacero ***.²⁰⁷ The facility has the capacity to produce *** short tons per year, an amount equivalent to approximately *** percent of Deacero's 2011 exports to the United States.²⁰⁸

We have also considered other means by which subject imports from Mexico could increase in the imminent future. Although there appears to be some potential for product-shifting in Mexico, the potential is limited given that Deacero reports that there are *** in Mexico that make increased

²⁰⁰ CR/PR at Table C-4. The record also does not indicate the existence of any barriers in third-country markets that are likely to cause a shift in exports to the United States. CR at VII-9, PR at VII-6.

²⁰¹ Tr. at 124-25 (Talbot).

²⁰² CR/PR at Table V-9.

²⁰³ CR/PR at Table C-1.

²⁰⁴ CR at VII-5, PR at VII-4 (exports by Deacero and Aceros Camesa accounting for *** percent of subject imports from Mexico in 2011 and Deacero by itself accounting for *** percent of galvanized steel wire production in Mexico in the same year).

²⁰⁵ See CR/PR at Tables VII-3 and C-4.

²⁰⁶ Deacero's Posthearing Brief at 14. The Mexican producers forecast that their exports to the United States are likely to *** in 2012. See CR/PR at Table VII-4. Any limited exports to the United States would likely ***. See CR at VII-6, PR at VII-4.

²⁰⁷ CR at III-4, PR at III-3.

²⁰⁸ CR at III-4, PR at III-3.

production of galvanized steel wire not feasible.²⁰⁹ Inventories are also unlikely to be a source of a significant volume of subject imports from Mexico.²¹⁰

The Mexican exporters are also unlikely to shift their shipments of galvanized steel wire from other markets to the United States. The Mexican industry internally consumes *** of its production while exporting approximately *** percent, with almost all of exports directed to the United States market.²¹¹ Given that the record does not indicate a likely sharp decline in demand in the Mexican market in the imminent future, and that the Mexican producers ship only small volumes to third country markets, we do not find it likely that the Mexican producers will shift significant volumes currently supplying other markets to the U.S. market in the imminent future. Based on the foregoing, we do not find it likely that the volume of subject imports will increase from these sources in the imminent future.

Nor do we find that imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices. As discussed above, U.S. prices of galvanized steel wire products increased or remained stable during the period examined.²¹² Further, subject imports did not have significant price-suppressing effects during the period examined, with the domestic industry's ratio of COGS-to-net-sales declining overall during the period. Also, based on the record in the final phase of these investigations, there does not appear to be any positive correlation between the domestic industry's COGS-to-net-sales ratio and subject imports. As discussed above, between 2009 and 2010, when subject imports were increasing, the industry's ratio of COGS-to-net-sales fell, and between 2010 and 2011, when subject imports were decreasing, the industry's ratio of COGS-to-net-sales rose.²¹³ Thus, as increasing volumes of subject imports did not have price-depressing or price-suppressing effects during the period examined, there is no reason to expect them to have such effects in the imminent future. Although we acknowledge that cumulated subject imports undersold the domestic like product during the period examined, such underselling did not cause subject import market share to increase significantly. When subject import market share increased between 2009 and 2010, its gains were almost entirely at the expense of nonsubject imports rather than the domestic industry.²¹⁴ Consequently, we do not find that subject imports are entering the U.S. market at prices that are likely to have a significant depressing or suppressing effect on domestic prices or that are likely to increase demand for further imports.

We therefore conclude that the record does not indicate a likelihood of a substantial increase in either the volume or market share of subject imports into the United States in the imminent future. Moreover, notwithstanding increases in the subject imports and significant underselling by the subject imports, there was no indication of any causal link between subject imports and the condition of the U.S. industry, and there is no reason to expect such a link to emerge in the imminent future.

In considering whether there are any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports of the subject merchandise, we

²⁰⁹ Deacero's Prehearing Brief at 32. Deacero also has explained that it makes no economic sense for it to switch from higher value and more profitable downstream products to the production of galvanized steel wire. *Id.* at 33; Tr. at 145 (Gutierrez).

²¹⁰ Inventories in Mexico remained at low levels (approximately *** percent of production) during the period 2009-2011. While inventories of subject imports from Mexico increased to *** short tons at the end of 2011, Deacero indicates that *** percent of the *** short tons in inventory Deacero USA was holding at the end of 2011 was earmarked for Deacero's affiliated company, Stay-Tuff, a U.S. producer of fencing products. CR at VII-8, VII-8 n.8, and CR/PR at Table VII-5, PR at VII-5, VII-5 n.8. Thus, these inventories are *** rather than be sold on the open market. CR at VII-8 n.8, PR at VII-5 n.8.

²¹¹ See CR/PR at Table VII-3.

²¹² See CR/PR at Fig. V-2.

²¹³ CR/PR at Table C-4.

²¹⁴ CR/PR at Table C-4.

note that, on the contrary, most trends point to an industry that has emerged from the general economic downturn in line with its normal periodic business cycle.

In sum, we do not find it to be likely that subject imports will have significant negative effects on the performance of the domestic industry in the imminent future and there is no indication that the conditions of competition prevailing during the period examined will change significantly in the imminent future. Given our conclusion that subject imports will not imminently increase substantially above the non-injurious market shares they held during the period examined and will not likely have significant adverse price effects, we find that subject imports will not likely have a significant adverse impact on the performance of the domestic industry. Accordingly, we conclude that the domestic galvanized steel wire industry is not threatened with material injury by reason of imports of galvanized steel wire from China and Mexico.

IX. CONCLUSION

For the reasons stated above, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of subject imports of galvanized steel wire from China that are sold in the United States at less than fair value and subsidized by the Government of China and imports of galvanized steel wire from Mexico that are sold in the United States at less than fair value.

SEPARATE AND DISSENTING VIEWS OF VICE CHAIRMAN IRVING A. WILLIAMSON AND COMMISSIONER DEAN A. PINKERT

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports from China of galvanized steel wire that the U.S. Department of Commerce has found to have been subsidized by the Government of China and sold in the United States at less than fair value (“LTFV”) and imports of galvanized steel wire from Mexico that Commerce has found to be sold in the United States at LTFV. Except to the extent otherwise indicated, we join the following portions of the Commission’s views: section I (Background), section II (Domestic Like Product), section III (Domestic Industry), section IV (Cumulation), section V (Legal Standards), and section VI (Conditions of Competition and the Business Cycle).

I. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. Volume Of Subject Imports

Demand for galvanized steel wire is driven by demand for downstream products, and the market for galvanized steel wire is heavily impacted by overall economic activity and the general U.S. business cycle.¹ As the Commission found in the preliminary phase of these investigations² and as continues to be indicated by the present record,³ demand for galvanized steel wire in 2009, at the beginning of the period examined in these investigations, was depressed by the economic recession. Thereafter, demand significantly increased. Apparent U.S. consumption of galvanized steel wire rose from 608,254 short tons in 2009 to 669,407 short tons in 2010 and 704,867 short tons in 2011, an overall increase of 15.9 percent.⁴ In the merchant market, apparent U.S. consumption grew at an even faster rate between 2009 and 2011, by 17.7 percent.⁵

During this period, the domestic industry made gains in both the volume of its U.S. shipments and its share of the U.S. market.⁶ At the same time, however, cumulated subject imports, which were already substantial at the beginning of the period, made increasing inroads into the market. The volume of cumulated subject imports went from 87,078 short tons in 2009 to 101,495 short tons in 2011, rising faster than apparent U.S. consumption over the period.⁷ The U.S. market share of cumulated subject imports went from 14.3 percent in 2009 to 16.1 percent in 2010, before tailing off to 14.4 percent in 2011, which still represented an increase over the period.⁸

¹ CR at II-11, II-13, PR at II-6, II-8.

² Preliminary Determinations at 18.

³ CR/PR at II-13, PR at II-8; Tr. at 13 (Waite).

⁴ CR/PR at Table C-4.

⁵ Apparent U.S. consumption in the merchant market was 373,303 short tons in 2009, 421,625 short tons in 2010, and 439,384 short tons in 2011. CR/PR derived from Table IV-5b and ***’s Questionnaire.

⁶ CR/PR at Table C-4.

⁷ CR/PR at Table C-4.

⁸ CR/PR at Table C-4. Subject imports’ significant presence in the U.S. market is also demonstrated by their ratio to domestic producers’ production, which ranged from *** to *** percent during the period examined. CR/PR derived from Table IV-6 and ***’s Questionnaire.

Subject imports' market share was significantly greater in the merchant market, where they competed directly with domestically produced galvanized steel wire, than in the overall market. Their share of the merchant market ranged between 23.1 and 25.6 percent during 2009-2011.⁹

Despite overall increases from 2009 to 2011, the volume and market share of subject imports decreased somewhat from 2010 to 2011, with subject import volume declining from 107,897 short tons to 101,495 short tons and subject import market share declining from 16.1 percent to 14.4 percent.¹⁰ We give less weight to these declines, however, because they occurred after the filing of the petition in these investigations and in response to Commerce's preliminary countervailing duty and antidumping duty determinations.¹¹ The volume and market share of subject imports would have been considerably greater if they had continued at a rate consistent with the per-month average for that portion of 2011 prior to Commerce's determinations.¹²

In light of the record evidence discussed above, we find that the volume of subject imports is significant, both in absolute terms and relative to consumption and production in the United States, and that the increase in subject import volume and market share over the period examined is also significant.

B. Price Effects Of The Subject Imports

As addressed above in the discussion of the conditions of competition, there is a moderate to high degree of substitutability between galvanized wire produced domestically and galvanized wire imported from China and Mexico. Most purchasers ranked price as the first or second most important purchase

⁹ CR/PR derived from Table IV-5b and ****'s Questionnaire.

¹⁰ CR/PR at Table C-4.

¹¹ 19 U.S.C. § 1677(7)(I). When asked at the Commission's hearing about the declining trend in subject imports from Mexico after October 2011, a witness for Deacero conceded that the decline was related to Commerce's preliminary antidumping determination (Deacero "did not want . . . to bear any risk of liability of antidumping. So we decided prior to this to ramp up inventory during prior months of the preliminary in order to satisfy our U.S. affiliates until we were able to manufacture with our galvanizing steel line which started production this month."). Tr. At 183.

¹² Commerce issued its preliminary countervailing duty determination with respect to imports from China on September 6, 2011. 76 FR 55031 (Sept. 6, 2011). As demonstrated by Petitioners' Prehearing Brief at Exhibit 2, imports from China averaged 3,123 short tons per month during January-August 2011 (prior to Commerce's preliminary determination), but only 795 short tons per month during the last four months of 2011 (September-December). If imports from China during each of the last four months of 2011 had equaled the average of 3,123 short tons in the first eight months, total 2011 imports from China would have been 37,472 short tons, or 9,308 short tons greater than the amount actually achieved in 2011 (28,164 short tons). Commerce issued its preliminary antidumping determinations with respect to imports from China and Mexico on November 4, 2011. 76 FR 68407 (Nov. 4, 2011); 76 FR 68422 (Nov. 4, 2011). As demonstrated by Petitioners' Prehearing Brief at Exhibit 2, imports from Mexico averaged 7,199 short tons per month during January-October 2011, but only 1,337 tons per month during November-December 2011. If imports from Mexico during each of the last two months of 2011 had equaled the average of 7,199 tons in the first ten months, total 2011 imports from Mexico would have been 86,392 short tons, or 13,061 short tons greater than the amount actually achieved in 2011 (73,331 short tons). If the volume of cumulated imports from China and Mexico in 2011 were similarly adjusted, it would have totaled 123,864 short tons, or 22,369 more short tons than were actually recorded in 2011 (101,495 short tons). This would have represented an increase – not a decrease – in the volume of subject imports from 2010 to 2011 of 14.8 percent, as well as a marked increase in the market share of subject imports.

factor, along with quality.¹³ The interchangeability of domestic and subject imported product and the central role of price in purchasing decisions mean that low-priced imports can force domestic producers to choose between matching prices or losing sales.

The Commission collected quarterly pricing data from domestic producers and importers on sales of seven galvanized wire products of various thicknesses, carbon contents, and coating types during 2009, 2010 and 2011.¹⁴ Subject imports undersold domestic product in a significant majority (63 percent) of comparisons.¹⁵ By tonnage, the percentage of underselling was even greater, as 82 percent of the subject imports from China for which there was pricing data, and 92 percent of the subject imports from Mexico, undersold the comparable domestic product.¹⁶ This suggests that many of the individual instances of overselling pertained to relatively small import quantities. We find that this underselling by subject imports is significant.

We have also examined trends in domestic prices, particularly for the higher volume domestic products (Products 1, 2 and 4). For these products, prices fell sharply at the beginning of the period, starting in first-quarter 2009, reached levels that were 10 to 20 percent below starting levels, then gradually and irregularly recovered during 2010 and 2011 to end the period slightly below starting levels.¹⁷ We do not find that these data demonstrate significant price depression caused by subject imports, as the price declines occurred at the start of the period and can be attributed to the effects of the recession.

We do, however, find significant price suppression based on the inability of domestic producers to raise prices sufficiently to offset high and rising costs, even as consumption of galvanized wire recovered substantially in 2010 and 2011. In examining price suppression, we consider movements in industry costs for both its commercial sales, where the most direct competition with subject imports would be expected, as well as for its overall sales including internal transfers. In both the commercial and overall sales segments, costs of raw materials, principally wire rod and zinc, accounted for about *** of the industry's cost of goods sold (COGS) in 2011.¹⁸ These costs grew substantially over the period, particularly in 2011. For commercial sales, the industry was able to increase prices from 2009 to 2010 sufficiently to lower its COGS/sales ratio from *** percent to *** percent and thereby generate a higher operating profit.¹⁹ In 2011, however, as COGS rose further, the COGS/sales ratio returned to the 2009 level, *** percent, and the industry's operating profits fell. The inability of the industry to reduce the relatively elevated COGS/sales ratio exhibited at the start of the period, despite the 17.7 percent growth in apparent consumption from 2009 to 2011,²⁰ indicates that the industry was subjected to a cost-price squeeze. Data for the industry's overall sales are not inconsistent with this inference. Although the

¹³ CR/PR at Table II-5.

¹⁴ CR at V-6, PR at V-4-5 (list of pricing products).

¹⁵ CR/PR at Table V-9.

¹⁶ For China, 7,869 tons out of a total 9,573 tons reported in the pricing tables were in underselling comparisons; for Mexico, 7,132 tons out of a total of 7,666 tons volume were in underselling comparisons. Compiled from CR/PR at Tables V-1 to V-7.

¹⁷ CR/PR at Tables V-1, V-2, V-4.

¹⁸ CR/PR derived from Table VI-4 and ***'s Questionnaire (overall sales) and U.S. Producer Questionnaires (commercial sales).

¹⁹ CR/PR derived from Table VI-2 and ***'s Questionnaire.

²⁰ CR/PR derived from Table IV-5b and ***'s Questionnaire.

COGS/sales ratio for overall sales was lower in 2011 than in 2009, it was relatively high throughout the period and increased from 2010 to 2011.²¹

We find that the significant volume of interchangeable subject imports that were generally sold at prices lower than domestic prices contributed to the cost-price squeeze experienced by the domestic industry, noting in this regard both the moderate inelasticity of U.S. demand²² and the absence of any other plausible explanation for the inability of the domestic industry to raise its prices sufficiently to generate respectable financial performance. We find that the subject imports thus prevented price increases, which would otherwise have occurred, to a significant degree.

Information regarding allegations of lost sales and revenues provides some concrete, albeit anecdotal, evidence of the price competition between subject imports and domestic galvanized wire. Purchasers confirmed four instances in which domestic producers lost sales to lower-priced subject imports.²³ In several other instances, purchasers could not confirm the specific details of the allegations but did indicate that they purchased subject imports based on lower pricing or that domestic producers were forced to reduce prices to compete with subject imports.²⁴

In sum, we find significant price effects by subject imports in the form of significant underselling and significant price suppression.

C. Impact Of The Subject Imports

As would be expected given the nearly 16 percent expansion in apparent U.S. consumption of galvanized steel wire from 2009 to 2011, many indicators of the domestic industry's performance improved over the period examined. The industry's capacity increased slightly, its production quantity increased *** percent, its capacity utilization increased *** percentage points, its U.S. shipment volume increased *** percent, the number of production and related workers grew *** percent, worker productivity rose *** percent, the quantity of net sales increased *** percent, and the value of net sales increased *** percent.²⁵

Given the increase in demand and the contemporaneous growth in domestic production, sales, shipments, and capacity utilization, one would expect that the industry's financial performance would have benefitted commensurately. This, however, did not happen. The industry's profitability was consistently poor throughout the period and lagged far behind other indicators of the industry's condition. Despite a sizable increase in operating income over the period, the industry was unable to overcome a significant increase in its COGS and unit COGS over the period examined, leaving it with a relatively high COGS/sales ratio and, as discussed above, an increase in the COGS/sales ratio from 2010 to 2011.²⁶ Notwithstanding the other, positive, signs of the industry's performance, its operating income remained low, increasing only from *** in 2009 to *** percent in 2010 and *** percent in 2011.²⁷

²¹ CR/PR at Table C-4.

²² CR at II-26, PR at II-17.

²³ CR/PR at Table V-10.

²⁴ CR/PR at V-28-31, PR at V-11-12 (***; *see also* CR/PR at V-24, PR at V-10-11 (several purchasers in preliminary phase indicated that they purchased subject imports at lower prices or that domestic producers were forced to lower prices).

²⁵ CR/PR at Table C-4.

²⁶ CR/PR at Table C-4.

²⁷ CR/PR at Table C-4. *** domestic producers suffered operating losses in 2011. CR/PR at Table VI-3.

Tellingly, in the merchant market, where the domestic industry competed head-to-head for sales with the subject imports, the trends in the domestic industry's financial performance trended downward from 2010 to 2011.²⁸ The industry's operating income on merchant market sales declined from *** in 2010 to *** million in 2011, a drop of *** percent.²⁹ Its COGS/sales ratio on merchant market sales increased from *** percent to *** percent, the same level as in 2009 (the worst year of the period in terms of the industry's profitability). Its operating income margin on merchant market sales declined from *** percent to *** percent.³⁰

We find that the domestic industry's poor financial performance during a period of robustly increasing demand for galvanized steel wire is linked to competition from subject imports from China and Mexico. Both the volume and market share of subject imports increased over the period; as noted above, we give less weight to the decline in subject import volume and market share from 2010 to 2011, because the record indicates the decline was related to the pendency of these investigations. As also discussed above, we find significant underselling and suppression of domestic prices for galvanized steel wire by the subject imports, as well as confirmed lost sales and instances in which domestic producers reduced prices to compete with lower priced subject imports.

We have considered the role of other factors that may have affected the industry's performance, in order to avoid attributing harm from such factors to subject imports. Given the considerable increase in apparent U.S. consumption, demand for galvanized wire has been a positive factor for the industry, not an injurious one. We have also considered any impact that nonsubject imports may have had.³¹ The share of the U.S. market held by nonsubject imports (a significant majority of which were from Canada)³² did not exceed 13.0 percent of the market at any time during the period examined, and, unlike subject imports, actually declined over the period both in actual terms and as a share of the market.³³ In addition, the prices of imports from Canada were higher than the prices of both U.S.-produced galvanized steel wire and subject imports in the great majority of instances.³⁴ Thus, we cannot conclude that nonsubject imports played a meaningful role in contributing to the industry's weak financial performance.

²⁸ CR/PR derived from Table VI-2 and ***'s Questionnaire.

²⁹ CR/PR derived from Table VI-2 and ***'s Questionnaire.

³⁰ CR/PR derived from Table VI-2 and ***'s Questionnaire.

³¹ Based on the record evidence in these investigations, Commissioner Pinkert finds that price competitive, nonsubject imports, particularly imports from Canada, were a significant factor in the U.S. market for galvanized steel wire during the period under examination. He notes, however, that both prices and average unit values for product imported from Canada were generally higher than for imports from the subject countries. CR/PR at Appendix D and CR at VII-10, PR at VII-6 to VII-7. Thus, for purposes of the analysis required under Bratsk and Mittal, he finds that there is record evidence indicating that, had the subject imports exited the U.S. market, any replacement of such imports by nonsubject imports would not have been without benefit to the domestic industry.

³² CR/PR at Table IV-3, CR at VII-9, PR at VII-6.

³³ CR/PR at Table C-4.

³⁴ CR/PR at Appendix D. The average unit values of imports from Canada were also generally higher than those of subject imports. CR at VII-10, PR at VII-6 to VII-7.

IV. CONCLUSION

Accordingly, for the foregoing reasons, we determine that an industry in the United States is materially injured by reason of imports from China of galvanized steel wire found to have been subsidized by the Government of China and sold in the United States at LTFV and imports of galvanized steel wire from Mexico found to have been sold in the United States at LTFV.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Davis Wire Corporation (“Davis Wire”), Irwindale, CA; Johnstown Wire Technologies, Inc. (“Johnstown Wire”), Johnstown, PA; Mid-South Wire Company, Inc. (“Mid-South Wire”), Nashville, TN; National Standard, LLC/DW-National Standard-Niles, LLC (“National Standard”), Niles, MI; and Oklahoma Steel & Wire Company, Inc. (“Oklahoma Steel & Wire”), Madill, OK, on March 31, 2011, 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 galvanized steel wire¹ from China and Mexico and by reason of subsidized imports of galvanized steel wire from China. Information relating to the background of the investigations is provided below.²

Effective date	Action
March 31, 2011	Petitions filed with Commerce and the Commission; institution of Commission investigations (76 FR 19382, April 7, 2011)
April 27, 2011	Commerce’s notices of initiation (76 FR 23548 and 76 FR 23564, antidumping and countervailing duty, respectively)
May 20, 2011	Commission’s preliminary determinations (76 FR 29266)
September 6, 2011	Commerce’s preliminary countervailing duty determination regarding China (76 FR 55031)
November 4, 2011	Scheduling of final phase of Commission investigations (76 FR 72721, November 25, 2011)
November 29, 2011	Commerce’s amended preliminary antidumping duty determination regarding China (76 FR 73589)
March 22, 2012	Commission’s hearing
March 26, 2012	Commerce’s final determinations (77 FR 17418, 77 FR 17427, and 77 FR 17430)
April 23, 2012	Commission’s vote
May 8, 2012	Commission’s determination to Commerce

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

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to these investigations.

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

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, subsidies and 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 of subject imports and pricing of domestic and imported products, 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 as well as information regarding nonsubject countries.

U.S. MARKET SUMMARY

Galvanized steel wire generally is used to make a variety of wire products including but not limited to fencing, stucco netting, woven wire mesh, filter wire mesh, wire cloth, wire shelving, wire racks, wire decking, wire rope, stranded wire and cable guy wire, armour wire, ACSR wire (for the manufacture of aluminum-conductor, steel-reinforced electrical cable), strapping wire, baling wire, tie wire, stitching wire, brush wire, vineyard wire, staple wire, paper clips, book binding wire, bucket handles, paint can handles, paint roller handles, springs, nails, and hangers.³ The leading U.S. producers of galvanized steel wire are Davis Wire, Keystone Consolidated Industries, Inc. (“Keystone”), and Oklahoma Steel & Wire, while leading reporting producers of galvanized steel wire outside the United States include Fasten Group Imp. & Exp., Tianjin City Guosheng Metal Products, Tianjin Huayan Metal Wire Products, and Tianjin Yinshin Manufacture of China and Deacero S.A. de C.V. (“Deacero”) of Mexico. The leading U.S. importers of galvanized steel wire from China are ***, while the leading importer of galvanized steel wire from Mexico is Deacero USA, Inc. Leading importers of galvanized steel wire from nonsubject countries (primarily Canada) include ***.

Apparent U.S. consumption of galvanized steel wire totaled approximately 704,867 short tons (\$793 million) in 2011. Currently, 10 firms are known to produce galvanized steel wire in the United States. U.S. producers’ U.S. shipments of galvanized steel wire totaled 527,885 short tons (\$590 million) in 2011, and accounted for 74.9 percent of apparent U.S. consumption by quantity and 74.5 percent by value. U.S. imports from subject sources totaled 101,495 short tons (\$111 million) in 2011 and accounted for 14.4 percent of apparent U.S. consumption by quantity and 14.0 percent by value. U.S. imports from nonsubject sources totaled 75,487 short tons (\$92 million) in 2011 and accounted for 10.7 percent of apparent U.S. consumption by quantity and 11.6 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, tables C-1, C-2, C-3, and C-4. Except as noted, U.S. industry data are based on questionnaire responses of nine firms that accounted for *** percent of U.S. production of galvanized steel wire during 2011. U.S. imports are based on official Commerce statistics except where noted.

PREVIOUS AND RELATED INVESTIGATIONS

Galvanized steel wire has not been the subject of any prior countervailing or antidumping duty investigations in the United States.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On March 26, 2012, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of galvanized steel wire from China.⁴ Commerce identified the following government programs to be countervailable:

³ Confidential petition, pp. I-9-I-10; conference transcript, pp. 21-22, 28, 32, and 55-56 (Cronin, Johnson, and Weinand).

⁴ *Galvanized Steel Wire from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 77 FR 17418, March 26, 2012.

- Provision of Wire Rod for Less than Adequate Remuneration (LTAR)
- Provision of Zinc for LTAR
- Provision of Electricity for LTAR
- Export Grants from Local Governments
- Zhabei District “Save Energy Reduce Emission Team” Award Program

Table I-1 presents Commerce’s findings of subsidization of galvanized steel wire in China.

Table I-1
Galvanized steel wire: Commerce’s final subsidy determination with respect to imports from China

Entity	Countervailable subsidy margin (percent ad valorem)
Bao Zhang Companies ¹	19.06
Huayuan Companies ²	223.27
M&M Industries Co., Ltd.	223.27
Shandong Hauling Hardware and Tool Co., Ltd.	223.27
All others	19.06
¹ Bao Zhang Companies include: Shanghai Bao Zhang Industry Co., Ltd.; Anhui Bao Zhang Metal Products Co., Ltd.; and Shanghai Li Chao Industry Co., Ltd. ² Huyuan Companies include: Tianjin Huayuan Metal Wire Products Co., Ltd.; Tianjin Tianxin Metal Products Co., Ltd.; and Tianjin Mei Jia Hua Trade Co., Ltd.	
Source: 77 FR 17418, March 26, 2012.	

Sales at LTFV

On March 26, 2012, Commerce published notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China⁵ and Mexico.⁶ Tables I-2 and I-3 present Commerce’s dumping margins with respect to imports of galvanized steel wire from China and Mexico.

⁵ *Galvanized Steel Wire from the People’s Republic of China: Final Determination of Sales at Less than Fair Value*, 77 FR 17430, March 26, 2012.

⁶ *Notice of Final Determination of Sales at Less than Fair Value: Galvanized Steel Wire from Mexico*, 77 FR 17427, March 26, 2012.

Table I-2
Galvanized steel wire: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Dumping margin (percent)
Shijiazhuang Kingway Metal Products Co., Ltd.	Shijiazhuang Kingway Metal Products Co., Ltd.	194.00
Shanxi Yuci Broad Wire Products Co., Ltd.	Shanxi Yuci Broad Wire Products Co., Ltd.	194.00
Huanghua Jinhai Hardware Products Co., Ltd.	Huanghua Jinhai Hardware Products Co., Ltd.	194.00
Huanghua Jinhai Import & Export Trading Co., Ltd.	Huanghua Jinhai Hardware Products Co., Ltd.	194.00
Hebei Minmetals Co., Ltd.	Huanghua Jinhai Hardware Products Co., Ltd.; Huanghua Huarong Hardware Co., Ltd.; and Shandong Jining Lianzhong Hardware products Co., Ltd.	194.00
Shandong Minmetals Co., Ltd.	Huanghua Jinhai Hardware Products Co., Ltd.; Huanghua Xincheng Metal Products Co., Ltd; Tianjin Shi Dagangqu Yuliang XianCaichang; Tianjin Hengfeng Metal Wire Co., Ltd; and Tianjin Shi Jinghai Yicheng Hardware Products Co., Ltd.	194.00
Fasten Group Imp. & Exp. Co., Ltd.	Jiangsu Fasten Stock Co., Ltd.; Zhangjiagang Guanghua Communication Cable Materials Co., Ltd.; and Zhangjiagang Kaihua Metal Products Co., Ltd.	194.00
Qingdao Ant Hardware Manufacturing Co., Ltd.	Qingdao Ant Hardware Manufacturing Co., Ltd.	194.00
Suntec Industries Co., Ltd.	Tianjin Jinnan 4 th Wire Factory; Tianjin Yinshan Manufacture & Trade Co., Ltd.; Tianjin Zhaohong Metal Products Co., Ltd.; Tianjin Wandai Metal Products Co., Ltd.; Tianjin Dagang Wire Factory; Tianjin Jinghai Yicheng Metal Products Co., Ltd.; Tianjin Liquan Metal Products Co., Ltd.; Tianjin Huayuan Times Metal Products Co., Ltd.; and Tianjin Fusheng Metal Products Co., Ltd.	194.00
M & M Industries Co., Ltd.	Tianjin Huayuan Times Metal Products Co., Ltd.; Tianjin Huayuan Metal Wire Products Co., Ltd.; Tianjin Tianxin Metal Products Co., Ltd.; Tianjin Jinghai County Yongshun Metal Products Mill; and Huanghua Jinhai Hardware Products Co., Ltd.	194.00

Table continued on next page.

Table I-2--Continued

Galvanized steel wire: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Dumping margin (percent)
Shaanxi New Mile International Trade Co., Ltd.	Tianjin Huayuan Metal Wire Products Co., Ltd.; Tianjin Jinghai Yicheng Metal Products Co., Ltd.; Tianjin Zhaohong Metal Products Co., Ltd.; Tianjin Lianxing Metal Products Co., Ltd.; Tianjin Beichen Gangjiaoxian Metal Products Co., Ltd., Fuli Branch; and Shenzhou Hongli Metal Products Co., Ltd.	194.00
Hebei Cangzhou New Century Foreign Trade Co., Ltd.	Tianjin Huayuan Metal Wire Products Co., Ltd.; Tianjin Randa Metal Products Factory; Tianjin Jinghai Yicheng Metal Products Co., Ltd.; Tianjin Jinghai Hongjiufeng Wire Products Co., Ltd.; and Huanghua Jinhai Hardware Products Co., Ltd.	194.00
Dezhou Hualude Hardware Products Co., Ltd.	Tianjin Jinghai Yicheng Metal Products Co., Ltd.; Tianjin Yinshan Industry and Trade Co., Ltd.; Tianjin Zhenyuan Industry and Trade Co., Ltd.; Dingzhou Xuri Metal Products Factory; Huanghua Jinhai Hardware Products Co., Ltd.; Tianjin Dagang Wire Mill; Tianjin Huayuan Industrial Company; Hebei Yongwei Metal Products Co., Ltd.; and Tianjin Guanshun Metal Products Co., Ltd.	194.00
Shanghai SETI Enterprise International Co., Ltd.	Shanghai Xiaoyu Metal Products Co., Ltd.	194.00
Xi'an Metals and Minerals Import and Export Co., Ltd.	Tianjin Jinyongtai Hardware Products Co., Ltd.; Tianjin Hengfeng Metal Wire Co., Ltd.; Shenzhou City Hongli Hardware Manufacturing Co., Ltd.; and Tianjin Dagang Jinding Metal Products Factory	194.00
All others		235.00
Source: 77 FR 17430, March 26, 2012.		

Table I-3

Galvanized steel wire: Commerce's final weighted-average LTFV margins with respect to imports from Mexico

Exporter/producer	Dumping margin (percent)
Deacero S.A. de C.V.	20.89
Aceros Camesa S.A. de C.V.	37.69
All others	22.43
Source: 77 FR 17427, March 26, 2012.	

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of these investigations as follows:

The scope of these investigations covers galvanized steel wire which is a cold-drawn carbon quality steel product in coils, of circular or approximately circular, solid cross section with any actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating).

Steel products to be included in the scope of these investigations, regardless of Harmonized Tariff Schedule of the United States ("HTSUS") definitions, are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.02 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.

Specifically excluded from the scope of these investigations are galvanized steel wire in coils of 15 feet or less which are pre-packed in individual retail packages.⁷

⁷ Ibid.

Tariff Treatment

Based upon the scope set forth by the Department of Commerce, the subject goods are classifiable in subheadings 7217.20.30, 7217.20.45, and 7217.90.10⁸ of the 2011 HTS.⁹ Under these HTS numbers, the applicable general rate of duty is free.

THE PRODUCT

Description and Applications

The subject product of these investigations is cold-drawn steel wire that has been coated with zinc by either hot dipping or electroplating. Such wire is commonly called “galvanized wire.” All of the common grades of steel will rust sooner or later when exposed to atmospheric conditions unless their surface is covered with some substance to provide protection from moisture and air. Zinc is commonly used as a protective substance because it is electropositive to iron, meaning that should the steel substrate of a zinc-coated wire be exposed, due to defective or damaged coating, or where the bare end of the wire is exposed, the zinc will corrode first and its presence will protect the steel from corrosion until after a considerable area has been exposed. Such preferential corrosion of one of two dissimilar metals is called “galvanic corrosion,” hence the name “galvanizing” for the process of coating steel with zinc for the purpose of corrosion protection. In addition to its favorable corrosion-resisting properties, zinc is relatively inexpensive, the color of a zinc coating is satisfactory for general purposes, and, with zinc, it is easy to obtain a hard, smooth coating with relatively good resistance to abrasion.¹⁰

Galvanized steel wire is an intermediate product used to make corrosion resistant wire products such as fencing, stucco netting, woven wire mesh, filter wire mesh, wire cloth, wire shelving, wire racks, wire decking, wire rope, stranded wire and cable guy wire, armour wire, ACSR wire (for the manufacture of aluminum-conductor, steel-reinforced electrical cable), strapping wire, baling wire, tie wire, stitching wire, brush wire, vineyard wire, staple wire, paper clips, book binding wire, bucket handles, paint can handles, paint roller handles, springs, nails, and hangers.¹¹

Galvanized steel wire is produced in a range of diameters, tensile strengths, coating thicknesses, and at least two alloys of zinc. Properties required by the downstream user are dependent upon the ultimate end use of the product. Although there are no defined limits on the available diameters of galvanized steel wire, wire less than 0.0230 inches in diameter is outside of the scope of these investigations, and the advertised availability from major U.S. producers is up to 0.437 inches in diameter.¹² Coating weight is specified depending upon the required level of corrosion resistance and is measured in ounces of coating per square foot of wire surface area. In the most commonly used specification, there are 9 different standard levels of coating weight: flash or regular coating, which is the

⁸ Official import data in this report are based on HTS subheadings 7217.20.30 and 7217.20.45. In its final determination, Commerce included HTS subheading 7217.90.10 for the first time. HTS subheading 7217.90.10 provides for steel wire coated with plastics, that may or may not have been coated with zinc prior to plastic-coating.

⁹ These products may also enter under HTS statistical reporting numbers 7229.20.0015, 7229.20.0090, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051.

¹⁰ Lankford, William T., Jr., Norman L. Samways, Robert F. Craven, and Harold E. McGannon, eds., *The Making, Shaping and Treating of Steel*, Association of Iron and Steel Engineers, 1985, p. 1000.

¹¹ Confidential petition, pp. I-9-I-10; conference transcript, pp. 21-22, 28, 32, and 55-56 (Cronin, Johnson, and Weinand).

¹² An application of galvanized steel wire that is less than 0.0230 inches in diameter, which is outside the scope of these investigations, is for structural concrete reinforcement products. Staff telephone interview with ***.

most common, Classes 1-5 and Classes A-C coatings.¹³ Tensile strength is specified as soft, medium, or hard temper and is measured in pounds per square inch of cross-section of the wire.¹⁴ The tensile strength of wire depends upon the chemical composition of the steel, in particular upon the carbon content, and on the drawing practice and heat treatment of the wire.^{15 16} Most wire is coated with an essentially pure zinc coating, containing only minimum amounts of residual elements; however, an alloy coating containing 5 percent aluminum and a small amount of misch metal¹⁷ is also available from some producers.¹⁸

Manufacturing Processes

Galvanized steel wire is produced from hot-rolled carbon steel wire rod. Some producers acquire the rod from affiliated hot-rolling mills and others purchase rod from unaffiliated producers. The production process consists of three major stages: preparation of the rod for cold drawing, cold drawing, and galvanizing. Rod is received in loosely wound coils. If necessary, based upon the carbon content of the steel and the desired properties of the rod, a heat treatment called patenting is applied as the initial operation.¹⁹ Rod is handled in coils through the remainder of the preparation stage. Rods are cleaned in

¹³ Although there is no specified minimum weight of coating for flash or regular class zinc coating, the relevant ASTM specification requires that zinc-coated wire produced to these classes must have the full surface covered with zinc. See ASTM Standard A 641/A 641M-03, "Standard Specification for Zinc-Coated (Galvanized) Carbon Steel Wire," 2009, Section 1, vol. 01.06, pp. 209-213.

¹⁴ ASTM Standard A 641/A 641M-03, "Standard Specification for Zinc-Coated (Galvanized) Carbon Steel Wire," 2009, Section 1, vol. 01.06, pp. 209-213.

¹⁵ Lankford, William T., Jr., Norman L. Samways, Robert F. Craven, and Harold E. McGannon, eds., *The Making, Shaping and Treating of Steel*, Association of Iron and Steel Engineers, 1985, p. 994.

¹⁶ Carbon steel wire products are classified by steel composition into four classes: low carbon includes grades of steel up to 0.15 maximum carbon content; medium low carbon includes grades with a maximum carbon content exceeding 0.15 percent to and including 0.23 percent; medium high carbon includes grades with a maximum carbon content exceeding 0.23 percent to and including 0.44 percent; and high carbon includes grades with a maximum carbon content over 0.44 percent. *The Making, Shaping and Treating of Steel*, p. 1005. See also Iron and Steel Society, *Steel Products Manual-Carbon Steel Wire and Rods*, Aug. 1993, p. 33.

The classification of carbon steel wire products according to carbon content is by grade of steel and not according to the carbon content of an individual sample or the product of a particular heat of steel. For example, "high carbon" includes grades with a maximum carbon content over 0.44 percent. The carbon content of each grade is specified as a range, allowing for normal processing variation. Grade 1045 has a specified carbon content range of 0.43 to 0.50 percent. This grade is considered "high carbon" because its maximum carbon content is 0.50 percent, which is more than 0.44 percent, even though individual heats may contain as little as 0.43 percent carbon.

¹⁷ "Misch metal" is a commercially available alloy of about 50 percent cerium, 25 percent lanthanum, 15 percent neodymium, and 10 percent other rare-earth metals and iron. *Britannica Online Encyclopedia*, <http://www.britannica.com/EBchecked/topic/385185/misch-metal> Accessed Apr. 2, 2012.

¹⁸ This coating is commonly called "Galfan," which is a trade name for the product and process licensed by the Galfan Technology Centre, Inc., which obtained patents from the International Lead-Zinc Research Organization. ASTM A 856/A 856M-03 is a standard specification for zinc-5 percent aluminum-mischmetal alloy-coated carbon steel wire. The specification is similar to ASTM A 641 except that it does not provide for a "regular" class coating having no minimum coating weight. It is claimed that zinc-5 percent aluminum-mischmetal alloy-coated carbon steel wire (Galfan wire) has superior corrosion resistance for the same coating weight in comparison to standard zinc-coated wire.

¹⁹ Patenting is a heat treatment applied to rods and wire generally having a carbon content of 0.40 percent and higher, and is a term peculiar to the wire industry. The object of patenting is to attain a combination of high tensile strength and good toughness through subsequent processing. Patenting is a continuous operation that consists of

continue...

either sulfuric or hydrochloric acid by lowering the coils into a tank containing the acid. Following sufficient time for surface oxide scale and dirt to be dissolved by the acid, the coils are thoroughly rinsed with fresh water and are then dipped in a tank containing a solution of a suitable coating, usually lime, borax, or phosphate to provide a necessary lubricant for cold drawing. The rod must be thoroughly dry for drawing, so the coils are then placed in a low-temperature oven to dry. An alternate method of removing the surface oxide from hot-rolled rods is mechanical descaling, which requires uncoiling the rod and passing it around a series of round reverse-bending blocks to break up the surface oxide, followed by wire brushing.²⁰ Mechanical descaling operations may be integrated with wire drawing as a continuous operation.

Dry, coated rod is pulled through a series of one or more dies, each reducing the diameter of the material. There are several types of multiple-draft wire drawing machines, with the selection of type dependent upon the diameter of the wire to be produced and the particular requirements of the product. After the wire has been pulled through the final die it is recoiled and transported to the galvanizing operation. It should be noted that the rod preparation and the wire-drawing equipment and employees produce wire for uncoated wire applications and for coatings other than zinc in some cases.^{21 22}

Due to the requirements of some end uses, wire may require annealing or other heat treatments at this stage of production. Annealing occurs when a wire is heated to and held at a certain temperature for a period of time and then control cooled.²³ This process relieves strain hardening induced by cold working during wire drawing, softens the metal, and alters ductility, toughness, tensile strength, yield strength, elongation, and other physical properties.²⁴

It is usual to accomplish the annealing or stress-relieving treatments in tandem with zinc coating on a continuous galvanizing line. For either hot dipping or electroplating, some 30, more or less, parallel strands of wire pass first through certain preparatory processes, then through the galvanizing bath and on to recoil frames where each strand is separately coiled.²⁵ The last end of each coil is attached to the first end of the succeeding one, allowing a continuous operation. As the wires pass through the various baths required to anneal, clean, and coat them, they are submerged by suitable sinkers. For the purpose of stress relieving or annealing, one or more baths of molten lead are used ahead of the cleaning and

¹⁹ ...continue

heating the rod to a high temperature, then cooling at a comparatively rapid rate followed by a period of time at a controlled lower temperature. The rod is then recoiled for further processing. *The Making, Shaping and Treating of Steel*, p. 999.

²⁰ Morgan-Koch Corporation, "Mechanical Descaling," http://www.morgan-koch.com/mk_web1.htm, accessed February 21, 2012.

²¹ The Wire Association International Inc. (WAI), "The Pickling Process," *Ferrous Wire Handbook*, 2008, pp. 154-155.

²² WAI, "Mechanical Descaling of Wire Rod," *Ferrous Wire Handbook*, 2008, p. 226.

²³ One method of heat treating can be accomplished by heating the wire via lead bath. ***.

²⁴ WAI, "Annealing," *Ferrous Wire Handbook*, 2008, p. 483. While wire may undergo stress relief heat treatment, annealed wire generally does not contain residual stress because the annealing process is similar to the stress relief heat treatment process. See WAI, "Stress Relief," *Ferrous Wire Handbook*, 2008, p. 471.

²⁵ The hot-dipped galvanizing process for zinc coating is the more commonly used method. WAI, "Galvanizing and Other Coatings on Steel Wire," *The Manufacture of Ferrous Wire*, 1989, p. 527. According to petitioners, galvanized steel wire produced via the hot-dipped or electroplated methods are comparable products. The decision to build hot-dipped or electroplating galvanizing lines is largely determined by economies of scale and principal production costs such as energy—hot-dipped lines use natural gas whereas electroplating lines use electricity. With regard to the end use product that manufacturers target, shaped wire may be better produced via the electroplating method. Conference transcript, pp. 59-60 (Cronin). Both zinc coating methods—electroplated and hot-dipped—are employed by Mexican and Chinese producers. Conference transcript, p. 16 (Waite).

galvanizing equipment. Leaving the lead bath, the wires pass through an acid bath, a water rinse, a flux bath, and an air drier to prepare them for the zinc coating.²⁶ The acid bath removes scale and rust while the flux bath inhibits oxidation of the steel prior to galvanizing. In hot-dipped galvanizing the wires are then submerged in a molten zinc bath where the zinc adheres to and bonds with the surface of the wire.²⁷ As the wires emerge from the zinc bath, they pass through devices known as wipes or gas knives that remove excess zinc while it is still molten and form a smooth, evenly distributed coating. The amount of zinc on the wire is regulated by the speed and temperature of the line and through control of the wipes. The individual wires passing through the galvanizing line may be of different grades produced simultaneously, including wires of both low- and high-carbon steel.²⁸

In electroplating, instead of submerging the wires in molten zinc, they are passed through a chemical solution bath in which zinc has been dissolved. As the wires move through the chemical solution, the bath and the wires are electrically charged, causing zinc to adhere to the wires, forming the zinc coating. The speed at which the wires move through the solution determines the final weight of the zinc coating.²⁹ The slower the speed, the thicker the zinc coating. The electroplating process provides a smooth, even dispersion of the zinc on the surface of the wires.³⁰

For some applications, wire is redrawn after zinc coating to produce wire with a more precise diameter and with a particularly smooth surface.

The finished product is offered and sold in a number of different packages or configurations, including tubular stands, spools, and bundles.³¹ The coil may be covered with a protective material, such as plastic and is packaged such that the end user can place the coil directly onto a wire dispenser.³²

Domestic galvanized steel wire is principally shipped from producers to finished product producers via truck.³³ Galvanized steel wire may also be shipped via rail depending on the destination. According to U.S. producer questionnaires, most galvanized steel wire is shipped directly to the end user; however, some shipments of galvanized steel wire are sent to distribution centers where the wire is stored.

DOMESTIC LIKE PRODUCT ISSUES

In its preliminary determination, the Commission found “a single domestic like product that is coterminous with the scope of the investigations with no clear dividing line between different forms of galvanized steel wire.”³⁴ Petitioners propose that the same conclusion should be reached in this final

²⁶ American Galvanizers Association, “Zinc Coatings,” 2006, p. 1; McNulty, “Cleaning Treatments,” *Wire & Cable Technology International*, March/April 2011, p. 130; WAI, “Galvanizing and Other Coatings on Steel Wire,” *Ferrous Wire: The Manufacture of Ferrous Wire*, 1989, pp. 543-545.

²⁷ WAI, “Galvanizing and Other Coatings on Steel Wire: The Formation of Hot Dip Zinc Coatings,” *Ferrous Wire: The Manufacture of Ferrous Wire*, 1989, pp. 532-53.

²⁸ Hearing transcript, p. 107 (Cronin).

²⁹ On wire, coating weights may range up to 3 ounces per square foot. Heat treated and electroplated wire can be cold drawn to about 95 percent reduction in area, depending on the chemical composition of the wire, heat treatment, and diameter. American Galvanizers Association, “Zinc Coatings,” 2006, p. 5.

³⁰ Petition, vol. I, p. 8. Electroplated zinc coatings are generally more uniform around the circumference of the wire and are important for end uses that require good concentricity. Wire coated to class C is unable to be produced through the hot-dipped method. Conference transcript, pp. 80-81 (Cronin).

³¹ Hearing transcript, p. 22 (Cronin).

³² Conference transcript, p. 83 (Cronin).

³³ Conference transcript, p. 71 (Cronin).

³⁴ Commission Preliminary Determination, p. 8.

investigation.³⁵ Respondent Deacero and the Chinese respondents indicated at the preliminary phase staff conference that they did not intend to make any like product arguments.^{36 37} Related respondents, Aceros Camesa S.A. de C.V. (“Aceros Camesa”) and WireCo WorldGroup Inc. (“WireCo”) a Mexican producer and exporter and a U.S. producer respectively, request a separate like product of galvanized steel wire with a carbon content greater than 0.64 percent.³⁸ Aceros Camesa and WireCo state that galvanized steel wire with a carbon content greater than 0.64 percent is distinct in its physical properties and production process and is sold for very specialized end uses.³⁹ Domestic producers stated that galvanized steel wire is like wire rod where there is no clear demarcation between low carbon, medium carbon, and high carbon products.⁴⁰ According to domestic producers there is no clear definition of high carbon and it is produced on the same equipment and in the same way as galvanized steel wire with a carbon content of 0.64 percent or less.⁴¹ By way of a supplemental questionnaire, the Commission has collected data based on galvanized steel wire with a carbon content greater than 0.64 percent and this information is presented in appendices C and F, tables C-2, C-3, F-1, and F-2.

³⁵ Petitioners’ prehearing brief, p. 3.

³⁶ Conference transcript, p. 123 (Campbell and Sailer).

³⁷ Both Mexican producers requested that the Commission collect data on galvanized steel wire by carbon content range and by coating range. This information is presented in *Part II* of this report.

³⁸ Respondents Aceros Camesa and WireCo’s prehearing brief, pp. 1-19.

³⁹ *Id.* at pp. 1-2, 4-5.

⁴⁰ Petitioners’ prehearing brief, p. 4, n. 11.

⁴¹ Hearing transcript, p. 27 (Weinand); pp. 104-105 (Waite); pp. 105-107 (Weinand and Cronin).

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

U.S. MARKET CHARACTERISTICS

Galvanized steel wire is an intermediate product used to make a wide variety of corrosion resistant wire products. A significant quantity of U.S., Chinese, and Mexican production of galvanized wire is consumed internally or transferred to related parties. Petitioners indicate U.S.-produced galvanized steel wire that is internally consumed tends to be a standard commodity based wire, while commercial sales tend to be of niche products that sell at a premium.¹

Galvanized steel wire produced in the United States and imported from China and Mexico is sold nationwide.² In 2011, three of the nine responding U.S. producers, three of 14 responding importers from China, and one of five responding importers from Mexico reported selling galvanized steel wire nationally. U.S. producers sent about one-third of their shipments to the Midwest, and over 40 percent of their shipments to the southeast and Pacific. Deacero, the largest Mexican producer and U.S. importer from Mexico, ***. Almost one-half of shipments of imports from China were to the Pacific and just over one-fifth of these shipments were to the northeast.

In 2011, about *** of the galvanized steel wire supplied to the U.S. market had a carbon content less than or equal to 0.15 percent and about *** of the shipments had a carbon content greater than 0.44 percent (see table II-1). Total shipments of U.S.-produced galvanized steel wire were greater than shipments from other sources in each carbon content range.

Table II-1

Galvanized steel wire: Total shipments by carbon content, by source, 2011

* * * * *

Petitioners indicated that shipments by U.S. producers and importer in each carbon category confirms that galvanized steel wire is produced along a continuum from low-to high-carbon with no clear dividing lines.³ WireCo indicated that the vast majority of U.S. shipments were of galvanized steel wire with a carbon content less than or equal to 0.15 percent, with a significantly smaller quantity in high-carbon (over 0.64 percent) category, and very few shipments in the intermediate categories.⁴ Petitioners note that it is not surprising that more shipments are in the low-carbon products since larger volume products tend to be at the low carbon end of the spectrum.⁵

About *** of the galvanized steel wire supplied to the U.S. market has a commercial coating and about *** percent of shipments had either a Class 1, Class 3, Class A coating in 2011 (see table II-2). Total shipments of U.S.-produced galvanized steel wire were greater than shipments from other sources in each type of coating except for “other” coatings ***. Commercial coating is the thinnest coating with no minimum coating weight required. The Class coatings have minimum coating weight requirements.⁶

¹ Hearing transcript, pp. 81-82 (McGrath), p. 82 (Weinand).

² Conference transcript, p. 7 (Waite).

³ Petitioners’ posthearing brief, exhibit 1, Response to question from Commissioner Aranoff regarding shipments by carbon content.

⁴ Respondents Aceros Camesa and WireCo’s posthearing brief, pp. 9-10.

⁵ Petitioners’ posthearing brief, exhibit 1, Response to question from Commissioner Aranoff regarding shipments by carbon content.

⁶ Petition, p. 1-9.

U.S. PURCHASERS

Fifty purchasers responded to the purchaser questionnaire. Thirty-three are end users, 15 are distributors, two are re-drawers, three are manufacturers, and two are retailers (some firms responded more than once). In 2011, these firms' purchases represented 25 percent of U.S. producers's shipments, 34 percent of imports from China, and 46 percent of imports from Mexico. Also, U.S. firms' purchases from unrelated U.S. producers were 42 percent of U.S. producers' commercial shipments in 2011.

Table II-2
Galvanized steel wire: Total shipments by coating type, by source, 2011

* * * * *

CHANNELS OF DISTRIBUTION

According to petitioners, the majority of galvanized steel wire is sold directly to end users, although some products such as high carbon galvanized spring wire (music wire) are sold through distributors.⁷ As shown in table II-3, at least *** percent of shipments of U.S.-produced galvanized wire and galvanized steel wire imported from China and Mexico were sold directly to end users during 2011. The share of galvanized steel wire imported from China and sold to end users increased from *** percent of commercial shipments in 2009 to *** percent in 2011 due to importers *** and *** increasing their share of sales to end users and an importer that only sold to distributors (***) discontinuing shipments of imports from China in 2011.

Table II-3
Galvanized steel wire: U.S. producers' and importers' U.S. shipments of galvanized steel wire, by sources and channels of distribution, 2009-11

* * * * *

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic production

Based on available information, U.S. galvanized steel wire producers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced galvanized steel wire to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the availability of unused capacity to increase shipments; supply responsiveness is somewhat constrained due to a limited ability to use inventories, a limited ability to ship to alternate markets, and an inability to produce alternate products.

⁷ Conference transcript, pp. 82-83 (Cronin).

Industry capacity

U.S. producers have unused capacity with which they could increase production of galvanized steel wire in the event of a price change. U.S. producers' capacity utilization increased from 54.5 percent in 2009 to 66.1 percent in 2011. The increase in capacity utilization resulted from production increasing at a greater rate than production capacity.

Alternative markets

U.S. producers have a limited ability to divert shipments to or from alternative markets in response to changes in the price of galvanized steel wire. Exports by U.S. producers, as a share of total shipments, decreased from *** percent in 2009 to *** percent in 2011.

Inventory levels

U.S. producers have a somewhat limited ability to use inventories as a means of increasing shipments of galvanized steel wire to the U.S. market. The ratio of end-of-period inventories to total shipments for U.S. producers increased from *** percent in 2009 to *** percent in 2011.

Production alternatives

All nine responding U.S. producers indicated that since 2009 only galvanized steel wire has been produced on the machinery and equipment used in production of galvanized steel wire. U.S. producers also do not anticipate producing alternative products in the future.

Supply constraints

One of nine responding U.S. producers indicated that they had refused, declined, or been unable to supply galvanized steel wire since January 1, 2008. U.S. producer ***, indicated that during 2008, all production capacity was used to meet internal demand to produce ***. In the preliminary phase of this investigation, U.S. producer (***) reported that when prices of scrap increased due to the limited supply in early 2008, *** experienced a rush of orders from customers attempting to beat any future price increases, and the firm was unable to meet such high demand in the limited time frame. *** indicates that this situation has not been repeated since October 2008.

Mid-South Wire reported that its galvanizing line was down from May 2010 to November 1, 2010 due to flooding in the Nashville area. The water caused the zinc tank to freeze, and the galvanizing line had to be rebuilt. While it was down, Mid-South Wire purchased galvanized steel wire from other U.S. producers to meet customer needs.⁸

Subject Imports from China

Based on available information, Chinese producers have the ability to respond to changes in demand with large changes in the quantity of shipments of galvanized steel wire to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the existence of alternate markets; supply responsiveness is constrained by the limited ability to use inventories, the limited availability of unused capacity and the absence of alternate products.

⁸ Conference transcript, pp. 26-27 (Johnson).

Industry capacity

Chinese producers have limited unused capacity with which they could increase production of galvanized steel wire in the event of a price change. Chinese producers' capacity utilization increased from 82.8 percent in 2009 to 86.0 percent in 2011.⁹ The increase in capacity utilization resulted from production increasing by a greater percentage than production capacity.¹⁰ In response to the foreign producer questionnaire in the preliminary phase, many Chinese producers reported a limited supply of power and water, shortages in working capital, labor shortages, and increasing labor costs as constraints on production and supply of galvanized steel wire.

Alternative markets

Chinese producers have the ability to divert shipments to or from their home market and alternative markets in response to changes in the price of galvanized steel wire. Shipments of galvanized steel wire from China to markets other than the United States (including exports to alternative markets, shipments to the home market, and internal consumption and transfers) increased from approximately 90.4 percent of total shipments in 2009 to 94.2 percent in 2011. Internal consumption and transfers accounted for 29.5 percent of Chinese total shipments in 2011.

Inventory levels

Responding Chinese producers have a limited ability to use inventories as a means of increasing shipments of galvanized steel wire to the U.S. market. The ratio of end-of-period inventories to total shipments for the Chinese producers decreased from 3.0 percent in 2009 to 2.9 percent in 2011.

Production alternatives

All 18 responding Chinese producers indicated that they do not produce products other than galvanized steel wire on the equipment and machinery that is used to produce galvanized steel wire.

Supply constraints

Two of the responding importers of product from China (***) reported refusing, declining, or being unable to supply galvanized steel wire. *** reported an inability to sell 17 gauge galvanized steel wire in the fourth quarter of 2011 due to limited production capacity.

Subject Imports from Mexico

Based on available information, Mexican producers have the ability to respond to changes in demand with large changes in the quantity of shipments of galvanized steel wire to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the existence of alternate

⁹ Because many Chinese producers did not respond to the foreign producer questionnaire, data from the preliminary phase of these investigations was used. In the preliminary phase of these investigations, eighteen Chinese producers responded to the foreign producers' questionnaire. These responses are believed to account for approximately 50.1 percent of Chinese export shipments to the United States in 2011.

¹⁰ Production capacity increased by 5.4 percent (from 254,714 short tons in 2009 to 268,354 short tons in 2011) while production increased by 9.4 percent (from 210,974 short tons in 2009 to 230,762 short tons in 2011).

markets; supply responsiveness is constrained by the somewhat limited ability to use inventories, the limited availability of unused capacity, and a limited ability to produce alternate products.

Industry capacity

Mexican producers have limited capacity with which they could increase production of galvanized steel wire in the event of a price change. Mexican producers' capacity utilization increased slightly from *** percent in 2009 to *** percent in 2011.¹¹ The increase in capacity utilization resulted from an increase in production that was slightly greater than the increase in production capacity.¹² Mexican producers reported internal demand, which maximizes utilization of galvanized steel wire production, as the main constraint on capacity and supply.

Alternative markets

Mexican producers have the ability to divert shipments to or from their home market and alternative markets in response to changes in the price of galvanized steel wire. Shipments of galvanized steel wire from Mexico to markets other than the United States (including exports to alternative markets, shipments to the home market, and internal consumption and transfers) decreased from approximately *** percent of total shipments in 2009 to *** percent in 2011. For Mexican producers, internal consumption accounts for more than one-half of all Mexican shipments. Deacero reported that 60 percent of its galvanized wire production is used in production of downstream products due to the higher profitability in downstream products. Deacero also indicated that its top U.S. customer for galvanized steel wire is Deacero affiliate Stay-Tuff, which accounted for 15 percent of exports to the United States in 2010 and 23 percent in 2011. Deacero reported that commercial sales decreased in 2009; however transfers to Stay-Tuff more than doubled, and resulted in a 30 percent increase in sales in 2010.¹³

Inventory levels

Mexican producers have a somewhat limited ability to use inventories as a means of increasing shipments of galvanized steel wire to the U.S. market. The ratio of end-of-period inventories to total shipments for the Mexican producers decreased from *** percent in 2009 to *** percent in 2011. This decrease was due to total shipments increasing while inventories decreased.

Production alternatives

Both responding Mexican producers indicated that they produce products other than galvanized steel wire on the equipment and machinery that is used to produce galvanized steel wire, but their ability to shift production from alternative products to galvanized steel wire appears to be limited. Mexican producer (***) reported that the drawing machines used in production of galvanized steel wire are also used for production of steel wire that is not galvanized (they refer to it as black wire), while its galvanizing lines are used solely for production of galvanized steel wire. However, even if *** were to switch drawing capacity from steel wire that is not galvanized to galvanized steel wire, it would not be able to increase production on its galvanizing line which it strives to operate at full capacity. Mexican

¹¹ Two Mexican producers responded to the foreign producers' questionnaire. These responses are believed to account for approximately *** of Mexican export shipments to the United States in 2011.

¹² Production increased by *** percent (from *** short tons in 2009 to *** short tons in 2011) while production capacity increased by *** percent (from *** short tons in 2009 to *** short tons in 2011).

¹³ Conference transcript, pp. 92, 95-96 (Gutierrez) and hearing transcript, p. 141 (Gutierrez).

producer (***) indicated that it can produce galvanized strand, component wire for manufacturing galvanized ropes, and electro-mechanical cables on the same machinery. However, since galvanized strand and galvanized ropes are downstream products produced from internal consumption of galvanized steel wire, *** would not be able to increase production of galvanized steel wire by producing less galvanized strand and component wire for manufacturing galvanized ropes.

Supply constraints

Two responding importers of product from Mexico (***) reported refusing, declining, or being unable to supply galvanized steel wire. Reasons for not supplying included: inability to meet customer demand, allocations, and use of production capacity to meet internal demand.

U.S. Demand

Based on available information, it is likely that changes in the price level of galvanized steel wire will result in a small change in the quantity of galvanized steel wire demanded. The main contributing factor is the lack of products that can be immediately substituted for galvanized steel wire, moderated by the high cost share of galvanized steel wire in its end uses.

Demand Characteristics

As described in more detail in *Part I*, galvanized steel wire is used in a wide variety of end-use products for agricultural, automotive, construction, consumer, and industrial applications.¹⁴ Because of the variety of end uses for galvanized steel wire, demand for galvanized steel wire is related to overall economic activity. Real GDP growth in United States was -3.5 percent in 2009, 3.0 percent in 2010, and 1.7 percent in 2011. Quarterly GDP growth followed a similar pattern (see figure II-1).¹⁵

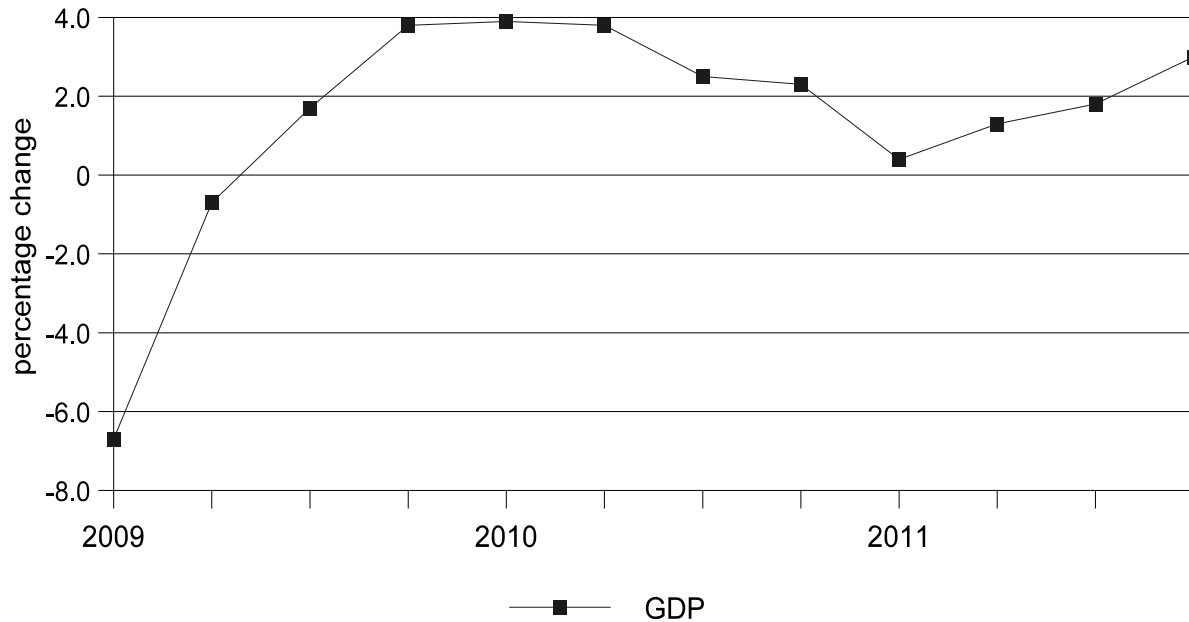
While annual average demand for galvanized steel wire appeared to increase each year between 2009 and 2011, the change in demand since the beginning of 2009 is less clear. Changes in apparent U.S. consumption of galvanized steel wire indicate that demand increased between 2009 and 2011. Both the quantity and average unit value of apparent consumption increased each year between 2009 and 2011, suggesting that demand increased each year. However, none of the responding producers, only one of 19 responding importers, and only 17 of 42 responding purchasers indicated that demand has increased since 2009 (see table II-4). Two producers, nine importers, and 10 purchasers indicated that demand decreased since January 1, 2009, and five producers, five importers, and six purchasers indicated that demand had fluctuated.¹⁶ Most firms attributed their response to changes in the economy, housing and construction markets, or demand for a particular product.

¹⁴ Petition ,Vol. 1, p. 15.

¹⁵ Bureau of Economic Analysis, downloaded February 17, 2012.

¹⁶ In addition, two producers indicated that demand both “decreased” and “fluctuated” and one purchaser indicated that demand “increased” and “fluctuated.”

Figure II-1
Real U.S. GDP growth: Percentage change, quarterly, January 2009-December 2011



Source: Bureau of Labor Statistics, <http://www.bea.gov/national/index.htm#gdp>, downloaded March 6, 2012.

Table II-4
Galvanized steel wire: Changes in demand for galvanized steel wire in the U.S. and non-U.S. markets, and end-use products, since 2009

	Number of firms reporting			
	Increased	Decreased	Fluctuated	No change
U.S. market:				
U.S. producers ¹	0	2	5	0
U.S. importers	1	9	5	4
U.S. purchasers ²	17	10	6	9
Non-U.S. markets:				
U.S. producers	1	0	3	0
U.S. importers	2	0	3	7
U.S. purchasers	4	3	4	7
Final end use products:				
U.S. purchasers	19	9	8	1
¹ Does not include two responses of "decreased" and "fluctuated". ² Does not include one response of "increased" and "fluctuated".				
Source: Compiled from data submitted in response to Commission questionnaires.				

Most responding firms reported that demand outside the United States had not changed or fluctuated due to fluctuations in the economy. About one-half of responding purchasers indicated that demand for their firm's final products has increased since 2009, while about one-fourth indicated that demand has decreased. Twenty-six of 36 responding purchasers indicated that these changes affected their firm's demand for galvanized steel wire.

Business Cycles

All responding producers, and most importers, but just under one-half of responding purchasers reported that the galvanized steel wire market is subject to some type of distinctive business cycle. In particular, eight of nine responding producers and 13 of 20 responding importers indicated that the galvanized steel wire market is subject to the general U.S. economic cycle.

Five of nine responding producers, 9 of 15 responding importers, and 21 of 47 responding purchasers indicated that these distinctive business cycles or conditions of competition for galvanized steel wire have changed since January 2009. U.S. producers' reported changes included increased low priced imports and the effects of volatile and unpredictable markets on prices. Importers reported changes included increasing raw material prices, turbulence in the housing market, increased competition, and rising transportation costs. Several purchasers cited higher prices and more limited availability of galvanized steel wire.

Petitioners argue that 2008 to 2010 encapsulates an entire business cycle for galvanized wire because high demand in 2008 was followed by the recession in 2009 and a recovery of demand in 2010.¹⁷ Deacero indicates that 2008 to 2010 cannot be considered a typical business cycle given the impact of the 2009 recession.¹⁸

Substitute Products

Two of nine responding U.S. producers, two of 16 responding importers, and eight of 45 responding purchasers indicated that there are substitutes for galvanized steel wire. Firms reported substitutes such as aluminized wire, aluminum clad, aluminum, bronze coated steel wire, composite cores, copper-coated wire, mischmetal alloy, paint coated wire, plastic, stainless steel, and wood. Only two importers indicated that changes in the price of a substitute affected the price of galvanized steel wire. *** indicated that changes in the price of paint coated wire and plastic and *** indicated that *** have affected the price for galvanized steel wire. Petitioners indicated that there are no good substitutes for galvanized steel wire.¹⁹

Cost Share

Overall, producers, importers, and purchasers reported that the share of the cost of galvanized steel wire in its end uses accounts for at least 50 percent of the price in most end uses of the product. Firms reported that the cost of galvanized steel wire in fencing materials, stucco netting, and wire rope and strand, is 60 to 95 percent of the cost of the final product. Responding firms also indicated that galvanized steel wire accounts for 50 percent of the cost of the final product when used in manufacturing poultry cages and fasteners. Applications for which galvanized steel wire accounted for less than 40 percent of the final price were steel pails, broadband cable, acoustical wire, hanger hooks, and staple cartridges.

¹⁷ Conference transcript, pp. 37-38 (McGrath) and hearing transcript, p. 90 (McGrath).

¹⁸ Conference transcript, p. 165 (Campbell).

¹⁹ Conference transcript, p. 18 (Waite).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported galvanized steel wire depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a moderate to high degree of substitutability between domestically-produced galvanized steel wire and galvanized steel wire imported from China and Mexico.

Factors Affecting Purchasing Decisions

Almost all responding purchasers reported either quality or price among the top three factors they consider when making a purchase and about two-thirds cited both quality and price. As indicated in table II-5, quality was named by 25 of 50 responding purchasers as the number one factor in their purchase decisions for galvanized steel wire, as the number two factor by 11 purchasers, and by seven purchasers as the number three factor. As indicated in table II-6, 47 of 49 responding purchasers indicated that quality meeting industry standards was a very important factor and 21 of 50 purchasers reported that quality exceeding industry standards was a very important factor. Characteristics that purchasers consider when determining the quality of galvanized steel wire include package integrity and appearance, resistance to rust and corrosion, cleanliness, consistency, smooth, tensile strength, elongation, uniformity and consistency of zinc coating, ASTM specifications, formability, lead patenting, chemistry, tensile, formability, surface quality, payoff methods of wire, zinc adhesion, minimum 200 PSI, coating must not split, peel, or flake after forming, single piece, and lot traceability.

Forty-four of 50 responding purchasers reported that price was one of the top three factors they considered when making a purchase. Specifically, 15 purchasers named price as the number one factor, 22 named it as the number two factor, and 7 named it as the number three factor. Also, 45 of 50 responding purchasers indicated that price was a "very important" factor in their purchase decisions for galvanized steel wire. More than one-half of responding purchasers (27 of 49) reported that the lowest priced product "always" or "usually" wins the sale (table II-7).

About one-half of responding purchasers reported that availability was one of the top three factors in purchasing decisions. Forty-six of 50 responding purchasers reported that availability is a very important factor in their galvanized steel wire purchasing decisions. At least 84 percent of responding purchasers also indicated that delivery time, product consistency and reliability of supply were very important factors in their purchases of galvanized steel wire.

Twenty-six of 50 responding purchasers reported that they require their suppliers to become certified or pre-qualified for all, or nearly all, of their purchases of galvanized steel wire. Seventeen of 26 responding purchasers reported that it can take from 30 to 180 days to qualify a new supplier, while six purchasers reported that it takes 10 days or less for a new supplier to qualify. Eight of 48 responding purchasers indicated that since 2009 certain domestic or foreign producers failed in their attempts to certify or qualify their galvanized steel wire or have lost their approved status. These producers included ***.

Table II-5
Galvanized steel wire: Ranking of factors used in purchasing decisions, as reported by unrelated U.S. purchasers

Factor	Number of firms reporting			
	Number one factor	Number two factor	Number three factor	Total
Availability ¹	3	8	15	26
Capacity	1	0	0	1
Consistency of quality	0	1	1	2
Delivery/lead times ²	0	1	8	9
Discounts	1	0	0	1
Packaging	0	0	1	1
Payment terms	0	0	2	2
Patented	1	0	0	1
Price	15	22	7	44
Product consistency	0	2	1	3
Product specifications	0	0	1	1
Qualified supplier	2	0	0	2
Quality	25	11	7	43
Range of product line	0	1	0	1
Relationship with supplier	0	0	1	1
Reliability of supply	0	2	3	5
Service	0	0	1	1
Trust	1	0	0	1
Other ³	1	1	0	2

¹Includes one response of "Availability and service" and "supply" for the number 3 factor.
²Includes one response for "Delivery/availability" for the number 1 factor.
³Includes responses for "purchase from parent company" for the number 1 factor, "maximum continuous lengths" for the number 2 factor.

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

Table II-6
Galvanized steel wire: Importance of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	46	4	0
Delivery terms	31	17	1
Delivery time	42	8	0
Discounts offered	20	26	4
Extension of credit	17	20	13
Price	45	5	0
Minimum quantity requirements	6	18	25
Packaging	23	23	4
Product consistency	48	2	0
Quality meets industry standards	47	2	0
Quality exceeds industry standards	21	21	8
Product range	17	20	13
Reliability of supply	46	4	0
Technical support/service	20	23	7
U.S. transportation costs	25	21	4
Other ¹	2	0	0

¹Includes on “compliance with sourcing laws,” “Certify recycled content,” and “certify no hazardous content.”

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

Table II-7
Galvanized steel wire: Frequency at which lowest price product wins a sale, as reported by U.S. purchasers

	Number of U.S. producers reporting			
	Always	Usually	Sometimes	Never
Will the lowest priced product win the sale? ¹	4	23	18	4

¹Does not include one responses of “sometimes” and “never”.

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

Petitioners indicated that price is usually the most important factor to purchasers of galvanized steel wire and that there are no significant quality or other non-price differences that distinguish product produced in the United States from imports from China and Mexico.²⁰ U.S. producer and importer Davis

²⁰ Conference transcript, pp. 6-7 (Waite), Petitioners postconference brief, pp. 21-23.

Wire reported that galvanized steel wire is sold primarily on the basis of price and that Chinese and Mexican suppliers base their prices entirely on the cost of wire rod and zinc, disregarding the diameter weight, zinc coating, and grade.²¹ U.S. producer Mid-South Wire indicated that quality is “a given” in the industry, and that the number one factor in making a sale is cost, while availability or delivery also matter.²² U.S. producer and importer *** indicated that while factors other than price are rarely significant, its customers sometimes take into account lead times, the transportation network, and available technical support.

U.S. importer B&Z Galvanized Wire stated that quality is an important purchasing factor and that some imports from China are lower in quality than U.S.-produced product and the imports from China that B&Z Galvanized sells in the U.S. market.²³ Mexican producer Deacero indicates that its galvanized steel wire has very reliable quality, depending on what sector and “niche” it is being sold to and that it has to meet U.S. quality standards.²⁴ Deacero also indicates that domestic producers prefer to sell more profitable galvanized steel wire products such as specialty low-carbon and high-carbon galvanized steel wire.²⁵ U.S. importer *** indicated that logistics, availability of products, packaging, and requirements of customers are also important in the purchasing decision.

Comparison of U.S.-Produced and Imported Galvanized Steel Wire

As shown from table II-8, two-thirds or more of the U.S. responding producers, importers, and purchasers indicated that galvanized steel wire produced in the United States and imported from China and Mexico are “always” or “frequently” used interchangeably. All but one responding producer (***) reported that galvanized steel wire produced in the United States and imported from subject and nonsubject countries are at least “frequently” used interchangeably. At least 80 percent of all responding importers and 65 percent of responding purchasers indicated that galvanized steel wire produced in the United States and imported from subject and nonsubject countries are “always” used interchangeably.

At least one-half of responding purchasers reported that U.S.-produced galvanized steel wire was ranked comparable with imports from Mexico for all factors except for delivery time and technical support/service and that U.S.-produced galvanized steel wire was ranked comparable with imports from China for discounts offered, extension of credit, minimum quantity requirements, quality meeting industry standards, product range, and U.S. transportation (table II-9).

As indicated in table II-10, eight of nine responding U.S. producers reported that differences other than price between galvanized steel wire produced in the United States and imported from China and Mexico were “sometimes” or “never” a significant factor in their sales. U.S. producer ***, however, indicated that differences other than price between galvanized steel wire produced in the United States and imported from China and Mexico were “frequently” a significant factor in its sales.

²¹ Conference transcript, p. 21 (Cronin).

²² Conference transcript, pp. 56-57 (Johnson).

²³ Conference transcript, p. 132 (Zhang).

²⁴ Conference transcript, pp. 132-133 (Gutierrez).

²⁵ Deacero’s postconference brief, p. 1.

Table II-8

Galvanized steel wire: Perceived interchangeability between galvanized steel wire produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. other countries:												
U.S. vs. China	6	2	1	0	10	7	2	0	14	7	6	1
U.S. vs. Mexico	6	2	1	0	8	5	2	0	17	9	11	0
U.S. vs. Canada	3	2	1	0	5	5	2	0	19	5	3	0
U.S. vs. other nonsubject	1	3	1	0	6	5	2	0	8	3	6	0
Subject countries comparisons:												
China vs. Mexico	6	2	1	0	7	4	3	0	11	6	5	0
Nonsubject countries comparisons:												
China vs. Canada	3	2	1	0	5	5	2	0	9	4	4	0
China vs. other nonsubject	1	3	1	0	6	4	2	0	8	2	3	0
Mexico vs. Canada	2	2	1	0	4	5	2	0	10	6	3	0
Mexico vs. other nonsubject	1	3	1	0	6	4	2	0	7	2	2	1
Canada vs. other nonsubject	1	3	1	0	6	4	2	0	7	4	1	0
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.												
Source: Compiled from data submitted in response to Commission questionnaires.												

Table II-9
Galvanized steel wire: Purchasers' comparisons of domestic and subject and nonsubject products

Factor	U.S. vs. China			U.S. vs. Mexico			US vs. Canada			US vs. Other			China vs. Mexico		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	16	10	2	12	17	5	6	19	0	13	7	2	0	17	7
Delivery terms	17	10	2	11	18	5	7	16	1	13	8	1	0	15	9
Delivery time	24	3	2	16	13	5	8	15	1	16	5	1	0	10	14
Discounts offered	8	17	3	7	24	3	5	19	0	6	14	2	1	16	7
Extension of credit	8	19	1	6	26	2	4	20	0	8	14	0	0	20	3
Price	3	13	12	7	21	7	4	19	1	5	10	7	4	17	3
Minimum quantity reqs.	8	19	2	6	23	5	2	21	1	7	14	0	0	19	4
Packaging	10	14	5	6	23	5	4	19	1	11	10	1	1	19	4
Product consistency	17	9	3	11	19	4	3	19	2	13	8	1	1	17	6
Quality meets ind. standards	12	15	2	10	23	1	3	20	1	10	13	0	1	21	2
Quality exceeds ind. standards	15	9	4	10	20	4	4	19	2	11	11	0	1	20	3
Product range	12	15	2	10	20	4	5	19	0	11	10	1	2	19	3
Reliability of supply	18	10	1	12	18	4	7	16	1	16	4	2	0	20	4
Technical support/service	20	5	4	13	16	5	5	17	1	16	5	1	0	16	8
U.S. transportation costs	10	16	2	7	22	4	7	16	0	12	8	2	1	20	3

Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior.

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

Table II-10

Galvanized steel wire: Perceived significant differences other than price between galvanized steel wire produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting					
	A	F	S	N	A	F	S	N	A	F	S	N		
U.S. vs. other countries:														
U.S. vs. China	0	1	4	4	2	2	10	4	13	4	9	4		
U.S. vs. Mexico	0	1	4	4	0	1	8	3	14	5	13	4		
U.S. vs. Canada	0	1	3	2	0	1	7	2	13	2	5	6		
U.S. vs. other nonsubject	0	1	4	0	1	1	5	4	7	5	9	2		
Subject countries comparisons:														
China vs. Mexico	0	1	3	4	1	1	5	4	8	6	7	4		
Nonsubject countries comparisons:														
China vs. Canada	0	1	3	1	1	1	6	1	10	1	7	1		
China vs. other nonsubject	0	1	4	0	1	0	4	4	5	4	5	3		
Mexico vs. Canada	0	1	3	1	0	2	5	0	8	1	7	0		
Mexico vs. other nonsubject	0	1	4	0	0	1	5	3	4	3	6	2		
Canada vs. other nonsubject	0	1	4	0	0	0	5	3	5	1	7	1		
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.														
Source: Compiled from data submitted in response to Commission questionnaires.														

At least three-fourths of responding importers and forty-three percent of responding purchasers indicated that differences other than price between galvanized steel wire produced in the United States and imported from China were “sometimes” or “never” a significant factor in sales. About 40 percent of responding purchasers reported that differences other than price were “always” a significant factor in its sales.

One importer, ***, stated that quality was also a significant factor in sales. Two importers, ***, indicated that longer delivery times on galvanized wire from China was a reason why factors other than price were “frequently” a significant factor in sales. *** also reported quality, availability, reliability, and customer service as factors that made factors other than price “frequently” a significant factor in sales. Eleven of 12 responding importers reported that differences other than price between galvanized steel wire produced in the United States and imported from Mexico were “sometimes” or “never” a significant factor in sales. The remaining responding importer, ***, indicated that differences other than price were “frequently” a significant factor in sales.

U.S. importer *** indicated that imports from China cannot compete with U.S.-produced product on quality, availability, delivery times, reliability, and customer service. It also reported that compared to imports from China, imports from Mexico have much better lead times, better quality, offer better technical support, and are a more reliable source of supply.

U.S. importer *** noted that Mexican producers cannot always provide consistent product quality and currently do not offer a quality galvanized waste bale wire product. It also indicated that long lead-times and vessel delays for imports from China are a disadvantage for customers that require “just in time” delivery. *** also indicated that the quality of wire in China is not always consistent.

*** also reported that it cannot rely on a single supplier for galvanized steel wire because it is hard to know when a U.S. producer will run short on supply.²⁶ Other U.S. companies indicated that they purchase imported galvanized steel wire due to U.S. producers' inability to supply the gauge or tonnage needed. ***, a Deacero customer, reported that it purchases *** galvanized steel wire from Deacero because *** producers are not able to supply this size of galvanized steel wire. *** also purchases galvanized steel wire from Deacero. This company indicated that the quality of wire from Deacero and the United States is equal, that Deacero's lead times are competitive with U.S. producers, and that ***.²⁷

Wire Products Association Branch, China Steel Construction, and its individual members also noted similar reasons for the necessity of imports in the U.S. market by indicating a lack of competitive overlap between market areas serviced by U.S. producers and that of importers. They indicated that ***.²⁸

Only four purchasers indicated that certain types of galvanized steel wire are available from one source. Two purchasers cited ***, two purchasers cited ***, and one purchaser indicated that ***. However, 19 of 46 responding purchasers prefer purchasing from one country over other countries. Most of these purchasers indicated that they prefer U.S.-produced product due to quality, consistency, or Buy-American requirements. About one-half of responding purchasers indicated that both their firm and their customers never base their purchases on the country of origin of the product.

Although importer *** reported that galvanized steel wire produced in the United States is only "sometimes" interchangeable with galvanized steel wire imported from all import sources, it indicated that galvanized steel wire with a carbon content greater than 0.64 percent, is generally interchangeable with other galvanized wire with a carbon content greater than 0.64 percent regardless of the country of origin, but that it is not interchangeable with galvanized steel wire with a carbon content less than 0.64 percent. *** noted that galvanized steel wire with a carbon content less than 0.64 percent is more malleable and not as strong as product with a carbon content greater than 0.64 percent and cannot be used in the more demanding applications, such as to produce wire rope and wire strand, music wire, and comparable applications.

ELASTICITY ESTIMATES

This section discusses suggested elasticity estimates based on the conditions of competition. Parties made no comments on these estimates in their briefs or at the hearing.

U.S. Supply Elasticity

The domestic supply elasticity for galvanized steel wire measures the sensitivity of the quantity supplied by U.S. producers to a change in the U.S. market price of galvanized steel wire. 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 the production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced galvanized steel wire.²⁹ Earlier analysis of these factors indicates that the U.S. industry has the ability to respond to changes in

²⁶ Deacero's postconference brief, pp. 4, 12.

²⁷ Deacero's postconference brief, p. 30.

²⁸ Wire Products Association, China Steel Construction, and its individual members' postconference brief, pp. 7-8.

²⁹ Domestic supply response is assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Therefore, factors affecting increased quantity supplied to the U.S. market also affect decreased quantity supplied to the same extent.

demand with large changes in shipments of galvanized steel wire to the U.S. market. Staff estimates that the supply elasticity for galvanized steel wire is between 5 and 10.

U.S. Demand Elasticity

The U.S. demand elasticity for galvanized steel wire measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of galvanized steel wire. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of galvanized steel wire in the production of downstream products. As discussed earlier, it is likely that any change in the price level of galvanized steel wire will result in a small change in the quantity of galvanized steel wire demanded. The main contributing factors are the lack of products that can be substituted for galvanized steel wire. Based on available information, the demand elasticity for galvanized steel wire is likely to be in the range of -0.25 to -0.75.

Substitution Elasticity

The substitution elasticity measures how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change. This elasticity depends upon the extent of product differentiation between the domestic and imported products and therefore such factors as quality and conditions of sale (e.g., service, availability, delivery). Based on this and other available information, the substitution elasticity between U.S.-produced galvanized steel wire and subject imported galvanized steel wire is likely to be in the range of 3 to 5.

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 subsidies and margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of nine firms that accounted for approximately *** percent of U.S. production of galvanized steel wire during 2011.

U.S. PRODUCERS

The Commission sent producer questionnaires to 10 possible producers. Nine of the possible producers completed a producer questionnaire. The other possible producer, ***, did not complete a questionnaire.¹

Presented in table III-1 is a list of current domestic producers of galvanized steel wire and each company's position on the petition, production locations, related and/or affiliated firms, and share of reported production of galvanized steel wire in 2011.

¹ *** reported that it produces approximately *** short tons of galvanized steel wire annually and of that approximately *** percent is out of scope material (i.e., galvanized steel wire that is finer than .5 mm). Email from ***, January 19, 2012. Furthermore, "Petitioners estimate that *** - accounted for less than *** percent of galvanized wire produced in the United States in 2010." Confidential petition, p. I-5.

Table III-1

Galvanized steel wire: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2011 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of 2011 production (percent)
Bekaert Corporation	***	Van Buren, AR; Shelbyville, KY; and Orrville, OH	Belgo Bekaert Arames; Acma SA; Inchalam SA; Productos de Acero SA-Prodinsa; Productora de Alambres Colombianos SAS; Ideal Alambrec SA; Procables SA; Prodac SA; and Vicson SA.	***
Davis Wire ¹	Support	Irwindale, CA; Kent, WA; and Pueblo, CO	Sivaco	***
Johnstown Wire	Support	Johnstown, PA	----	***
Keystone Consolidated Industries, Inc.	***	Peoria, IL	----	***
Leggett & Platt, Incorporated	***	Carthage, MO; Jacksonville, FL; and Montevallo, AL	L&P Materials Manufacturing, Inc. (d/b/a Adcom Wire) and Metrock Steel & Wire.	***
Mid-South Wire	Support	Nashville, TN	----	***
Mount Joy Wire Corporation	----	Mount Joy, PA	----	***
National Standard ¹	Support	Niles, MI	Sivaco	***
Oklahoma Steel & Wire	Support	Madill, OK; Norman, OK; and Centerville, IA	Iowa Steel & Wire Company and Southwestern Wire, Inc.	***
WireCo WorldGroup	Oppose	Kansas City, MO	Aceros Gagesa	***

¹ Davis Wire Corporation and National Standard are both owned by Heico Holding Company.

² *** reported that it produces approximately *** short tons of galvanized steel wire annually and of that approximately *** percent is out of scope material (i.e., galvanized steel wire that is finer than .5 mm). Email from ***, January 19, 2012. Petitioners estimate that *** accounted for less than *** percent of galvanized wire production in the United States in 2010. Confidential petition at p. I-5.

Note.—Because of rounding, shares may not total to 100.0 percent.

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

Three U.S. producers are related to foreign producers of galvanized steel wire (one of which, WireCo WorldGroup, is related to Mexican producer, Aceros Camesa).² In addition, Davis Wire and National Standard are sister companies owned by Heico Holding, Inc., which has export operations in China. At the hearing a representative from Davis Wire and National Standard explained that Heico China is part of the Heico companies. Heico China sources wire and wire products that make sense for its company, either because the products complement the product line or after performing a make-or-buy analysis the product purchased in China is below its variable costs.³ Furthermore, as discussed in greater detail below, four U.S. producers import galvanized steel wire directly or through affiliated companies, and six purchase galvanized steel wire from U.S. importers.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for galvanized steel wire are presented in table III-2. Capacity shows a modest increase from 2009 to 2011 due to ***. Production⁴ and capacity utilization increased throughout the period for which data were collected.

U.S. production will increase in the near future because Deacero has started production of galvanized steel wire in the United States.⁵ Deacero intends to supply its U.S. affiliates, Deacero USA, Inc., Stay-Tuff, and Mid-Continent, and its unaffiliated U.S. customers with galvanized steel wire from its U.S. production facility.⁶ Deacero's U.S. production facility has the capacity to produce *** per year.⁷ Deacero's U.S. production line is ***.⁸ Deacero ***.⁹ Petitioners' state that Deacero's ***.¹⁰

**Table III-2
Galvanized steel wire: U.S. capacity, production, and capacity utilization, 2009-11**

Item	Calendar year		
	2009	2010	2011
Capacity (<i>short tons</i>) ^{1 2}	813,088	804,338	814,588
Production (<i>short tons</i>)	443,102	491,302	538,267
Capacity utilization (<i>percent</i>)	54.5	61.1	66.1
<p>¹ *** reported capacity based on operating 168 hours per week and 50 weeks per year. *** reported capacity based on operating 120 hours per week and 50 weeks per year. *** reported capacity based on operating 168 hours per week and 52 weeks per year. *** reported capacity based on operating 80 hours per week and 50 weeks per year.</p> <p>² ***.</p>			
Source: Compiled from data submitted in response to Commission questionnaires.			

² For purposes of the preliminary determinations, *** was excluded from the definition of the domestic industry as a related party. *** accounted for *** percent of U.S. production in 2011 and its data have been included and are presented throughout this report.

³ Hearing transcript, p. 92 (Cronin).

⁴ Three U.S. producers, ***, reported toll arrangements. ***.

⁵ Hearing transcript, p. 143 (E. Gutierrez).

⁶ Ibid.

⁷ Deacero's prehearing brief, p. 27.

⁸ Deacero's posthearing brief, p. 7.

⁹ Ibid.

¹⁰ Petitioners' posthearing brief, p. 14.

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 relation to the production of galvanized steel wire since January 1, 2009. Seven firms reported such changes; their responses to this inquiry are presented in table III-3.

Table III-3
Galvanized steel wire: U.S. producers' comments concerning changes in character of operations

* * * * *

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of galvanized steel wire are presented in table III-4. All U.S. shipments (commercial shipments, internal consumption, and transfers to related firms) increased over the 2009-11 period for which data were collected. Exports were consistently less than *** percent of overall shipments during this period. Overall, domestic producers' U.S. shipments, in terms of quantity, increased by 19.4 percent from 2009 to 2011, whereas export shipments by domestic producers, in terms of quantity, fell by *** percent from 2009 to 2011. The unit value of U.S. producers' U.S. shipments increased from \$978 per short ton in 2009 to \$1,118 per short ton in 2011.

Table III-4
Galvanized steel wire: U.S. producers' shipments, by types, 2009-11

Item	Calendar year		
	2009	2010	2011
Quantity (short tons)			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	442,091	487,897	527,885
Export shipments	***	***	***
Total shipments	***	***	***
Value (1,000 dollars)			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	432,359	492,011	590,407
Export shipments	***	***	***
Total shipments	***	***	***
Unit value (per short ton)			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	978	1,008	1,118
Export shipments	***	***	***
Total shipments	***	***	***
Share of quantity (percent)			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0
Note.-Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

CAPTIVE CONSUMPTION

Section 771(7)(C)(iv) of the Act states that–

If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that–

- (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,*
- (II) the domestic like product is the predominant material input in the production of that downstream article, and*
- (III) the production of the domestic like product sold in the merchant market is not generally used in the production of that downstream article,*

then the Commission, in determining market share and the factors affecting financial performance . . . , shall focus primarily on the merchant market for the domestic like product.¹¹

Transfer and Sale of Significant Production of the Domestic Like Product

Between 2009 and 2011, internal consumption accounted for an overall decreasing share of the reported quantity of U.S. producers' total shipments of galvanized steel wire, declining from *** percent in 2009 to *** percent in 2010 and to *** percent in 2011. The same is true for transfers to related firms which declined from *** percent in 2009, to *** percent in 2010, and to *** percent in 2011. Conversely, commercial shipments accounted for an increasing share of U.S. producers' total shipments of galvanized steel wire, increasing from *** percent in 2009 to *** percent in 2010 and to *** percent in 2011.

Petitioners contend that the captive consumption provision does not appear to apply. Although galvanized steel wire that is internally consumed for processing into downstream products does not enter the merchant market for galvanized steel wire and although galvanized steel wire is the predominant material input in the production of the downstream products, the galvanized wire sold in the merchant market is generally used in the production of the downstream products.¹² Respondent Deacero similarly concluded that the captive production provision is not met because there are no significant differences between galvanized steel wire used for internal production and the galvanized steel wire sold in the commercial market.¹³

The First Statutory Criterion

The first requirement for application of the captive consumption provision is that the domestic like product that is internally transferred for processing into that downstream article not enter the merchant market for the domestic like product. As shown in table III-5 below, U.S. producers reported internal consumption and internal consumption and transfers to related firms of galvanized steel wire for the production of various downstream products and, in the case of one company ***.

¹¹ 19 U.S.C. § 1677(7)(C)(iv).

¹² Petitioners' postconference brief, p. 23 fn. 99.

¹³ Respondent Deacero's postconference brief, p. 6 fn. 15.

Table III-5

Galvanized steel wire: U.S. producers' internal consumption and transfers to related firms diverted into the merchant market, by share, 2011

* * * * *

The Second Statutory Criterion

The second criterion of the captive consumption provision concerns whether the domestic like product is the predominant material input in the production of the downstream article that is captively produced. As shown in table III-6, of the downstream articles resulting from internal consumption and transfers to related firms, galvanized steel wire reportedly comprises at least *** percent of the finished cost of the various downstream products.

Table III-6

Galvanized steel wire: U.S. producers' raw material input cost of downstream products, by share, 2011

Downstream product	Internal consumption raw material input cost (percent)	Transfers to related firms raw material input cost (percent)
Agricultural panels	***	---
Fencing / barbed wire	***	---
Rope	***	---
Strand / welded wire	***	---
Stucco	***	---
Wire forms	---	***

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

The Third Statutory Criterion

The third criterion of the captive consumption provision is that the production of the domestic like product sold in the merchant market is not generally used in the production of the downstream article produced from the domestic like product that is internally transferred for processing. According to conference testimony, ***, Heico Holding, Inc. (parent company of both Davis Wire and National Standard) and Oklahoma Steel and Wire, suggested that there is an overlap in the downstream articles produced from commercial and non-commercial shipments of galvanized steel wire.¹⁴ As shown in table

¹⁴ Conference transcript, p. 88 (Cronin: “We do both and the wire we use internally also gets sold in the market by Mexico and China, by our competitors, for making fencing wire, and ag products, and stucco netting, and poultry netting and things like that, so, but the specs are the same, our internal specs are the same as what we sell to the market.” and Weinand: “ I concur. The quality of the wire is the same both internally and externally.”).

III-7, the most common overlap in the application of commercial and non-commercial shipments of galvanized steel wire appears to be as a fencing component.^{15 16}

Table III-7

Galvanized steel wire: U.S. producers' internal consumption and transfers to related firms used to produce the same the same downstream products, by quantity, 2011

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 presents end-of-period inventories for galvanized steel wire. Inventories increased both in absolute terms and relative to production and shipments.

Table III-8

Galvanized steel wire: U.S. producers' end-of-period inventories, 2009-11

Item	Calendar year		
	2009	2010	2011
Inventories (<i>short tons</i>)	19,890	21,044	27,374
Ratio to production (<i>percent</i>)	4.5	4.3	5.1
Ratio to U.S. shipments (<i>percent</i>)	4.5	4.3	5.2
Ratio to total shipments (<i>percent</i>)	***	***	***

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of galvanized steel wire are presented in table III-9.

Table III-9

Galvanized steel wire: U.S. producers' imports and purchases, 2009-11

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for galvanized steel wire are presented in table III-10. The number of production and related workers employed by the domestic galvanized steel wire producers increased during the period for which data were collected. Productivity also increased throughout the period for which data were collected. Hourly wage rates decreased from 2009 to 2010, before increasing to their highest point in 2011.

¹⁵ See also conference transcript, p. 22 (Cronin, fencing is "a significant market" for galvanized steel wire in the United States).

¹⁶ Seven of the nine U.S. producers reported fencing and/or chain link weaving wire as one of the end uses of the galvanized steel wire that their firms manufacture. Compiled from U.S. producers' questionnaire responses.

Table III-10**Galvanized steel wire: U.S. producers' employment-related data, 2009-11**

Item	Calendar year		
	2009	2010	2011
Production and related workers (PRWs)	793	814	815
Hours worked by PRWs (<i>1,000 hours</i>)	1,728	1,800	1,771
Hours worked per PRW	2,179	2,211	2,173
Wages paid to PRWs (<i>1,000 dollars</i>)	33,021	33,760	35,243
Hourly wages	19.11	18.76	19.90
Productivity (<i>short tons produced per 1,000 hours</i>)	256.4	272.9	303.9
Unit labor costs (<i>per short ton</i>)	74.52	68.72	65.47

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

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

U.S. IMPORTERS

Importer questionnaires were sent to 44 firms believed to be importers of galvanized steel wire and all known U.S. producers of galvanized steel wire.¹ Usable questionnaire responses were received from 23 companies, representing approximately 50 percent of galvanized steel wire imports from China in 2011, approximately 90 percent of galvanized steel wire imports from Mexico in 2011, and approximately 70 percent of galvanized steel wire imports from all other sources in 2011. Table IV-1 lists all responding U.S. importers of galvanized steel wire from China and Mexico and other sources, their locations, and their shares of U.S. imports, in 2011.

¹ The Commission sent questionnaires based on a review of data provided by U.S. Customs and Border Protection (“Customs”), to importers who may have imported one percent or greater of total imports under HTS subheadings 7217.20.30 and 7217.20.45 in any one year since 2009. The Commission also sent questionnaires to importers listed in Chinese foreign producer preliminary questionnaires.

Table IV-1
Galvanized steel wire: U.S. importers, U.S. headquarters, sources of imports, and shares of imports in 2011

Firm	Headquarters	Sources of imports	Share of imports (percent)			
			China	Mexico	Other	Total
ArcelorMittal Montreal Inc.	Contrecoeur, Quebec	***	***	***	***	***
B&Z Galvanized Wire Industry	Covina, CA	***	***	***	***	***
Bekaert Corp.	Marietta, GA	***	***	***	***	***
Blue Linx	Atlanta, GA	***	***	***	***	***
Building Material Distributors, Inc.	Galt, CA	***	***	***	***	***
Deacero USA, Inc.	Houston, TX	***	***	***	***	***
DSR International	Melville, NY	***	***	***	***	***
Heico Wire Group - Davis Wire Corporation	Irwindale, CA	***	***	***	***	***
Itochu Building Products	New York, NY	***	***	***	***	***
Jim's Supply Company	Bakersfield, CA	***	***	***	***	***
Leggett & Platt, Incorporated	Carthage, MO	***	***	***	***	***
Midwest Air Technologies	Long Grove, IL	***	***	***	***	***
Officemate International Corporation	Edison, NJ	***	***	***	***	***
Origin Point Brands, LLC	North Charleston, SC	***	***	***	***	***
Protecto Manufacturing Corp.	San Juan, PR	***	***	***	***	***
Rafael J. Nido, Inc.	San Juan, PR	***	***	***	***	***
S&D Wire	Lansing, IL	***	***	***	***	***
Sivaco Wire Group 2004 L.P.	Marieville, Quebec	***	***	***	***	***
Tata Steel International (Americas) Inc.	Schaumburg, IL	***	***	***	***	***
Tree Island Wire USA, Inc.	Walnut, CA	***	***	***	***	***
UniwireTrading, LLC	New York, NY	***	***	***	***	***
WCJ Pilgrim Wire	Glendale, WI	***	***	***	***	***
WireCo WorldGroup	Kansas City, MO	***	***	***	***	***
Total			100.0	100.0	100.0	100.0

Note.— *** did not complete an importer questionnaire in the final phase. It explained it had been “virtually inactive since forming” its new company *** in March 2011. Importer questionnaire response final phase. In 2010, *** accounted for *** percent of imports from China, *** percent of imports from Mexico, *** percent of imports from all other sources, and *** percent of total imports.

Note.— *** submitted an importer questionnaire response during the preliminary phase investigation, but subsequently it has been determined that *** was not the importer of record. The limited quantities reported were actually purchases of imported product. See table III-9.

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

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

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of galvanized steel wire from China and Mexico and all other sources. From 2009 to 2011, the quantity of imports from China decreased by 32.5 percent, the quantity of imports from Mexico increased by 61.8 percent, and the quantity of imports from nonsubject sources decreased by 4.5 percent. The increase in the volume of subject imports from Mexico can be explained in part by Deacero's acquisition of Stay-Tuff in October 2006. In 2010 and 2011, Stay-Tuff was Deacero's largest customer of galvanized steel wire.² At the hearing, Deacero stated that it aims to supply its U.S. affiliates, Deacero USA, Inc., Stay-Tuff, and Mid-Continent and its unaffiliated U.S. customers with the galvanized steel wire that it has started to manufacture in the United States.³ Petitioners state that the reported ***.⁴ Representatives from Deacero testified at the hearing that they believe the reason imports from Mexico have been increasing when compared to imports from China is explained by the fact that imports from China take a long time to arrive and U.S. customers did not want to risk a price change.⁵ ⁶ The average unit values of imports from China, Mexico, and nonsubject sources increased.

² Hearing transcript, p. 141 (E. Gutierrez).

³ Hearing transcript, p. 143 (E. Gutierrez).

⁴ Petitioners' posthearing brief, p. 14.

⁵ Hearing transcript, p. 184 (D. Gutierrez). Counsel for Deacero added that since the 2009 recession U.S. customers have demanded more timely and just-in-time delivery and Deacero's distribution network in the United States enables them to serve the United States better than an importer from China or any other source. *Id.* p. 185 (Campbell).

⁶ According to Deacero and Aceros Camesa, Mexico is a net exporter of galvanized steel wire. Deacero's posthearing brief, p. 38 and Aceros Camesa and WireCo's posthearing brief, responses to Commissioner and Staff questions, p. 12.

Table IV-2
Galvanized steel wire: U.S. imports, by sources, 2009-11

Source	Calendar year		
	2009	2010	2011
Quantity (short tons)			
China	41,742	40,486	28,164
Mexico	45,335	67,410	73,331
Subject	87,078	107,897	101,495
Nonsubject	79,085	73,613	75,487
Total	166,163	181,510	176,982
Value (1,000 dollars)¹			
China	40,371	38,252	32,209
Mexico	45,878	56,437	78,506
Subject	86,249	94,689	110,716
Nonsubject	80,069	83,999	91,604
Total	166,318	178,688	202,320
Unit value (dollars per short ton)¹			
China	967	945	1,144
Mexico	1,012	837	1,071
Subject	990	878	1,091
Nonsubject	1,012	1,141	1,214
Average	1,001	984	1,143
Share of quantity (percent)			
China	25.1	22.3	15.9
Mexico	27.3	37.1	41.4
Subject	52.4	59.4	57.3
Nonsubject	47.6	40.6	42.7
Total	100.0	100.0	100.0
Share of value (percent)			
China	24.3	21.4	15.9
Mexico	27.6	31.6	38.8
Subject	51.9	53.0	54.7
Nonsubject	48.1	47.0	45.3
Total	100.0	100.0	100.0
¹ Landed, U.S. port of entry, duty-paid.			
Source: Compiled from official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).			

Table IV-3 presents data for U.S. imports of galvanized steel wire from leading nonsubject sources. The leading nonsubject country is Canada. In 2011, Canada accounted for 69.6 percent of the volume of imports from all nonsubject sources. In 2011, Canada accounted for 29.7 percent of the volume of imports from all sources (subject and nonsubject).

Table IV-3
Galvanized steel wire: U.S. imports from leading nonsubject sources, 2009-11

Source	Calendar year		
	2009	2010	2011
Quantity (short tons)			
Canada	56,221	54,132	52,507
Israel	8,142	8,533	8,658
India	1,534	1,419	2,890
Ecuador	149	1,454	1,767
Brazil	2,687	2,340	1,261
Greece	0	0	1,222
Germany	592	946	1,203
Spain	929	252	1,077
Dominican Republic	933	590	867
Poland	22	816	855
All other	7,875	3,130	3,179
Total	79,085	73,613	75,487
Value (1,000 dollars)¹			
Canada	58,526	62,034	63,479
Israel	7,022	7,963	9,560
India	1,283	1,244	2,847
Ecuador	167	1,316	1,876
Brazil	2,210	2,392	1,381
Greece	0	0	1,430
Germany	1,148	1,651	2,377
Spain	726	256	1,176
Dominican Republic	824	602	942
Poland	29	1,034	1,178
All other	8,134	5,506	5,358
Total	80,069	83,999	91,604
Unit value (dollars per short ton)¹			
Canada	1,041	1,146	1,209
Israel	862	933	1,104
India	836	877	985
Ecuador	1,126	905	1,062
Brazil	822	1,022	1,095
Greece	(²)	(²)	1,170
Germany	1,940	1,745	1,976
Spain	782	1,017	1,092
Dominican Republic	883	1,021	1,087
Poland	1,297	1,266	1,377
All other	1,033	1,759	1,685
Average	1,012	1,141	1,214
¹ Landed, U.S. port of entry, duty-paid. ² Not applicable.			
Source: Compiled from official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).			

CUMULATION CONSIDERATIONS

In assessing whether subject imports compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in *Part II* of this report. Additional information concerning geographical markets and simultaneous presence in the market is presented below.⁷

Geographic Markets

U.S. producers reported that their sales were nationwide.⁸ In 2011, the largest Custom districts for galvanized steel wire entering the United States from China were Los Angeles, CA, Chicago, IL, and San Francisco, CA which accounted for 37.5 percent, 16.5 percent, and 12.1 percent, respectively of Chinese galvanized steel wire entering the United States. Importers of Chinese-made galvanized steel wire reported that their geographic market area is throughout the United States. In 2011, the largest Custom district for galvanized steel wire entering the United States from Mexico was Laredo, TX, which accounted for 99.3 percent of Mexican galvanized steel wire entering the United States. Deacero accounted for the majority of imports and its questionnaire response states that ***.

Presence in the Market

Official Commerce statistics show that U.S. imports from China and Mexico were present in every month throughout the period for which data were collected.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁹ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that

⁷ Petitioners requested that the Commission cumulate imports from China and Mexico because (1) the petitions were filed on the same day, and were instituted on the same day, (2) Chinese and Mexican imports compete with each other and the domestic like product, (3) imports from both Mexico and China remained at high levels in each month of 2011, and (4) subject imports from China and Mexico each undersold the domestic like product in most comparisons and the margins of underselling by each country were overlapping. Petitioners' posthearing brief, pp. 10-1. Respondent Deacero requested that the Commission not cumulate subject imports because Deacero (the largest importer from Mexico) does not have an incentive to ship to the United States, the Chinese galvanized steel wire industry is significantly larger than the Mexican industry, the volume trends for imports from Mexico have increased, whereas the volume trends for imports from China have decreased, imports from China and Mexico are concentrated in different geographic markets, and finally that imports from Mexico are sold through local sales representatives, whereas imports from China are sold through brokers. Deacero's posthearing brief, pp. 10-13.

⁸ U.S. producers' questionnaire responses.

⁹ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.¹⁰ Imports from China accounted for 19.5 percent of total imports of galvanized steel wire by quantity during March 2010 through February 2011. Imports from Mexico accounted for 39.0 percent of total imports of galvanized steel wire by quantity during March 2010 through February 2011.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of galvanized steel wire during the period for which data were collected are shown in tables IV-4a and IV-4b (merchant market only). From 2009 to 2011, the quantity of apparent U.S. consumption increased by 15.9 percent. From 2009 to 2011, the quantity of apparent U.S. merchant market consumption increased by 17.7 percent.

Table IV-4a
Galvanized steel wire: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2009-11

Item	Calendar year		
	2009	2010	2011
Quantity (short tons)			
U.S. producers' U.S. shipments	442,091	487,897	527,885
U.S. imports from--			
China	41,742	40,486	28,164
Mexico	45,335	67,410	73,331
Subject total	87,078	107,897	101,495
Nonsubject countries	79,085	73,613	75,487
Total U.S. imports	166,163	181,510	176,982
Apparent U.S. consumption	608,254	669,407	704,867
Value (1,000 dollars)			
U.S. producers' U.S. shipments	432,359	492,011	590,407
U.S. imports from--			
China	40,371	38,252	32,209
Mexico	45,878	56,437	78,506
Subject total	86,249	94,689	110,716
Nonsubject countries	80,069	83,999	91,604
Total U.S. imports	166,318	178,688	202,320
Apparent U.S. consumption	598,677	670,699	792,727
Note.--Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).			

¹⁰ Section 771(24) of the Act (19 U.S.C. § 1677(24)).

Table IV-4b

Galvanized steel wire: U.S. commercial shipments of domestic product, U.S. imports, and merchant market consumption, 2009-11

Item	Calendar year		
	2009	2010	2011
Quantity (short tons)			
U.S. producers' U.S. commercial shipments	207,140	240,115	262,402
U.S. imports from--			
China	41,742	40,486	28,164
Mexico	45,335	67,410	73,331
Subject total	87,078	107,897	101,495
Nonsubject countries	79,085	73,613	75,487
Total U.S. imports	166,163	181,510	176,982
Apparent U.S. merchant market consumption	373,303	421,625	439,384
Value (1,000 dollars)			
U.S. producers' U.S. commercial shipments	207,697	251,811	295,301
U.S. imports from--			
China	40,371	38,252	32,209
Mexico	45,878	56,437	78,506
Subject total	86,249	94,689	110,716
Nonsubject countries	80,069	83,999	91,604
Total U.S. imports	166,318	178,688	202,320
Apparent U.S. merchant market consumption	374,015	430,499	497,621
<p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).</p>			

U.S. MARKET SHARES

U.S. market share data are presented in tables IV-5a and IV-5b (merchant market only). U.S. producers' U.S. shipments' share of the U.S. market increased from 72.7 percent to 74.9 percent between 2009 and 2011. During 2009-11, the share of the total U.S. market held by U.S. imports from China decreased by 2.9 percentage points, the share held by imports from Mexico increased by 2.9 percentage points, and the share held by imports from nonsubject countries declined by 2.3 percentage points.

With respect to the merchant market only, U.S. producers' U.S. shipments' share of the U.S. market increased by 4.2 percentage points, the share held by U.S. imports from China decreased by 4.8 percentage points, the share held by imports from Mexico increased by 4.6 percentage points, and the share held by imports from nonsubject countries declined by 4.0 percentage points during the period for which data were collected.

Table IV-5a
Galvanized steel wire: U.S. consumption and market shares, 2009-11

Item	Calendar year		
	2009	2010	2011
Quantity (short tons)			
Apparent U.S. consumption	608,254	669,407	704,867
Value (1,000 dollars)			
Apparent U.S. consumption	598,677	670,699	792,727
Share of quantity (percent)			
U.S. producers' U.S. shipments	72.7	72.9	74.9
U.S. imports from--			
China	6.9	6.0	4.0
Mexico	7.5	10.1	10.4
Subject total	14.3	16.1	14.4
Nonsubject countries	13.0	11.0	10.7
All countries	27.3	27.1	25.1
Share of value (percent)			
U.S. producers' U.S. shipments	72.2	73.4	74.5
U.S. imports from--			
China	6.7	5.7	4.1
Mexico	7.7	8.4	9.9
Subject total	14.4	14.1	14.0
Nonsubject countries	13.4	12.5	11.6
All countries	27.8	26.6	25.5
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).			

Table IV-5b
Galvanized steel wire: U.S. merchant market consumption and market shares, 2009-11

Item	Calendar year		
	2009	2010	2011
Quantity (short tons)			
Apparent U.S. merchant market consumption	373,303	421,625	439,384
Value (1,000 dollars)			
Apparent U.S. merchant market consumption	374,015	430,499	497,621
Share of quantity (percent)			
U.S. producers' U.S. commercial shipments	55.5	56.9	59.7
U.S. imports from--			
China	11.2	9.6	6.4
Mexico	12.1	16.0	16.7
Subject total	23.3	25.6	23.1
Nonsubject countries	21.2	17.5	17.2
All countries	44.5	43.1	40.3
Share of value (percent)			
U.S. producers' U.S. commercial shipments	55.5	58.5	59.3
U.S. imports from--			
China	10.8	8.9	6.5
Mexico	12.3	13.1	15.8
Subject total	23.1	22.0	22.2
Nonsubject countries	21.5	19.5	18.4
All countries	44.6	41.5	40.7
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).			

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of galvanized steel wire is presented in table IV-6. The ratio of imports from China to U.S. production declined, whereas the ratio of imports from Mexico to U.S. production increased during the period for which data were collected.

Table IV-6
Galvanized steel wire: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2009-11

Item	Calendar year		
	2009	2010	2011
Quantity (<i>short tons</i>)			
U.S. production	443,102	491,302	538,267
Imports from:			
China	41,742	40,486	28,164
Mexico	45,335	67,410	73,331
Subject total	87,078	107,897	101,495
Nonsubject countries	79,085	73,613	75,487
Total imports	166,163	181,510	176,982
Ratio of U.S. imports to production (<i>percent</i>)			
Imports from:			
China	9.4	8.2	5.2
Mexico	10.2	13.7	13.6
Subject total	19.7	22.0	18.9
Nonsubject countries	17.8	15.0	14.0
Total imports	37.5	36.9	32.9
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).			

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs accounted for approximately 74 percent of U.S. producers' total cost of goods sold during 2011. Per-unit raw material costs increased by 18 percent between 2009 and 2011 from \$669 per short ton in 2009 to \$791 per short ton in 2011. Wire rod and zinc are the main raw materials used to produce galvanized steel wire. The monthly average price of wire rod fluctuated between 2009 and 2010; decreasing by 25 percent in 2009, then recovering to near its January 2009 level by December 2010. Between December 2010 and December 2011, wire rod prices increased by 9 percent (see figure V-1). The monthly price of zinc doubled between January and December 2009, fluctuated in 2010 and then declined by about 13 percent between January 2011 and February 2012.

Deacero indicated that it takes about three to six months for changes in raw material costs to be reflected in the price of galvanized steel wire.¹ They noted that U.S. producers sometimes quote prices for three to six-month periods, that a number of purchasers reported locking in prices for three to six months, and provided an example of U.S. producer Davis Wire announcing a price increase 45 days in advance even when prices weren't fixed.² However, the bulk of sales of galvanized steel are made on a spot basis, although two producers and four importers make a majority of their sales using short term contracts. Citing recent price announcements, petitioners reported that the usual time lag is only about 30 days.³ All eight responding producers and 12 of 19 responding importers indicated that changes in raw material costs affected the price of galvanized steel wire that they have sold since 2009.

U.S. Inland Transportation Costs

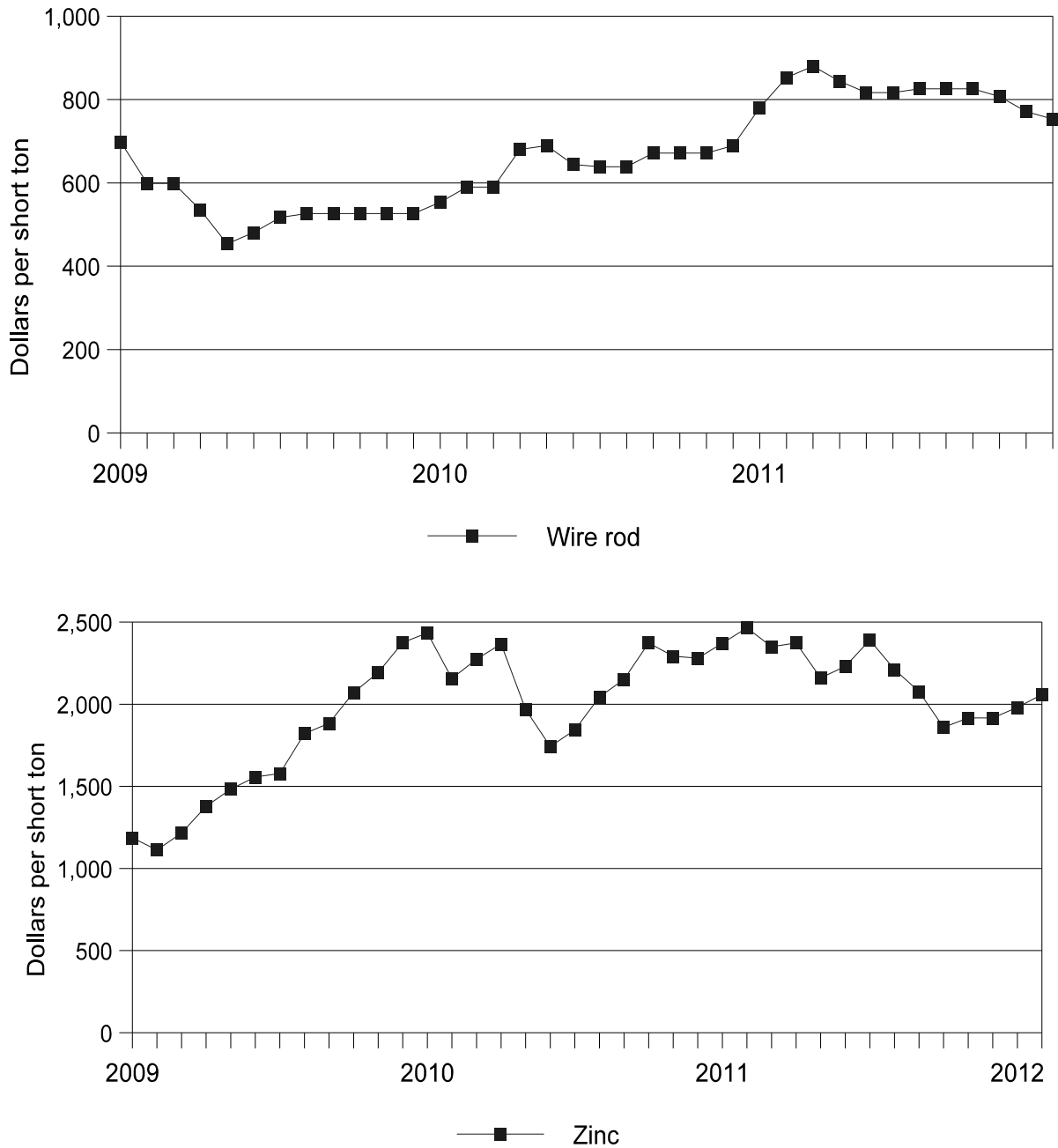
Transportation costs for U.S. inland shipments of galvanized steel wire generally account for a small-to-moderate share of the delivered price of the product. U.S. producers reported that the costs ranged from 2 to 7 percent of the delivered price of galvanized steel wire, and most U.S. importers reported that the costs ranged from 1 to 8 percent. Seven of nine responding U.S. producers and four of 17 responding importers reported making at least 70 percent of their sales within 101 to 1,000 miles of their storage or production facilities. Two responding producers (***) and eight responding importers reported making 75 to 100 percent of their sales within 100 miles of their storage or production facilities; and one importer (***) reported making 90 percent of sales over 1,000 miles from their storage or production facilities.

¹ Hearing transcript, p. 242 (D. Gutierrez).

² Deacero respondents' posthearing brief, exhibit 1, p. 37.

³ Petitioners' posthearing brief, exhibit 1, Response to question from Commission Staff regarding time lag in GSW pricing for raw material costs.

Figure V-1
Galvanized steel wire: Average wire rod prices, by month, January 2009-December 2011, and zinc prices, by month, January 2009-February 2012



Source: Zinc cash LME daily official monthly average price, *Metal Bulletin*, downloaded March 7, 2012, Wire rod (mesh), North American price, MEPS, <http://www.meps.co.uk/world-price.htm>, downloaded April 5, 2012.

PRICING PRACTICES

Pricing Methods

All producers and most importers reported using transaction-by-transaction negotiations for at least some of their sales of galvanized steel wire. In addition, one producer and six importers reported using set price lists, and two importers reported using contracts. Four of nine responding producers and 12 of 17 responding importers reported selling on a delivered basis only; three producers and three importers reported selling on a f.o.b basis only; and the remaining responding producers and importers reported selling on both f.o.b. and delivered bases.

Most U.S. producers' sales were made-to-order, while several large importers' reported shipments that were both from inventory and made-to-order. Eight of nine responding producers reported that at least 75 percent of their sales of galvanized steel wire were made-to-order. One producer, ***, reported sales from inventory (80 percent). Approximately one half of responding importers reported that at least 90 percent of their sales of galvanized steel wire were made-to-order. Four of 17 responding importers reported that 98 to 100 percent of their sales were from inventory, and three (***) indicated that 50 to 75 percent of their sales were from inventory.

Most producers and importers make the bulk of their sales on a spot basis. Seven of nine responding producers and 14 of 18 responding importers reported making at least 70 percent of their sales on a spot basis, and two producers (***) and four importers reported making at least 60 percent of their sales on a short-term contract basis.

Most purchasers contact one to five suppliers before making a purchase. Twenty-three purchasers purchase galvanized steel wire monthly, 15 purchase weekly, five purchase quarterly, and three purchase daily. *** reported purchasing galvanized steel wire every three weeks, and *** indicated that their purchase frequency is based on inquiries from customers. Nine of 48 responding purchasers reported changing their purchasing pattern since 2009. Some purchasers reported increased demand for their final products as a reason for shifting their purchasing patterns during the last three years while others indicated a reduction in their purchases due to discontinuation of a product line or increased imports of competing products. One purchaser, ***, reported switching to imported product to enable their firm to compete with imported finished products, and another (***) indicated changing purchasing patterns based on price stating that electric fence wire is cheaper in China and high tensile wire is cheaper in Mexico.

Price Leadership

Twenty-seven of 44 responding purchasers reported price leaders. Most commonly identified price leaders included U.S. producer-importer Davis Wire⁴ (reported by 14), producer-importer Bekaert (reported by 9), producer-importer Leggett and Platt (reported by 6), and U.S. producer Keystone (reported by 5). Seven purchasers indicated that there was no price leader in the galvanized steel wire market from 2009 to 2011.⁵

Petitioners reported that purchasers tend to identify a supplier that raises prices as a price leader.⁶ Heico Wire Group indicated that they price their products based on market pricing and make an effort to

⁴ Davis Wire and National Standard are both owned by Heico, see table III-9 and p. III-3.

⁵ Other identified price leaders included importers Arcelor Mittal, Deacero, Sivaco, and Tree Island Wire, and U.S. producer Southwestern Wire.

⁶ Petitioners' posthearing brief, exhibit 1, Response to question from Vice Chairman Williamson regarding price leadership.

increase prices when wire rod prices increase.⁷ Deacero reported that due to the post-recession business climate, purchasers may refuse to accept price increases if they are not able to pass those increases along to their customers.⁸

Lead Times

More than one half of responding U.S. producers reported lead times from inventory of two to three days and lead times for sales produced-to-order of six days to two months. Importers' lead times for delivery ranged from one to 12 days on sales from U.S. inventories and one to four months on sales of product produced-to-order.⁹ Two responding importers reported lead times for sales from foreign inventory. *** reported that its lead time for sales from foreign inventory was ***, and *** reported a lead time of 1 day for sales from foreign inventory. All responding producers and most importers reported that they generally arrange for the transportation to their customers' locations. Two U.S. producers, ***, reported that transportation is also arranged by their customers.

Sales Terms and Discounts

Six producers and 11 importers reported having no discount policy; two producers and six importers reported the use of quantity discounts; and three importers reported using annual volume discounts. In addition, three importers reported using other types of discounts including customer specific discounts and rebates, discounts based on payment terms, and cash discounts.

PRICE DATA

The Commission requested U.S. producers and importers of galvanized steel wire to provide quarterly data for quantity and f.o.b. value for the following galvanized steel wire products that were shipped to unrelated U.S. customers during 2009-11:

Product 1.—0.143 to 0.153-inch (3.632 mm to 3.886 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use.

Product 2.—0.080 to 0.090-inch (2.032 mm to 2.286 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use.

Product 3.—0.0720 to 0.0907-inch (1.828 mm to 2.305 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Class 3 coating, for industrial use.

Product 4.—0.245 to 0.255-inch (6.223 mm to 6.477 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use.

Product 5.—0.038 to 0.045-inch (0.97 mm to 1.14 mm) diameter, maximum carbon content over 0.44 percent galvanized wire, Commercial coating, for industrial use.

⁷ Hearing transcript, p. 65 (Cronin).

⁸ Deacero respondents posthearing brief, p. 8.

⁹ Importer *** reported lead times of 15 to 30 days on sales from U.S. inventories, and importer *** reported a lead time of 14 days on product produced-to-order.

Product 6.—0.033 to 0.038-inch (0.84 mm to 0.97 mm) diameter, maximum carbon content over 0.44 percent galvanized wire, Class 1 coating, for industrial use.

Product 7.—0.0720 to 0.0907-inch (1.828 mm to 2.305 mm) diameter, grade 1065 and above galvanized wire, Commercial coating, for industrial use.

Eight U.S. producers, eight importers of galvanized steel wire from China, three importers of galvanized steel wire from Mexico, and four importers of galvanized steel wire from Canada provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁰ Pricing data reported by these firms accounted for approximately 12 percent of U.S. producers' commercial shipments of galvanized steel wire, 12 percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of subject imports from Mexico for the overall period of investigation.

In the draft questionnaires, the Commission expanded the number of price products from two to four and specified a range of diameters for each product to expand coverage of the price data.¹¹ In addition, both Deacero and Wireco proposed price products that were included in the questionnaire as products 5-7 in response to an invitation by the Commission in its preliminary determination for these investigations.¹² However, Deacero indicates that the price products chosen and the quantities reported do not rise to a substantial share of the U.S. market.¹³ They point to purchasers questionnaire responses indicating that the majority of purchasers felt that prices for imports from subject countries were at least comparable to prices for U.S.-produced product as more representative of overall pricing behavior.¹⁴ Wireco indicates that the price data reported for products 5-7 reveals that imports from Mexico of these products are not competing with U.S.-produced product.¹⁵ Petitioners indicate that the price data is representative. They note that for products 1-4, U.S. producers reported prices for all possible quarters and imports from Mexico were reported in all but one quarter and that reported sales by U.S. producer were at least in the hundreds of tons in all but two quarters and that imports from Mexico were reported in at least double digits in all but six instances.¹⁶

¹⁰ Several importers reported data for product that did not exactly meet the product specifications but which they felt was competitive with the specified product. Importer *** reported data for imports from China of high carbon products 1 and 2 that was not included. However, data from the following three importers was included. U.S. importer *** reported data for products with diameters of *** for product 1. Importer *** reported data for imports from China for product 1 as *** with a carbon content of *** percent. ***, also an importer, reported data for product from Mexico with *** for product 6.

¹¹ Draft U.S. Producer and Importer Questionnaires emailed to parties for comment on November 14, 2011.

¹² *Galvanized Steel Wire from China and Mexico*, Inv. Nos. 701-TA-479 and 731-TA-1183-1184 (Preliminary), USITC Pub. 4234 (May 2011), p. 21. Comments on Draft Questionnaires of Deacero, November 22, 2011, p. 2. and Comments on Draft Questionnaires of WireCo, November 22, 2011, p. 1.

¹³ Hearing transcript, p. 219 (Campbell).

¹⁴ Posthearing brief of Deacero, exhibit 1, p. 25. However when interpreting purchaser responses to the same question regarding availability, Deacero indicates that ““Comparable” could mean a number of different things, including that availability issues arise for both U.S. producers and suppliers of subject imports, such that it is prudent to purchase galvanized steel wire from both.” Posthearing brief of Deacero, exhibit 1, p. 20.

¹⁵ Hearing transcript, p. 219-20 (Cameron).

¹⁶ Petitioners' posthearing brief, pp. 6-7.

Price Trends

Price data are shown in tables V-1 to V-7 and figure V-2, and nonsubject country price data are presented in appendix D. Price trend summary data are presented in table V-8. Prices for all products and from all sources fluctuated during the period examined. Between January 2009 and December 2011, prices for U.S.-produced products 1-4 decreased overall by 1.8, 3.4, ***, and 5.9 percent respectively. Prices for imports from Mexico increased for products 1, 2, 3, and 6 from January 2009 to December 2011, with prices for product 1 increasing the most, by *** percent. Prices for imports from China for product 1 *** between January 2009 and December 2011.

Table V-1

Galvanized steel wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

Period	United States		China			Mexico		
	Price (per short ton)	Quantity (short tons)	Price (per short ton)	Quantity (short tons)	Margin (percent)	Price (per short ton)	Quantity (short tons)	Margin (percent)
2009:								
Jan.-Mar.	\$1,075	2,339	\$***	***	***	\$***	***	***
Apr.-June	926	3,476	***	***	***	***	***	***
July-Sept.	912	3,433	***	***	***	***	***	***
Oct.-Dec.	888	2,667	***	***	***	***	***	***
2010:								
Jan.-Mar.	948	3,021	***	***	***	***	***	***
Apr.-June	992	3,291	***	***	***	***	***	***
July-Sept.	976	3,362	***	***	***	***	***	***
Oct.-Dec.	948	4,103	***	***	***	***	***	***
2011:								
Jan.-Mar.	994	5,857	***	***	***	***	***	***
Apr.-June	1,053	5,300	***	***	***	***	***	***
July-Sept.	1,046	4,890	***	***	***	***	***	***
Oct.-Dec.	1,056	3,841	***	***	***	***	***	***
¹ Product 1: 0.143 to 0.153-inch (3.632 mm to 3.886 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use.								
Source: Compiled from data submitted in response to Commission questionnaires.								

Table V-2

Galvanized Steel Wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

Period	United States		China			Mexico		
	Price (per short ton)	Quantity (short tons)	Price (per short ton)	Quantity (short tons)	Margin (percent)	Price (per short ton)	Quantity (short tons)	Margin (percent)
2009:								
Jan.-Mar.	\$1,074	1,560	\$***	***	***	\$***	***	***
Apr.-June	941	1,870	***	***	***	***	***	***
July-Sept.	899	2,735	***	***	***	***	***	***
Oct.-Dec.	884	1,445	***	***	***	***	***	***
2010:								
Jan.-Mar.	901	2,696	***	***	***	***	***	***
Apr.-June	941	3,422	***	***	***	***	***	***
July-Sept.	936	3,781	***	***	***	***	***	***
Oct.-Dec.	919	3,610	***	***	***	***	***	***
2011:								
Jan.-Mar.	967	2,193	***	***	***	***	***	***
Apr.-June	1,048	2,735	***	***	***	***	***	***
July-Sept.	1,008	2,458	***	***	***	***	***	***
Oct.-Dec.	1,038	2,406	***	***	***	***	***	***

¹ Product 2: 0.080 to 0.090-inch (2.032 mm to 2.286 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use.

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

Table V-3

Galvanized Steel Wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

* * * * *

Table V-4

Galvanized Steel Wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

Period	United States		China			Mexico		
	Price (per short ton)	Quantity (short tons)	Price (per short ton)	Quantity (short tons)	Margin (percent)	Price (per short ton)	Quantity (short tons)	Margin (percent)
2009:								
Jan.-Mar.	\$1,084	502	--	0	--	\$***	***	***
Apr.-June	933	564	--	0	--	--	0	--
July-Sept.	970	408	--	0	--	--	0	--
Oct.-Dec.	971	361	\$***	***	***	--	0	--
2010:								
Jan.-Mar.	969	403	***	***	***	***	***	***
Apr.-June	993	395	***	***	***	***	***	***
July-Sept.	983	584	***	***	***	***	***	***
Oct.-Dec.	1,025	387	***	***	***	--	0	--
2011:								
Jan.-Mar.	1,009	578	--	0	--	--	0	--
Apr.-June	1,044	464	--	0	--	***	***	***
July-Sept.	1,058	574	--	0	--	***	***	***
Oct.-Dec.	1,020	395	--	0	--	--	0	--

¹ Product 4: 0.245 to 0.255-inch (6.223 mm to 6.477 mm) diameter, maximum carbon content up to 0.15 percent galvanized wire, Commercial coating, for industrial use.

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

Table V-5

Galvanized Steel Wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 5¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

* * * * *

Table V-6

Galvanized Steel Wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 6¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

* * * * *

Table V-7

Galvanized Steel Wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 7¹ and margins of underselling/(overselling), by quarters, January 2009-December 2011

* * * * *

Figure V-2
Galvanized steel wire: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, 2009-11

* * * * *

Table V-8
Galvanized steel wire: Summary of weighted-average f.o.b. prices for products 1 through 7 from the United States, China, and Mexico

Item	Number of quarters	Low price (per ton)	High price (per ton)	Change in price ¹ (percent)
Product 1				
United States	12	\$888.20	\$1,074.74	(1.8)
China	12	***	***	***
Mexico	12	***	***	***
Product 2				
United States	12	884.27	1,074.44	(3.4)
China	12	***	***	***
Mexico	12	***	***	***
Product 3				
United States	12	***	***	***
China	11	***	***	***
Mexico	12	***	***	***
Product 4				
United States	12	933.10	1,083.95	(5.9)
China	5	***	***	***
Mexico	6	***	***	***
Product 5				
United States	1	***	***	***
China	11	***	***	***
Mexico	8	***	***	***
Product 6				
United States	0	0.00	0.00	-
China	3	***	***	***
Mexico	12	***	***	***
Product 7				
United States	12	***	***	***
China	8	***	***	***
Mexico	5	***	***	***
¹ Percentage change (based on unrounded data) from first quarter of data available through last quarter of data available for each product. Thus, the percentage change is not necessarily calculated from the high and low prices shown in this table.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Table V-9
Galvanized steel wire: Instances of underselling/overselling and the range and average of margins, 2009-11

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
China	24	0.6 to 49.2	14.5	25	2.9 to 78.1	26.3
Mexico	37	0.6 to 34.4	12.7	11	0.6 to 140.6	69.9
Total	61	0.6 to 49.2	13.6	36	0.6 to 140.6	48.1

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

Price Comparisons

Margins of underselling and overselling are presented in table V-9. As can be seen from the table, prices for galvanized steel wire imported from China were below those for U.S.-produced galvanized steel wire in 24 of 49 instances; margins of underselling ranged from 0.6 to 49.2 percent. In the remaining 25 instances, prices for galvanized steel wire imported from China were above those for U.S.-produced galvanized steel wire; margins of overselling ranged from 2.9 to 78.1 percent. Prices for galvanized steel wire imported from Mexico were below those for U.S.-produced galvanized steel wire in 37 of 48 instances; margins of underselling ranged from 0.6 to 34.4 percent. In the remaining 11 instances, prices for galvanized steel wire imported from Mexico were above those for U.S.-produced galvanized steel wire; margins of overselling ranged from 0.6 to 140.6 percent.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of galvanized steel wire to report any instances of lost sales or revenues they experienced due to competition from imports of galvanized steel wire from China and Mexico since January 2008. Petitioners provided allegations of both lost sales and lost revenues in the petition, and one petitioner (***) provided two additional lost revenues allegations in their final questionnaire response. *** responding non-petitioning U.S. producers reported that they had to either reduce prices and roll back announced price increases or that they had lost sales to imports from China and Mexico. Two of these producers provided additional lost revenue and lost sales allegations. The 35 lost sales allegations made by producers totaled \$13.5 million and involved more than 13,600 short tons of galvanized steel wire and the 16 lost revenues allegations totaled \$663,000 and involved more than 11,700 short tons of galvanized steel wire.¹⁷ Staff attempted to contact all of these purchasers, and a summary of the information obtained follows (tables V-10 and V-11).¹⁸

In the preliminary phase of the investigation, three of 10 responding purchasers (***) named in lost sales and lost revenues allegations indicated that they switched purchases of galvanized steel wire from U.S. producers to suppliers of galvanized steel wire from China and Mexico since January 2008. Two of these three purchasers (***) indicated that price was the reason for the shift. Three of nine responding purchasers (***) indicated that U.S. producers have reduced their prices for galvanized steel

¹⁷ Petitioner *** also reported lost sales and revenue allegations that allegedly occurred before the petition was filed in its producer questionnaire. These allegations are not reported here.

¹⁸ *** of ***, *** of ***, and *** of *** agreed with the lost sales allegations involving their companies, but did not provide additional comments regarding the allegations.

wire since 2008 to compete with prices for product imported from China and Mexico (although two of these purchasers (***) disagreed with particular lost revenue allegations).

Table V-10
Galvanized steel wire: U.S. producers' lost sales allegations

* * * * *

Table V-11
Galvanized steel wire: U.S. producers' lost revenue allegations

* * * * *

*** of *** disagreed with the lost sales allegation involving his company. He indicated that he does not recall the transaction described in the allegation, and it is contrary to his company's business practices. *** indicated that *** typically purchases high carbon wire *** and low carbon wire *** and that demand for both types of wire has steadily increased recently. *** has purchased *** for the ***. ***.¹⁹

*** of *** disagreed with the *** lost revenue allegations and *** lost sales allegations involving his firm. He indicated that his company didn't have documentation for prices quoted for specific products on the alleged dates, but provided data showing that his company purchased \$*** worth of product from ***. Data reported for previous years shows that the purchases in the first half of 2010 were ***. ***'s data showed that purchases from U.S. producer *** were ***. He also reported that the average price paid for product during the first quarter of 2010 ranged from \$*** per cwt from U.S. producer *** and ranged from \$*** per cwt for Mexican producer ***. He indicated that during the second quarter of 2010 prices ranged from ***. He indicated that since 2006 his company has been purchasing galvanized steel wire primarily from two sources (*** and ***). *** also pointed out that ***. He also reported that U.S. producers have reduced their prices of galvanized steel wire in order to compete with prices of galvanized steel wire from China and Mexico. Regarding the lost revenue allegation dated ***, *** stated that his firm has not received a quote for *** from foreign or domestic suppliers of galvanized wire. He also indicated that based on the information provided with the allegation, ***, and that domestic steel scrap prices vary more than that on a monthly basis. He also reported that some suppliers will give discounts if customers pay in 20 days.

*** of *** disagreed with the lost sale allegation involving his firm. He indicated that *** received more competitive quotes than *** from other domestic suppliers, and reported that the quote in the allegation was also rejected for quality issues. *** stated that the accepted quote was higher than ***

*** disagreed with the lost sales allegation involving his company, ***. He reported that the date of the allegation was *** instead of *** and that the price of the imported product was slightly higher than the rejected quote of the U.S. product. ***.

*** of *** disagreed with the lost sales allegation involving his company. He indicated that his company was never offered U.S.-produced galvanized steel wire since 1999 to 2000.

*** of *** disagreed with the lost sales allegation involving his company. He noted that his company was purchasing from a domestic supplier for \$*** per cwt (the alleged rejected quote was \$***

¹⁹ Staff interview with *** of ***, February 10, 2012.

per cwt and the alleged accepted import quote was \$*** per cwt) and was also purchasing from a Mexican producer. *** indicated that he has been purchasing from Mexican producers since 2003. He noted that ***. He also indicated that his company did not purchase any imports from China since product imported from China was quoted at a higher price than U.S.-produced galvanized steel wire.

*** of *** disagreed with the *** lost sales and *** lost revenue allegations involving his company. Regarding the lost sales allegation involving imports from China, he indicated that the price for wire purchased in the alleged month was more than the alleged rejected quote, ranging from \$*** per cwt. Regarding the lost sales allegation involving imports from Mexico, *** indicated that *** purchased from ***. For the lost revenue allegation involving imports from China, he noted that ***. Regarding the lost revenue allegation involving Mexico, *** did not have records of any purchases of the alleged tonnage (*** tons).

*** of *** disagreed with the lost sales allegation involving his company. He indicated that the Chinese-produced product was more expensive (***) than the U.S.-produced product (***) in the alleged period (***). *** indicated that his firm switched purchases from U.S. producers to imports from China and Mexico since 2008, but that price was not the reason for the switch. He said that he had five different suppliers and that 80 percent of his purchases were U.S.-produced galvanized steel wire.

*** of *** disagreed with one lost sales allegation and neither agreed nor disagreed with the other *** lost sales allegations and *** lost revenue allegations. Regarding the lost sale allegation that he disagreed with, he indicated that he paid higher prices for both the domestically produced product and the product imported from Mexico. For the other *** lost sales allegations, *** indicated that he could not find a domestic price quote but that he purchased product imported from Mexico (not from China as alleged in the *** allegation) at prices lower than the alleged rejected quotes for the U.S. product (***). For the *** lost revenue allegations, he noted that he had not received quotes like the alleged rejected quotes for U.S. product. However, *** indicated that he paid the alleged accepted quotes for the U.S.-produced product and the competing quote for the product imported from Mexico.

*** disagreed with the lost sales allegation involving ***. He noted that he "mentioned" the price of the product imported from Mexico, but only purchased "a few loads from Mexico" as a third source due to Canadian suppliers raising their price. *** indicated that since 2008, purchases of galvanized steel wire from Mexico were less than *** percent of his company's purchases.

*** of *** partially agreed with the lost sale and lost revenue allegation involving his firm. He indicated that his firm does not use *** wire as alleged, but instead, his firm purchased *** from suppliers in the United States or Mexico. He reported that price is an important purchasing factor for ***, but quality, service, and price consistency of the wire are equally as important. *** also indicated that many times *** found the domestic prices were inconsistent, which hampered their purchasing decision.

*** of *** agreed with the lost sales allegation indicating that price is the determining factor in his purchases. He indicated that while the quality of U.S.-produced galvanized steel wire is better than imports from Mexico, U.S. mills charge higher prices. He has been competing with imports for the sale of the products he produces. *** has purchased U.S.- produced galvanized steel wire from U.S. producers in the past and would purchase U.S.-produced galvanized steel wire if the price was "in the range" of prices of imports.²⁰

*** disagreed with the *** lost sales and *** lost revenue allegations involving ***. He indicated that his company did not reject any orders at the alleged prices. *** indicated that prices for all galvanized steel wire fell dramatically at the start of 2009 due to the recession, resulting in a market with too many high-priced inventories with minimal demand. He noted that both U.S. and foreign producers were forced to slash prices to 2007 levels to compete.

²⁰ Staff interview with *** of ***, January 10, 2012.

*** disagreed with the lost sales allegation involving ***.²¹ He also indicated that since 2008, his firm has not switched purchases of galvanized steel wire from U.S. producers to suppliers of imports from China and Mexico and that U.S. producers have not reduced their prices in order to compete with prices of galvanized steel wire imported from China and Mexico.

²¹ *** confirmed that *** signed the response to the lost sales allegation and that he disagreed with the allegation. Staff interview with ***, April 28, 2011.

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Eight producers,¹ provided usable financial data for their operations on their galvanized steel wire operations.² These firms accounted for the majority of the domestic industry's production/sales volume during 2011. *** reported internal consumption of galvanized steel wire, and these sales accounted for approximately *** percent of the industry's 2011 sales value. *** reported transfer sales to related parties, which accounted for approximately *** percent of the combined 2011 sales value. Overall, more than *** percent of annual sales in every year (*** percent in 2009, *** percent in 2010, and *** percent in 2011, respectively) were either internally consumed and/or transferred to related firms.

OPERATIONS ON GALVANIZED STEEL WIRE

Aggregate income-and-loss data for the U.S. producers are presented in table VI-1. To summarize, the overall financial condition of the domestic galvanized steel wire industry improved continuously from 2009 to 2011. Both sales quantities and values increased and the domestic industry's operating income increased from *** in 2009 to more than *** in 2011, primarily reflecting higher unit values of net sales, despite an increase of per-unit total costs during the same period. The increase in per-unit sales values (*** per short ton) was much higher than the increase in per-unit total costs, i.e., cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses combined (*** per short ton, primarily resulting from higher COGS, especially higher raw materials cost). Per-unit operating income in 2011 was *** per short ton compared to a per-unit operating income of *** per short ton in 2009. Three producers reported operating losses in 2009 and 2010, compared to two producers in 2011.

The results of the responding U.S. producers' commercial sales only are presented in table VI-2. The results of operations based on commercial sales only are different from the results of operations based on all sales. Specifically, the results of commercial sales were more profitable (operating income margins were *** percent, *** percent, and *** percent in 2009, 2010, and 2011, respectively) compared to the results of the combined sales which were somewhat lower in all three years.

Table VI-1
Galvanized steel wire: Results of operations of U.S. producers, fiscal years 2009-11

* * * * *

In aggregate, per-unit sales values of internal consumption and transfer sales were generally lower than per-unit sales values of commercial sales, as were per-unit COGS, gross margin, and operating income for 2009 and 2010. However, for 2011, per-unit sales value and per-unit COGS of internal consumption and transfers were somewhat higher than per-unit sales value and per-unit COGS of commercial sales. This may be attributable to differences in product mix, physical characteristics, costs, or quality between the products sold in merchant market and those internally consumed or transferred to related firms. Overall, for all three years COGS ratios to net sales of captive production are higher than

¹ The producer with a fiscal year ending other than in December is ***. However, the financial data of *** were submitted on a calendar year basis.

² *** submitted financial data on its operations producing and selling galvanized steel wire and its data were included in the Commission's prehearing report. However, ***'s financial data are not included in the posthearing report ***. The company records underlying the financial data of *** were reviewed at Commission offices from March 12 through March 26, 2012. E-mails from ***, March 9 through 26, 2012. ***.

COGS ratios of commercial sales, while contributing gross margins and operating income ratios of captive production are lower than those of commercial sales. However, per-unit sales values of internal consumption for each individual producer reporting such transactions were the same or even somewhat higher (except Leggett & Platt's per-unit transfers were generally lower for all three years) than per-unit sales values of commercial sales.^{3 4}

***. On the other hand, ***.

**Table VI-2
Galvanized steel wire: Results of operations of U.S. producers (commercial sales only), fiscal years 2009-11**

* * * * *

Selected company-by-company data are presented in table VI-3. Total net sales (quantities and values), per-unit values (sales, COGS, SG&A, and operating income), operating income, and the ratio of operating income (loss) to net sales are presented in this table on a firm-by-firm basis. Virtually every company reported the same experience (with minor exceptions, especially except net sales quantities and values of WireCo) – between 2009 and 2011 sales quantities and values, unit sales values, and unit costs all increased, although the profitability of each producer was different (five firms reported improved profitability). Six producers reported increases in raw material costs from 2009 to 2010 (per-unit raw material costs of three producers, ***, actually decreased), while all producers reported increased raw material costs from 2010 to 2011.

Overall the industry's operations result and profitability improved substantially from 2009 to 2010, again from 2010 to 2011, reflected in the increased operating income by more than *** in 2011 from 2009. In the aggregate, while the industry's per-unit fabrication/conversion costs (direct labor and factory overhead costs combined) increased moderately (***) per short ton) from 2009 to 2011, the increases in per-unit raw material costs (***) per short ton) resulted in higher per-unit COGS (***) per short ton) and total costs (***) per short ton after virtually no change of per-unit SG&A) during the same period. Five producers (***) experienced operating income for all three years while two producers (***) incurred operating losses for all three years. *** reported the highest operating income in 2009 and 2010, while *** reported the highest operating income margin and per-unit operating income for all three years. *** reported the highest operating income in 2011.

***.⁵

**Table VI-3
Galvanized steel wire: Results of operations of U.S. producers, by firm, fiscal years 2009-11**

* * * * *

Selected aggregate per-short ton cost data of the U.S. producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-4. Overall per-short ton COGS and total cost (which

³ ***.

⁴ Petitioners were asked to discuss differences in profitability for captive production and commercial sales (Hearing transcript pp. 81-103). In their posthearing brief, petitioners noted that the primary reason for the difference in the U.S. industry's results regarding its captive production and its commercial sales is related to the different product mixes represented by these two market segments. (Petitioners' posthearing brief, *Response to Questions from Chairman Okun and Commissioner Pearson regarding Merchant Market and Internal Sales Performance*, p. 32). Petitioner also provides information from Oklahoma Steel & Wire detailing the differences in the types of galvanized steel wire that it sells to the commercial market and that is consumed internally (ibid, pp.33-36).

⁵ ***. E-mail from ***, February 10, 2012

includes SG&A expenses) increased somewhat from 2009 to 2010 and increased substantially from 2010 to 2011, driven mainly by changes in raw material costs.

Table VI-4
Galvanized steel wire: Average unit costs of U.S. producers, fiscal years 2009-11

* * * * *

The variance analysis showing the effects of prices and volume on the producers’ sales of galvanized steel wire, and of costs and volume on their total cost, is shown in table VI-5. The variance analysis in the summary at the bottom of the table indicates that between 2009 and 2011 the increase in operating income of *** million resulted from the positive effects of increased price (***) and volume variance offset by the negative effect of increased costs/expenses (***) .⁶

Table VI-5
Galvanized steel wire: Variance analysis of operations of U.S. producers, fiscal years 2009-11

* * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms’ aggregate data on capital expenditures and research and development (“R&D”) expenses are presented in table VI-6. Even though all U.S. producers except *** reported capital expenditures, only ***, incurred substantial amounts of capital expenditures during the period for which data were collected. Capital expenditures increased continuously and substantially between 2009 to 2011, due primarily to *** capital investments, especially in 2010 and 2011.⁷ Data for capital expenditures on a firm-by-firm basis are shown in table VI-7. R&D expenses remained relatively low and the same throughout this period. *** reported R&D expenses.

Table VI-6
Galvanized steel wire: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2009-11

* * * * *

⁶ The Commission’s variance analysis is calculated in three parts: sales variance, COGS variance, and SG&A expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variance. All things being equal, a stable overall product mix generally enhances the utility of the Commission’s variance analysis.

⁷ ***. E-mails from ***, February 6, 2012 and April 28, 2011.

Table VI-7

Galvanized steel wire: Capital expenditures by U.S. producers, by firms, fiscal years 2009-11

* * * * *

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their total net assets used in the production and sales of galvanized steel wire during the period for which data were collected to assess their return on investment (“ROI”). The total value of assets remained relatively the same between 2009 and 2010 and increased from 2010 to 2011, due primarily to the increase of *** in 2011. The return on the assets increased from *** percent in 2009 to *** percent in 2011. The trend of ROI over the period was the same as the trend of the operating income margin shown in table VI-1.

Table VI-8

Galvanized steel wire: Value of assets and return on investment of U.S. producers, fiscal years 2009-11

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of galvanized steel wire from China and Mexico. The producers’ comments are presented in appendix E.

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 nature of the subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV and V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

THE INDUSTRY IN CHINA

Overview

The petition identified 279 producers of galvanized steel wire in China.¹ The Commission received questionnaire responses from two firms during the final phase investigations. During the preliminary phase investigations the Commission received questionnaire responses from 18 firms. Because of the limited participation by Chinese producers during the final phase investigations 17 questionnaire responses from the preliminary phase have been included in the data presented below,² as well as the two final phase questionnaires submitted by ***. Chinese firms' reported exports to the United States in 2011 were equivalent to 50.1 percent of U.S. imports of galvanized steel wire from China in that same year. Table VII-1 provides information on the 19 Chinese firms that supplied data. In general Chinese firms reported their principal non-U.S. export markets to be Canada, the European Union, Japan, Korea, the Middle East, South America, and Vietnam.

Table VII-1
Galvanized steel wire: Chinese firms' projected 2011 production, exports to the United States, and share of exports to the United States

* * * * *

¹ The Commission issued foreign producer questionnaires to firms that accounted for 80 percent or more of U.S. imports of galvanized steel wire from China in each year between 2009 and 2011 under HTS subheadings 7217.20.30 and 7217.20.45 according to confidential Customs data.

² Specifically, 2009, 2010, and projected 2011 and 2012 data have been used.

Operations on Galvanized Steel Wire

Table VII-2 presents data for the 17 firms that reported data during the preliminary phase investigations (2009-10 and forecasts for 2011 and 2012) and *** which responded to the Commission's final phase questionnaire. *** was the largest reporting Chinese producer, reporting *** short tons of production of galvanized steel wire in 2011. *** was the largest reporting Chinese exporters, accounting for approximately *** percent of reported Chinese galvanized steel wire exports to the United States in 2011. The responding Chinese foreign producers did not report producing other products on the same equipment used in the production of galvanized steel wire. *** reported prolonged shutdowns or curtailments "****." *** also reported it revised its labor agreements in 2009 resulting in increased wages. Finally, *** reported that it replaced old equipment in 2008. At the staff conference, witness testimony described a labor shortage in China.³

The reported aggregate capacity of the responding Chinese producers of galvanized steel wire fluctuated throughout the period for which data were collected, but overall increased by 5.4 percent. Capacity utilization was at a period low in 2009, but recovered in 2010 and remained steady in 2011. Reported capacity utilization was 82.8 percent in 2009, 86.5 percent in 2010, and 86.0 percent in 2011. Chinese home market shipments increased between 2009 and 2011, while overall exports declined largely reflecting reduced exports to the United States. During the preliminary phase investigations, several Chinese producers reported that exports to the United States are projected to decline because of the unpredictability of the export market, the slow recovery of the world economy, and/or the initiation of these investigations.

³ Conference transcript, pp. 121-122, 140-141 (Zhang).

Table VII-2
Galvanized steel wire: Chinese production capacity, production, shipments, and inventories, 2009-11 and projected 2012-13

Item	Actual experience			Projections	
	2009	2010	2011 ¹	2012 ²	2013
Quantity (short tons)					
Capacity	254,714	273,459	268,354	265,354	(³)
Production ⁴	210,974	236,648	230,762	231,395	(³)
End of period inventories	6,738	7,854	7,047	6,735	(³)
Shipments:					
Internal consumption	75,455	73,210	72,247	72,250	(³)
Home market	81,987	101,347	102,860	103,340	(³)
Exports to--					
The United States	21,705	23,197	14,112	11,260	(³)
All other markets	47,747	55,863	55,324	54,165	(³)
Total exports	69,452	79,060	69,436	65,425	(³)
Total shipments	226,894	253,617	244,543	241,015	(³)
Ratios and shares (percent)					
Capacity utilization	82.8	86.5	86.0	87.2	(³)
Inventories to production	3.2	3.3	3.1	2.9	(³)
Inventories to total shipments	3.0	3.1	2.9	2.8	(³)
Share of total quantity of shipments:					
Internal consumption	33.3	28.9	29.5	30.0	(³)
Home market	36.1	40.0	42.1	42.9	(³)
Exports to--					
The United States	9.6	9.1	5.8	4.7	(³)
All other markets	21.0	22.0	22.6	22.5	(³)
All export markets	30.6	31.2	28.4	27.1	(³)
¹ 2011 data are based on projections reported during the preliminary phase investigations by 17 Chinese firms the two firms, *** which provided the Commission with final phase questionnaire responses. ² 2012 data are based on projections reported during the preliminary phase investigations by 17 Chinese firms and the two firms, *** which provided the Commission with final phase questionnaire responses. ³ Unavailable except with respect to ***. *** projected its capacity to be *** short tons, production to be *** short tons, and its exports to the United States to be *** short tons for 2013. *** projected its capacity to remain at *** short tons, production to be *** short tons, and its exports to the United States to be *** short tons for 2013. ⁴ ***. Email from ***, May 2, 2010.					
Source: Compiled from data submitted in response to Commission questionnaires.					

THE INDUSTRY IN MEXICO

Overview

The petition identified Deacero S.A. de C.V. (“Deacero”) as the primary producer of galvanized steel wire in Mexico.⁴ The Commission received questionnaire responses from two firms, Aceros Camesa (WireCo WorldGroup) (“Aceros Camesa”) and Deacero. These firms’ reported exports to the United States in 2011 were equivalent to *** percent of U.S. imports of galvanized steel wire from Mexico in that same year. Table VII-3 provides information on the two Mexican firms that supplied data. In addition to exporting to the United States, Aceros Camesa’s principal export markets include *** and Deacero’s principal export markets include ***.

Table VII-3
Galvanized steel wire: Mexican firms’ reported 2011 production, exports to the United States, and share of exports to the United States

Firm	2011 reported production (short tons)	2011 reported exports to the United States (short tons)	Share of reported exports to the United States (percent)
Aceros Camesa	***	***	***
Deacero	***	***	***
Total	***	***	100.0

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

Operations on Galvanized Steel Wire

Table VII-4 present data for the two responding firms during 2009-11 and forecasts for 2012 and 2013. Deacero accounted for *** percent of reported Mexican production of galvanized steel wire in 2011. According to Deacero, it is the largest Mexican producer accounting for at least 90 percent of production of galvanized steel wire in Mexico and approximately 95 percent of Mexico’s exports of galvanized steel wire to the United States.⁵

Both responding Mexican producers reported ***, ***, ***, ***, ***. As a result, capacity *** throughout the period for which data were collected and ***. Capacity utilization exceeded *** percent throughout the period for which data were collected. Internal consumption accounted for more than *** percent of shipments annually throughout the period examined. This is projected to ***. Total exports increased from 2009 to 2011, primarily reflecting an increase in exports to the United States. Total exports are projected to decrease because *** projected *** exports to the United States in 2012 and 2013. According to Deacero, the projection of *** imports is applicable whether an antidumping duty order is in place or not. Deacero expects that if, ***.⁶

⁴ Respondent Deacero reported that the Mexican industry consists of a total of only six companies: Deacero, Camesa, Villacero, Cecsamex, Grupo Acerero Hidlago, and Alambres Potosi. Conference transcript, p. 88 (Gutierrez) and Respondent Deacero’s postconference brief, p. 23.

⁵ Hearing transcript, p. 138 (E. Gutierrez).

⁶ Deacero’s posthearing brief, p. 39.

Table VII-4
Galvanized steel wire: Mexican production capacity, production, shipments, and inventories, 2009-11 and projected 2012-13

* * * * *

U.S. INVENTORIES OF PRODUCT FROM CHINA AND MEXICO

Table VII-5 presents data for U.S. importers' end-of-period inventories of imports during 2009-11. During 2009-11, inventories of imports from China decreased by *** percent and inventories of imports from Mexico increased by *** percent.⁷ At the hearing, Deacero explained that it ramped up its inventories during the months prior to Commerce's preliminary determination in order to serve its U.S. affiliates.⁸ Deacero did not want to bear any risk of liability due to Commerce's preliminary determination.⁹

Table VII-5
Galvanized steel wire: U.S. importers' end-of-period inventories of imports, 2009-11

Item	Calendar year		
	2009	2010	2011
China:			
Inventories (<i>short tons</i>)	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
Mexico:			
Inventories (<i>short tons</i>)	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
Subject sources:			
Inventories (<i>short tons</i>)	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
Nonsubject sources:			
Inventories (<i>short tons</i>)	***	***	***
Ratio of inventories to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
All sources:			
Inventories (<i>short tons</i>)	8,605	12,627	18,637
Ratio of inventories to imports (<i>percent</i>)	6.7	8.4	13.8
Ratio to U.S. shipments of imports (<i>percent</i>)	6.3	8.6	14.4
Source: Compiled from data submitted in response to Commission questionnaires.			

⁷ The increase in inventories of imports from Mexico is attributable to *** which reported *** current orders of galvanized steel wire. See table VII-6.

⁸ Hearing transcript, p. 183 (E. Gutierrez). In particular, Deacero wanted to ensure it would be able to supply ***. Deacero's prehearing brief, p. 32.

⁹ Hearing transcript, p. 183 (E. Gutierrez).

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested U.S. importers to indicate whether they imported or arranged for the importation of galvanized steel wire after December 31, 2011. Two of the 21 reporting importers stated that they had imported or arranged for importation since December 31, 2011. Table VII-6 presents the U.S. importers which indicated that they had imported or arranged for the importation of the subject product from China and Mexico and the quantity of those U.S. imports.

Table VII-6

Galvanized steel wire: U.S. importers' orders of subject imports from China and Mexico subsequent to December 31, 2011, by firm

U.S. importer	Quantity of imports (<i>short tons</i>)	
	China	Mexico
***	***	----
***1	----	***
<p>¹ *** is also a U.S. producer of galvanized steel wire. *** reported that it imports because of capacity and manufacturing constraints and that all of its imports are internally consumed for the production of galvanized wire strand and galvanized wire rope.</p>		
<p>Compiled from data submitted in response to Commission questionnaires.</p>		

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

No antidumping investigations in third-country markets were reported.

INFORMATION ON NONSUBJECT COUNTRIES

Data on U.S. imports of galvanized steel wire from nonsubject countries is presented in Table IV-3. The leading nonsubject country was Canada, which accounted for 29.7 percent of total U.S. imports of galvanized steel wire during 2011. All other nonsubject sources accounted for 13.0 percent of galvanized steel wire imports by quantity.

There are at least nine producers of galvanized steel wire in Canada.¹⁰ Two Canadian producers are corporate affiliates of galvanized steel wire producers in the United States: Sivaco is controlled by The Heico Companies, LLC, which also controls Davis Wire Corporation and National Standard in the United States and Bekaert Canada Ltd. is controlled by Bekaert SA, the Belgian company that controls Bekaert Corporation in the United States. Exports of galvanized steel wire from Canada are primarily to the United States; which received 89 percent of Canada's exports over the 2009–11 period. According to respondents, this decline in imports was due to “serious financial problems” and subsequent production cutbacks at Tree Island Industries Ltd and an appreciation of the U.S. dollar “making the U.S. a less attractive market for Canadian suppliers.”¹¹ The average unit values of imports of galvanized steel wire from Canada were generally higher than subject country imports. According to petitioners, Sivaco principally produces high-quality, high-carbon galvanized wire, music wire, and hard-drawn mechanical

¹⁰ WAI, Virtual Trade Show database, http://www.wirenet.org/vts/vts_search.cfm, retrieved May 2, 2011.

¹¹ Conference transcript, pp. 96-97 (Gutierrez).

galvanized wire for spring and is a supplier of those specialty products to the U.S. market.¹² Tree Island competes in the United States for sales in more common uses of galvanized steel wire.¹³

The next largest supplier of nonsubject galvanized steel wire to the United States was Israel, which accounted for 4.9 percent of galvanized steel wire imports in 2011. Two notable Israeli producers are Barzelan Steel and Hod Assaf Industries. Barzelan Steel, a subsidiary of Yehuda Steel, produces medium and high carbon galvanized steel wire for the agricultural, recycling, building, and construction industries for export to Europe, the Middle East, and Western Hemisphere markets.¹⁴ Hod Assaf manufactures high and low carbon galvanized wire for industrial and agricultural applications.¹⁵

Global Exports of Galvanized Steel Wire

Reported data on exports of galvanized steel wire are presented in Table VII-7.¹⁶ China's exports are the largest and accounted for 49.1 percent of the value of all trade in galvanized steel wire during 2011 (53.3 percent by quantity). China's reported exports increased in 2011 by 30.1 percent in quantity over those in 2009 and by 11.4 percent over those in 2010. Mexico's reported exports increased in 2011 by 48.5 percent in quantity over those in 2009 and by 15.0 percent over those in 2010. External trade from the European Union was the second-largest source of exported galvanized steel wire, accounting for 12.0 percent of the value of all trade in galvanized steel wire during 2011 (8.9 percent by quantity). A significant proportion of European Union external trade was exports to non-EU countries in Europe—Norway and Switzerland in particular—however, even excluding exports to such European destinations, the EU was the second leading source of galvanized steel wire exports.

¹² Conference transcript, pp. 63-64 (Cronin and Weinand).

¹³ Conference transcript, pp. 63-64 (Weinand). Mr. Weinand testified that examples of customers to which his company sells are manufacturers of chain-link fence, bale ties, paper clips and tomato cages and that his company competes against Tree Island "every day." Conference transcript, pp. 32 and 64.

¹⁴ Yehuda Steel web site, <http://ysteel.co.il/Index.asp?CategoryID=171>, retrieved February 16, 2012; Barzelan Steel website, <http://barzelan-new.upsite.co.il/?categoryId=62666>, retrieved February 16, 2012.

¹⁵ Bloomberg Businessweek Company Profile, "Hod Assaf Industries LTD., Co." http://investing.businessweek.com/research/stocks/snapshot/snapshot_article.asp?ticker=HOD:IT, retrieved February 16, 2012.

¹⁶ Global Trade Atlas, <http://www.gtis.com/gta/>, retrieved Mar. 29, 2012. Country-specific data are presented for the top ten exporting countries by trade value (counting the external trade of the European Union as a single source.)

Table VII-7
Galvanized steel wire: Reporting country exports, 2009-11

Reporting country	Calendar year		
	2009	2010	2011
Quantity (short tons)			
China	652,677	761,943	848,872
European Union ¹	110,207	149,420	141,100
Mexico	52,153	67,346	77,442
Malaysia	61,048	76,633	79,636
Canada	68,215	63,001	58,977
Turkey	50,549	64,183	73,382
South Korea	43,204	42,055	43,812
United States	26,746	30,783	33,536
Brazil	22,365	29,662	33,105
Ukraine	37,173	42,019	36,987
All others	200,106	194,398	166,329
Total	1,324,443	1,521,444	1,593,178
Value (\$1,000)			
China	468,338	605,832	817,653
European Union ¹	139,433	187,453	198,965
Mexico	47,911	54,453	78,088
Malaysia	45,148	66,764	77,261
Canada	70,229	72,103	71,813
Turkey	34,980	47,876	68,353
South Korea	46,737	48,902	60,946
United States	27,495	34,295	37,121
Brazil	23,354	30,766	36,773
Ukraine	23,637	31,558	35,263
All others	156,668	182,579	183,509
Total	1,083,929	1,362,580	1,665,744
¹ European Union exports are for EU-27 external exports. Note.--Global exports of galvanized steel wire classified as HS code 7217.20. Note.--Original data published in metric tons, which were converted to short tons using a conversion factor of 1.1023. Note.--Data are for HS 7217.20, which is wire of iron or non-alloy steel, plated or coated with zinc. These data include nonsubject wire, such as shaped wire (flat, oval, or hexagonal wire, etc.), wire smaller in diameter than 0.5842 mm (0.230 inch), and specifically excluded wire (coils of 15 feet or less in individual retail packages). Source: Compiled from Global Trade Atlas.			

APPENDIX A
***FEDERAL REGISTER* NOTICES**

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–479 (Final) and 731–TA–1183–1184 (Final)]

Galvanized Steel Wire From China and Mexico; Scheduling of the Final Phase of Countervailing Duty and Antidumping Investigations

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigation No. 701–TA–479 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigation Nos. 731–TA–1183–1184 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) 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 subsidized and less-than-fair-value imports from China and Mexico of galvanized steel wire, provided for in subheading 7217.20 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigations, hearing procedures, and

¹ For purposes of these investigations, the Department of Commerce has defined the subject merchandise as galvanized steel wire which is a cold-drawn carbon quality steel product in coils, of solid, circular cross section with an actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating). Steel products to be included in the scope of this investigation, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 1.50 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.02 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. Specifically excluded from the scope of this investigation is galvanized steel wire in coils of 15 feet or less which is pre-packed in individual retail packages.

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).

DATES: *Effective Date:* November 4, 2011.

FOR FURTHER INFORMATION CONTACT: Angela M.W. Newell (202) 708–5409, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China of galvanized steel wire, and that such products 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 investigations were requested in a petition filed on March 31, 2011, by Davis Wire Corporation, Irwindale, CA; Johnstown Wire Technologies, Inc., Johnstown, PA; Mid-South Wire Company, Inc, Nashville, TN; National Standard, LLC, Niles, MI; and Oklahoma Steel & Wire Company, Inc., Madill, OK.

Participation in the investigations 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 these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, 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 investigations 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 investigations.

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 these investigations available to authorized applicants under the APO issued in the investigations, 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 investigations. A party granted access to BPI in the preliminary phase of the investigations 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 these investigations will be placed in the nonpublic record on March 8, 2012, 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 these investigations beginning at 9:30 a.m. on March 22, 2012, 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 March 19, 2012. 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 March 19, 2012, 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 March 15, 2012. 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 29, 2012; 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 investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before March 29, 2012. On April 16, 2012, 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 April 18, 2012, 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. Please consult the Commission's rules, as amended, 76 FR 61937 (Oct. 6, 2011) and the Commission's Handbook on Filing Procedures, 76 FR 62092 (Oct. 6, 2011), available on the Commission's Web site at <http://edis.usitc.gov>.

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 investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are 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.

By order of the Commission.

Issued: November 21, 2011.

James R. Holbein,

Secretary to the Commission.

[FR Doc. 2011-30377 Filed 11-23-11; 8:45 am]

BILLING CODE 7020-02-P

FOR FURTHER INFORMATION CONTACT: Nicholas Czajkowski or David Lindgren, AD/CVD Operations, Office 6, Import Administration, U.S. Department of Commerce, Room 7866, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: 202-482-1395 or 202-482-3870, respectively.

SUPPLEMENTARY INFORMATION:

Background

The U.S. producers that filed the petition for this investigation are Davis Wire Corporation, Johnstown Wire Technologies, Inc., Mid-South Wire Company, Inc., National Standard, LLC, and Oklahoma Steel & Wire Company, Inc. (collectively, Petitioners). This investigation covers 40 programs. The mandatory respondents in this investigation are: (1) M&M Industries Co. Ltd. (M&M); (2) Shandong Hualing Hardware and Tool Co., Ltd. (Hualing); (3) Shanghai Bao Zhang Industry Co. Ltd. and its cross-owned affiliated companies Anhui Bao Zhang Metal Products Co., Ltd. and Shanghai Li Chao Industry Co., Ltd. (collectively, the Bao Zhang Companies); and, (4) Tianjin Huayuan Metal Wire Products Co., Ltd. and its cross-owned affiliated companies Tianjin Tianxin Metal Products Co., Ltd. and Tianjin Mei Jia Hua Trade Co., Ltd. (collectively, the Huayuan Companies).

Period of Investigation

The period of investigation for which we are measuring subsidies is January 1, 2010, through December 31, 2010.

Case History

The following events have occurred since the Department published the *Preliminary Determination*¹ on September 6, 2011.² The Huayuan Companies filed a ministerial error allegation on September 7, 2011, and, on September 12, 2011, Petitioners filed responses to the Huayuan Companies' allegation. On September 29, 2011, the Department released its analysis of the ministerial error allegation, finding that no ministerial errors were made in the *Preliminary Determination*. Petitioners, the Huayuan Companies and the

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-976]

Galvanized Steel Wire From the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of galvanized steel wire (galvanized wire) from the People's Republic of China (the PRC). For information on the estimated subsidy rates, see the "Suspension of Liquidation" section of this notice.

DATES: *Effective Date:* March 26, 2012.

¹ See *Galvanized Steel Wire From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Determination*, 76 FR 55031 (September 6, 2011) (*Preliminary Determination*).

² Public versions of all business proprietary documents and all public documents are on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building.

Government of the People's Republic of China (GOC) filed requests for a hearing on September 14, 22 and October 6, 2011, respectively, and, on January 30, 2012, all three parties withdrew their requests for a hearing.

Between September 15 and October 21, 2011, the GOC, Petitioners, the Bao Zhang Companies and the Huayuan Companies filed factual information submissions. Except for the Bao Zhang Companies' October 21, 2011 wire rod benchmark submission, all were rejected by the Department as untimely under 19 CFR 351.301(c). The Department informed Petitioners they could re-file certain portions of their rejected material, which they did on October 31, 2011. On September 19, 2011, the Department issued supplemental questionnaires to the GOC, the Bao Zhang Companies, and the Huayuan Companies, which, in turn, submitted responses between September 28 and October 3, 2011. On October 7, 2011, the Department issued additional supplemental questionnaires to the Bao Zhang Companies and the GOC, with responses filed on October 13 and 14, 2011, respectively. Moreover, on October 14, 2011, Department issued a supplemental questionnaire to the Huayuan Companies, which filed a response on October 24, 2011.

Between October 21 and November 2, 2011, the Department issued verification outlines to the GOC, the Bao Zhang Companies, the Huayuan Companies and M&M. On October 24, 2011, Petitioners filed pre-verification comments. The Department conducted verification of the Bao Zhang Companies and the GOC from October 31 to November 8, 2011. Although scheduled for verification, the Huayuan Companies and M&M verbally informed the Department on November 3, 2011 that they would not participate in verification; a letter filed on November 9, 2011 stated the reasons for their decision not to participate. The Bao Zhang Companies filed minor corrections on November 4, 2011, and on November 10 and 15, 2011, the Bao Zhang Companies and the GOC, respectively, timely filed verification exhibits. The Department issued verification reports for the Bao Zhang Companies and the GOC on December 22, 2011.

With respect to scope issues, on November 2, 2011, Qingdao Ant Hardware Manufacturing Co., Ltd. (AHM) placed on the record physical samples and other information pertaining to the scope of the investigation, and, on November 16, 2011, a public viewing of the physical samples was held at the Department. On

December 15, 2011, the Department placed on the record of this investigation the preliminary determinations in the corresponding antidumping duty (AD) investigations of galvanized wire from the PRC and Mexico³ in which scope comments filed prior to the preliminary countervailing duty (CVD) determination were addressed. When placing these preliminary AD determinations on the record, we requested that parties submit any comments on scope issues when they filed their case briefs.⁴

On January 9, 2012, the GOC requested that the Department terminate this investigation based on the U.S. Court of Appeals for the Federal Circuit December 19, 2011 ruling in *GPX International Tire Corp. v. United States*.⁵ On January 13, 2012, Petitioners filed rebuttal comments in response to the GOC's request for termination.

The Department issued a post-preliminary analysis memorandum regarding three programs on January 17, 2012.⁶ Interested parties submitted case briefs on January 25 and 31, 2012, and rebuttal briefs on February 6, 2012. On March 1, 2012, the Department requested all parties in all three galvanized wire investigations that filed scope comments in their case and rebuttal briefs to ensure their comments were placed on the records of all three investigations, and all parties were provided an opportunity to comment on these scope comments. No additional comments on scope issues were submitted.

Scope Comments

As referenced in the "Case History" section above, the Department placed the preliminary determinations of the companion galvanized wire AD investigations from Mexico and the PRC on the record of this investigation. In those preliminary determinations, the

³ See *Galvanized Steel Wire From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68407 (November 4, 2011); see also *Galvanized Steel Wire From Mexico: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68422 (November 4, 2011).

⁴ See Memorandum to File "Decisions Regarding Scope Comments from Investigations of Galvanized Steel Wire from the PRC and Mexico," dated December 15, 2011.

⁵ See *GPX Int'l Tires Corp. v. United States*, 666 F.3d 732 (Fed. Cir. 2011).

⁶ See Memorandum to Paul Piquado, Assistant Secretary for Import Administration from Barbara E. Tillman, Director, AD/CVD Operations, Office 6, through Christian Marsh Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations "Countervailing Duty Investigation on Galvanized Steel Wire from the People's Republic of China: Post-Preliminary Analysis Memorandum," dated January 17, 2012.

Department found that galvanized wire with a diameter less than one millimeter was subject to the scope of the investigation. We invited parties to comment on this issue. No additional comments were made on this issue. Thus, the Department continues to find, specifically, that galvanized wire with a diameter less than one millimeter but equal to or greater than 0.5842 millimeters is covered by the scope.

Also, as noted in the "Case History" section above, all scope-related comments submitted by parties in all three investigations in their case and rebuttal briefs are on the record of all three investigations. Petitioners and AHM provided comments on the scope and merchandise that is to be covered under the scope. Based on our analysis of these comments, the Department continues to find that hobby wire, which is galvanized steel wire, in lengths of more than 15 feet, is properly included in the scope of this investigation.⁷ Further, certain parties in the companion AD investigation involving Mexico provided comments on the scope and merchandise that is to be covered under the scope. Based on our analysis of these comments, the Department has clarified the scope language to include not only circular cross section material, but also out-of-round material that meets the circular tolerances. In addition, the Department has included an additional HTSUS subheading as part of the scope description.⁸

Scope of Investigation

The merchandise covered by this investigation is galvanized steel wire. See Appendix I for a complete description of the scope of this investigation.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in Memorandum to Paul Piquado, Assistant Secretary for Import Administration, Issues and Decision Memorandum for the Final

⁷ AMH's and Petitioners comments on the scope of the investigation are fully addressed in *Galvanized Steel Wire from the People's Republic of China: Final Determination of Sales at Less Than Fair Value* and accompanying Issues and Decision Memorandum at Comment 3, issued concurrently with this final determination.

⁸ These comments are fully addressed in *Notice of Final Determination of Sales at Less Than Fair Value: Galvanized Steel Wire from Mexico* and accompanying Issues and Decision Memorandum at Comments 3 and 4, issued concurrently with this final determination.

Determination in the Countervailing Duty Investigation of Galvanized Steel Wire from the People's Republic of China (Decision Memorandum), which is hereby adopted by this notice. A list of the subsidy programs and the issues that parties raised and to which we responded in the Decision Memorandum is attached to this notice as Appendix II. The Decision Memorandum is a public document, which is on file electronically via IA ACCESS. In addition, a complete version of the Decision Memorandum is also accessible on the Web at <http://ia.ita.doc.gov/fnr/>. The signed Decision Memorandum and the electronic versions of the Decision Memorandum are identical in content.

Use of Facts Otherwise Available, Including Adverse Inferences

For purposes of this final determination, we have continued to rely on facts available and have continued to apply adverse inferences in accordance with sections 776(a) and (b) of the Tariff Act of 1930, as amended

(the Act) with regard to: (1) The CVD rate to be applied to the non-cooperative mandatory company respondent, Hualing; (2) whether the wire rod and zinc input producers at issue are government authorities that provide wire rod and zinc for less than adequate remuneration (LTAR); and, (3) the GOC's provision of electricity for LTAR. In addition, for the purposes of this final determination, we are also applying adverse facts available (AFA) to (1) determine the CVD rate to be applied to the non-cooperating mandatory respondents the Huayuan Companies and M&M, and (2) determine that the Zhabei District "Save Energy Reduce Emission Team" award is specific pursuant to sections 776(a) and (b) of the Act. A full discussion of our decision to apply AFA is presented in the Decision Memorandum under the section "Use of Facts Otherwise Available and Adverse Inferences."

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have

calculated a rate for each individually investigated producer/exporter of the subject merchandise. Section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an "all-others" rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

In this investigation, the only rate not based entirely on AFA is the rate calculated for the Bao Zhang Companies. Consequently, the rate calculated for the Bao Zhang Companies is also assigned as the "all-others" rate. For those non-cooperative companies that did not fully participate in this investigation, we have determined rates based solely on AFA, in accordance with sections 776(a) and (b) of the Act.⁹ Therefore, we determine the total estimated net countervailable subsidy rates to be:

Company	<i>Ad Valorem</i> net subsidy rate (percent)
M&M Industries Co. Ltd	223.27
Shandong Hualing Hardware and Tool Co., Ltd.	223.27
Shanghai Bao Zhang Industry Co. Ltd., Anhui Bao Zhang Metal Products Co., Ltd., and Shanghai Li Chao Industry Co., Ltd. (collectively the Bao Zhang Companies)	19.06
Tianjin Huayuan Metal Wire Products Co., Ltd., Tianjin Tianxin Metal Products Co., Ltd., and Tianjin Mei Jia Hua Trade Co., Ltd. (collectively, the Huayuan Companies)	223.27
All Others Rate	19.06

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption on or after September 6, 2011, the date of the publication of the *Preliminary Determination* in the **Federal Register**. In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after January 4, 2012, but to continue the suspension of liquidation of all entries from September 6, 2011, through January 3, 2012.

We will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act if the

U.S. International Trade Commission (ITC) issues a final affirmative injury determination, and will require a cash deposit of estimated CVDs for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose

such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/ destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

⁹ See "Non-Cooperative Companies" in the "Use of Facts Otherwise Available and Adverse Inferences" section of the Decision Memorandum.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: March 19, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I

Scope of Investigation

The scope of this investigation covers galvanized steel wire which is a cold-drawn carbon quality steel product in coils, of circular or approximately circular, solid cross section with any actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating).

Steel products to be included in the scope of this investigation, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.02 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.

Specifically excluded from the scope of this investigation is galvanized steel wire in coils of 15 feet or less which is pre-packed in individual retail packages. The products subject to this investigation are currently classified in subheadings 7217.20.30, 7217.20.45, or 7217.90.10 of the HTSUS which cover galvanized wire of all diameters and all carbon content. Galvanized wire is reported under statistical reporting numbers 7217.20.3000, 7217.20.4510, 7217.20.4520, 7217.20.4530, 7217.20.4540, 7217.20.4550, 7217.20.4560, 7217.20.4570, 7217.20.4580, and 7217.90.1000. These products may also enter under HTSUS subheadings 7229.20.0015, 7229.20.0090, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive.

Appendix II

Decision Memorandum

I. Summary

II. Subsidy Valuation Information

- A. Period of Investigation
- B. Attribution of Subsidies
- C. Allocation Period
- D. Discount Rates for Allocating Non-Recurring Subsidies

III. Use of Facts Otherwise Available and Adverse Inferences

Non-Cooperative Companies

- Input Producers—Government Authorities Under Provision of Wire Rod and Zinc for Less Than Adequate Remuneration*
- GOC—Provision of Electricity for Less Than Adequate Remuneration*
- GOC—Specificity of Zhabei District “Save Energy Reduce Emission Team” Award Program*

IV. Analysis of Programs

A. Programs Determined To Be Countervailable

1. *Provision of Wire Rod for Less Than Adequate Remuneration*
2. *Provision of Zinc for Less Than Adequate Remuneration*
3. *Provision of Electricity for Less Than Adequate Remuneration*
4. *Export Grants From Local Governments*
5. *Zhabei District “Save Energy Reduce Emission Team” Award Program*

B. Program Determined Not To Confer a Benefit During the POI

1. *Export Subsidies Characterized as “VAT Rebates”*
2. *Program for Which the Benefit Has No Impact on the Subsidy Rate Exemption From City Construction Tax and Education Tax for Foreign Invested Enterprises*

D. Programs Determined To Be Not Used

1. Policy Loans to the Galvanized Wire Industry
2. Preferential Loans for Key Projects and Technologies
3. Preferential Loans and Directed Credit
4. Preferential Lending to Galvanized Wire Producers and Exporters Classified as “Honorable Enterprises”
5. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
6. Provision of Land Use Rights for LTAR Within the Jinzhou District Within the City of Dalian
7. Provision of Land Use Rights for LTAR to Enterprises Within the Zhaoqing High-Tech Industry Development Zone in Guangdong Province
8. Provision of Land Use Rights for LTAR to Enterprises Within the South Sanshui Science and Technology Industrial Park of Foshan City
9. Income Tax Credits for Domestically-Owned Companies Purchasing Domestically-Produced Equipment
10. Income Tax Exemption for Investment in Domestic Technological Renovation
11. Accelerated Depreciation for Enterprises Located in the Northeast Region
12. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
13. Income Tax Exemption for Investors in Designated Geographical Regions Within Liaoning Province
14. VAT Deduction on Fixed Assets
15. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
16. Reduction in or Exemption From Fixed Assets Investment Orientation Regulatory Tax

17. “Five Points, One Line” Program of Liaoning Province

18. Provincial Export Interest Subsidies
19. State Key Technology Project Fund
20. Subsidies for Development of Famous Export Brands and China World Top Brands
21. Sub-Central Government Programs to Promote Famous Export Brands and China World Top Brands
22. Zhejiang Province Program to Rebate Antidumping Legal Fees
23. Technology to Improve Trade Research and Development Fund of Jiangsu Province
24. Outstanding Growth Private Enterprise and Small and Medium-Sized Enterprises Development in Jiangyin Fund of Jiangyin City
25. Grants for Programs Under the 2007 Science and Technology Development Plan in Shandong Province
26. Special Funds for Encouraging Foreign Economic and Trade Development and for Drawing Significant Foreign Investment Projects in Shandong Province
27. “Two Free, Three Half” Tax Exemptions for “Productive” FIEs
28. Income Tax Exemption Program for Export-Oriented FIEs
29. Local Income Tax Exemption and Reduction Programs for “Productive” FIEs
30. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises
31. Income Tax Subsidies for FIEs Based on Geographic Location
32. VAT Refunds for FIEs Purchasing Domestically-Produced Equipment
33. Income Tax Credits for FIEs Purchasing Domestically-Produced Equipment

V. Analysis of Comments

General Issues

- Comment 1: Whether the Investigation Should Be Terminated Based on the *GPX III* Ruling
- Comment 2: Application of CVD Law to the PRC
- Comment 3: Whether Application of the CVD Law to NMEs Violates the Administrative Procedures Act (APA)
- Comment 4: Double Remedies
- Case-Specific Issues*
- Comment 5: Whether There is a Basis for Countervailing Inputs Purchased From Input Suppliers
- Comment 6: Whether the Department Improperly Rejected the GOC’s September 15, 2011, Submission and Whether the Application of AFA is Warranted
- Comment 7: Whether the Department Improperly Rejected the Bao Zhang Companies’ September 26, 2011 Submission
- Comment 8: Whether the Department Should Revise Its Benchmark for Wire Rod
- Comment 9: Whether the Department Should Apply AFA in Selecting the Electricity Benchmark
- Comment 10: Whether the Bao Zhang Companies’ Additional Electricity Charges Should Be Included in the Final Determination

Comment 11: Whether the Department
Should Apply the Same Electricity
Benchmark to both ABZ and SBZ

Comment 12: Application of AFA to the
Huayuan Companies and M&M

VI. Recommendation

[FR Doc. 2012-7214 Filed 3-23-12; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-201-840]

Notice of Final Determination of Sales at Less Than Fair Value: Galvanized Steel Wire From Mexico

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

DATES: *Effective Date:* March 26, 2012.

SUMMARY: On November 4, 2011, the Department of Commerce (the Department) published its preliminary determination in the investigation of sales at less than fair value of galvanized steel wire (galvanized wire) from Mexico.¹

The Department has determined that galvanized wire from Mexico is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The final margins of sales at less than fair value are listed below in the section entitled "Final Determination of Investigation."

FOR FURTHER INFORMATION CONTACT: Patrick Edwards or Ericka Ukrow, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-8029 or (202) 482-0405, respectively.

SUPPLEMENTARY INFORMATION:

Background

The preliminary determination in this investigation was published on November 4, 2011. *See Preliminary Determination.* We invited parties to comment on the *Preliminary Determination.* On November 8, 2011, we received timely-filed allegations from Deacero S.A. de C.V. (Deacero) that the Department made several ministerial errors in calculating its dumping margin for the preliminary determination.²

On November 10 and 23, 2011, the Department issued Deacero supplemental questionnaires.

On December 5, 2011, the Department released its memorandum addressing Deacero's ministerial error allegations, finding that no amendment to the preliminary determination was

¹ *See Galvanized Steel Wire from Mexico: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68422 (November 4, 2011) (*Preliminary Determination*).

² *See* Letter from Deacero, regarding "Galvanized Steel Wire from Mexico," dated November 8, 2011. Petitioners did not comment on Deacero's ministerial error allegations.

warranted. *See* Ministerial Error Memorandum.³

On December 5, 2011, Deacero submitted its response to the November 23, 2011, questionnaire.⁴ Also on December 5, 2011, Petitioners⁵ and respondent Aceros Camesa S.A. de C.V. (Camesa) timely filed a request for a public hearing.⁶

We conducted cost and sales verifications of the responses submitted by Deacero and Camesa (collectively, respondents).⁷ All verification reports

³ *See* Memorandum to Richard O. Weible, Director, Office 7, from Patrick Edwards and Ericka Ukrow, Case Analysts, through Angelica Mendoza, Program Manager, Office 7, entitled "Ministerial Error Allegation in the Preliminary Determination of the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico: Deacero S.A. de C.V.," dated December 5, 2011 (Ministerial Error Memorandum).

⁴ *See* Deacero's Fourth Supplemental Questionnaire Response, dated December 8, 2011.

⁵ The Petitioners in this investigation are Davis Wire Corporation, Johnston Wire Technologies, Inc., Mid-South Wire Company, Inc., National Standard, LLC, and Oklahoma Steel & Wire Company, Inc. (collectively, Petitioners).

⁶ Deacero, also on December 5, 2011, requested to participate in a hearing in the event that another party requested a hearing.

⁷ *See* Memorandum to the File from Christopher J. Zimpo and Frederick W. Mines, Case Accountants, through Theresa C. Deeley, Lead Accountant, and Neal M. Halper, Director, Office of Accounting, entitled "Verification of the Cost of Production and Constructed Value Data Submitted by Deacero S.A. de C.V. in the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico," dated January 13, 2012 (Deacero Cost Verification Report); Memorandum to the File from Frederick W. Mines and Christopher J. Zimpo, Case Accountants, through Theresa C. Deeley, Lead Accountant, and Neal M. Halper, Director, Office of Accounting, entitled "Verification of the Cost Response of Aceros Camesa S.A. de C.V. in the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico," dated January 13, 2012 (Camesa Cost Verification Report); Memorandum to the File from Christopher J. Zimpo and Frederick W. Mines, Case Accountants, through Theresa C. Deeley, Lead Accountant, and Neal M. Halper, Director, Office of Accounting, entitled "Verification of the Further Manufacturing Data Submitted by Deacero S.A. de C.V. for Deacero USA Inc. and Stay-Tuff Fence Manufacturing, Inc. in the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico," dated January 27, 2012 (Deacero Further-Manufacturing Verification Report); Memorandum to the File from Patrick Edwards, Case Analyst, through Angelica Mendoza, Program Manager, Office 7, entitled "Verification of the Sales Responses of Aceros Camesa, S.A. de C.V. in the Antidumping Duty Investigation on Galvanized Steel Wire from Mexico," dated February 13, 2012 (Camesa Verification Report); Memorandum to the File from Ericka Ukrow and Patrick Edwards, Case Analysts, through Angelica L. Mendoza, Program Manager, Office 7, entitled "Verification of the Sales Response of Deacero USA Inc. (Deacero USA) and Stay-Tuff Fence Manufacturing, Inc. (Stay-Tuff) in the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico," dated February 15, 2012 (Deacero CEP Verification Report); Memorandum to the File from Patrick Edwards and Ericka Ukrow, Case Analysts, through Angelica Mendoza, Program Manager, Office 7, entitled "Verification of the Sales Responses of Deacero S.A. de C.V. in the

are on file and available electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building.

Based on the Department's findings at verification, as well as the minor corrections presented by Deacero and Camesa at the start of their respective verifications, we requested respondents to submit revised sales databases.⁸ On February 27, 2012, as requested, Deacero and Camesa submitted their revised sales databases.

Subsequent to the release of the verification reports in this investigation, parties timely filed case and rebuttal briefs. We received a case brief from Petitioners, Deacero, and Camesa on February 23, 2012; Petitioners and Deacero filed rebuttal briefs on February 28, 2012. No public hearing was held because all requests for a hearing were withdrawn.

On March 2, 2012, at the Department's request, respondents in the companion galvanized wire investigations involving the People's Republic of China (both antidumping and countervailing duty) filed on the record of this investigation certain scope comments that were raised in those proceedings' case and rebuttal briefs. We allowed a period of time for parties in the instant proceeding to comment on those submissions, and we received no comments.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this antidumping investigation are addressed in the "Issues and Decision Memorandum for the Final Determination of the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico" (Decision Memorandum) from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Import

Antidumping Duty Investigation of Galvanized Steel Wire from Mexico," dated February 16, 2012 (Deacero Verification Report); and Memorandum to the File from Ericka Ukrow and Patrick Edwards, Case Analysts, through Angelica L. Mendoza, Program Manager, entitled "Verification of Sales Response of Aceros Camesa S.A. de C.V. (Camesa) and WireCo World Group, Inc. (WireCo) in the Antidumping Duty Investigation of Galvanized Steel Wire from Mexico," dated February 16, 2012 (Camesa CEP Verification Report).

⁸ See Letters from Angelica L. Mendoza, Program Manager, Office 7, to Deacero S.A. de C.V., dated February 21, 2012, and February 22, 2012; Letter from Angelica L. Mendoza, Program Manager, Office 7, to Aceros Camesa S.A. de C.V., dated February 21, 2012.

Administration, dated March 19, 2012, which is hereby adopted by this notice. A list of the issues which parties have raised and to which we have responded, all of which are in the Decision Memorandum, is attached to this notice as an appendix. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in the Decision Memorandum which is on file and available electronically via IA ACCESS, which is accessible in the CRU, room 7046 of the main Department of Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Scope of Investigation

The scope of this investigation covers galvanized steel wire which is a cold-drawn carbon quality steel product in coils, of circular or approximately circular, solid cross section with any actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating).

Steel products to be included in the scope of this investigation, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.02 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.

Specifically excluded from the scope of this investigation is galvanized steel wire in coils of 15 feet or less which is pre-packed in individual retail packages. The products subject to this investigation are currently classified in subheadings 7217.20.30, 7217.20.45, and 7217.90.10 of the HTSUS which cover galvanized wire of all diameters and all carbon content. Galvanized wire is reported under statistical reporting

numbers 7217.20.3000, 7217.20.4510, 7217.20.4520, 7217.20.4530, 7217.20.4540, 7217.20.4550, 7217.20.4560, 7217.20.4570, 7217.20.4580, and 7217.90.1000. These products may also enter under HTSUS subheadings 7229.20.0015, 7229.20.0090, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive.

Scope Comments

In their case and rebuttal briefs, Petitioners, respondents, and other interested parties provided comments on the scope and merchandise that is to be covered under the scope. We have discussed these comments fully in the Decision Memorandum. See Decision Memorandum at Comments 3 and 4. As a result of considering these comments, we have clarified the scope language to include not only circular cross section material, but also out-of-round material that meets the circular tolerances. *Id.* at Comment 3. We have also included an additional HTSUS subheading as part of the scope description. *Id.* at Comment 4. In addition, and as referenced in the "Background" section above, certain parties in the companion galvanized wire antidumping duty investigation involving the People's Republic of China provided scope comments. These comments have been addressed in the *Notice of Final Determination of Sales at Less than Fair Value: Galvanized Steel Wire from the People's Republic of China*, signed concurrently with this notice, and the accompanying Issues and Decision Memorandum at Comment 3.

In addition, in the *Preliminary Determination*, we responded to scope comments provided by Tree Island Wire (USA), Inc. and Preferred Wire Products, Inc., and we preliminarily determined that galvanized wire with a diameter less than one millimeter is subject to the scope of the investigation. No additional comments were made on this issue in the case or rebuttal briefs. For the final, we have made no changes on this determination from the *Preliminary Determination* and continue to find, specifically, that galvanized wire with a diameter less than one millimeter but equal to or greater than 0.5842 millimeters is covered by the scope. See *Preliminary Determination*, 76 FR at 68425.

Period of Investigation

The period of investigation (POI) is January 1, 2010, to December 31, 2010.

This period corresponds to the four most recent fiscal quarters prior to the month of the filing of the Petition. See 19 CFR 351.204(b)(1).

Verification

As provided in section 782(i) of the Act and noted above, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records, and original source documents provided by the respondents.

Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we have made certain changes to the margin calculation for both Deacero and Camesa. For a discussion of these changes, see Decision Memorandum at Comments 1, 2, 7, 8, 9, and 11.⁹ Additionally, subsequent to the *Preliminary Determination*, the Department revised its margin calculation program to ensure that it accurately reflected the methodological choices made in that determination. These revisions to the programming, had they been included in the preliminary determination, would not have altered the weighted average dumping margins calculated there. See Decision Memorandum at Comment 10; see also, Deacero Analysis Memo and Camesa Analysis Memo at Attachments I–VIII.

All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated “all others” rate shall be an amount equal to the weighted average of the estimated weighted average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins and any margins determined entirely under section 776 of the Act. Deacero and Camesa are the only respondents

⁹ See also Memorandum from Ericka Ukrow to The File, entitled “Galvanized Steel Wire from Mexico—Final Determination of Sales at Less Than Fair Value Analysis Memorandum for Deacero S.A. de C.V.,” dated March 19, 2012 (Deacero Analysis Memo), and Memorandum from Patrick Edwards to The File, entitled “Galvanized Steel Wire from Mexico—Final Determination of Sales at Less Than Fair Value Analysis Memorandum for Aceros Camesa S.A. de C.V.,” dated March 19, 2012 (Camesa Analysis Memo); Memorandum from Christopher J. Zimpo to Neal M. Halper, entitled “Cost of Production, Constructed Value, and Further Manufacturing Cost Calculation Adjustments for the Final Determination: Deacero S.A. de C.V.,” dated March 19, 2012 (Deacero Cost Memo).

selected for individual examination in this investigation and, for each company, the Department has calculated a company-specific rate that is not zero or *de minimis*. Therefore, for purposes of determining the “all others” rate, and pursuant to section 735(c)(5)(A) of the Act, we are using the weighted average of the dumping margins calculated for Deacero and Camesa for the “all others” rate, as referenced in the “Continuation of Suspension of Liquidation” section below, *i.e.*, 22.43 percent, as indicated in the “Final Determination of Investigation” section below.¹⁰

Final Determination of Investigation

We determine that the following weighted-average dumping margins exist for the period January 1, 2010, through December 31, 2010:

Manufacturer or exporter	Weighted-Average margin (percent)
Deacero S.A. de C.V.	20.89
Aceros Camesa S.A. de C.V.	37.69
All-Others	22.43

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act and 19 CFR 351.211(b)(1), we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of subject merchandise from Mexico entered, or withdrawn from warehouse, for consumption on or after November 4, 2011, the date of the publication of the *Preliminary Determination*, for all producers/exporters. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average margin, as indicated in the chart above, as follows: (1) The rate for the respondents will be the rates we have determined in this final determination; (2) if the exporter is not a firm identified

¹⁰ When there are only two relevant weighted-average dumping margins available to determine the “all-others” rate, the Department may use a simple average so as to avoid disclosure of business proprietary information. See *Seamless Refined Copper Pipe and Tube From Mexico: Final Determination of Sales at Less Than Fair Value*, 75 FR 60723, 60724 (October 1, 2010). However, in this final determination, the Department has determined an “all-others” rate using Deacero’s and Camesa’s ranged, public U.S. sales quantities, which also avoids disclosure of business proprietary information. See *Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661 (September 1, 2010), and accompanying Issues and Decision Memorandum at Comment 1.

in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 22.43 percent. These 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. As our final determination is affirmative and in accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, 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 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 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/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 pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: March 19, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix

Deacero S.A. de C.V. (Deacero)

Comment 1: Conversion of U.S. Packing Expenses from Mexican Pesos to U.S. Dollars

Comment 2: Correction of Ministerial Errors

Comment 3: Whether Oval Galvanized Steel Wire is Outside the Scope of the Investigation

Comment 4: Whether PVC-Coated Galvanized Steel Wire is Outside the Scope of the Investigation

Comment 5: Whether To Apply Adverse Facts Available to Deacero's Inland Freight Expenses for Certain Home Market Sales

Comment 6: Whether To Apply Adverse Facts Available to Deacero's U.S. Repacking Expenses

Comment 7: Deacero's Reporting of Costs for Further Manufacturing

Comment 8: Deacero's Reporting of Inland Freight Charges for Certain U.S. Sales

Comment 9: Deacero's Reporting of Cost of Production and Constructed Value

Aceros Camesa S.A. de C.V. (Camesa)

Comment 10: Whether the Department Used an Average-to-Average Comparison Methodology

Comment 11: Whether the U.S. Inventory Carrying Costs Were Calculated Properly

[FR Doc. 2012-7213 Filed 3-23-12; 8:45 am]

BILLING CODE 3510-DS-P

¹ See *Galvanized Steel Wire From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68407 (November 4, 2011) ("Preliminary Determination").

² See *Galvanized Steel Wire From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value*, 76 FR 73589 (November 29, 2011) ("Amended Preliminary Determination").

³ See Letter to the Department from Baozhang; Re: Letter Electing Not To Participate in Verification, dated November 4, 2011.

⁴ See Letter to the Department from Honbase; Re: Galvanized Steel Wire from the People's Republic of China, dated November 9, 2011.

⁵ See "Memorandum to the File from Kabir Archuletta, re: Galvanized Steel Wire Sample Viewing," dated November 9, 2011.

⁶ Davis Wire Corporation, Johnstown Wire Technologies, Inc., Mid-South Wire Company, Inc., National Standard, LLC and Oklahoma Steel & Wire Company, Inc. (hereinafter collectively referred to as "Petitioners").

⁷ In this case, Huayuan refers to the collective group of affiliated companies comprised of Tianjin Huayuan Metal Wire Products Co., Ltd., Tianjin

Tianxin Metal Products, Co., Ltd., Tianjin Huayuan Times Metal Products Co., Ltd., and Tianjin Meijiahua Trade Co., Ltd.

⁸ See Letter to the Department from Huayuan; Re: Galvanized Steel Wire from the People's Republic of China: Withdrawal of Request for a Hearing, dated December 15, 2011.

United States at LTFV, as provided in section 735 of the Tariff Act of 1930, as amended (“the Act”). The estimated margins of sales at LTFV are shown in the “Final Determination Margins” section of this notice.

FOR FURTHER INFORMATION CONTACT: Irene Gorelik, Katie Marksberry or Kabir Archuletta, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC, 20230; telephone: (202) 482-6905, (202) 482-7906, or 482-2593, respectively.

SUPPLEMENTARY INFORMATION:

Background

On November 4, 2011, Shanghai Bao Zhang Industry Co., Ltd., Anhui Bao Zhang Metal Products Co., Ltd., and B&Z Galvanized Wire Industry (collectively, “Baozhang”), one of the three respondents selected for individual examination in this investigation, notified the Department that it would not participate in any the scheduled verifications.³ On November 9, 2011, Tianjin Honbase Machinery Manufactory Co., Ltd. (“Honbase”), another respondent selected for individual examination in this investigation, also notified the Department that it would not participate in any scheduled verifications.⁴

On November 2, 2011, Qingdao Ant Hardware Manufacturing Co., Ltd. (“AHM”), one of the non-individually examined exporters that received a separate rate, placed on the record samples of products which it believes should be excluded from the scope of the investigation. On November 9, 2011, the Department notified all interested parties that it would allow any interested parties to physically view the samples.⁵

Between December 9 and 14, 2011, we received case and rebuttal briefs from Petitioners,⁶ AHM, Tianjin Huayuan Metal Wire Products Co., Ltd. (“Huayuan”),⁷ and Baozhang. The

Department did not hold a public hearing, pursuant to 19 CFR 351.310(d), as the hearing requests made by interested parties were withdrawn.⁸

On March 2, 2012, at the Department’s request, interested parties in the companion galvanized wire investigations involving Mexico filed on the record of this investigation certain scope comments that were raised in that proceeding’s case and rebuttal briefs. We allowed a period of time for parties in the instant proceeding to comment on those submissions. We received no comments.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the “Antidumping Duty Investigation of Galvanized Steel Wire from the People’s Republic of China: Issues and Decision Memorandum for the Final Determination” (“Decision Memo”), dated concurrently with this notice and which is hereby adopted by this notice. A list of the issues which parties raised, and to which we respond in the Decision Memo, are attached to this notice as Appendix I. The Decision Memo is a public document and is on file electronically via Import Administration’s Antidumping and Countervailing Duty Centralized Electronic Service System (“IA ACCESS”). Access to IA ACCESS is available in the Central Records Unit (“CRU”), room 7046 of the main Department of Commerce building. In addition, a complete version of the Decision Memo can be accessed directly on the internet at <http://www.trade.gov/ia/>. The signed Decision Memo and the electronic versions of the Decision Memo are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of information on the record of this investigation, we have made changes regarding Honbase and Baozhang for the final determination. Specifically, for the final determination, we have applied total adverse facts available (“AFA”) for Honbase’s and Baozhang’s failure to participate and their subsequent inclusion as part of the PRC-wide entity.

Tianxin Metal Products, Co., Ltd., Tianjin Huayuan Times Metal Products Co., Ltd., and Tianjin Meijiahua Trade Co., Ltd.

⁸ See Letter to the Department from Huayuan; Re: Galvanized Steel Wire from the People’s Republic of China: Withdrawal of Request for a Hearing, dated December 15, 2011.

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-975]

Galvanized Steel Wire 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.

DATES: *Effective Date:* March 26, 2012.

SUMMARY: On November 4, 2011, the Department of Commerce (the “Department”) published the *Preliminary Determination* of sales at less than fair value (“LTFV”) in the antidumping investigation of galvanized steel wire from the People’s Republic of China (“PRC”).¹ On November 29, 2011, the Department published an *Amended Preliminary Determination*.² The period of investigation (“POI”) is July 1, 2010, through December 31, 2010. Based on our analysis of the comments received, we have made changes to our *Preliminary Determination* and *Amended Preliminary Determination*. The Department continues to find that galvanized steel wire from the PRC is being, or is likely to be, sold in the

¹ See *Galvanized Steel Wire From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 76 FR 68407 (November 4, 2011) (“*Preliminary Determination*”).

² See *Galvanized Steel Wire From the People’s Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value*, 76 FR 73589 (November 29, 2011) (“*Amended Preliminary Determination*”).

³ See Letter to the Department from Baozhang; Re: Letter Electing Not To Participate in Verification, dated November 4, 2011.

⁴ See Letter to the Department from Honbase; Re: Galvanized Steel Wire from the People’s Republic of China, dated November 9, 2011.

⁵ See “Memorandum to the File from Kabir Archuletta, re: Galvanized Steel Wire Sample Viewing,” dated November 9, 2011.

⁶ Davis Wire Corporation, Johnstown Wire Technologies, Inc., Mid-South Wire Company, Inc., National Standard, LLC and Oklahoma Steel & Wire Company, Inc. (hereinafter collectively referred to as “Petitioners”).

⁷ In this case, Huayuan refers to the collective group of affiliated companies comprised of Tianjin Huayuan Metal Wire Products Co., Ltd., Tianjin

Scope of Investigation

The scope of this investigation covers galvanized steel wire which is a cold-drawn carbon quality steel product in coils, of circular or approximately circular, solid cross section with any actual diameter of 0.5842 mm (0.0230 inch) or more, plated or coated with zinc (whether by hot-dipping or electroplating).

Steel products to be included in the scope of this investigation, regardless of Harmonized Tariff Schedule of the United States (“HTSUS”) definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements; (2) the carbon content is two percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or
- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.02 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.

Specifically excluded from the scope of this investigation is galvanized steel wire in coils of 15 feet or less which is pre-packed in individual retail packages. The products subject to this investigation are currently classified in subheadings 7217.20.30, 7217.20.45, and 7217.90.1000 of the HTSUS which cover galvanized wire of all diameters and all carbon content. Galvanized wire is reported under statistical reporting numbers 7217.20.3000, 7217.20.4510, 7217.20.4520, 7217.20.4530, 7217.20.4540, 7217.20.4550, 7217.20.4560, 7217.20.4570, 7217.20.4580, and 7217.90.1000. These products may also enter under HTSUS subheadings 7229.20.0015, 7229.20.0090, 7229.90.5008, 7229.90.5016, 7229.90.5031, and 7229.90.5051. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive.

Scope Comments

In their case and rebuttal briefs, interested parties provided comments on the scope and merchandise that is to be covered under the scope. We have discussed these comments fully in the

Decision Memo.⁹ In addition, and as referenced in the “Background” section above, certain parties in the companion galvanized wire investigation involving Mexico provided scope comments.¹⁰ As a result of considering these comments, we have made a slight modification of the scope to clarify that galvanized steel wire of circular or approximately circular, solid cross section is included within the scope.¹¹ We have also included an additional HTSUS subheading as part of the scope description.¹²

In addition, in the *Preliminary Determination*, we responded to scope comments provided by Tree Island Wire (USA), Inc. and Preferred Wire Products, Inc., and we preliminarily determined that galvanized wire with a diameter less than one millimeter is subject to the scope of the investigation. No additional comments were made on this issue in the case or rebuttal briefs. Thus, for the final determination, we have made no changes on this determination from the *Preliminary Determination* and continue to find, specifically, that galvanized wire with a diameter less than one millimeter but equal to or greater than 0.5842 millimeters is covered by the scope.

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.¹³ In the *Preliminary Determination*, we found that Shijiazhuang Kingway Metal Products Co., Ltd.; Shanxi Yuci Broad Wire Products Co., Ltd.; Huanghua Jinhai Hardware Products Co., Ltd.; Huanghua Jinhai Import & Export Trading Co.,

Ltd.; Guizhou Wire Rope Incorporated Company; Hebei Minmetals Co., Ltd.; Shandong Minmetals Co., Ltd.; Fasten Group Imp. & Exp. Co., Ltd.; Qingdao Ant Hardware Manufacturing Co., Ltd.; Suntec Industries Co., Ltd.; M & M Industries Co., Ltd.; Shaanxi New Mile International Trade Co., Ltd.; Hebei Cangzhou New Century Foreign Trade Co., Ltd.; Dezhou Hualude Hardware Products Co., Ltd.; Shanghai SETI Enterprise International Co., Ltd.; and Xi’an Metals and Minerals Import and Export Co., Ltd., demonstrated their eligibility for, and were hence assigned, separate rate status.

No parties commented on the above companies’ eligibility for separate rate status. Consequently, for the final determination, we continue to find that these companies demonstrated both a *de jure* and *de facto* absence of government control with respect to their exports of the merchandise under investigation, and are eligible for separate rate status for the final determination.

The Department received comments from Huayuan and Petitioners regarding the Department’s preliminary determination with respect to Huayuan’s separate rate status. The Department has addressed the arguments in Comment 1 of the Decision Memo. For the final determination, we continue to find that Huayuan has not overcome the presumption of government control with respect to its exports of the merchandise under investigation.¹⁴ Thus, we continue to find that Huayuan is not eligible for a separate rate and remains part of the PRC-wide entity.

Additionally, as discussed in the “PRC-wide Entity and Facts Available” section below and in Comment 2 of the Decision Memo, Honbase and Baozhang failed to demonstrate their eligibility for a separate rate by preventing the Department from verifying the accuracy of their information and will, therefore, be considered part of the PRC-wide entity for this final determination.

Calculation of Separate Rate

In the *Preliminary Determination*, we calculated a weighted-average separate rate based on the margins calculated for Honbase and Baozhang and their submitted publicly ranged sales quantities. However, none of the mandatory respondents are receiving a

⁹ See Decision Memo at Comment 3.

¹⁰ These comments have been addressed in the *Notice of Final Determination of Sales at Less Than Fair Value: Galvanized Steel Wire from Mexico*, signed concurrently with this notice and accompanying Issues and Decision Memorandum at Comments 3 and 4.

¹¹ See *id.*, at Comment 3.

¹² See *id.*, at Comment 4.

¹³ See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991) (“*Sparklers*”), 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 22585 (May 2, 1994) (“*Silicon Carbide*”), and 19 CFR 351.107(d).

¹⁴ See Decision Memo at Comment 1; see also “Memorandum to the File from Irene Gorelik, Senior Case Analyst: Program Analysis for the Preliminary Determination of Antidumping Duty Investigation of Galvanized Steel Wire from the People’s Republic of China: Tianjin Huayuan Metal Wire Products Co., Ltd.,” dated October 27, 2011 (“*Huayuan Prelim Analysis Memo*”) at Exhibit 1.

separate rate for this final determination. If the estimated weighted-average margins for all individually investigated respondents are *de minimis* or based entirely on facts available (“FA”), the Department may use any reasonable method to determine the separate rate margin.¹⁵ Therefore, pursuant to section 735(c)(5)(A) and (B) of the Act, we have, for the final determination, determined the separate rate margin using a reasonable method that is consistent with our established practice. Specifically, we have assigned to the separate rate companies the simple average of all of the margins alleged in the Petition,¹⁶ as revised in the *Initiation Notice*,¹⁷ which is 194.00 percent.¹⁸

The PRC-Wide Entity and Facts Available

In the *Preliminary Determination*, the Department found that:

information on the record of this investigation indicates that there were more exporters of galvanized steel wire from the PRC than those indicated in the response to our request for Q&V information during the POI * * * Although all producers/exporters were given an opportunity to provide Q&V information, not all producers/exporters provided a response to the Department’s Q&V letter.¹⁹

Furthermore, the Department did not grant a separate rate to Tianjin Jinghai Yicheng Metal Products Co., Ltd. (“Tianjin Jinghai”) because it withdrew its participation from this investigation

as a selected mandatory respondent, having never provided any evidence demonstrating an absence of government control both in law and in fact. As such, the Department preliminarily determined that there were PRC producers/exporters of galvanized steel wire during the POI that did not respond to the Department’s request for information. We treated these PRC producers/exporters as part of the PRC-wide entity because they did not qualify for a separate rate.²⁰

Further, as stated above, in the *Preliminary Determination*, the Department did not grant a separate rate to Huayuan because it did not overcome the presumption of government control.²¹ The Department has addressed this issue at length in the Decision Memo, based on comments received from Huayuan and Petitioners.²² However, because the Department begins with the presumption that all companies within an NME country are subject to government control, and because only the separate rate recipients have overcome that presumption, because Huayuan did not qualify for a separate rate, the Department is applying the PRC-wide entity rate to Huayuan and its affiliates. Despite Huayuan’s submission of sales and factor of production data, because Huayuan did not receive a separate rate and was found to be part of the PRC-wide entity, we have not used this data to calculate a separate antidumping duty margin for Huayuan. Rather, we have assigned to Huayuan the rate assigned to the PRC-wide entity. This is consistent with our long-standing practice of assigning a country-wide rate to NME companies that do not qualify for a separate rate, and has been affirmed by the court.²³

Section 776(a)(2) of the Act provides that if an interested party: (A) Withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act; (C)

significantly impedes a determination under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party “promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information in the requested form and manner, together with a full explanation and suggested alternative form in which such party is able to submit the information,” the Department may modify the requirements to avoid imposing an unreasonable burden on that party.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e) of the Act, disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed “deficient” under section 782(d) if: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5) the information can be used without undue difficulties.

Furthermore, section 776(b) of the Act states that if the administering authority finds that an interested party has not acted to the best of its ability to comply with a request for information, the administering authority may, in reaching its determination, use an inference that is adverse to that party. The adverse inference may be based upon: (1) The Petition, (2) a final determination in the investigation under this title, (3) any previous review under section 751 or determination under section 753, or (4) any other information placed on the record.

Information on the record of this investigation indicates that the PRC-

¹⁵ See section 735(c)(5)(B) of the Act.

¹⁶ See Petitions for the Imposition of Antidumping Duties on Galvanized Steel Wire from Mexico and Antidumping and Countervailing Duties on Galvanized Steel Wire from the People’s Republic of China filed on March 31, 2011 (the “Petition”).

¹⁷ See *Galvanized Steel Wire from the People’s Republic of China and Mexico: Initiation of Antidumping Duty Investigations*, 76 FR 23548, 23552 (April 27, 2011) (“*Initiation Notice*”); see also Decision Memo at Comment 7.

¹⁸ See, e.g., *Aluminum Extrusions from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 18524, 18525 (April 4, 2011) (“For the final determination, we have assigned the 29 separate rate applicants to whom we are granting a separate rate a dumping margin of 32.79 percent, based on the simple average of the margins alleged in the petition * * *”); *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People’s Republic of China*, 73 FR 31970, 31971–31972 (June 5, 2008) (“* * * we have assigned to the separate rate companies the simple average of the margins alleged in the petition.”); *Final Determination of Sales at Less Than Fair Value: Sodium Hexametaphosphate from the People’s Republic of China*, 73 FR 6479, 6480–6481 (February 4, 2008) (“Specifically, we have assigned an average of the margins calculated for purposes of initiation as the separate rate for the final determination.”).

¹⁹ See *Preliminary Determination*, 76 FR at 68415–68416.

²⁰ See *id.*

²¹ See *id.*, 76 FR at 68413; see also “Memorandum to Catherine Bertrand, Program Manager, Office 9, from Irene Gorelik, Senior International Trade Analyst, Office 9: Antidumping Duty Investigation of Galvanized Steel Wire from the People’s Republic of China: Preliminary Affiliation and Single Entity Determinations for Tianjin Huayuan Metal Wire Products Co., Ltd.,” dated October 27, 2011 (“Huayuan Affiliation Memo”); and Huayuan Prelim Analysis Memo.

²² See Decision Memo at Comment 1A, 1B, and 1C.

²³ See *Transcom, Inc. v. United States*, 182 F.3d 876, 883 (CAFC 1999) (citing *Sigma Corp v. United States*, 117 F.3d 1401, 1405–06. (CAFC 1997)).

wide entity was unresponsive to the Department's requests for information. Certain companies: (1) Did not respond to our questionnaires requesting quantity and value ("Q&V") information; or (2) withdrew participation from the investigation. As a result, pursuant to section 776(a)(2)(A) of the Act, we found that the use of facts available is appropriate to determine the PRC-wide rate.

Since the *Preliminary Determination*, Honbase and Baozhang, the two mandatory respondents for which we calculated preliminary antidumping duty margins, both withdrew their participation from their respective, scheduled on-site verifications. By ceasing to participate in the verification of their questionnaire responses, Honbase and Baozhang prevented the Department from verifying the accuracy of their information as provided by section 782(i) of the Act, and thus, failed to demonstrate their eligibility for a separate rate.²⁴ Therefore, for the final determination, the Department finds that Honbase and Baozhang are considered to be part of the PRC-wide entity (along with Tianjin Jinghai, the companies unresponsive to the Q&V questionnaires and Huayuan). Because the PRC-wide entity, which now also includes Honbase and Baozhang, significantly impeded the Department's proceeding pursuant to sections 776(a)(2)(C) of the Act, by failing to provide the requested information and by refusing to allow verification of their data, we find that the PRC-wide entity withheld information requested by the Department pursuant to section 776(a)(2)(A) of the Act. Based on the foregoing, we have determined that the PRC-wide entity failed to act to the best of its ability by not providing the requested information and by ceasing their participation in the proceeding. Therefore, we continue to find that when selecting from among the FA, an adverse inference is warranted for the PRC-wide entity, including Honbase and Baozhang, pursuant to section 776(b) of the Act.

The PRC-Wide Entity Rate

Because we begin with the presumption that all companies within a 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 rate) to all other exporters of the merchandise under consideration. These other companies did not

demonstrate entitlement to a separate rate.²⁵ The PRC-wide rate applies to all entries of the merchandise under consideration except for entries from the companies receiving a separate rate.²⁶

In the *Preliminary Determination*, the Department determined that there were: (1) Exporters/producers of the merchandise subject to the investigation during the POI from the PRC that did not respond to the Department's request for information; (2) exporters that withdrew from participation from the review; and (3) exporters that did not overcome the presumption of government control (specifically Huayuan²⁷). Further, we treated these PRC producers/exporters as part of the PRC-wide entity because they did not qualify for a separate rate. Finally, we found that the use of FA was appropriate to determine the PRC-wide rate pursuant to section 776(a)(2)(A) of the Act.²⁸

In the *Preliminary Determination*, the Department also determined that, in selecting from among the FA, an adverse inference is appropriate because the PRC-wide entity failed to cooperate by not acting to the best of its ability to comply with requests for information.²⁹ As AFA, we preliminarily assigned to the PRC-wide entity a rate of 235.00 percent, the highest calculated rate from the Petition.³⁰

Section 776(a)(2) of the Act provides that, if an interested party (A) withholds information requested by the Department, (B) fails to provide such information by the deadline, or in the form or manner requested, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified, the Department shall use, subject to sections 782(d) and (e) of the

²⁵ 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, 25707 (May 3, 2000).

²⁶ These companies are: Shijiazhuang Kingway Metal Products Co., Ltd.; Shanxi Yuci Broad Wire Products Co., Ltd.; Huanghua Jinhai Hardware Products Co., Ltd.; Huanghua Jinhai Import & Export Trading Co., Ltd.; Guizhou Wire Rope Incorporated Company; Hebei Minmetals Co., Ltd.; Shandong Minmetals Co., Ltd.; Fasten Group Imp. & Exp. Co., Ltd.; Qingdao Ant Hardware Manufacturing Co., Ltd.; Suntec Industries Co., Ltd.; M & M Industries Co., Ltd.; Shaanxi New Mile International Trade Co., Ltd.; Hebei Cangzhou New Century Foreign Trade Co., Ltd.; Dezhou Hualude Hardware Products Co., Ltd.; Shanghai SETI Enterprise International Co., Ltd.; and Xi'an Metals and Minerals Import and Export Co., Ltd.

²⁷ See Decision Memo at Comments 1A, 1B, and 1C; see also *Preliminary Determination*, 76 FR at 68413.

²⁸ See *Preliminary Determination*, 76 FR at 68416.

²⁹ See *id.*

³⁰ See *id.*; see also Statement of Administrative Action accompanying the URAA, H.R. Rep. No. 103-316, vol. 1, at 870 (1994) ("SAA").

Act, facts otherwise available in reaching the applicable determination. Because the PRC-wide entity (now including Honbase and Baozhang) did not respond to our requests for information, withheld information requested by the Department, and did not allow their information to be verified, pursuant to sections 776(a)(2)(A), (C), and (D) of the Act, we determine, as in the *Preliminary Determination*, that the use of facts otherwise available is appropriate to determine the PRC-wide rate. The PRC-wide entity has not provided the Department with the requested information; 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. As noted above, 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.³¹ We find 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.

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information, rather than on information obtained in the course of an investigation as facts available, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described in the SAA as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under Section 751 concerning the subject merchandise."³² The SAA provides that to "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value.³³ The SAA also states that independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and

³¹ 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 SAA at 870.

³² See SAA at 870.

³³ See *id.*

²⁴ See section 776(a)(2)(D) of the Act.

information obtained from interested parties during the particular investigation.³⁴ To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.³⁵

At the *Preliminary Determination*, as AFA the Department selected a rate of 235.00 percent, the highest rate from the Petition,³⁶ as recalculated by the Department in the *Initiation Notice*.³⁷ Petitioners' methodology for calculating the export price and normal value ("NV") in the Petition is discussed in the *Initiation Notice*.³⁸ To corroborate the AFA margin that we selected, we compared this margin to the model-specific margins we found for the cooperating mandatory respondents. We found that the margin of 235.00 percent had probative value because it is within the range of the non-aberrational, model-specific margins that we preliminarily calculated for one of the mandatory respondents during the POI.³⁹ Accordingly, we found that 235.00 percent was a reliable and relevant rate, considering the record information, and thus, had probative value for the *Preliminary Determination*.

For the final determination, because there were no margins calculated for the mandatory respondents, to corroborate the 235.00 percent margin used as AFA for the PRC-wide entity, to the extent appropriate information was available, we are affirming our pre-initiation analysis of the adequacy and accuracy of the information in the Petition.⁴⁰ During our pre-initiation analysis, we examined evidence supporting the calculations in the Petition and the supplemental information provided by Petitioners prior to initiation to determine the probative value of the margins alleged in the Petition. During our pre-initiation analysis, we examined the information used as the basis of export price and NV in the Petition, and the calculations used to derive the alleged margins. Also during our pre-initiation analysis, we examined information from various independent sources provided either in the Petition or, based on our requests, in supplements to the Petition, which corroborated key elements of the export price and NV calculations.⁴¹ Therefore, for the final determination, we have corroborated our AFA margin by affirming our pre-initiation analysis.

Because no parties commented on the selection of the PRC-wide rate, we continue to find that the margin of 235.00 percent has probative value. Accordingly, we find that the rate of 235.00 percent is corroborated within the meaning of section 776(c) of the Act.

Surrogate Country

In the *Preliminary Determination*, we stated that we selected Thailand 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 similar level of economic development pursuant to 773(c)(4) of the Act; and (3) we have reliable data from Thailand that we can use to value the factors of production.⁴² For the final determination, we are not calculating any margins that require surrogate values from a surrogate country and, therefore, there is no need to consider comments with respect to the selection of a surrogate country.⁴³

Final Determination Margins

We determine that the below percentage margins exist for the following entities for the POI:

Exporter	Producer	Weighted-average margin (percent)
Shijiazhuang Kingway Metal Products Co., Ltd	Shijiazhuang Kingway Metal Products Co., Ltd	194.00
Shanxi Yuci Broad Wire Products Co., Ltd	Shanxi Yuci Broad Wire Products Co., Ltd	194.00
Huanghua Jinhai Hardware Products Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Huanghua Jinhai Import & Export Trading Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Guizhou Wire Rope Incorporated Company	Guizhou Wire Rope Incorporated Company	194.00
Hebei Minmetals Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Hebei Minmetals Co., Ltd	Huanghua Huarong Hardware Co., Ltd	194.00
Hebei Minmetals Co., Ltd	Shandong Jining Lianzhong Hardware Products Co., Ltd	194.00
Shandong Minmetals Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Shandong Minmetals Co., Ltd	Huanghua Xincheng Metal Products Co., Ltd	194.00
Shandong Minmetals Co., Ltd	Tianjin Shi Dagangqu Yuliang XianCaichang	194.00
Shandong Minmetals Co., Ltd	Tianjin Hengfeng Metal Wire Co., Ltd	194.00
Shandong Minmetals Co., Ltd	Tianjin Shi Jinghai Yicheng Hardware Products Co., Ltd	194.00
Fasten Group Imp. & Exp. Co., Ltd	Jiangsu Fasten Stock Co., Ltd	194.00
Fasten Group Imp. & Exp. Co., Ltd	Zhangjiagang Guanghua Communication Cable Materials Co., Ltd.	194.00
Fasten Group Imp. & Exp. Co., Ltd	Zhangjiagang Kaihua Metal Products Co., Ltd	194.00
Qingdao Ant Hardware Manufacturing Co., Ltd	Qingdao Ant Hardware Manufacturing Co., Ltd	194.00
Suntec Industries Co., Ltd	Tianjin Jinnan 4th Wire Factory	194.00
Suntec Industries Co., Ltd	Tianjin Yinshan Manufacture & Trade Co., Ltd	194.00
Suntec Industries Co., Ltd	Tianjin Zhaohong Metal Products Co., Ltd	194.00
Suntec Industries Co., Ltd	Tianjin Wandai Metal Products Co., Ltd	194.00
Suntec Industries Co., Ltd	Tianjin Dagang Wire Factory	194.00
Suntec Industries Co., Ltd	Tianjin Jinghai Yicheng Metal Products Co., Ltd	194.00

³⁴ See *id.*
³⁵ 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 *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).
³⁶ See Petition.
³⁷ See *Initiation Notice*.
³⁸ See *id.*
³⁹ See "Memorandum to the File, from Irene Gorelik, Senior Analyst, re; Corroboration of the PRC-Wide Entity Rate for the Preliminary Determination in the Antidumping Duty

Investigation of Galvanized Steel Wire from the People's Republic of China," dated October 27, 2011.
⁴⁰ See Antidumping Investigation Initiation Checklist: Galvanized Steel Wire from the People's Republic of China, dated April 20, 2011 ("Initiation Checklist").
⁴¹ See *id.*
⁴² See *Preliminary Determination*, 76 FR at 68410-68412.
⁴³ See Decision Memo at Comment 4.

Exporter	Producer	Weighted-average margin (percent)
Suntec Industries Co., Ltd	Tianjin Liquan Metal Products Co., Ltd	194.00
Suntec Industries Co., Ltd	Tianjin Huayuan Times Metal Products Co., Ltd	194.00
Suntec Industries Co., Ltd	Tianjin Fusheng Metal Products Co., Ltd	194.00
M & M Industries Co., Ltd	Tianjin Huayuan Times Metal Products Co., Ltd	194.00
M & M Industries Co., Ltd	Tianjin Huayuan Metal Wire Products Co., Ltd	194.00
M & M Industries Co., Ltd	Tianjin Tianxin Metal Products Co., Ltd	194.00
M & M Industries Co., Ltd	Tianjin Jinghai County Yongshun Metal Products Mill	194.00
M & M Industries Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Shaanxi New Mile International Trade Co., Ltd	Tianjin Huayuan Metal Wire Products Co., Ltd	194.00
Shaanxi New Mile International Trade Co., Ltd	Tianjin Jinghai Yicheng Metal Products Co., Ltd	194.00
Shaanxi New Mile International Trade Co., Ltd	Tianjin Zhaohong Metal Products Co., Ltd	194.00
Shaanxi New Mile International Trade Co., Ltd	Tianjin Lianxing Metal Products Co., Ltd	194.00
Shaanxi New Mile International Trade Co., Ltd	Tianjin Beichen Gangjiaoxian Metal Products Co., Ltd., Fuli Branch.	194.00
Shaanxi New Mile International Trade Co., Ltd	Shenzhou Hongli Metal Products Co., Ltd	194.00
Hebei Cangzhou New Century Foreign Trade Co., Ltd	Tianjin Huayuan Metal Wire Products Co., Ltd	194.00
Hebei Cangzhou New Century Foreign Trade Co., Ltd	Tianjin Randa Metal Products Factory	194.00
Hebei Cangzhou New Century Foreign Trade Co., Ltd	Tianjin Jinghai Yicheng Metal Products Co., Ltd	194.00
Hebei Cangzhou New Century Foreign Trade Co., Ltd	Tianjin Jinghai Hongjiufeng Wire Products Co., Ltd	194.00
Hebei Cangzhou New Century Foreign Trade Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Dezhou Hualude Hardware Products Co., Ltd	Tianjin Jinghai Yicheng Metal Products Co., Ltd	194.00
Dezhou Hualude Hardware Products Co., Ltd	Tianjin Yinshan Industry and Trade Co., Ltd	194.00
Dezhou Hualude Hardware Products Co., Ltd	Tianjin Zhenyuan Industry and Trade Co., Ltd	194.00
Dezhou Hualude Hardware Products Co., Ltd	Dingzhou Xuri Metal Products Factory	194.00
Dezhou Hualude Hardware Products Co., Ltd	Huanghua Jinhai Hardware Products Co., Ltd	194.00
Dezhou Hualude Hardware Products Co., Ltd	Tianjin Dagang Wire Mill	194.00
Dezhou Hualude Hardware Products Co., Ltd	Tianjin Huayuan Industrial Company	194.00
Dezhou Hualude Hardware Products Co., Ltd	Hebei Yongwei Metal Products Co., Ltd	194.00
Dezhou Hualude Hardware Products Co., Ltd	Tianjin Guanshun Metal Products Co., Ltd	194.00
Shanghai SETI Enterprise International Co., Ltd	Shanghai Xiaoyu Metal Products Co., Ltd	194.00
Xi'an Metals and Minerals Import and Export Co., Ltd	Tianjin Jinyongtai Hardware Products Co., Ltd	194.00
Xi'an Metals and Minerals Import and Export Co., Ltd	Tianjin Hengfeng Metal Wire Co., Ltd	194.00
Xi'an Metals and Minerals Import and Export Co., Ltd	Shenzhou City Hongli Hardware Manufacturing Co., Ltd	194.00
Xi'an Metals and Minerals Import and Export Co., Ltd	Tianjin Dagang Jinding Metal Products Factory	194.00
PRC-Wide ⁴⁴	235.00

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).

⁴⁴ The PRC-wide entity includes: Tianjin Honbase Machinery Manufactory Co., Ltd.; Anhui Bao Zhang Metal Products Co., Ltd.; Shanghai Bao Zhang Industry Co., Ltd.; Tianjin Huayuan Metal Wire Products Co., Ltd.; Tianjin Meijiahua Trade Co., Ltd.; Tianjin Huayuan Times Metal Products Co., Ltd.; Tianjin Tianxin Metal Products Co., Ltd.; Tianjin Jinghai Yicheng Metal Products Co., Ltd.; Anping Shuangmai Metal Products Co., Ltd.; Anping Xinhong Wire Mesh Co., Ltd.; Beijing Catic Industry Limited; Benxi Wasainuo Metal Packaging Production Co., Ltd.; China National Electronics Imp. & Exp. Ningbo Co., Ltd.; Easen Corp.; Ecms O/B Tianjin Huayuan Metal Wire; Hebei Dongfang Hardware And Mesh Co., Ltd.; Hebei Longda Trade Co., Ltd.; Huanghua Yufutai Hardware Products Co., Ltd.; Maccaferri (Changsha) Enviro-Tech Co.; Nantong Long Yang International Trade Co., Ltd.; Shandong Hualing Hardware & Tools Co. Ltd.; Shanghai Multi-development Enterprises; Shanghai Suntec Industries Co., Ltd.; Tianjin Jing Weida International Trade Co., Ltd.; Tianjin Pcss Trading Co., Ltd.; and Weifang Hecheng International Trade Co., Ltd.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all imports of merchandise subject to the investigation entered or withdrawn from warehouse, for consumption for the PRC-wide entity and the Separate Rate Recipients on or after November 4, 2011. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds U.S. price, as follows: (1) The rate for the exporter/producer combinations listed in the chart above will be the rate we have determined in this final determination; (2) for all PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the PRC-wide rate; and (3) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter.

These suspension of liquidation instructions will remain in effect until further notice.

Additionally, the Department found in its final determination for the companion countervailing duty (“CVD”) investigation that Baozhang’s merchandise benefited from export subsidies.⁴⁵ However, as noted above, we have determined that Baozhang is part of the PRC-wide entity in this proceeding. With respect to the PRC-wide entity, we have applied as AFA the highest rate from the Petition. Therefore, we will not instruct CBP to deduct any export subsidy from the PRC-wide entity’s cash deposit rate.⁴⁶

With respect to M&M Industries Co., Ltd., a separate rate recipient in this case, but a mandatory respondent in the companion CVD case to which total AFA was assigned, the Department

⁴⁵ See *Galvanized Steel Wire from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, dated concurrently with this notice.

⁴⁶ See, e.g., *Drill Pipe From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances*, 76 FR 1966, 1970 (January 11, 2011).

calculated the AFA rate for M&M Industries using program-specific rates calculated for the cooperating respondents. Therefore, in the CVD investigation, because there was only one export subsidy rate calculated (for Baozhang, a cooperative respondent in the CVD investigation), the export subsidy portion of the AFA-rate for M&M Industries is equal to the export subsidy rate calculated for Baozhang (0.21%). In addition, Baozhang's rate is the basis for the all-others rate in the CVD case. Therefore, we will instruct CBP to require a cash deposit or posting of a bond equal to the amount by which normal value exceeds U.S. price for the M&M Industries, reduced by the export subsidy rate (0.21%) found for all companies.

Further, with respect to the other companies receiving a separate rate in the instant investigation, excluding M&M Industries Co., Ltd., these companies are subject to the all-others rate in the companion CVD investigation. Moreover, as noted above, all companies were found to have the same amount of export subsidies, the amount found for the cooperative respondent in the CVD case. Therefore, for companies receiving a separate rate, we will instruct CBP to require a cash deposit or posting of a bond equal to the amount by which normal value exceeds U.S. price for the separate rate recipients, as indicated above, reduced by the export subsidy rate (0.21%) found for all companies.

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 and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: March 19, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I

Company-Specific Issues

Comment 1: The Department's Preliminary Determination With Respect to Tianjin Huayuan Metal Wire Products Co., Ltd.

("Huayuan")

A. Whether the Department Incorrectly Determined Huayuan's Eligibility for a Separate Rate

B. Whether the Department Should Have Applied Adverse Facts Available ("AFA") to Huayuan

C. Whether the Department Failed to Meet the Statutory Obligation to Verify Huayuan

Comment 2: Whether the Department Should Assign AFA to Tianjin Honbase Machinery Manufactory Co., Ltd. ("Tianjin Honbase") and to Anhui Bao Zhang Metal Products Co., Ltd. ("Baozhang")

General Issues

Comment 3: Whether Hobby Wire is Within the Scope of the Investigation

Comment 4: Surrogate Country Selection

Comment 5: Whether Double-Remedies Have Been Applied

Comment 6: Whether the NME Separate Rate Methodology is Contrary to Law and Should Be Eliminated

Comment 7: Appropriate Separate Rate to Assign to Cooperative Non-Selected Companies

[FR Doc. 2012-7212 Filed 3-23-12; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Galvanized Steel Wire from China and Mexico
Inv. Nos.: 701-TA-479 and 731-TA-1183-1184 (Final)
Date and Time: March 22, 2012 - 9:30 a.m.

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

EMBASSY WITNESS:

**Embassy of Mexico
Washington, D.C.**

Salvador Behar, Legal Counsel for International Trade

OPENING REMARKS:

Petitioners (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)
Respondents (**Jay C. Campbell**, White & Case LLP; *and*
Donald B. Cameron, Morris Manning & Martin, LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

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

Davis Wire Corporation
Johnstown Wire Technologies, Inc.
Mid-South Wire Company, Inc.
National Standard, LLC
Oklahoma Steel & Wire Company, Inc.

Peter M. Cronin, Corporate Vice President, Sales
and Marketing, Heico Wire Group (Davis
Wire Corporation and National Standard, LLC)

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):**

Walter Robertson, III, President Johnstown Wire
Technologies, Inc.

Andy G. Talbot, Vice President, General Manager Operations,
Mid-South Wire Company

David Weinand, Executive Vice President, Oklahoma
Steel & Wire Company, Inc.

Lou Richards, Vice President Sales, Oklahoma Steel
& Wire Company, Inc.

Dr. Patrick Magrath, Economic Consultant, Magrath
& Otis LLC

Frederick P. Waite)
Kimberly R. Young) – OF COUNSEL
Sutton A. Meagher)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

White & Case LLP
Washington, D.C.
on behalf of

Deacero S.A. de C.V. (“Deacero”)
Deacero USA, Inc. (“Deacero USA”)

Daniel M. Gutierrez, Vice President of Industrial
Sales, Deacero

Eugenio Gutierrez, Administrative and Financial
Manager, Deacero

John Kocerka, President, H&J Products, LLC

Jay C. Campbell)
) – OF COUNSEL
Kristina Zissis)

Morris Manning & Martin, LLP
Washington, D.C.
on behalf of

Aceros Camesa S.A. de C.V. (“Camesa”)
WireCo WorldGroup Inc. (“WireCo”)

Joaquin Barrios, Senior Vice President, Global Supply
Chain, WireCo

Donald B. Cameron)
) – OF COUNSEL
R. Will Planert)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Frederick P. Waite**, Vorys, Sater, Seymour and Pease LLP)
Respondents (**Jay C. Campbell**, White & Case LLP; *and*
Donald B. Cameron, Morris Manning & Martin, LLP)

APPENDIX C
SUMMARY DATA

Table C-1
Galvanized steel wire: Summary data concerning the U.S. market, 2009-11

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. consumption quantity:						
Amount	608,254	669,407	704,867	15.9	10.1	5.3
Producers' share (1)	72.7	72.9	74.9	2.2	0.2	2.0
Importers' share (1):						
China	6.9	6.0	4.0	-2.9	-0.8	-2.1
Mexico	7.5	10.1	10.4	3.0	2.6	0.3
Subtotal	14.3	16.1	14.4	0.1	1.8	-1.7
All other sources	13.0	11.0	10.7	-2.3	-2.0	-0.3
Total imports	27.3	27.1	25.1	-2.2	-0.2	-2.0
U.S. consumption value:						
Amount	598,677	670,699	792,727	32.4	12.0	18.2
Producers' share (1)	72.2	73.4	74.5	2.3	1.1	1.1
Importers' share (1):						
China	6.7	5.7	4.1	-2.7	-1.0	-1.6
Mexico	7.7	8.4	9.9	2.2	0.8	1.5
Subtotal	14.4	14.1	14.0	-0.4	-0.3	-0.2
All other sources	13.4	12.5	11.6	-1.8	-0.9	-1.0
Total imports	27.8	26.6	25.5	-2.3	-1.1	-1.1
U.S. imports from:						
China:						
Quantity	41,743	40,486	28,164	-32.5	-3.0	-30.4
Value	40,371	38,252	32,209	-20.2	-5.2	-15.8
Unit value	\$967	\$945	\$1,144	18.2	-2.3	21.0
Ending inventory quantity	***	***	***	***	***	***
Mexico:						
Quantity	45,335	67,410	73,331	61.8	48.7	8.8
Value	45,878	56,437	78,506	71.1	23.0	39.1
Unit value	\$1,012	\$837	\$1,071	5.8	-17.3	27.9
Ending inventory quantity	***	***	***	***	***	***
Subtotal:						
Quantity	87,078	107,897	101,495	16.6	23.9	-5.9
Value	86,249	94,689	110,716	28.4	9.8	16.9
Unit value	\$990	\$878	\$1,091	10.1	-11.4	24.3
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	79,085	73,613	75,487	-4.5	-6.9	2.5
Value	80,069	83,999	91,604	14.4	4.9	9.1
Unit value	\$1,012	\$1,141	\$1,214	19.9	12.7	6.3
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	166,163	181,510	176,982	6.5	9.2	-2.5
Value	166,318	178,688	202,320	21.6	7.4	13.2
Unit value	\$1,001	\$984	\$1,143	14.2	-1.6	16.1
Ending inventory quantity	8,605	12,627	18,637	116.6	46.7	47.6

Table continued on next page.

Table C-1--Continued
Galvanized steel wire: Summary data concerning the U.S. market, 2009-11

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. producers ¹ :						
Average capacity quantity	813,088	804,338	814,588	0.2	-1.1	1.3
Production quantity	443,102	491,302	538,267	21.5	10.9	9.6
Capacity utilization (1)	54.5	61.1	66.1	11.6	6.6	5.0
U.S. shipments:						
Quantity	442,091	487,897	527,885	19.4	10.4	8.2
Value	432,359	492,011	590,407	36.6	13.8	20.0
Unit value	\$978	\$1,008	\$1,118	14.4	3.1	10.9
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	19,890	21,044	27,374	37.6	5.8	30.1
Inventories/total shipments (1)	4.5	4.3	5.2	0.7	-0.2	0.9
Production workers	793	814	815	2.8	2.6	0.1
Hours worked (1,000s)	1,728	1,800	1,771	2.5	4.2	-1.6
Wages paid (\$1,000s)	33,021	33,760	35,243	6.7	2.2	4.4
Hourly wages	19	19	20	4.1	-1.9	6.1
Productivity (tons/1,000 hours)	256	273	304	18.5	6.4	11.4
Unit labor costs	75	69	65	-12.1	-7.8	-4.7
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.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (HTS numbers 7217.20.30 and 7217.20.45).

Table C-2

Galvanized steel wire (with a carbon content greater than 0.64 percent): Summary data concerning the U.S. market, 2009-11

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. imports from:						
China:						
Quantity	3,011	3,151	671	-77.7	4.7	-78.7
Value	3,350	3,063	711	-78.8	-8.6	-76.8
Unit value	\$1,113	\$972	\$1,060	-4.8	-12.6	9.0
Ending inventory quantity	(2)	(2)	(2)	0.0	0.0	0.0
Mexico (3):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subtotal:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	22,264	22,895	19,908	-10.6	2.8	-13.0
Value	27,487	30,701	26,440	-3.8	11.7	-13.9
Unit value	\$1,235	\$1,341	\$1,328	7.6	8.6	-1.0
Ending inventory quantity	(2)	(2)	(2)	0.0	0.0	0.0
All sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued
Galvanized steel wire (with a carbon content greater than 0.64 percent): Summary data concerning the
U.S. market, 2009-11

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	74,402	79,729	98,968	33.0	7.2	24.1
Value	89,627	99,662	141,724	58.1	11.2	42.2
Unit value	\$1,205	\$1,250	\$1,432	18.9	3.8	14.6
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***
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) Unavailable/not applicable.

(3) WireCo imports almost only galvanized steel wire with a carbon content greater than 0.64 percent and *** of it is sold in the commercial market. In 2011 Deacero imported approximately *** percent of galvanized steel wire with a carbon content greater than 0.64 percent *** of which was sold in the commercial market.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Note.--Domestic industry data is somewhat understated because it does not include ***.

Source: Compiled from data submitted in response to Commission supplemental questionnaires and from official Commerce statistics. Import data for Mexico are based on supplemental questionnaire responses. All other import data are based on official Commerce statistics HTS numbers 7217.20.4530, 7217.20.45 and 7217.20.4580 (with a carbon content of 0.60 percent and above). Official Commerce statistics are overstated because the HTS numbers include galvanized steel wire with a carbon content of 0.60 percent and above.

Table C-3
Galvanized steel wire (with a carbon content less than 0.64 percent): Summary data concerning the
U.S. market, 2009-11

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. imports from:						
China:						
Quantity	38,732	37,335	27,493	-29.0	-3.6	-26.4
Value	37,021	35,189	31,498	-14.9	-4.9	-10.5
Unit value	\$956	\$943	\$1,146	19.9	-1.4	21.6
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)
Mexico:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subtotal:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	56,821	50,718	55,579	-2.2	-10.7	9.6
Value	52,582	53,298	65,164	23.9	1.4	22.3
Unit value	\$925	\$1,051	\$1,172	26.7	13.6	11.6
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)
All sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-3--Continued
Galvanized steel wire (with a carbon content less than 0.64 percent): Summary data concerning the
U.S. market, 2009-11

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	367,689	408,168	428,917	16.7	11.0	5.1
Value	342,894	396,351	449,283	31.0	15.6	13.4
Unit value	\$933	\$971	\$1,047	12.3	4.1	7.9
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***
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) Unavailable/not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Note.--Domestic industry data is somewhat overstated because *** is included in the data.

Source: Compiled from data submitted in response to Commission supplemental questionnaires and from official Commerce statistics. Import data for Mexico are based on supplemental questionnaire responses. All other import data are based on official Commerce statistics excluding HTS numbers 7217.20.4530, 7217.20.4560, and 7217.20.4580 (with a carbon content of 0.60 percent and above). Official Commerce statistics are somewhat understated because the HT numbers exclude galvanized steel wire with a carbon content of 0.60 percent.

Table C-4
Galvanized steel wire: Summary data (excluding **'s data) concerning the U.S. market, 2009-11**

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. consumption quantity:						
Amount	608,254	669,407	704,867	15.9	10.1	5.3
****'s share (1)	***	***	***	***	***	***
All other producers' share (1)	***	***	***	***	***	***
All producers' share (1)	72.7	72.9	74.9	2.2	0.2	2.0
Importers' share (1):						
China	6.9	6.0	4.0	-2.9	-0.8	-2.1
Mexico	7.5	10.1	10.4	3.0	2.6	0.3
Subtotal	14.3	16.1	14.4	0.1	1.8	-1.7
All other sources	13.0	11.0	10.7	-2.3	-2.0	-0.3
Total imports	27.3	27.1	25.1	-2.2	-0.2	-2.0
U.S. consumption value:						
Amount	598,677	670,699	792,727	32.4	12.0	18.2
****'s share (1)	***	***	***	***	***	***
All other producers' share (1)	***	***	***	***	***	***
All producers' share (1)	72.2	73.4	74.5	2.3	1.1	1.1
Importers' share (1):						
China	6.7	5.7	4.1	-2.7	-1.0	-1.6
Mexico	7.7	8.4	9.9	2.2	0.8	1.5
Subtotal	14.4	14.1	14.0	-0.4	-0.3	-0.2
All other sources	13.4	12.5	11.6	-1.8	-0.9	-1.0
Total imports	27.8	26.6	25.5	-2.3	-1.1	-1.1
U.S. imports from:						
China:						
Quantity	41,743	40,486	28,164	-32.5	-3.0	-30.4
Value	40,371	38,252	32,209	-20.2	-5.2	-15.8
Unit value	\$967	\$945	\$1,144	18.2	-2.3	21.0
Ending inventory quantity	***	***	***	***	***	***
Mexico:						
Quantity	45,335	67,410	73,331	61.8	48.7	8.8
Value	45,878	56,437	78,506	71.1	23.0	39.1
Unit value	\$1,012	\$837	\$1,071	5.8	-17.3	27.9
Ending inventory quantity	***	***	***	***	***	***
Subtotal:						
Quantity	87,078	107,897	101,495	16.6	23.9	-5.9
Value	86,249	94,689	110,716	28.4	9.8	16.9
Unit value	\$990	\$878	\$1,091	10.1	-11.4	24.3
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	79,085	73,613	75,487	-4.5	-6.9	2.5
Value	80,069	83,999	91,604	14.4	4.9	9.1
Unit value	\$1,012	\$1,141	\$1,214	19.9	12.7	6.3
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	166,163	181,510	176,982	6.5	9.2	-2.5
Value	166,318	178,688	202,320	21.6	7.4	13.2
Unit value	\$1,001	\$984	\$1,143	14.2	-1.6	16.1
Ending inventory quantity	8,605	12,627	18,637	116.6	46.7	47.6

Table continued on next page.

Table C-4--Continued
Galvanized steel wire: Summary data (excluding *s data) concerning the U.S. market, 2009-11**

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

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. producers' (excluding ***):						
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 (\$1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***
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)	***	***	***	***	***	***
WireCo's U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***

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

(2) Not applicable.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

APPENDIX D
NONSUBJECT COUNTRY PRICE DATA

Four importers reported price data for nonsubject country Canada for products 1, 2, 3, 4, and 7. These price items and accompanying data are comparable to those presented in tables V-1 to V-7.

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Canada were lower than prices for U.S.-produced product in 12 instances and higher in 43 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from Canada were lower than prices for product imported from subject countries in 26 instances and higher in 60 instances. Specifically, prices for product imported from Canada were higher than prices for product imported from China in 26 of 44 instances and higher than prices for product imported from Mexico in 34 of 42 instances. Price and quantity data for Canada are shown in table D-1 and D-2 and in figure D-1 (with domestic and subject sources).

Table D-1

Galvanized steel wire: Weighted-average f.o.b. prices and quantities of nonsubject product imported from Canada, by quarters, January 2009-December 2011

* * * * *

Table D-2

Galvanized steel wire: Weighted-average f.o.b. prices and quantities of nonsubject product imported from Canada, by quarters, January 2009-December 2011

* * * * *

Figure D-1

Galvanized steel wire: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, 2009-11

* * * * *

APPENDIX E

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

The Commission requested U.S. processors to describe any actual or potential negative effects since January 1, 2009, on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of galvanized steel wire from China and Mexico. Their responses are as follows:

Actual Negative Effects

Bekaert.—***

Davis Wire.—***

Johnstown Wire.—***

Leggett & Platt.—***

Mid-South Wire.—***

National Standard.—***

Oklahoma Steel & Wire.—***

WireCo.—***

Anticipated Negative Effects

Bekaert.—***

Davis Wire.—***

Johnstown Wire.—***

Leggett & Platt.—***

Mid-South Wire.—***

National Standard.—***

Oklahoma Steel & Wire.—***

WireCo.—***

APPENDIX F

FOREIGN INDUSTRY DATA FOR MEXICO BY CARBON CONTENT

Table F-1

Galvanized steel wire (with a carbon content greater than 0.64 percent): Mexican production capacity, production, shipments, and inventories, 2009-11 and projected 2012-13

* * * * *

Table F-2

Galvanized steel wire (with a carbon content of 0.64 percent or less): Mexican production capacity, production, shipments, and inventories, 2009-11 and projected 2012-13

* * * * *

