

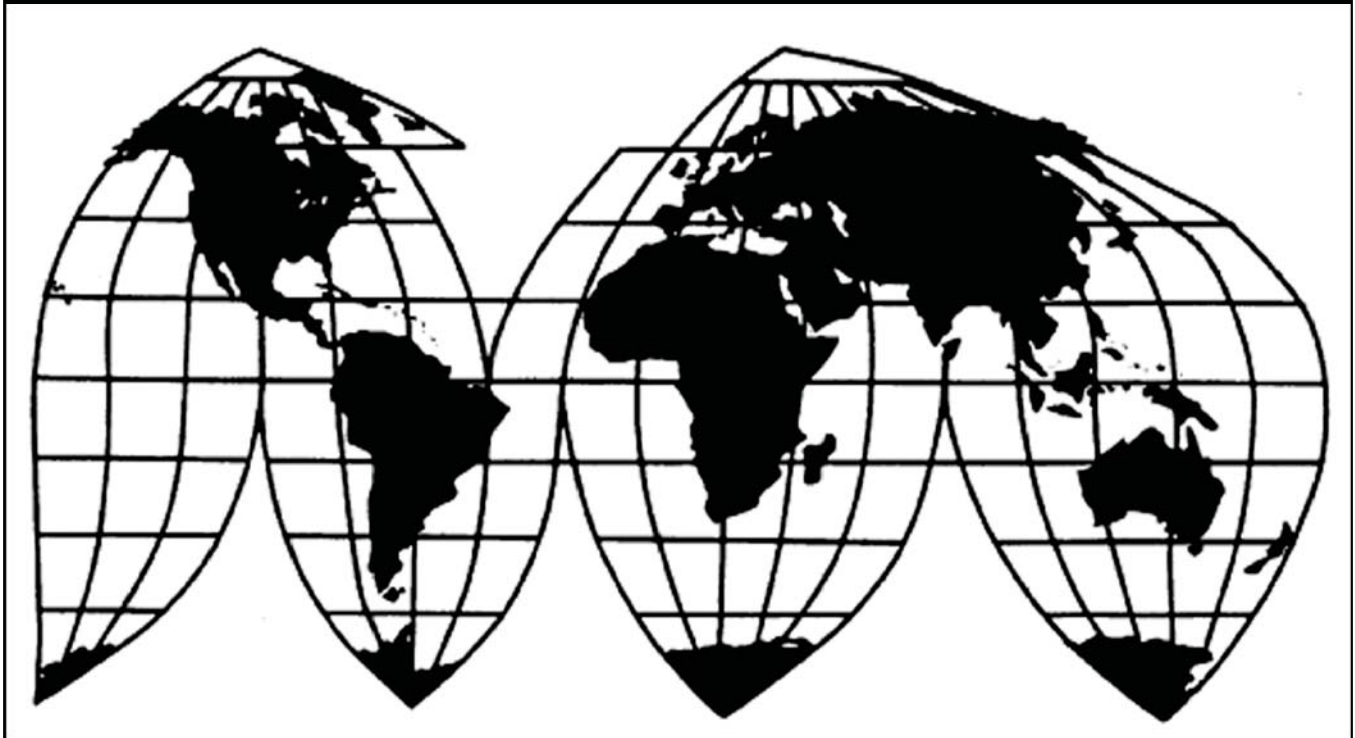
Wire Decking from China

Investigation Nos. 701-TA-466 and 731-TA-1162 (Final)

Publication 4172

July 2010

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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-466 and 731-TA-1162 (Final)

WIRE DECKING FROM CHINA

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, 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 of wire decking from China, provided for in subheadings 9403.90.80, 7217.10, 7217.20, 7326.20, 7326.90, and 9403.20.00 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are subsidized and sold in the United States at less than fair value (“LTFV”).²

BACKGROUND

The Commission instituted these investigations effective June 5, 2009, following receipt of a petition filed with the Commission and Commerce by AWP Industries, Inc., Frankfort, KY; ITC Manufacturing, Inc., Phoenix, AZ; J&L Wire Cloth, Inc., St. Paul, MN; Nashville Wire Products Mfg. Co., Inc., Nashville, TN; and Wireway Husky Corp., Denver, NC. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of wire decking from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and dumped 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 January 28, 2010 (75 FR 4584). The hearing was held in Washington, DC, on May 27, 2010, 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 Commissioners Charlotte R. Lane and Irving A. Williamson dissented and determined that an industry in the United States is materially injured by reason of imports of wire decking from China.

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 wire decking from China that have been found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and subsidized by the Government of China.^{1 2}

I. BACKGROUND

The petition in these investigations was filed on June 5, 2009, by domestic producers AWP Industries, Inc. (“AWP”) of Frankfort, KY; ITC Manufacturing, Inc. (“ITC”) of Phoenix, AZ; J&L Wire Cloth, Inc. (“J&L”) of St. Paul, MN; Nashville Wire Products Mfg. Co., Inc. (“Nashville Wire”) of Nashville, TN; and Wireway Husky Corp. (“Wireway”) of Denver, NC (collectively, “petitioners”). Petitioners filed prehearing and posthearing briefs and appeared at the hearing. Nucor Corporation (“Nucor”), also a domestic producer, filed prehearing and posthearing briefs. Respondent parties that filed joint prehearing and posthearing briefs and appeared at the hearing are foreign producers Dalian Eastfound Metal Products Co., Ltd., and Dalian Eastfound Material Handling Products Co., Ltd., and the U.S. entity Worldwide Material Handling Products, LLC (“Worldwide”) (collectively, “respondents”).

Eleven firms currently produce wire decking in the United States, of which seven provided usable responses to the Commission’s questionnaire.³ These questionnaire responses are estimated to account for 99 percent of domestic production of wire decking in 2008.⁴ The Commission received questionnaire responses from seven U.S. importers of subject merchandise from China that are reported to account for the majority of such imports during the period examined.⁵ The Commission received 26 purchaser questionnaire responses.⁶ The Commission also received questionnaire responses from four Chinese producers/exporters of wire decking, which are believed to account for approximately *** percent of Chinese production and *** percent of Chinese exports to the United States in 2009.⁷

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the

¹ Commissioners Lane and Williamson dissent, finding that an industry in the United States is materially injured by reason of the subject imports. See Dissenting Views of Commissioners Charlotte R. Lane and Irving A. Williamson. They join sections I-IV of these views.

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

³ Confidential Staff Report, INV-HH-064 (Jun 17, 2010) (“CR”) and Public Staff Report (“PR”) at III-1. U.S. producers that did not respond were Complex Steel & Wire of Wayne, MI; Equipto, Inc. of Tatamy, PA; and Salco Engineering & Manufacturing Co. of Jackson, MI. Another producer, ***. CR/PR at III-1 n.1.

⁴ CR/PR at III-1 n.1.

⁵ CR/PR at IV-1. Three small importers that responded to the Commission’s importer questionnaire in the preliminary phase of these investigations did not provide responses in the final phase. These firms, which accounted for only *** percent of subject imports in the preliminary phase, are ***. CR/PR at IV-1 n.2.

⁶ Staff Worksheet (May 7, 2010).

⁷ CR at VII-2-3, PR at VII-2.

“domestic like product” and the “industry.”⁸ 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.”⁹ 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”¹⁰

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹¹ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹² The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹³ Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise subsidized or sold at less than fair value,¹⁴ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁵

B. Product Description

In its final determinations, Commerce defined the imported merchandise under investigation as follows:

welded-wire rack decking, which is also known as, among other things, “pallet rack decking,” “wire rack decking,” “wire mesh decking,” “bulk storage shelving,” or “welded-wire decking.” Wire decking consists of wire mesh that is reinforced with

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(10).

¹¹ 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).

¹² See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹³ 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.”).

¹⁴ 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).

¹⁵ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); 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 Commission determination of six like products in investigations where Commerce found five classes or kinds).

structural supports and designed to be load bearing. The structural supports include sheet metal support channels, or other structural supports, that reinforce the wire mesh and that are welded or otherwise affixed to the wire mesh, regardless of whether the wire mesh and supports are assembled or unassembled and whether shipped as a kit or packaged separately. Wire decking is produced from carbon or alloy steel wire that has been welded into a square or rectangular mesh pattern. The wire may be galvanized or plated (e.g., chrome, zinc or nickel coated), coated (e.g., with paint, epoxy, or plastic), or uncoated (“raw”). The wire may be drawn or rolled and may have a round, square or other profile.

Wire decking is sold in a variety of wire gauges. The wire gauges used in the decking mesh are 0.105 inches or greater for round wire. For wire other than round wire, the distance between any two points on a cross-section of the wire is 0.105 inches or greater. Wire decking reinforced with structural supports is designed generally for industrial and other commercial storage rack systems.

Wire decking is produced to various profiles, including, but not limited to, a flat (“flush”) profile, an upward curved back edge profile (“backstop”) or downward curved edge profile (“waterfalls”), depending on the rack storage system. Wire decking may or may not be anchored to the rack storage system. The scope does not cover the metal rack system, comprised of metal uprights and cross beams, on which the wire decking is ultimately installed. Also excluded from the scope is wire mesh shelving that is not reinforced with structural supports and is designed for use without structural supports.¹⁶

Wire decking is a fabricated decking assembly used to form a shelf surface in a rack storage system in warehouse, commercial, or industrial storage installations. The most common profile of wire decking, “waterfall,” has a 90-degree downward curved edge that covers about 1.5 inches of the outside of the support beams. The waterfall feature helps to hold the decking in position. Other profiles include a flat or “flush” surface and a “backstop” surface with an upward bend at the back to prevent material from being pushed off the rear of the shelf.¹⁷

The size and spacing of the wire used in the mesh, as well as the number and characteristics of the support members, determine the weight and load-bearing capacity of the decking. For instance, for the most common size of decking, 42-inch by 46-inch, the weight of the section may range from 24 to 30 pounds, and its load-bearing capacity may range from 2,000 pounds to 3,500 pounds.¹⁸

Another feature of wire decking is the finish, which affects the appearance and the corrosion resistance of the product. The product may be coated with a baked-on enamel paint or a baked-on spray-powder finish, or may be fabricated from galvanized (zinc-coated) products. Wire decking may also be hot-dipped or electroplated with zinc after fabrication.¹⁹

¹⁶ CR at I-7-8, PR at I-6-7. Commerce explained that wire decking enters the United States under several basket categories in the Harmonized Tariff Schedule of the United States (“HTS”). U.S. Customs and Border Protection has issued a ruling (NY F84777) that wire decking is to be classified under HTS 9403.90.8040. Wire decking has also been entered under HTS 7217.10, 7217.20, 7326.20, 7326.90, 9403.20.0020 and 9403.20.0030. HTS numbers are provided for convenience purposes only; Commerce’s physical description above controls the scope coverage. CR at I-8, PR at I-7.

¹⁷ CR at I-9-10, PR at I-8-9.

¹⁸ CR at I-11, PR at I-9.

¹⁹ Id.

C. Analysis

In the preliminary phase of these investigations, the Commission found that all forms of wire decking are used in the same application, *i.e.*, as shelving surfaces in rack storage systems, and that, as supported wire mesh, they share physical characteristics distinct from those of other shelving. In addition, the Commission found that all domestically produced wire decking is manufactured in the same facilities using the same production processes and employees. The Commission also found that wire decking with similar dimensions, profiles, and load-bearing characteristics can be used interchangeably and that channels of distribution are similar for all domestically produced wire decking. Based on these similarities, and in the absence of clear dividing lines between different types of wire decking, the Commission found a single domestic like product, consisting of all wire decking, that is co-extensive with the scope of the investigations.²⁰

The evidence collected in the final phase of these investigations does not warrant a departure from the Commission's like product finding in the preliminary phase. Petitioners support finding one domestic like product that is coextensive with the scope of the investigations, and no party has objected to that domestic like product definition. Accordingly, for the reasons stated in our determinations in the preliminary phase of these investigations, we find a single domestic like product, consisting of all wire decking, that is co-extensive with the scope of these investigations.

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."²¹ In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our definition of the domestic like product, we define the domestic industry as all domestic producers of wire decking.

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). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²² Exclusion of such producers is within the Commission's discretion based upon the facts presented in each investigation. In these investigations, two U.S. producers, Nashville Wire and J&L, reported that they imported subject wire decking during the period examined.²³ Thus, they may be excluded from the industry if appropriate circumstances exist.²⁴

Nashville Wire is the largest domestic producer of wire decking, accounting for *** percent of domestic production in 2009.²⁵ Its imports of subject merchandise were equivalent to *** percent of its

²⁰ Wire Decking from China, Inv. Nos. 701-TA-466, 731-TA-1162 (Preliminary), USITC Pub. 4092 (Jul. 2009) at 7.

²¹ 19 U.S.C. § 1677(4)(A).

²² 19 U.S.C. § 1677(4)(B).

²³ CR/PR at Table III-4.

²⁴ Petitioners argue that neither Nashville Wire nor J&L should be excluded from the domestic industry. Petitioners' Postconference Brief, Exhibit 1 at 4. Respondents also have stated that they do not believe exclusion of Nashville Wire or J&L from the domestic industry is warranted. Respondents' Postconference Brief at 15.

²⁵ CR/PR at Table III-1.

production in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009.²⁶ Nashville Wire reported that it imported subject merchandise “in an attempt to remain competitive with the low prices offered by Chinese producers” and prevent erosion of its market share.²⁷ Because it is the largest domestic producer, is a petitioner in these investigations, and its importations were fairly small relative to its domestic production, we conclude that Nashville Wire’s primary interest lies in domestic production rather than importation. The performance of Nashville Wire on operations was ***.²⁸ However, its importations were fairly small relative to its domestic production, suggesting that any benefit from its imports was minimal.^{29 30} Accordingly, we find that appropriate circumstances do not exist to exclude Nashville Wire from the domestic industry.

J&L accounted for *** percent of domestic production in 2009.³¹ J&L’s imports of subject merchandise were equivalent to only *** percent of its production in 2006, *** percent in 2007, and *** percent in 2008 and 2009.³² J&L ***.³³ In addition, J&L is a petitioner in these investigations.³⁴ Based on this evidence, we conclude that J&L’s primary interest is in domestic production rather than importation. The performance of J&L on operations was ***,³⁵ indicating that it did not derive any concrete benefits, or operate in a manner that was different from other domestic producers, as a result of its importations. We therefore find that appropriate circumstances do not exist to exclude J&L from the domestic industry.

For the reasons stated above, we define the domestic industry to include all domestic producers of wire decking.

IV. LEGAL STANDARDS

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.³⁶ 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

²⁶ CR/PR at Table III-4.

²⁷ CR at III-6, PR at III-5.

²⁸ CR at Tables VI-2, C-1.

²⁹ 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.

³⁰ Commissioner Pinkert does not rely upon companies’ financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry in these investigations. The record is not sufficient to infer from their profitability on U.S. operations whether they have derived a specific benefit from importing. See *Allied Mineral Products v. United States*, 28 CIT 1861, 1865-67 (2004).

³¹ CR/PR at Table III-1.

³² CR/PR at Table III-4, Conference Transcript (Rudolph) at 39.

³³ CR/PR at Table III-4 n.1.

³⁴ CR/PR at Table III-1.

³⁵ CR at Table VI-2.

³⁶ 19 U.S.C. §§ 1671d(b), 1673d(b).

operations.³⁷ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”³⁸ 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.³⁹ 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.”⁴⁰

Although the statute requires the Commission to determine whether the domestic industry is “materially injured by reason of” unfairly traded imports,⁴¹ 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.⁴² 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.⁴³

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁴⁴ In performing its examination, however, the Commission need not

³⁷ 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).

³⁸ 19 U.S.C. § 1677(7)(A).

³⁹ 19 U.S.C. § 1677(7)(C)(iii).

⁴⁰ 19 U.S.C. § 1677(7)(C)(iii).

⁴¹ 19 U.S.C. §§ 1671d(a), 1673d(a).

⁴² 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).

⁴³ 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).

⁴⁴ Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive

(continued...)

isolate the injury caused by other factors from injury caused by unfairly traded imports.⁴⁵ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.⁴⁶ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁴⁷

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.”^{48 49} Indeed, the

⁴⁴ (...continued)

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.

⁴⁵ 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.”).

⁴⁶ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁴⁷ 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.”).

⁴⁸ 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.

⁴⁹ 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 relating to present material injury, to undertake a particular kind of analysis of non-subject 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, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁵⁰

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive non-subject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.⁵¹ The additional “replacement/benefit” test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute injury from non-subject imports or other factors to subject imports.⁵² Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.^{53 54}

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 standard. Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.^{55 56}

⁵⁰ 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.”).

⁵¹ Mittal Steel, 542 F.3d at 875-79.

⁵² 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).

⁵³ Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

⁵⁴ To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of non-subject imports.

⁵⁵ 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.”).

⁵⁶ Commissioners Lane and Williamson do not join in the remainder of these views. See Dissenting Views of Commissioners Charlotte R. Lane and Irving A. Williamson.

V. 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. Demand Conditions

Because wire decking is used in rack storage systems in industrial and commercial warehouses, demand for wire decking is derived primarily from demand for such rack systems, which in turn is related to the economy's level of industrial output and, in particular, investment in capital expenditures, construction of warehouses, and construction of commercial real estate.⁵⁷ The parties agree that demand for wire decking tends to follow activity in nonresidential construction with a variable lag, at least to some extent.⁵⁸ Available data show that nonresidential construction activity slumped through February 2010, while industrial production bottomed out in mid-2009.⁵⁹

When measured by apparent domestic consumption, demand for wire decking decreased over the period examined, with the decline accelerating in 2009. Apparent U.S. consumption of wire decking declined from *** pounds in 2006 to *** pounds in 2007, *** pounds in 2008, and *** pounds in 2009. Thus, as a result of the accelerated decline in 2009, apparent U.S. consumption decreased by *** percent from 2008 to 2009 alone, and declined overall during the period examined by *** percent.⁶⁰

B. Supply Conditions

The domestic industry is the largest source of supply in the U.S. market. Domestic producers' market share was *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009.⁶¹ U.S. producers' production capacity exceeded domestic demand during the period examined.⁶² Seven domestic producers accounted for 99 percent of U.S. wire decking production in 2008, with three of those producers – Nashville Wire, ITC, and AWP – accounting for approximately *** of total domestic production.⁶³ One domestic producer, Adrian Fabricators, which did business as Cargotainer and accounted for *** percent of domestic production in 2009, ceased production and exited the domestic industry in January 2010.⁶⁴ J&L, ITC, Nashville Wire, and Nucor are “integrated” producers that draw wire rod into the wire they use in decking production rather than purchasing the wire. AWP and Wireway are non-integrated firms that purchase the wire used as the input in their decking production.⁶⁵

The market share of subject imports fluctuated in a narrow range over the period examined, from a low of *** percent in 2006 to a high of *** percent in 2007.⁶⁶ Atlas Material Handling, Inc. (“Atlas”) was the largest reporting U.S. importer of subject wire decking from China during the period examined,

⁵⁷ CR at II-10, PR at II-6.

⁵⁸ Petitioners' Prehearing Brief at 11; Hearing Transcript at 88 (Caldwell), 89 (Rudolph).

⁵⁹ CR/PR at Figure II-1.

⁶⁰ CR/PR at Tables IV-4, C-1.

⁶¹ CR/PR at Tables IV-4.

⁶² In 2009, the domestic producers' production capacity was equal to *** percent of apparent U.S. consumption. CR at III-2. Domestic producers' capacity was 495.4 million pounds in 2006, 515.4 million pounds in 2007 and 2008 and 500.4 million pounds in 2009. CR/PR at Table III-2.

⁶³ CR/PR at Table III-1.

⁶⁴ CR/PR at Table III-1 n.1.

⁶⁵ CR at III-4 n.4, PR at III-2 n.4.

⁶⁶ CR/PR at Table IV-4.

accounting for *** percent of reported subject imports in 2009. Atlas was the exclusive North American importer and distributor of wire decking from the Chinese producer Eastfound.⁶⁷ Atlas reported that it expanded its sales and distribution operations in 2006 and 2007. Then, as demand declined beginning in 2008, Atlas ceased operations at its San Francisco, Minneapolis, and Atlanta facilities and reduced the sales and warehouse staff at its Chicago facility. Atlas ceased operations in February 2010. Atlas's parent company sold Atlas's remaining assets, consisting of distribution facilities in Chicago, IL, San Bernardino, CA, and Dallas, TX to Victor Kedaitis, the former president and general manager of Atlas, who created Worldwide. Worldwide states that it has not imported wire decking from China since the commencement of its operations.⁶⁸ As discussed above, Nashville Wire, the largest U.S. producer of wire decking, also imported wire decking during the period examined, accounting for *** percent of total subject imports in 2009.⁶⁹

Petitioners and respondents agree that nonsubject imports, which account for approximately five percent of total imports, were not a significant factor in the U.S. wire decking market during the period examined.⁷⁰

C. Substitutability

There is a high degree of substitutability between the domestic like product and subject imports. Nearly all responding domestic producers and importers reported that the domestic like product, subject imports, and nonsubject imports are always interchangeable.⁷¹ A majority of responding purchasers similarly reported that the domestic like product, subject imports, and nonsubject imports are always or frequently interchangeable.⁷² A majority of responding purchasers also reported that the U.S. product and subject imports always or usually meet purchasers' minimum quality specifications.⁷³ Purchasers reported that price is an important consideration in their purchasing decisions.⁷⁴ A majority of domestic producers reported that differences other than price among the domestic like product, subject imports, and nonsubject imports are never significant, and a majority of importers reported that such differences are only sometimes or never significant, while a slim majority of purchasers (9 of 17) reported that differences other than price were always or frequently significant.⁷⁵

⁶⁷ CR at IV-1-2, PR at IV-1.

⁶⁸ CR at IV-2-3 PR at IV-1-2.

⁶⁹ CR/PR at Tables III-4, IV-2. J&L also imported subject merchandise ***. Id.

⁷⁰ CR/PR at Table IV-2; Petitioners' Postconference Brief at 36; Respondents' Postconference Brief at 4 n.1.

⁷¹ CR/PR at Table II-7 (only one responding producer and one responding importer reported that the U.S. product is frequently interchangeable, rather than always interchangeable, with wire decking from China; none of the responding producers compared the Chinese product with nonsubject imports).

⁷² CR/PR at Table II-7.

⁷³ CR/PR at Table II-4.

⁷⁴ Nearly all responding purchasers identified price as very important in their purchasing decisions. CR/PR at Table II-5. Price was also the factor most frequently identified by purchasers as the number one factor in their purchasing decisions. CR/PR at Table II-3.

⁷⁵ CR/PR at Table II-8.

Several products can be substituted for wire decking in some shelving applications.⁷⁶ Because substitute products exist, the aggregate demand for wire decking is moderately elastic and, thus, prices for wire decking can be increased only to a limited extent before some purchasers will purchase substitute products.⁷⁷

D. Other Conditions

The domestic industry is a relatively high variable/low fixed cost industry, and raw material costs account for most of the industry's total cost of goods sold ("COGS").⁷⁸ The main raw materials used in the production of wire decking are hot-rolled sheet steel and steel wire rod. Prices for both of these steel inputs fluctuated in 2006 and 2007, increased significantly during the first half of 2008, peaked in July 2008, decreased substantially through mid-2009, and increased irregularly thereafter. The share of the industry's COGS accounted for by steel and other raw materials increased from 68.4 percent in 2006 to 73.7 percent in 2008, but declined to 63.7 percent in 2009.⁷⁹

VI. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁸⁰

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 wire decking from China that Commerce has found are sold in the United States at less than fair value and subsidized by the Government of China.⁸¹

⁷⁶ CR at II-8, II-12; PR at II-5, II-7. Although a witness testified that insurance and building codes preclude substitutes (CR at II-12 n.31, PR at II-7 n.31), two of six responding producers, three of four responding importers, and 16 of 22 responding purchasers reported that there are substitute products for wire decking. CR at II-12. The substitute products they identified included pallet rack supports, warehouse shelving, non-supported wire mesh, wood (plywood and particle board) shelving, metal/steel decking, cross bars, expanded metal corrugated decking, bard grading, and rack dex-perforated decking. CR at II-12, PR at II-7.

⁷⁷ CR II-8, II-21; CR at II-5, II-14; see also CR at II-12, PR at II-8 (an importer and a purchaser reported that changes in the prices of substitute products affect the prices for wire decking).

⁷⁸ CR/PR at Table VI-3.

⁷⁹ CR/PR at V-1, Table VI-3. The unit cost of raw materials was \$0.34 per pound in 2006 and 2007, \$0.44 per pound in 2008, and \$0.34 per pound again in 2008. CR/PR at Table VI-3.

⁸⁰ Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. Based on questionnaire response data and estimates by petitioners and respondents, U.S. imports of wire decking from China were approximately 95 percent of total U.S. imports of wire decking for the entire period examined. CR at IV-6, PR at IV-4. Thus, the volume of subject imports is well above the statute's three percent negligibility level.

⁸¹ As noted above, Commissioners Lane and Williamson determine that the domestic industry is materially injured by reason of subject imports. See Dissenting Views of Commissioners Charlotte R. Lane and Irving A. Williamson.

A. Volume of the Subject Imports

Section 771(7)(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁸²

As noted above, apparent U.S. consumption of wire decking declined over the period examined and fell precipitously toward the end of it. Apparent U.S. consumption fell from *** pounds in 2006 to *** pounds in 2007 and *** pounds in 2008. In 2009, apparent consumption fell to *** pounds, a decline of *** percent from 2008. We evaluate the data on the volume of subject imports in the context of this declining trend in apparent U.S. consumption.

U.S. shipments of subject imports increased from *** pounds in 2006 to *** pounds in 2007 before declining to *** pounds in 2008. U.S. shipments of subject imports then declined to *** pounds in 2009, for a decline of *** percent from their 2008 level.⁸³ The market share of subject imports fluctuated in a narrow range over the period examined and was at *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009.⁸⁴ The much lower absolute volume of U.S. shipments of subject imports in 2009 coincides with the sharp decline in U.S. demand in that year.⁸⁵ Based on these data, we find the volume of subject imports to be significant both in absolute terms and as a share of apparent U.S. consumption. We do not, however, find the increase in market share of subject imports by only *** percentage points from 2006 to 2009, even though largely at the expense of the domestic product, to be significant.

Petitioners argue that not all importers of subject wire decking from China responded to the Commission’s importer questionnaire and that, therefore, record data on the volume of subject imports over the period examined are understated.⁸⁶ Petitioners contend that the volume of subject imports based on questionnaire responses – although understated – is nonetheless significant.⁸⁷ They ask the Commission to supplement those data with petitioners’ estimate of the volume of subject imports by importers that did not respond to the questionnaire.⁸⁸

In these investigations, we based the volume and value of both subject imports and U.S. shipments of subject imports on responses to the Commission’s importer questionnaires because official import statistics are based on basket categories of the HTS that are too broad to provide import data specifically for wire decking. Based on the sworn statements of responding importers, we find that the importer questionnaire responses we received account for the great majority of subject imports during the

⁸² 19 U.S.C. § 1677(7)(C)(i).

⁸³ CR/PR at Tables IV-3, C-1. U.S. shipments of subject imports in 2009 included a substantial drawdown of importers’ inventories of subject imports. CR/PR at Table VII-2. Accordingly, the decline in imports was even greater in 2009 than was the decline in U.S. shipments of such imports. Specifically, after increasing slightly from *** pounds in 2006 to *** pounds in 2007, subject imports declined to *** pounds in 2008 and *** pounds in 2009, for a decline of *** percent between 2008 and 2009. CR/PR at Table IV-2, C-1.

⁸⁴ CR/PR at Tables IV-4, C-1. The ratio of subject imports to U.S. production increased from *** percent in 2006 to *** percent in 2007 before declining to *** percent in 2008 and *** percent in 2009, for an overall decline of *** percentage points. CR/PR at Table IV-5.

⁸⁵ Petitioners argue that the decline in subject imports coincides with the pendency of these investigations (*e.g.*, Petitioners’ Posthearing Brief, Exhibit 1 at 37-42). Subject imports began declining in 2008, however, long before the petitions were filed. CR/PR at Table C-1. Although petitioners further argue that subject imports largely ceased early in 2010 and that the condition of the industry improved thereafter (*id.*), we note that our data series, which ends with calendar year 2009, does not reflect any such decline mirrored by improvement in the industry’s condition.

⁸⁶ Petitioners’ Prehearing Brief at 24-34.

⁸⁷ Petitioners’ Prehearing Brief at 25.

⁸⁸ Petitioners’ Posthearing Brief at 5 & Exhibit 6.

period examined and have determined that this data series is the most reliable. Moreover, although petitioners are correct that not all importers responded to the questionnaire,⁸⁹ this is not unusual in our investigations. Indeed, as our reviewing courts have held, there is no legal requirement that the Commission receive a one hundred percent response rate before it can use questionnaire response data in its determinations.^{90 91}

The questionnaire data upon which we rely are certified as accurate by firms accounting for the majority of imports⁹² and include data on U.S. shipments of subject imports as well as on subject imports themselves. Both the volume of subject imports and the volume of shipments of subject import are important in calculating apparent U.S. consumption and market shares and assessing the significance of subject imports.⁹³ Unlike the questionnaire response data, the import estimates constructed by petitioners do not distinguish between imports and import shipments, a distinction that petitioners themselves recognize as significant in these investigations, given that shipments of subject imports from inventories

⁸⁹ Petitioners emphasize that three importers that provided responses to the Commission's importer questionnaire in the preliminary phase of these investigations (***) did not respond to the Commission's importer questionnaire in the final phase of the investigations. Petitioners' Prehearing Brief at 30. In the preliminary phase of these investigations, however, these companies accounted for only *** percent of subject imports from China. CR/PR at IV-1 n.2.

⁹⁰ 19 U.S.C. 1677e(a) ("if necessary information is not available on the record . . . the Commission "shall . . . use. . . the facts otherwise available when reaching [its] determination"). See also Committee for Fair Coke Trade v. United States, 28 CIT 1140 (2004), in which the court stated as follows:

Plaintiffs' main complaint is that the questionnaire responses collected by the ITC do not cover 100% of imports. Although the ITC concedes its information was not complete, e.g., that 20% of U.S. imports from China were not accounted for by the questionnaire responses, the ITC "is not required to gather 100% coverage in the questionnaire responses before it can make a determination." United States Steel Group v. United States, 18 CIT 1190, 1203, 873 F. Supp. 673, 688 (1994) (in context of final determination); Torrington Co. v. United States, 16 CIT 220, 223-24, 790 F. Supp. 1161, 1166 (1992), aff'd 991 F.2d 809 (Fed.Cir.1993) (finding in the context of a preliminary determination that the ITC did not abuse its discretion by using questionnaire responses that "represented a substantial majority of domestic production").

28 CIT at 1163.

⁹¹ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." Statement of Administrative Action ("SAA") on Uruguay Round Agreements Act ("URAA"), H.R. Rep. 103-316, Vol. I at 869 (1994).

⁹² Subject imports reported in importer questionnaire responses account for a majority of total subject imports even under the alternative calculation proffered by petitioners. E.g., Petitioners' Posthearing Brief at Exhibit 6.

⁹³ "[S]ince import shipment data would record only that portion of imports that actually enters the market (rather than being stored in inventory) its use for purposes of assessing injury is reasonable." Committee for Fair Coke Trade v. United States, 28 CIT at 1161-62.

caused the volume of U.S. shipments of subject imports to be substantially higher than the volume of subject imports in 2009.^{94 95}

Further, as noted above, official import statistics, which are based on a “basket category” of the HTS that includes other products, do not provide an accurate measure of subject imports, and there are no other available sources that provide data on wire decking imports alone.⁹⁶ In the absence of import data specific to wire decking, we have no means by which to corroborate petitioners’ estimates. Thus, although petitioners are correct that there is some missing import volume information, we do not deem petitioners’ estimates to be sufficiently reliable to constitute a proxy for those missing volumes or to call into question our use of the data derived from the questionnaires. Instead, as is our normal practice, we rely on the certified importer questionnaire responses, the accuracy of which (as opposed to their completeness) is not in dispute, which appear to account for a substantial majority of subject imports. Based on those data, we find subject imports to be significant in absolute terms and as a share of domestic consumption.^{97 98}

⁹⁴ See Petitioners’ Posthearing Brief at 6 n.14 (objecting to respondents’ reliance on imports rather than import shipments in calculating market shares); see also CR/PR at Tables IV-2 (imports), IV-3 (import shipments), and VII-2 (importers’ end-of-period inventories, which declined from *** million pounds in 2008 to *** million pounds in 2009).

⁹⁵ Petitioners contend that taking into account their estimates of imports in addition to the import data provided in certified questionnaire responses is necessary to show accurate trends over the period examined. They explain that certain entities that had previously only purchased imports from Atlas began importing directly in 2008 and 2009 and, therefore, their direct imports were not reflected in the data for Atlas. Respondents point out, however, that although the firms that purchased subject wire decking from Atlas were sometimes identified as consignees on U.S. entry documentation, none ever imported the merchandise and Atlas remained the importer of record on those importations. Hearing Transcript at 159-160 (Kedaitis); see also Respondents’ Posthearing Brief at 7 & Appendix 2 at 14-16 (list of alleged U.S. importers that are Atlas customers). Accordingly, the importations for which Atlas’s customers were simply the consignees and not the importers are included in the import data provided in Atlas’s importer questionnaire response. A large share of the import volume data that petitioners claim are missing relate to two firms, ***. Respondents provided evidence that *** has always been a customer of Atlas (and Nashville Wire) and was never an importer of record. Respondents’ Posthearing Brief, Appendix 2 at 14. They further testify that ***. *Id.* at 14-15. Finally, with respect to two other firms identified by petitioners, *** likely no longer exists. *Id.*

⁹⁶ Petitioners acknowledge that they attempted to construct supplemental import estimates because neither official import data nor other available sources provide data specific to wire decking imports. Petitioners’ Posthearing Brief, Exhibit 1 at 33. See 19 U.S.C. § 1677e (“when . . . the Commission relies on secondary information . . . [it] shall, to the extent practicable, corroborate that information from independent sources that are reasonably at [its] disposal”).

⁹⁷ See *Committee for Fair Coke Trade v. United States*, 28 CIT 1140, 1163 (2004) (“as the ITC had actual [importer questionnaire response] data, there was no need to rely on unverified estimates [by a domestic industry institute], and the ITC acted within the bounds of its discretion in not relying on [the industry’s estimated] data”).

⁹⁸ Commission staff worked with petitioners to assure a broad response to the Commission’s importer questionnaire. In the preliminary phase of these investigations, importer questionnaires were sent to all 60 firms included in petitioners’ list of possible importers, which included all firms that imported any of the products encompassed within the basket HTS classifications that included wire decking. The list of 36 importers that received importer questionnaires in the final phase of these investigations was compiled by deleting from the preliminary phase list those firms that answered in the preliminary phase that they did not import wire decking, updating contact information for firms that had responded, and retaining on the list those firms that did not respond to the questionnaire in the preliminary phase. On April 7, 2010, after the deadline for questionnaire responses had passed, Commission staff, at the request of petitioners, again sent importer questionnaires to three importers that petitioners deemed to be particularly significant (***). These firms did not respond to the questionnaire. Respondents provided evidence that *** purchased subject imports from Atlas but did not import directly and that *** is out of business. Respondents’ Posthearing Brief, Appendix 2 at 14.

C. Price Effects of the Subject Imports

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

- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
- (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.⁹⁹

As already noted, there appears to be a high degree of interchangeability between the domestic like product and the subject imports.¹⁰⁰ The record indicates that price is an important factor in purchasing decisions.¹⁰¹ Several products can be substituted for wire decking in shelving systems and, thus, demand for wire decking is moderately elastic.¹⁰²

The Commission collected quarterly pricing data for six wire decking products.¹⁰³ Usable pricing data were provided by six domestic producers, accounting for *** percent of domestic producers' shipments during the period examined, and six importers, accounting for *** percent of shipments of subject imports during the period.¹⁰⁴ Subject imports undersold the domestic like product in 85 of 93 quarterly pricing comparisons by margins ranging from 0.9 percent to 54.4 percent.¹⁰⁵ Accordingly, we find that underselling was significant during the period examined.¹⁰⁶

We do not find significant price suppressing effects by the subject imports. The domestic industry's unit cost of goods sold ("COGS") fluctuated over the period examined and ended up only slightly higher in 2009 than in 2006.¹⁰⁷ Although the ratio of COGS to net sales increased between 2006 and 2009,¹⁰⁸ the record does not establish that subject imports prevented price increases that otherwise would have occurred. We note in this regard that demand for wire decking was declining during the period examined and that there are substitutes for wire decking in some applications. The decline in demand made it more difficult for domestic producers to raise prices; purchasers had less need for wire

⁹⁹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁰⁰ CR/PR at Table II-3, II-5.

¹⁰¹ CR/PR at Tables II-3, II-5, II-8.

¹⁰² CR at II-12, II-21; PR at II-7, II-14.

¹⁰³ CR at V-3, PR at V-2.

¹⁰⁴ CR at V-3, PR at V-2.

¹⁰⁵ CR/PR at Table V-8.

¹⁰⁶ Only a limited number of lost sales and lost revenue allegations were confirmed. CR at V-18, PR at V-7; CR/PR at Tables V-9, V-10 (\$*** of \$*** in lost sales allegations and \$*** of \$*** in lost revenue allegations were confirmed). *** and *** reported that they experienced lost sales and lost revenues, but did not provide specific data, and *** and *** claimed to have reduced prices to avoid losing sales to subject imports, but did not make any specific lost sales or revenue allegations.

¹⁰⁷ The industry's unit COGS per pound was \$0.49 in 2006, \$0.48 in 2007, \$0.60 in 2008, and \$0.53 in 2009. CR/PR at Table C-1.

¹⁰⁸ The industry's COGS to net sales ratio increased from 87.1 percent in 2006 to 87.2 percent in 2007, 92.6 percent in 2008, and 93.5 percent in 2009. CR/PR at Table C-1.

decking and were therefore less willing to pay higher prices.¹⁰⁹ The existence of substitute products, which made the aggregate demand for wire decking moderately elastic,¹¹⁰ limited the extent to which wire decking prices could be raised to offset increased COGS.¹¹¹ We note, further, that domestic producers were able to raise prices to cover a large share of the increase in unit COGS in 2008 that resulted from increased raw material costs. They also were able to cover a large share of COGS in 2009 as demand declined steeply.¹¹² Thus, we are unable to find that subject imports, which declined with the downturn in demand and maintained a relatively steady share of the market, played a significant role in the increase in the industry's COGS/sales ratio. Accordingly, we do not find that subject imports significantly suppressed prices for the domestic like product.

With regard to price depression, prices for both the domestically produced wire decking and subject imports rose or remained steady over the period examined. Prices fluctuated during 2006 and 2007 with no apparent trend, increased in 2008 when raw material prices and total COGS peaked, and then declined in 2009 to levels similar to those in 2006 and 2007. We find that the decline in prices in 2009 to the levels experienced earlier in the period examined was a result of the declining cost of raw materials and declining demand. Therefore, we do not find that the subject imports had a significant depressing effect on prices for the domestic like product.

Accordingly, although subject imports undersold the domestic product, the record does not indicate that subject imports had any significant price suppressing or depressing effects.¹¹³ Thus, we conclude that subject imports did not have a significant effect on domestic prices during the period examined.

D. Impact of the Subject Imports¹¹⁴

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on

¹⁰⁹ The decline in demand had the effect of limiting the volume of domestic producers' sales across which fixed costs could be allocated, thus increasing the fixed cost component of unit COGS. For instance, the industry's unit factory overhead was \$0.10 per pound in 2006, \$0.09 in 2007, and \$0.10 in 2008, then increased to \$0.14 in 2009, when demand and domestic production volumes dropped. CR/PR at Table VI-3, CR/PR at VI-3.

¹¹⁰ CR at II-21, PR at II-14. As noted above, a substantial share of producers, importers, and purchasers reported that there are substitute products for wire decking in some applications. CR at II-12, PR at II-7. As also noted, an importer and a purchaser reported that changes in the prices of substitute products affect the prices for wire decking. Id.

¹¹¹ Id.

¹¹² For instance, as unit COGS increased from \$0.48 per pound in 2007 to \$0.60 per pound in 2008, the unit sales value increased virtually commensurately in absolute terms, from \$0.55 per pound in 2007 to \$0.65 per pound in 2008. CR/PR at Table C-1.

¹¹³ A majority of purchasers indicated that non-price factors were always or frequently significant in their purchasing decisions. CR/PR at Table II-8. We find that non-price factors, therefore, also imposed some limitation on the significance of underselling.

¹¹⁴ 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, Commerce found the following weighted-average dumping margins: 17.75 percent for Dalian Huameilong Metal Products Co., Ltd.; 14.24 percent for Dalian Eastfound Metal Products Co., Ltd. and Dalian Eastfound Material Handling Products Co., Ltd.; 16.00 percent for Globsea Co., Ltd., Dalian Yutiein Storage Manufacturing Co., Ltd., Dalian Xingbo Metal Products Co., Ltd., Ningbo Xinguang Rack Co., Ltd., and Dandong Riqian Logistics Equipment Co., Ltd.; and 143.00 percent for all others (PRC-wide). CR at I-5, PR at I-4.

the state of the industry.”¹¹⁵ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, 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.”¹¹⁶

Indicators of domestic industry performance generally declined during the period examined. The industry’s capacity to produce wire decking increased overall by 1.0 percent between 2006 and 2009, while production declined by 50.0 percent.¹¹⁷ Capacity utilization, therefore, declined by 31.0 percentage points between 2006 and 2009.¹¹⁸ The domestic industry’s net sales decreased by 51.1 percent, and U.S. producers’ shipments declined 50.9 percent between 2006 and 2009.¹¹⁹ The industry’s market share declined *** percentage points from 2006 to 2009.¹²⁰

During 2006-2009, domestic producers’ ending inventories of wire decking increased by *** percent and rose by *** percentage points relative to the quantity of total shipments.¹²¹

The number of production related workers (“PRWs”) decreased by 44.6 percent from 2006 to 2009.¹²² Between 2006 and 2009, hours worked by PRWs fell by 49.5 percent,¹²³ productivity declined by 1.0 percent,¹²⁴ and wages paid to PRWs declined by 47.7 percent.¹²⁵

The domestic industry’s operating income declined from \$11.3 million in 2006 to a negative \$4.7 million in 2009. The industry’s operating income margin declined from 6.3 percent in 2006 to a negative 5.3 percent in 2009.¹²⁶ Its capital expenditures decreased from \$3.6 million in 2006 to \$1.3 million in 2009.¹²⁷

¹¹⁵ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”). SAA at 885.

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

¹¹⁷ The industry’s capacity increased from 495.4 million pounds in 2006 to 515.4 million pounds in 2007 and 2008, then declined to 500.4 million pounds in 2009. Domestic production declined from 304.5 million pounds in 2006 to 300.3 million pounds in 2007, 274.1 million pounds in 2008, and 152.3 million pounds in 2009. CR/PR at Tables III-2, C-1.

¹¹⁸ Capacity utilization declined from 61.5 percent in 2006 to 30.4 percent in 2009. CR/PR at Tables III-2, C-1.

¹¹⁹ Domestic producers’ net sales decreased from 318.0 million pounds in 2006 to 155.6 million pounds in 2009, and their shipments decreased from 307.7 million pounds in 2006 to 151.2 million pounds in 2009. CR/PR at Tables VI-1, C-1.

¹²⁰ Domestic producers’ market share declined irregularly from *** percent in 2006 to *** percent in 2009. CR/PR at Tables IV-4, C-1.

¹²¹ Ending inventories decreased irregularly from 45.3 million pounds in 2006 to 28.6 million pounds in 2009. Ending inventories as a share of domestic shipments increased irregularly from 14.7 percent in 2006 to 18.9 percent in 2009. CR/PR at Table III-5.

¹²² The number of production workers declined from 652 in 2006 to 361 in 2009. CR/PR at Table C-1.

¹²³ Hours worked declined from 1.3 million in 2006 to 681,000 in 2009. CR/PR at Table C-1.

¹²⁴ Productivity decreased from 225.8 pounds per hour in 2006 to 223.5 pounds per hour in 2009. CR/PR at Table C-1.

¹²⁵ Wages paid declined from \$21.7 million in 2006 to \$11.4 million in 2009. CR/PR at Table C-1.

¹²⁶ CR/PR at Table C-1.

¹²⁷ CR/PR at Table C-1.

Notwithstanding these trends, the domestic industry's poor and declining performance during the period was not due in any significant degree to the presence of subject imports. Although the subject imports had a significant presence in the market, they were not responsible for the decline in domestic producers' sales volume in 2008 and the *** decline in 2009. Indeed, the volume of U.S. shipments of subject imports declined at a rate comparable to the rate at which domestic producers' shipments declined over the period examined, and subject imports, the market share of which remained generally steady over the period examined, did not take significant market share from the domestic industry.

Instead, the declines in the domestic industry's sales volumes and revenues are largely explained by declining demand over the period examined. The industry's poor and declining operating performance was caused by *** declining sales revenues (reflecting a decline in demand and moderate demand elasticity) and concomitant increases in the COGS/sales ratio. As explained above, these revenue declines were not a function of the subject imports, which did not cause significant price effects. Instead, as with the declines in production, shipments, and sales, they are attributable to declines in demand.

Accordingly, although indicators of the industry's condition are generally unfavorable, the factors described above indicate that the subject imports are not contributing significantly to the domestic industry's poor financial condition. Therefore, we find that the record does not demonstrate the requisite causal nexus between the subject imports and the condition of the domestic industry. For these reasons we find that subject imports are not having a significant adverse impact on the domestic industry.

VII. NO THREAT OF MATERIAL INJURY BY REASON OF THE CUMULATED SUBJECT IMPORTS

Section 771(7)(F) of the 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."¹²⁸ The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole."¹²⁹ In making our determination, we have considered all factors that are relevant to these investigations.¹³⁰

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

¹²⁹ 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).

¹³⁰ 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

(continued...)

Based on the indicators of the industry's performance discussed above, we find that the industry is currently in a weakened state and is vulnerable to material injury. For the reasons discussed below, however, we determine that the domestic industry is not threatened with material injury by reason of subject imports from China.¹³¹

As discussed above, U.S. shipments of subject imports increased from *** pounds in 2006 to *** pounds in 2007 before declining to *** pounds in 2008 and *** pounds in 2009.¹³² Thus, the volume of subject import shipments began declining in 2008, before the petitions in these investigations were filed and in a manner reflecting the early softening of demand. They declined further in 2009 in response to a rapid decline in demand. Accordingly, the market share of subject imports remained fairly steady at *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009, and we see no reason

¹³⁰ (...continued)

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 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).

¹³¹ In its final countervailing duty determination, Commerce found the following eleven programs to be countervailable: provision of wire rod for less than adequate remuneration ("LTAR"), provision of hot-rolled steel for LTAR, provision of land for LTAR, provision of electricity for LTAR, "Two Free, Three Half" Program, income tax benefits for foreign-invested enterprises based on geographic location, income tax exemption for investors in designated geographical regions within Liaoning Province, import tariff and VAT exemptions for foreign invested entities and certain domestic enterprises using imported equipment in encouraged industries, VAT refunds for foreign-invested enterprises purchasing domestically produced equipment, international market exploration fund, and income tax credits for foreign invested entities on purchases of domestically produced equipment. CR at I-6, PR at I-5-6. Commerce found the following net subsidy rates: 3.55 percent for Dalian Eastfound Metal Products Co., Ltd. and Dalian Eastfound Material Handling Products Co., Ltd.; 1.52 percent for Dalian Huameilong Metal Products Co., Ltd.; 437.11 percent for non-cooperative Chinese firms; and 2.54 percent for all others (PRC-wide). Id.

¹³² CR/PR at Tables IV-3, C-1. U.S. shipments of subject imports in 2009 included a substantial drawdown of importers' inventories of subject imports. CR/PR at Table VII-2. As a result, the decline in subject imports was even greater in 2009 than the decline in subject import shipments. Specifically, after increasing slightly from *** pounds in 2006 to *** pounds in 2007, subject imports declined to *** pounds in 2008 and *** pounds in 2009, for a 2008-2009 decline of *** percent. CR/PR at Table IV-2.

to find that this pattern will not continue.¹³³ Consequently, we find that the volume and market share of subject imports are not likely to increase substantially in the imminent future.

We acknowledge that Chinese producers are export oriented, exporting all of their wire decking production, and that the United States was the destination for a large share of their exports during the period examined. Exports to the United States as a share of Chinese producers' total exports, however, had already begun to decline in 2008 as Chinese exports of wire decking to third country markets accounted for an increasing share of total Chinese exports. The share exported to the United States continued to decline in 2009, as exports to third countries continued to account for an increasing share of total exports notwithstanding the slowdown of the global economy.¹³⁴

Although there appears to be substantial capacity to produce wire decking in China, Chinese capacity declined over the period examined and was already declining before the petitions in these investigations were filed and before demand in the United States dropped steeply in 2009.¹³⁵ ¹³⁶ Further, there appears to be only limited excess capacity to increase production of wire decking in China. Chinese producers were producing *** throughout the period examined and had a capacity utilization rate of *** percent at the end of the period.¹³⁷ ¹³⁸

Importers' inventories of subject imports are currently at a relatively *** compared with inventories in prior years and, as a ratio to total import shipments, are at the *** period examined.¹³⁹ Chinese producers' ending inventories fluctuated over the period examined but declined overall.¹⁴⁰ Two

¹³³ CR/PR at Tables IV-4, C-1. The ratio of subject imports to U.S. production increased from *** percent in 2006 to *** percent in 2007 before declining to *** percent in 2008 and *** percent in 2009, for an overall decline of *** percentage points. CR/PR at Table IV-5.

¹³⁴ Subject producers' exports to the United States accounted for *** percent of their total exports in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. CR/PR at Table VII-1.

¹³⁵ After increasing from *** pounds in 2006 to *** pounds in 2007, Chinese producers' wire decking capacity declined to *** pounds in 2008 and *** pounds in 2009. CR/PR at Table VII-1. See also CR at VII-4 n.6, PR at VII-3 n.6 (the largest Chinese producer, Eastfound, reports that it closed one of its two wire decking facilities in February 2009, that the facility and its equipment were "quite old," and that to restart it would take a substantial investment of time and money).

¹³⁶ Petitioners contend, as they did with respect to questionnaire response data from importers, that the Chinese producers/exporters that responded to the Commission's foreign producer questionnaire accounted for a smaller share of total Chinese production of wire decking than was reported by the responding producers. As noted above, however, it is frequently the case that the Commission receives less than 100 percent cooperation in response to its questionnaires. We find that the response rate here, even if smaller than the estimates reported, accounts for a substantial majority of Chinese production and Chinese exports of wire decking to the United States in 2009 (CR at VII-3), and is similar to the rates the Commission has achieved in other investigations. The shares of Chinese production and Chinese exports to the United States accounted for by the responding producers/exporters are taken from questionnaire responses of the Chinese producers, which is the best available record source for information regarding the Chinese industry.

¹³⁷ CR/PR at Table VII-1. Respondents explain that the Chinese producers exceeded their normal *** capacity when ***. Respondents' Posthearing Brief, Appendix 1 at 18.

¹³⁸ Chinese producers' capacity utilization was as high as *** percent during the period examined, suggesting that they ***. CR/PR at Table VII-1.

¹³⁹ Importers' inventories were above *** pounds in 2006, 2007, and 2008, and were *** pounds in 2009. As a ratio to U.S. import shipments, importers' inventories were *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. CR/PR at Table VII-2.

¹⁴⁰ Chinese producers' end of period inventories were *** million pounds in 2006, *** million pounds in 2007, *** million pounds in 2008, and *** million pounds in 2009. As a ratio to total Chinese producers' shipments, Chinese producers' end of period inventories were *** percent in 2006, *** percent in 2007, *** percent in 2008,

(continued...)

of the subject producers reported that they produce other products using the same equipment and workers used to produce wire decking.¹⁴¹ There is no indication, however, that the ability to shift production from other products to wire decking was a significant factor in subject producers' production or export trends during the period examined. Nor is there any indication that they would rely on product shifting to increase exports to the United States in the imminent future. Moreover, wire decking is not the subject of any import relief investigations or findings in any other country.

Based on the above, we conclude that there is no likelihood of substantially increased imports of subject merchandise, particularly not as a share of apparent U.S. consumption, in the imminent future. Moreover, as discussed above, the largest U.S. importer of subject wire decking during the period examined ceased operations, dismantled a large share of its operations and facilities, and sold its remaining assets to Worldwide in 2010. Worldwide reports that to date it has not imported subject merchandise and that wire decking is not the sole focus of its sales and service operations.¹⁴² We find that this evolution in the wire decking importation infrastructure is an additional factor weighing against the likelihood of significantly increasing subject imports in the imminent future.

Accordingly, we find it is not likely that subject imports will increase to a level that would be injurious to the domestic industry in the imminent future.

We find, moreover, that subject imports are not entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices. We observe that underselling by subject imports did not adversely affect domestic producers' prices during the period examined. Nothing on the record indicates that conditions of competition in the U.S. market or importers' pricing practices will change significantly from those during the period examined to such an extent that the likely volume of subject imports would have a significant adverse effect on domestic producers' prices in the imminent future.

There is also no evidence, notwithstanding the industry's vulnerability, that subject imports will have significant negative effects on the performance of the domestic industry. There is simply 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. Therefore, we find that material injury by reason of subject imports will not occur absent issuance of an antidumping duty order or countervailing duty order against subject imports. Accordingly, we conclude that the domestic wire decking industry is not threatened with material injury by reason of imports of wire decking from China.

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 imports of wire decking from China that have been found by the Department of Commerce to be sold in the United States at less than fair value and subsidized by the Government of China.

¹⁴⁰ (...continued)
and *** percent in 2009. Id.

¹⁴¹ CR at II-6, PR at II-4.

¹⁴² CR at IV-2-3, PR at IV-1-2.

DISSENTING VIEWS OF COMMISSIONERS CHARLOTTE R. LANE AND IRVING A. WILLIAMSON

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of wire decking from China that have been found by the Department of Commerce to be subsidized and sold in the United States at less than fair value.

We join with the majority Commission views with regard to: I. Background, II. Domestic Like Product, III. Domestic Industry, and IV. Legal Standards. We write separately, however, with regard to material injury by reason of subject imports.

V. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS ¹

A. 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.

1. Demand Conditions

Wire decking is used in pallet rack systems that are found in industrial and commercial warehouses. Consequently, demand for wire decking is derived primarily from demand for such rack systems, which in turn is related to the economy's industrial output level and, in particular, non-residential construction.²

When measured by apparent U.S. consumption, wire decking demand declined from *** pounds of decking in 2006 to *** pounds of decking in 2007, *** pounds in 2008 and *** pounds in 2009, for a *** percent decrease from 2006 to 2009 and a decrease of *** percent between 2008 and 2009.³

2. Supply Conditions

The domestic industry is the largest source of supply in the U.S. market, but lost market share to subject imports over the period of investigation. Domestic producers' market share was *** percent in 2006, *** percent in 2007, *** percent in 2008 and *** percent in 2009.⁴ From 2006 to 2007, U.S. producers lost *** percentage points of market share based on quantity and *** percentage points based on value. However, from 2007 to 2009, U.S. producers gained *** percentage points based on quantity and *** percentage points based on value. All of the U.S. industry's market share gains and losses came

¹ Negligibility under 19 U.S.C§. 1677(24) is not an issue in these investigations. Based on questionnaire response data and estimates by petitioners and respondents, U.S. imports of wire decking from China were approximately 95 percent of total U.S. imports of wire decking for the entire period examined. CR at IV-5, PR at V-4, CR/PR Table IV-2.

² CR at II-9, PR at II-6 .

³ CR/PR at Table IV-3. The higher demand for wire decking early in the period examined reportedly resulted in significant part from the growth of big-box retailers, such as Home Depot, Lowe's, and Wal-Mart, whose consumption is reported to have dropped off beginning in the fourth quarter of 2008. E.g., Hearing transcript at 126-27 (Kedaitis).

⁴ CR/PR at Tables IV-4, C-1.

at the expense or gain of U.S. imports from China as U.S. imports from non-subject countries accounted for approximately 5 percent of total U.S. imports during the period of investigation.⁵

U.S. producers' production capacity substantially exceeded domestic demand throughout the period of investigation.⁶ In 2009, the domestic producers' production capacity was equivalent to *** percent of apparent U.S. consumption. Domestic producers' capacity was 495.4 million pounds of decking in 2006, 515.4 million pounds of decking in 2007 and 2008, and 500.4 million pounds of decking in 2009.

The market share of subject imports fluctuated between years but increased overall, rising from *** percent in 2006 to *** percent in 2007, falling to *** percent in 2008, and rising again to *** percent in 2009.⁷ Atlas was the largest reporting U.S. importer of subject wire decking, accounting for *** of reported subject imports throughout the period of investigation, and *** percent of reported subject imports from China in 2009. Atlas was the exclusive North American importer and distributor of wire decking from the Chinese producer Eastfound.⁸ Atlas has purchased wire decking from U.S. producers in the past and reported that it purchased the domestic product when it could not obtain wire decking from China, when domestic producers offered shorter lead times, or when a domestic product was priced below subject imports.⁹ Nashville Wire, the largest U.S. producer of wire decking, also imported wire decking. It accounted for *** percent of total subject imports in 2008 and then dropped to *** percent in 2009.¹⁰

3. Substitutability and Other Factors

Subject imports and domestic products are highly substitutable.¹¹ All responding domestic producers and importers, and 16 of 20 responding purchasers of wire decking reported that the U.S. product and the subject imports are always or frequently interchangeable.¹²

Wire decking is a commodity product, sold largely on the basis of price. Six of 8 responding domestic producers reported that there are never significant differences other than price between U.S. product and subject imports. Responses from importers and purchasers varied, but the most frequent response from both importers and purchasers was that there are only sometimes significant differences other than price between wire decking produced in the United States and the subject imports.¹³ Price is reported to be very important to purchasing decisions. According to 23 of 25 responding purchasers and 13 of 20 responding purchasers, price is the most important factor in the purchasing decision.¹⁴

Throughout the period of investigation, the majority of U.S. shipments by both domestic producers and importers of subject product were to distributors.¹⁵ The majority of reporting purchasers reported that their customers are only "sometimes" or "rarely" aware of or interested in the country of

⁵ CR at IV-8, PR at IV-5.

⁶ CR/PR at III-2, Table III-2, C-1.

⁷ CR/PR at Tables IV-4, C-1.

⁸ Respondents' Postconference Brief at 1.

⁹ Conference Transcript at 123, 126, 176 (Kedaitis); Petitioners' Postconference Brief at 25

¹⁰ CR/PR at Tables III-4, IV-2.

¹¹ CR at II-8, PR at II-4.

¹² CR/PR at Table II-7. Further, 7 of 8 U.S. producers, 6 of 7 importers, and 9 of 20 purchasers reported that the U.S. product and the subject imports are always interchangeable.

¹³ CR/PR at Table II-8.

¹⁴ CR/PR at Table II-5 and Table II-3.

¹⁵ CR/PR at Table II-1.

origin of wire decking.¹⁶ All responding domestic producers and 3 of 7 responding importers reported selling wire decking nation-wide. Two importers serve the Midwest, one the Southeast, and one the Central Southwest, the Pacific Coast and the Mountain Region.¹⁷

There are few viable substitutes for wire decking. Although 2 of 6 producers, 3 of 4 importers, and 16 of 22 responding purchasers reported that there are substitutes for wire decking, only *** and *** of 31 responding purchasers reported that changes in the prices of substitute products affected the price of wire decking.¹⁸ Domestic producers argued that although there are products that could be substituted for wire decking there are no real practical substitutes for wire decking in the U.S. market.¹⁹ The industry indicated that wire decking is required by insurance companies for commercial storage systems and that it is the “standard” for industrial and commercial storage.²⁰ This lack of viable substitutes in the U.S. market contributes to the relatively low price elasticity of demand of -.25 to -.75 for wire decking estimated in the Commission’s Final Report.²¹

Raw materials account for a large share of the cost of production of wire decking. For domestic producers of wire decking, raw materials accounted for 68.4 percent of the cost of goods sold (COGS) in 2006. The share of COGS accounted for by raw materials increased to 69.6 percent in 2007, 73.7 percent in 2008, and declined to 63.7 percent in 2009.²² Because of volatility in raw materials costs, wire decking is typically sold on a spot basis or on short-term contracts, with about half of sales taking place on a spot basis.²³

B. Volume of the 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 volume, either in absolute terms or relative to production or consumption in the United States, is significant.”²⁴

We find that the volume of subject imports was significant, both in absolute terms, and relative to production and consumption in the United States. The volume of subject imports increased from *** pounds in 2006 to *** pounds in 2007 and then declined to *** pounds in 2008 and *** pounds in 2009.²⁵ The market share of subject imports increased by *** percent over the period of investigation. Subject import market share increased from *** percent in 2006 to *** percent in 2007, declined to *** percent in 2007, and finally increased to *** percent in 2009.²⁶ Subject imports’ market share reached a maximum of *** percent in the first quarter of 2009, as a decline in demand for wire decking reduced

¹⁶ CR at II-16, PR at II- 11.

¹⁷ CR/PR at II-1.

¹⁸ One additional purchaser, *** was reported to have identified a substitute for wire decking, but the product, ***, is an input into *** wire decking, not a substitute product.

¹⁹ Hearing transcript at 16 (Rollins).

²⁰ Hearing transcript at 17 (Rollins) (“The open mesh design provides a low weight, high strength design that permits light and water from an overhead sprinkler system to pass through, a very important feature for fire protection. For these reasons, wire decking is duly required by insurance companies and building codes for use in commercial storage systems. Wire decking is now the standard for industry and commercial storage.”)

²¹ CR at II-21, PR at II-14.

²² CR/PR at Table VI-3.

²³ CR at V-2, PR at V-1; Hearing transcript 61-66 (Mack, Rollins, Chamberlin, and Young).

²⁴ 19 U.S.C. § 1677(7)(C)(i).

²⁵ CR/PR at Table IV-2.

²⁶ CR/PR at Table IV-4.

overall U.S. consumption.²⁷ The ratio of the quantity of subject imports to U.S. production increased from *** percent in 2006 to *** percent in 2007 and then declined to *** percent in 2008, and *** percent in 2009.²⁸

The record data on the volume of subject imports over the period examined is understated, as not all importers of subject wire decking from China responded to the Commission's importer questionnaire. The Commission sent out 36 importer questionnaires in this final investigation, but received only seven usable importer responses and five responses indicating the companies did not import. Of the 24 unresponsive importers, petitioners assert that twelve accounted for a significant volume of subject imports. Petitioners further assert that the under-reporting of subject import volume and market share increased over the period of investigation, as distributors that purchased wire decking from Atlas in 2006 and 2007 began bypassing master distributors like Atlas and importing directly in 2008 and 2009.²⁹

The respondents, on the other hand, assert that the existence of significant non-responding importers is overstated. Nevertheless, the respondent ***.³⁰

We find that the decline in the reported subject import market share in 2008 was due in large part to the domestic industry's strategy of keeping its prices low in order to meet import competition.³¹ As explained during the hearing, domestic producers increased prices in 2008 by less than their increases in cost, in order to regain market share. This strategy contributed to the increase in the ratio of COGS to net sales in 2008.³² Absent the domestic producers' aggressive response to the subject imports, the volume of subject import shipments in 2008 likely would have been higher and the domestic industry likely would have lost more sales and market share.

We also evaluate the volume of the subject imports in the context of a market experiencing declining apparent U.S. consumption. As discussed below with respect to price effects, the subject imports significantly undersold the domestic product, leading to declines in the domestic industry's sales and shipments beyond what would have otherwise occurred in a shrinking market. Additionally, despite the decrease in the volume of subject imports in 2009, the subject imports maintained a significant presence in the declining U.S. market, particularly in light of the price effects described below.

Based on the foregoing, we find that the volume of subject imports is significant, both in absolute terms and relative to consumption and production in the United States.

C. 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.³³

²⁷ Preliminary CR/PR at Table IV-5.

²⁸ CR/PR at Table IV-5.

²⁹ Hearing transcript at 57 (Cannon).

³⁰ Petitioners' Final Comments, page 4.

³¹ Hearing transcript at 46 (Beck) and 53 (Cannon).

³² CR/PR Table VI-1.

³³ 19 U.S.C. § 1677(7)(C)(ii).

For product specific price comparisons, the Commission examined six different products. The Commission obtained pricing comparisons for products one through five in all sixteen quarters of 2006 through 2009.³⁴ The Commission obtained pricing comparisons for product six in thirteen of the sixteen quarters of 2006 through 2009.³⁵ Out of 93 total quarterly pricing comparisons, the imported subject product undersold the domestic product in 85 quarters, or in 91 percent of the quarters for which pricing information was gathered. The average margins of underselling were significant, ranging from *** percent for product six to *** percent for product one.³⁶ The average margin of underselling for all pricing comparisons was *** percent.³⁷

The domestic industry reported a significant number of instances of lost sales and lost revenue attributed to subject imports from China. The lost sales allegations totaled *** and the lost revenue allegations totaled ***. Staff contacted 64 purchasers that had been mentioned in lost sales or lost revenue allegations and received responses from 28 of those purchasers. Lost sales of *** (approximately ***) were confirmed. Of the lost revenue allegations, *** (approximately ***) were confirmed.³⁸ The Commission received neither confirmation nor denial of a significant share of the lost sales and lost revenue allegations. Of the total lost sales allegations, approximately *** percent were neither confirmed nor denied. Out of the total lost revenue allegations, approximately *** were neither confirmed nor denied.

Based on the data for the products examined, weighted average prices for domestically produced wire decking were relatively flat from January 2006 through 2007. The prices then increased to mid-2008 and declined during the remainder of 2008 and 2009 to levels similar to 2006.³⁹ Prices for imports from China closely followed this pattern but were consistently lower than the prices for domestically produced decking. The trend in prices in the pricing products is consistent with the trend in the annual average unit value of U.S. producers' U.S. shipments, which dropped from \$0.56 per pound in 2006 to \$0.55 per pound in 2007, increased to \$0.65 per pound in 2008 and then fell back to \$0.57 per pound in 2009.⁴⁰ While there is some evidence of price depression in the data, such evidence is mixed since the domestic industry was able to increase prices to some degree during the period of investigation. However, there is clear and consistent evidence of price suppression. The cost of goods sold for the domestic industry dropped from \$0.49 cents per pound in 2006 to \$0.48 cents per pound in 2007, increased to \$0.60 per pound in 2008 before dropping to \$0.53 cents per pound in 2009.⁴¹ A comparison of the changes in the unit value of sales to the unit COGS demonstrates price suppression as the domestic industry was unable to increase prices to equal the increase in the COGS in 2008, and reduced prices by more than the decline in its COGS in 2009. The ratio of COGS to net sales moved against the domestic industry throughout the period of investigation. This ratio increased in every year from 2006 through 2009, going from 87.1 percent in 2006 to 93.5 percent in 2009.⁴² The domestic industry attributed its inability to hold price levels or to increase prices to cover increased costs to competition from low-priced subject imports.⁴³

³⁴ CR/PR at Tables V-1 through V-5.

³⁵ CR/PR at Table V-6.

³⁶ CR/PR at Table V-8.

³⁷ CR/PR at Table V-8.

³⁸ CR at V-18. PR at V-7

³⁹ CR at V-16. PR at V-IV-2.

⁴⁰ CR/PR at Table C-1.

⁴¹ Id.

⁴² CR/PR at Table C-1.

⁴³ Hearing transcript at 91-92 (Wagner) and 92-93 (Selhorst).

In sum, we find that subject imports undersold the domestic like product and suppressed prices to a significant extent.

D. Impact of the Subject Imports on the Domestic Industry⁴⁴

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”⁴⁵ 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.”⁴⁶

The industry exhibited significant indicia of material injury during the period of investigation. The trade, operations and financial data for the domestic industry throughout the period of investigation point to a decline which accelerated near the end of the period of investigation. We recognize that this performance coincided with a period of declining demand and a shift in the U.S. economy to an unprecedented recessionary economic collapse in late 2008 through 2009. However, we must carefully consider to what extent the declines in operating and financial indicia of performance for the domestic industry are due to competition from subject imports, and whether subject imports contributed to the poor performance of the domestic industry in more than a minimal or tangential way.

The U.S. industry's capacity was relatively stable throughout the period of investigation, from 495.4 million pounds in 2006 to 500.4 million pounds in 2009.⁴⁷ Production, on the other hand, declined significantly; falling from 304.6 million pounds in 2006 to 274.1 million pounds in 2008, and 152.3 million pounds in 2009, or by 50 percent.⁴⁸ As a result of this decline in production, capacity utilization declined steadily from 2006 to 2009, from 61.5 percent in 2006 to 30.4 percent in 2009.⁴⁹ Net sales quantities of domestic product showed similar declines, falling from 318.0 million pounds in 2006 to 155.6 million pounds in 2009.⁵⁰

Since the absolute declines in production and sales are closely associated with the large drop in U.S. consumption over the period of review, a clearer picture of the performance of domestic producers relative to the market can be derived by looking at changes in market shares relative to U.S. consumption. The market share held by domestic producers dropped from *** percent in 2006 to *** percent in 2009 on a volume basis. On a value basis, the market share of domestic producers dropped from *** percent in 2006 to *** percent in 2009. The market share for subject imports from China increased over the period of investigation, going from *** percent in 2006 to *** percent in 2009 on a volume basis and from ***

⁴⁴ We have considered the magnitude of the dumping margins found by Commerce. In its final determinations of sales at LTFV, Commerce found a weighted-averaged dumping margin of 17.75 percent for Dalian Huameilong; 14.24 percent for Dalian Eastfound; 16.00 percent for Globsea Co., Dalian Yutein, Dalian Xingbo, Ningbo Xinguang, and Dandong Riqian; and 143.00 percent for all others. CR at I-5, PR at I-4.

⁴⁵ 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.”).

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

⁴⁷ CR/PR at Table C-1.

⁴⁸ Id.

⁴⁹ Id.

⁵⁰ Id.

percent to *** percent on a value basis. Non subject imports made up the balance of market share at a relatively stable and small share of less than *** percent and were not a significant factor in the market.⁵¹

The number of production related workers declined during the period of investigation from 652 to 361, or a 44.6 percent decrease. Wages paid declined even more, dropping by 47.7 percent. Productivity remained relatively flat, dropping by only 1 percent from 2006 to 2009, from 225.8 pounds per hour worked to 223.5 pounds per hour worked. Average unit labor cost changes did not contribute to declining financial performance of the domestic industry as it held at a steady \$0.07 per pound of production.⁵²

Domestic industry capital expenditures and R&D expenses declined substantially. Capital expenditures dropped by 63.5 percent between 2006 and 2009, going from \$3.6 million down to \$1.3 million. R&D expenses dropped by *** percent, falling from *** to ***.⁵³

Other important financial indices reflect a domestic industry that was performing poorly throughout the period of investigation. Operating income declined from a positive \$11.3 million in 2006 to a loss of \$4.7 million in 2009. The ratio of operating income to sales declined from 6.3 percent in 2006 to a negative 5.3 percent in 2009.⁵⁴ The ratio of operating income to total assets dropped from 8.7 percent in 2006 to a negative 4.6 percent in 2009.⁵⁵ Cash flow similarly declined, from a positive \$15.2 million in 2006 to a negative \$1.9 million in 2009.⁵⁶

The Commission received financial data from seven domestic producers for the period of investigation. Of those, three reported operating losses in 2006, four reported operating losses in 2007 and 2008 and five reported operating losses in 2009. In all cases, the net operating income ratio to sales declined from the beginning to the end of the period of investigation. Companies reporting positive ratios of operating income to sales in 2006 all showed declines through the period of investigation and companies that reported losses in 2006 reported even greater relative losses into 2009.⁵⁷

It is clear that the domestic industry suffered material injury during the period of investigation. However, it is necessary to determine the extent to which the injury can be attributed to subject imports.

In order to determine whether more than an incidental portion of the material injury experienced by the domestic industry is attributable to subject imports it is necessary to consider the likely effects on the domestic industry if subject imports had been fairly traded in the U.S. market. In order to determine the likely effect on the domestic industry we consider the conditions of competition as they relate to the ability of the U.S. industry to beneficially increase gross revenue, net operating income and employment, through some combination of increased sales volumes and/or prices, if subject imports had been traded at higher prices reflecting their fair value in the U.S. market.

Supply conditions provide an indication of how producers can respond to opportunities to increase production if there is an opportunity to increase sales. Whether, and to what extent, producers can respond to increased sales opportunities depends on their existing excess capacity, their ability to divert product from export markets back into the domestic market, the magnitude of inventory levels which are available for sale in the domestic market, or their ability to divert production from other product(s). In this case, the excess capacity of the domestic industry was the most significant supply condition indicating the ability to take advantage of sales opportunities.

The domestic industry's rate of capacity utilization was low, and declining, throughout the period of investigation. Capacity utilization ranged from a high of 61.5 percent in 2006 to a low of 30.4 percent

⁵¹ CR/PR at Table C-1.

⁵² Id.

⁵³ CR/PR at Table VI-5.

⁵⁴ CR/PR at Table C-1.

⁵⁵ CR/PR at Table VI-7.

⁵⁶ CR/PR at Table VI-1.

⁵⁷ Id.

in 2009. The unused capacity available to increase production in response to more favorable sales opportunities that would have been created if subject imports had been fairly traded ranged from a low of *** pounds in 2006 to *** pounds in 2009. These data indicate that the domestic industry had significant amounts of unused capacity with which it could have increased production in the event of favorable market conditions.

An analysis of the domestic supply factors indicates that the elasticity of domestic supply of wire decking is relatively high, due to high levels of unused capacity. This finding is consistent with the Commission Staff's Final Report which suggests a domestic supply elasticity in the range of 3 to 5.⁵⁸ If anything, this is a conservative range and the unused capacity of the domestic industry even at its lowest level would indicate a supply elasticity at the high end of that range, or above.

An analysis of demand conditions considers options that are available to purchasers and how they are likely to respond to changes in market conditions, such as increased prices. The price that purchasers are willing and able to pay for wire decking will depend on a number of factors including the cost of decking relative to the value of the products or processes that use decking, the availability of substitute products, and purchasers' collective market power to resist price increases.

It is likely that changes in the price level of wire decking would result in a small change in the quantity demanded. There are some, but limited, alternative products that can be substituted for wire decking in the U.S. market. Moreover, although wire decking may represent a relatively high portion of the cost of shelving units that the decking is used for, the wire decking component of total costs is not likely to be a significant portion of the warehousing and commercial storage operations that use wire decking. The Commission Final Report confirms this analysis and suggests a "moderate demand elasticity" in the range of -0.25 to -0.75.⁵⁹ Although the term "moderate demand elasticity" is used in the Report, we note that when the price elasticity of demand is less than unity (1.0) elasticity is usually said to be inelastic or relatively inelastic, as a change in price will lead to a relatively smaller change in the quantity demanded.

An important substitution factor unrelated to the ability of purchasers to substitute alternate products for wire decking is the ability of purchasers to substitute imported wire decking for domestic decking. If purchasers place a premium on price, a high elasticity of substitution for imported product would indicate that purchasers would be likely to move to lower-priced imports in response to increases in domestic price. This factor is important in two respects. One, to determine whether any imports, including subject imports, would be an important factor in holding down domestic price increases, and two, to determine whether increases in prices of subject imports would result in shifts to domestic decking, non-subject imports, or both.

In response to Commission questionnaires, price was reported by 20 out of 22 responding purchasers as being either the first, second, or third most important factor affecting purchasing decisions. This price sensitivity is important because it indicates that, although there is a low price elasticity of demand for this product, purchasers are still likely to seek the lowest prices available.

In addition to price, purchasers also place a premium on product availability, delivery times, consistency, quality, and reliability of supply. These factors were identified as "very important" the greatest number of times by purchasers. Domestic producers, importers and purchasers generally considered U.S. product and Chinese subject product to be either always or frequently interchangeable. Domestic producers and importers had a similar view of non-subject imports, whereas purchasers were mixed on whether non-subject decking was interchangeable with U.S. decking. Overall, the record indicates that there is a relatively high degree of substitutability between domestic wire decking, subject imports and non-subject imports. This finding is consistent with the Commission Staff's Final Report

⁵⁸ CR at II-21, PR at II-14.

⁵⁹ Id.

which suggests a relatively high substitution elasticity in the range of 3 to 5 between domestic wire decking and imported wire decking.⁶⁰

Overall, the record indicates that lower priced subject imports were being substituted for higher priced domestic wire decking from 2006 through 2009. The record further indicates that non-subject imports were not a significant factor in the market and, to some degree, may be less substitutable for the domestic product. It is likely that if subject import prices had increased to levels where they would have been considered to be fairly traded, the response would have been higher prices for all suppliers in the U.S. market which would have been offset by only a relatively small change in the quantity demanded.

Given the range of domestic supply elasticity, price elasticity, and substitution elasticities, along with the importance of price in purchasing decisions, the data supports a finding that the shift in demand away from subject imports that would have occurred if subject imports had been fairly traded would have resulted in reduced market share for the subject imports and an increase in market share for domestic wire decking. In addition to increased market share, the domestic industry would have benefitted from the ability to increase prices if subject imports had been fairly traded. Several domestic producers noted that competition from low-priced subject imports had suppressed prices in the U.S. market over the POI, and that since the filing of these cases there had been a decline in sales of low-priced subject imports such that domestic producers had been able to increase prices in order to pass on raw materials cost increases.⁶¹

Even though the domestic industry was experiencing declining financial results due to a general economic decline that started in late 2008 and continued through 2009, it is clear that the significant volume of low priced, unfairly traded, subject imports contributed to the injury to the domestic industry. Considering the relatively inelastic demand, the elastic domestic supply, the importance of price in purchasing decisions and the relatively high substitution elasticity between domestic and Chinese wire decking, the increased volumes and prices that would have been achieved by the domestic industry if subject imports had been fairly traded would not have been inconsequential or trivial. Since the domestic industry was unable to compete for these increased volumes and increased prices in the face of unfairly traded subject imports, we find that the injury caused by those imports was not minimal or tangential. While there may have been other causes of injury affecting the domestic industry we find that subject imports in and by themselves were a significant contributor to the injury experienced by the domestic industry.

CONCLUSION

Based on the record in these final phase investigations, we conclude that subject imports had an adverse impact on the condition of the domestic industry during the period of investigation. In particular, we find that the absolute and relative volumes of subject imports were significant and that subject imports consistently and significantly undersold the domestic product. The magnitude of the volume captured by unfairly traded imports and price effects of those imports, which suppressed domestic prices, has contributed to the poor financial performance of the domestic industry over the period of investigation. The record indicates that prices in the U.S. market would have been higher in the absence of unfairly traded subject imports. The data also confirms that a shift in demand away from subject imports would have occurred if those imports had been fairly traded and that the decline in sales by subject imports would have predominately benefitted domestic producers of wire decking. Thus, if subject imports had been fairly traded there would have been a beneficial impact on the domestic industry, either in price increases, volume increases, or both. For these reasons, we find that an industry in the United States is materially injured by reason of imports of wire decking from China that have been found by Commerce to be sold in the United States at less than fair value and subsidized by the Government of China.

⁶⁰ Id.

⁶¹ Hearing transcript at 34-35 (Chamberlin), 43-44 (Young), 62 (Mack), 93 (Selhorst).

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on June 5, 2009, by AWP Industries, Inc. (“AWP”) of Frankfort, KY; ITC Manufacturing, Inc. (“ITC”) of Phoenix, AZ; J&L Wire Cloth, Inc. (“J&L”) of St. Paul, MN; Nashville Wire Products Mfg. Co., Inc. (“Nashville Wire”) of Nashville, TN; and Wireway Husky Corp. (“Wireway”) of Denver, NC, alleging that an industry in the United States is materially injured and is threatened with continued material injury by reason of imports from China of wire decking¹ that are allegedly sold in the United States at less than fair value (“LTFV”) and subsidized by the Government of China. Information relating to the background of these investigations is provided below.²

Effective date	Action
June 5, 2009	Petition filed with Commerce and the Commission; Commission institutes investigations (74 FR 27823, June 11, 2009)
July 2, 2009	Initiation of countervailing duty investigation by Commerce (74 FR 31700)
July 2, 2009	Initiation of antidumping investigations by Commerce (74 FR 31691)
July 27, 2009	Commission's preliminary determinations (74 FR 38229, July 31, 2009)
November 9, 2009	Commerce's preliminary countervailing duty determination (74 FR 57629)
January 12, 2010	Commerce's preliminary antidumping duty determination (75 FR 1597)
January 25, 2010	Commission's scheduling of its final phase investigations (75 FR 4584, January 28, 2010)
May 27, 2010	Commission's hearing ¹
June 10, 2010	Commerce's final antidumping (75 FR 32905) and countervailing duty (75 FR 32902) determinations
July 1, 2010	Commission's vote
July 26, 2010	Commission's determinations and views transmitted to Commerce

¹ App. B contains a list of witnesses who appeared at the hearing.

¹ A complete description of the imported product subject to these investigations is presented in the section entitled *The Subject Product* located in Part I of this report.

² *Federal Register* notices cited in the tabulation, which were published subsequent to January 25, 2010, are presented in app. A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

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

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

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

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

. . .

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of the Report

Information on the subject merchandise, alleged margins of dumping and subsidies, and domestic like product is presented in *Part I*. Information on conditions of competition and other relevant economic factors is presented in *Part II*. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in *Parts IV and V*, respectively. *Part VI* presents information on the financial experience of U.S. producers. Information obtained for use in the Commission's consideration of the question of threat of material injury is presented in *Part VII*.

U.S. MARKET SUMMARY

The U.S. market for wire decking totaled *** pounds and approximately *** in 2009. Currently, eleven firms produce wire decking in the United States. Five of these firms are the petitioners and consist of AWP, ITC, J&L, Nashville Wire, and Wireway. At least seven firms have reported importing wire decking from China since 2006, although Atlas Material Handling, Inc. ("Atlas") accounted for the majority of these imports throughout the period of investigation.

U.S. producers' U.S. shipments of wire decking totaled 151 million pounds valued at \$85 million in 2009, and accounted for *** percent of apparent U.S. consumption by quantity (*** percent by value). U.S. shipments of imports from China totaled *** pounds valued at \$*** in 2009, and accounted for *** percent of apparent U.S. consumption by quantity (*** percent by value). U.S. shipments of imports from all other sources combined are estimated to total *** pounds valued at \$*** in 2009, and accounted for *** percent of apparent U.S. consumption by quantity (*** percent by value). Wire decking is generally used in commercial and industrial storage (warehouse) systems and consists of a wire mesh self supported by steel support crossbeams. Wire decking is purchased by material handling distributors, industrial shelf rack manufacturers, and big-box retailers.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. U.S. industry data are based on the questionnaire responses of the seven firms that accounted for virtually all U.S. production of wire decking in 2009. Data for U.S. imports from China are compiled using responses to U.S. importer questionnaires. Data for U.S. imports from nonsubject countries are estimated to be approximately 5 percent of total U.S. imports.³ Data regarding the Chinese industry are based on 4 foreign producer questionnaires which collectively accounted for approximately *** percent of Chinese exports to the United States in 2009. One producer in China, Dalian Eastfound Material Handling Products Co., Ltd and its related company, Dalian Eastfound Metal Products Co., Ltd. (collectively "Eastfound"), reported that it accounted for approximately *** percent of Chinese export shipments to the United States in 2009.⁴

³ In the preliminary phase of these investigations, both petitioners and respondents agreed that during the period of investigation, U.S. imports from nonsubject countries accounted for approximately 5 percent of total U.S. imports. As in the preliminary phase, ***. Thus, staff used the estimate of 5 percent of total U.S. imports for volume and value of such imports.

⁴ Export shipments reported by responding Chinese producers were equivalent to *** percent of reported U.S. imports from China in 2009. Eastfound accounted for *** percent of total reported export shipments to the United States in 2009.

PREVIOUS AND RELATED INVESTIGATIONS

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

NATURE AND EXTENT OF SALES AT LTFV

On June 10, 2010, Commerce published a notice in the *Federal Register* setting forth its final determination with regard to its antidumping investigations on wire decking from China.⁵ Commerce determined that imports from China are being sold, or are likely to be sold, in the United States at less than fair value. The weighted-average dumping margins (in percent *ad valorem*), as reported by Commerce, are presented in the following tabulation.

Foreign producer/exporter	Margin (percent <i>ad valorem</i>)
Dalian Huameilong Metal Products Co., Ltd.	17.75
Dalian Eastfound Metal Products Co., Ltd Dalian Eastfound Material Handling Products Co., Ltd.	14.24
Globsea Co., Ltd. Dalian Yutiein Storage Manufacturing Co., Ltd. Dalian Xingbo Metal Products Co., Ltd.	16.00
Ningbo Xinguang Rack Co., Ltd.	16.00
Dandong Riqian Logistics Equipment Co., Ltd.	16.00
All other (PRC-Wide)	143.00
Source : <i>Wire Decking from the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 75 FR 32905, June 10, 2010.	

NATURE OF COUNTERAVAILABLE SUBSIDIES

On June 10, 2010, Commerce published a notice in the *Federal Register* setting forth its final determination with regard to its countervailing duty investigation on wire decking from China.⁶ Commerce determined that the Government of China is providing countervailable subsidies to Chinese producers of wire decking. The countervailable subsidy rates (in percent *ad valorem*), as reported by Commerce, are presented in the following tabulation.

⁵ *Wire Decking from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*; 75 FR 32905, June 10, 2010.

⁶ *Wire Decking from the People's Republic of China: Final Affirmative Countervailing Duty Determination*; 75 FR 32902, June 10, 2010.

Foreign producer/exporter	Net subsidy rate (percent ad valorem)
Dalian Eastfound Metal Products Co., Ltd Dalian Eastfound Material Handling Products Co., Ltd.	3.55
Dalian Huameilong Metal Products Co., Ltd.	1.52
Non-cooperative Chinese firms ¹	437.11
All other (PRC-Wide)	2.54
<p>¹ Commerce applied adverse inferences to 74 companies in China that did not respond to its questionnaire. Commerce acknowledged that its list of questionnaire recipients, which was provided by petitioners and derived from HTS numbers that include many other products than wire decking, included "potential" producers and exporters. Therefore, many of these 74 firms may not have produced or exported wire decking. For a list of the non-cooperative Chinese firms see <i>Wire Decking from the People's Republic of China: Final Affirmative Countervailing Duty Determination</i>; 75 FR 32902, June 10, 2010.</p>	

Commerce made the following final determinations regarding specific programs of the Government of China alleged in the petition to have provided countervailable subsidies to producers of wire decking in China:

1. Programs Determined to be Countervailable

- A. Government Provision of Wire Rod for Less Than Adequate Remuneration ("LTAR")
- B. Government Provision of Hot-Rolled Steel for LTAR
- C. Provision of Land for LTAR
- D. Provision of Electricity for LTAR
- E. "Two Free, Three Half" Program
- F. Income Tax Benefits for Foreign Invested Entities ("FIEs") Based on Geographic Location
- G. Income Tax Exemption for Investors in Designated Geographical Regions within Liaoning Province
- H. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
- I. VAT Refunds for FIEs Purchasing Domestically Produced Equipment
- J. International Market Exploration Fund (SME Fund)
- K. Income Tax Credits for FIEs on Purchases of Domestically Produced Equipment

2. Programs Determined To Not Confer Benefits During the POI

- A. Provision of Zinc for LTAR
- B. Export Incentive Payments Characterized as "VAT Rebates"

3. Programs Determined To Be Not Used

- A. Loan Programs
 - 1. Honorable Enterprises Program
 - 2. Preferential Loans for Key Projects and Technologies
 - 3. Preferential Loans as Part of the Northeast Revitalization Program
 - 4. Policy Loans for Firms Located in Industrial Zones in the City of Dalian in Liaoning Province

- B. Provision of Goods and Services for Less Than Adequate Remuneration (“LTAR”)
1. Provision of Water for LTAR for Firms Located in Designated Geographical Areas in the City of Dailan in Liaoning Province
- C. Income and Other Direct Taxes
1. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
 2. Income Tax Exemption for Investment in Domestic “Technological Renovation”
 3. Preferential Income Tax Policy for Enterprises in the Northeast Region
 4. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
- D. Indirect Tax and Tariff Exemption Programs
1. Value Added Tax (“VAT”) Deductions on Fixed Assets
 2. VAT Exemptions for Newly Purchased Equipment in the Jinzhou District
- E. Grant Programs
1. “Five Points, One Line” Program
 2. Export Interest Subsidies
 3. The State Key Technology Project Fund
 4. Subsidies for Development of Famous Export Brands and China World Top Brands
 5. Sub-Central Government Programs To Promote Famous Export Brands and China World Top Brands
 6. Exemption of Fees for Firms Located in Designated Geographical Areas in the City of Dailan in Liaoning Province
- F. Preferential Income Tax Subsidies for Foreign Invested Entities (“FIEs”)
1. Income Tax Exemption Program for Export-Oriented FIEs
 2. Local Income Tax Exemption and Reduction Programs for “Productive” FIEs
 3. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises

THE SUBJECT PRODUCT

Commerce’s Scope

Commerce has defined the scope of these investigations as follows:

The scope of these investigations covers welded–wire rack decking, which is also known as, among other things, “pallet rack decking,” “wire rack decking,” “wire mesh decking,” “bulk storage shelving,” or “welded–wire decking.” Wire decking consists of wire mesh that is reinforced with structural supports and designed to be load bearing. The structural supports include sheet metal support channels, or other structural supports, that reinforce the wire mesh and that are welded or otherwise affixed to the wire mesh, regardless of whether the wire mesh and supports are assembled or

unassembled and whether shipped as a kit or packaged separately. Wire decking is produced from carbon or alloy steel wire that has been welded into a mesh pattern. The wire may be galvanized or plated (e.g., chrome, zinc or nickel coated), coated (e.g., with paint, epoxy, or plastic), or uncoated (“raw”). The wire may be drawn or rolled and may have a round, square or other profile.

Wire decking is sold in a variety of wire gauges. The wire diameters used in the decking mesh are 0.105 inches or greater for round wire. For wire other than round wire, the distance between any two points on a cross-section of the wire is 0.105 inches or greater. Wire decking reinforced with structural supports is designed generally for industrial and other commercial storage rack systems.

Wire decking is produced to various profiles, including, but not limited to, a flat (“flush”) profile, an upward curved back edge profile (“backstop”) or downward curved edge profile (“waterfalls”), depending on the rack storage system. The wire decking may or may not be anchored to the rack storage system. The scope does not cover the metal rack storage system, comprised of metal uprights and cross beams, on which the wire decking is ultimately installed. Also excluded from the scope is wire mesh shelving that is not reinforced with structural supports and is designed for use without structural supports.

Wire decking enters the United States through several basket categories in the Harmonized Tariff Schedule of the United States (“HTS”). U.S. Customs and Border Protection has issued a ruling (NY F84777) that wire decking is to be classified under HTS 9403.90.8040. Wire decking has also been entered under HTS 7217.10, 7217.20, 7326.20, 7326.90, 9403.20.0020 and 9403.20.0030. While HTS subheadings are provided for convenience and Customs purposes, the written description of the scope of the investigations is dispositive.

Tariff Treatment

During the period of investigation, wire decking has been classifiable in the Harmonized Tariff Schedule of the United States (“HTS”) under subheading 9403.90.80 (statistical reporting number 9403.90.8040). This HTS subheading is a residual or “basket” subheading covering wire decking and many other products. Petitioners observed that Customs has issued a ruling (NY F84777) which stated that wire decking is properly imported under HTS 9403.90.8040, but contend that wire decking may have also entered the United States under HTS 7217.10, 7217.20, 7326.20, 7326.90, 9403.20.0020, and 9403.20.0030 during the period of investigation.⁷ Table I-1 depicts the HTS subheading under which wire decking is classified and its tariff treatment.

⁷ See petition, exh. General-2. In the preliminary phase of these investigations, Atlas, the largest U.S. importer of wire decking from China, reported that ***.

**Table I-1
Wire decking: Tariff treatment, 2010**

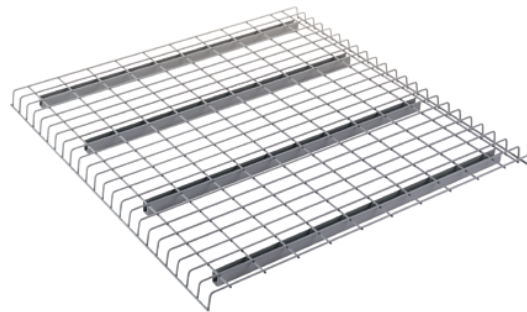
HTS provision	Article description	General ¹	Special	Column 2 ²
		Rates (<i>percent ad valorem</i>)		
9403	Other furniture and parts thereof:			
9403.90	Parts:	Free		45.0%
9403.90.80	Other.....			
9403.90.8040	Of metal.....			
¹ Normal trade relations, formerly known as the most-favored-nation duty rate. ² Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.				
Source: Harmonized Tariff Schedule of the United States (2010).				

Description and Applications

The subject product, wire decking, is a fabricated decking assembly used to form a shelf surface in a rack storage system in warehouse, commercial, or industrial storage installations. The purpose is to provide a surface upon which to place materials that may be on pallets, in containers, or in some other form.

A decking section comprises a steel wire mesh shelf with attached reinforcing supports ready for installation on supporting rack framing (Figure I-1). The wire mesh used for decking is usually 2 inches by 4 inches or 2 ½ inches by 4 ½ inches. The reinforcing supports are normally roll-formed, hot-rolled steel supports having a “U” or “V” shape. However, decking sections with other forms of support, such as tube or solid bar would be included within the scope. The decking supports are designed to rest on the front and rear support beams of the rack framing. There are two types of support beams commonly used in storage rack systems: step beams and box beams. A step beam has two horizontal surfaces, with the lower, inside surface providing a support surface for the reinforcing members of the wire decking section, whereas a box beam is a simple rectangular tube with only the top as a support surface.

FIGURE I-1 Standard waterfall decking



Source: Petition, Vol. I, Exhibit General-3, p. 3.

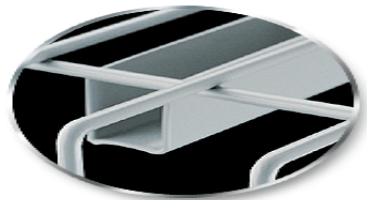
The support members of the wire decking are of either a type suitable for only rack systems having step beams, (Figure I-2) or of a flanged design suitable for rack systems having box beams (Figure I-3).⁸

Common wire decking sizes range from 24 to 60 inches in depth and from 34 to 60 inches in width.⁹ The most common size, estimated to represent 35 to 60 percent of the market, is 42 inches in depth by 46

⁸ Flanged channel support beams may be used with either box or step beams, and are sometimes referred to as “universal” support beams for that reason.

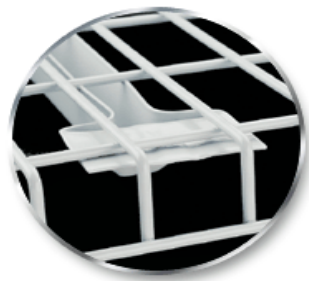
⁹ Petitioners state that the domestic industry produces decking as small as 8 inches in depth. Petition, Vol. I, p. 8.

FIGURE I-2 Decking with waterfall for step beam applications



Source: Petition, Vol. I, Exhibit General-3, p. 4.

FIGURE I-3 Decking (flanged) with waterfall for structural/box beam applications



Source: Petition, Vol. I, Exhibit General-3, p. 4.

FIGURE I-4 Flush-fit decking with inside waterfall for step beam applications



Source: Petition, Vol. I, Exhibit General-3, p. 4.

inches in width.¹⁰ Two wire decking sections of that size are used to shelve an 8-foot wide bay between upright supports in a storage rack, and accommodate two standard pallets.¹¹

Wire decking is produced in a number of styles. The most common, waterfall, has a wire mesh deck surface that extends in the front and back across the top of the rack support beams and is formed downward in a 90 degree bend to cover about 1.5 inches of the outside of the support beams. The waterfall feature helps to hold the decking in position and minimizes the potential for accidental displacement of the decking. Other designs, used with step beams, have a wire mesh surface that ends inside the step of the beam and is flush with the upper surface of the beam (Figure I-4). Such a design might be chosen if the user wanted an unobstructed front on the beams for the placement of labels, or wanted a slightly lighter and less costly decking. Another alternative is an upward bend at the back of the wire mesh surface to provide a stop, preventing material from being pushed too far onto the shelf or from accidentally falling off the shelf.

The size and spacing of the wire used in the mesh, as well as the number and characteristics of the support members, determine the load-bearing capacity of the decking. For the common 42 inch by 46 inch decking size mentioned above, the capacity may range from 2,000 pounds to 3,500 pounds. The weight of a single section of decking in the 42 inch by 46 inch size may be from 24 pounds to 30 pounds.

Another feature of steel decking is the finish, which affects the appearance and the corrosion resistance of the product. The product may be coated with a baked-on enamel paint or a baked-on spray-powder finish or be fabricated from galvanized (zinc-coated) products, or be hot-dipped or electroplated with zinc after fabrication. According to petitioners, the zinc electroplated (after welding) finish is common for Chinese wire

¹⁰ Petition, Vol. I, p. 8.

¹¹ Petition, Vol. I, p. 8.

decking, whereas U.S. producers generally use a painted or powder-coated finish.¹² Petitioners state that the finish is irrelevant to customers for the vast majority of sales; nonetheless, all finishes are available from the U.S. industry.¹³

Finished wire decking is commonly stacked flat on a wooden pallet for shipping. U.S. manufacturers of wire decking maintain inventory of common items in warehouses at their manufacturing locations and in other locations for the purpose of providing quick delivery. Major importers of wire decking from China also maintain inventory in selectively-located warehouses.

Wire decking is purchased by big-box retailers for their own stores and warehouses, systems integrators (companies that equip warehouses and commercial storage spaces and provide all materials handling needs, including storage racks and decking), catalogue companies, and storage rack manufacturers.

Manufacturing Processes

The wire mesh surface of wire decking is produced from steel wire and the support members are produced from steel sheet. The weight of steel wire is about 60 percent and that of steel sheet is about 40 percent of the total steel used to manufacture wire decking.¹⁴

Steel wire in coil form¹⁵ is processed through a straighten-and-cut machine to produce individual, straight wires of the lengths required for the cross wires of the wire mesh decking. Wire is fed from multiple reels into a wire mesh welding machine and individual cross wires are joined by electric-resistance welding at each intersection. Individual sections of decking are cut from the continuously feeding wire mesh.

Hot-rolled sheet for the support members is received in coil of the required width, typically about 3.5 inches in width and 0.083 inches in thickness. The coiled material is processed through a roll-forming machine to produce the “U” or “V” section for the support members. Individual support members are cut to required length as the roll-formed section exits from the roll-forming machine. To produce flanged support sections, individual support members are formed in a press to the required shape. The support members and the formed wire mesh deck are placed in a fixture and electric-resistance welded at each intersection of the support members with the cross wires. The waterfall and/or backstop features are formed in a press.

After welding, the decking is coated with either a baked-on enamel or a baked-on powder coating. Decking sections are transported by conveyor through a coating process. An enamel coating line comprises a cleaning section to remove any residues from the surface, a heat drying oven, a cooling section, a paint dip section, and a final curing section. A powder coating line comprises a cleaning section, a drying section, an electrostatic powder spraying section,¹⁶ and a final heat curing section. Two U.S. producers produce galvanized wire decking with a zinc rather than an enamel or powder coated

¹² Petition, Vol. II, p. 5.

¹³ Petitioners’ post-conference brief, p. 15.

¹⁴ Conference transcript, p. 94 (Wagner); Hot-dip galvanized decking is reportedly superior in corrosion-resistance and is used almost exclusively for outdoor garden centers or warehouse-type refrigeration applications. Staff field trip report, Nashville Wire Products, March 25, 2010.

¹⁵ Some manufacturers purchase wire from independent wire drawing firms whereas other manufacturers purchase wire rod and draw the wire to the required diameter as a part of the manufacture of wire decking. Those manufacturers that draw wire may have other uses for drawn wire, including direct sale of wire, and fabricated products such as wire mesh, baskets and others. See Conference transcript, pp. 54–59 (Rudolph, Caldwell, Wagner, Chamberlin, Brandon, Selhorst).

¹⁶ Coating powder is sprayed using an apparatus that causes individual particles of powder to be electrostatically charged and to be attracted to, and cling to the cleaned decking.

finish by utilizing galvanized wire and galvanized sheet.¹⁷ U.S. producers also have the ability to supply zinc-electroplated (electrogalvanized) or hot-dip galvanized (after fabrication) wire decking through outsourcing.¹⁸

The process for producing steel decking in China is believed to be essentially the same as that in the United States, except that the operations are, in general, not as fully automated. Many Chinese producers do not have painting or powder-coating lines; as a result, much Chinese product is electroplated with zinc after fabrication, often by a toll-processing electroplater.

DOMESTIC LIKE PRODUCT ISSUES

In both the preliminary and final phases of these investigations, no party raised an issue with respect to the definition of the domestic like product. The petitioners proposed that the Commission define the domestic like product as all wire decking co-extensive with the scope of these investigations, as defined by Commerce and that there exists a single domestic industry producing wire decking.¹⁹ In the preliminary phase, respondents concurred with petitioners that all wire decking constituted one domestic like product.²⁰

In its preliminary determinations, the Commission did find one domestic like product and stated “Because all wire decking has common physical characteristics and end uses, shares common channels of distribution, is generally interchangeable, shares common production processes, facilities, and employees, and appears to be perceived by producers and consumers to be the same product, we find that all wire decking should be encompassed in a single domestic like product that is coterminous with the scope of these investigations.”²¹

¹⁷ Wire decking produced from galvanized wire and galvanized sheet is not coated after welding.

¹⁸ Petitioners’ postconference brief, Exhibit 9, p. 2.

¹⁹ Petition, Vol. I, pp. 11 and 13.

²⁰ Conference transcript, p. 134 (Levinson).

²¹ *Wire Decking From China, Inv. Nos. 701-1-TA-466 and 731-TA-1162 (Preliminary)*, USITC Publication 4092, July 2009, p. 7.

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

U.S. MARKET CHARACTERISTICS

Wire decking is sold for use in pallet shelving systems found in warehouses and other locations where palletized loads are to be stacked vertically such as garden centers and at stores that organize their goods in warehouse-type manner. They could be typically found at big box stores such as Home Depot, Wal-Mart, or Lowe's.¹

All eight responding U.S. producers reported selling wire decking nationwide, as did three of seven responding importers. Of the remaining responding importers, two serve the Midwest, one serves the South East, and one serves the Central Southwest, the Pacific Coast, and the Mountain region.

CHANNELS OF DISTRIBUTION

Wire decking is sold to three types of customers: original equipment manufacturers ("OEMs"), distributors, and end users such as big box stores (e.g., Home Depot, Lowe's, and Wal-Mart).² OEMs manufacture pallet rack systems that incorporate wire decking and, as such, act much like the other material handling distributors, which sell a variety of products such as forklifts, conveyors, automated systems, and other warehouse requirements. One petitioner estimated there to be 1,300 to 1,400 material handling distributors in the United States.³ Wire decking is then typically sold to a downstream end user, and the end users' requirements vary greatly. Wire decking could be part of an order for a new warehouse complex, a replacement pallet rack system, or just a small number of replacement pieces. At the conference during the preliminary phase, one petitioner testified that, "for a particular end user project, we may get more than one inquiry from several different material handling distributors. The end user seeks the best bid from a variety of material handling distributors, and each of those distributors or resellers will seek a variety of bids from deck manufacturers and importers."⁴

The majority of sales of domestic wire decking as well as sales of Chinese made wire decking are mostly to distributors. Since 2006, the proportion of domestic sales to distributors increased after several years of decline due to the rapid growth in big box retailers earlier in the decade. One producer reported that ***. For example, for a few years in this decade, Wal-Mart was the largest purchaser of wire decking in the United States.⁵ A representative for producer ITC testified that big box stores typically purchase larger orders and orders of standard-size wire decking.⁶ Mr. Kedaitis of importer Atlas commented that the big box stores may be importing directly, but not the standard sizes which compromise the bulk of sales of wire decking.⁷ He also testified that Atlas does not sell directly to big box retailers, but reportedly avoids it. Instead, it sells mainly to firms that are downstream of big box retailers, such as those in the "middle sized automotive, pharmaceuticals, specialty foods, footwear, and children's clothing" industries.⁸ The percentage of shipments from producers and importers reported going to OEMs, distributors, and end users is presented in table II-1.

¹ *Wire Decking from China, Investigations Nos. 701-TA-466 and 731-TA-1162 (Preliminary)*, USITC Publication 4092, July 2009.

² Conference transcript, p. 28 (Mack).

³ Conference transcript, p. 32 (Chamberlin).

⁴ Conference transcript, p. 33 (Chamberlin).

⁵ Conference transcript, p. 137 (Kedaitis).

⁶ Conference transcript, p. 61 (Selhorst).

⁷ Conference transcript, pp. 186 and 189 (Kedaitis). Atlas is *** importer of wire decking from China.

⁸ Conference transcript, p. 138 (Kedaitis).

The most-commonly required varieties of wire decking are held in inventory for quick order fulfillment. Mr. Song of Eastfound, the exclusive supplier of Atlas, reported that nine types of wire decking (of 4,200 that his firm produces in China) accounted for 85 percent of his firm's shipments.⁹

Table II-1

Wire decking: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2006-09

Item	2006	2007	2008	2009
	Share of reported shipments (<i>percent</i>)			
Domestic producers' shipments:				
To OEMs	2.5	5.6	4.0	4.3
To distributors	56.0	57.3	63.0	65.4
To end users	41.5	37.2	33.1	30.3
Shipments of imports from China:				
To OEMs	4.6	3.2	10.5	3.9
To distributors	88.4	88.6	79.5	86.9
To end users	7.0	8.2	10.0	9.2
Source: Compiled from data submitted in response to Commission questionnaires.				

SUPPLY AND DEMAND CONSIDERATIONS

Supply

Domestic Production

Based on available information, U.S. producers have the ability to respond to changes in demand with moderate to high changes in the quantity of shipments of U.S.-produced wire decking to the U.S. market. The main factors contributing to the moderate-to-large degree of responsiveness of supply are the availability of unused capacity, inventories, small levels of export shipments, and the existence of production alternatives.

Industry capacity

Capacity utilization for U.S. producers decreased from 61.5 percent in 2006 to 53.2 percent in 2008, before dropping to 30.4 percent in 2009 (*see* table III-2). Accordingly, U.S. producers have ample excess capacity with which they could increase production of wire decking.

⁹ Conference transcript, p. 164 (Song).

Alternative markets

Wire decking is reportedly used in Canada, Mexico, the Middle East, and Europe.¹⁰ U.S. producers' export shipments as a percent of total shipments declined irregularly from *** percent in 2006 to *** percent in 2009 (see table III-3). This level of exports during the period indicates that domestic producers are somewhat constrained in their ability to shift shipments between the United States and other markets in response to price changes.

Inventory levels

U.S. producers' inventories, as a ratio of their total wire decking shipments, fluctuated between 2006 and 2009, increasing irregularly from *** percent of their shipments in 2006 to *** in 2008 and *** percent in 2009 (see table III-5).

Production alternatives

Seven of eight responding producers reported that they produce other products using the same equipment, machinery, and/or production and related workers that they use to produce wire decking. Six of these producers reported that wire decking constitutes 90 percent or more of the production capabilities. Alternative products include: concrete reinforcement mesh, mining mesh, stem/wire mesh, wire mesh containers, wire partitions, wire lockers, mesh panels, dividers, and other miscellaneous mesh products.¹¹

Supply constraints

U.S. producers were asked if they refused, declined, or were unable to supply wire decking since January 1, 2006. All seven responding producers reported that they did not have restrictions of any variety in place since that time. Producer *** added that “***.”¹²

Supply of Subject Imports from China

Based on available information, Chinese producers have the ability to respond to changes in demand with moderate to high changes in the quantity of shipments of wire decking to the U.S. market. The main contributing factors to the fairly high degree of responsiveness are the existence of some inventories and non-U.S. export markets sales, although the Chinese producers are somewhat constrained by high capacity rates.

Industry capacity

Chinese producers' reported capacity utilization rates for wire decking decreased irregularly from *** percent in 2006 to *** percent in 2009, and are projected to be *** percent in 2010 and *** percent in 2011.¹³ Accordingly, it appears the Chinese producers are able to produce well above their capacity.

¹⁰ Conference transcript, pp. 68 (Chamberlin) and 70 (Rollins).

¹¹ See page III-4.

¹² *** producer questionnaire response, question IV-19.

¹³ Foreign producer EastFound reported that “***.” EastFound foreign producer questionnaire.

Alternative markets

Chinese foreign producers reported *** commercial shipments of wire decking to the home market. The decrease in Chinese wire decking producers' exports to the United States, as a percentage of total shipments, from *** percent in 2006 to *** percent in 2009, translated into an increase of Chinese producers' exports of wire decking to nonsubject markets, as a percentage of total shipments, from *** percent in 2006 to *** percent in 2009. Principal alternative export markets identified by Chinese producers and exporters include Asia, Australia, Canada, Guatemala, the EU, the Middle East, Papua New Guinea, Poland, and the UK. Shipments to the Chinese home market comprised less than one percent of total shipments for Chinese producers in each year of the period of study.¹⁴ Furthermore, importer *** has reported that "China does not use wire deck."¹⁵ These data indicate that Chinese producers have the ability to shift shipments from alternative markets in response to ***.

Inventory levels

Available data indicate that Chinese wire decking producers' inventories, as a percentage of total shipments, increased from *** percent in 2006 to *** percent in 2008, and then decreased to *** percent in 2009. Inventories are projected to increase in 2010 to *** percent before declining to *** percent in 2011. These data indicate that subject producers may be somewhat limited in their ability to use inventories as a means of increasing shipments of wire decking to the U.S. market.

Production alternatives

Two of three foreign producers reported that they produce wire containers and wire baskets using the same equipment, machinery, and/or production and related workers that they use to produce wire decking.

Supply Constraints

Importers of Chinese subject product were asked if they had refused, declined, or been unable to supply wire decking since January 1, 2006. Two of five responding importers of Chinese subject product reported that they had restrictions of some nature in place: importer *** reported that it had *** and importer *** reported that ***.¹⁶

General Supply Conditions

Both petitioners and respondents report that wire decking can be produced in a wide variety of dimensions, forms, and finishes.¹⁷

In the preliminary phase of these investigations, when asked if there had been any changes in the product range or marketing of wire decking from January 2006 to March 2009, five of seven producers and five of seven responding importers reported that there have not been any significant changes. Producer *** noted that there has been an increase in the availability of wire decking from China, and

¹⁴ Mr. Song Bin, president of EastFound, reported that the Chinese home market for wire decking is very small and disordered and uses wooden decking, not steel. Conference transcript, p. 135 (Song).

¹⁵ *** importer questionnaire response, question III-14-b.

¹⁶ *** and *** importer questionnaire response, question III-19.

¹⁷ See, e.g., conference transcript, p. 131 (Song) and petitioners' postconference brief, pp. 13-15.

producer *** described a decrease in advertising and marketing of wire decks. Importer *** reported a large number of changes occurring in the wire decking market:

“***.”

Within the wire decking industry, the Rack Manufacturers Institute began granting an “R-Mark” to certify that certain companies’ products meet a number of certification requirements, and signify a commitment to manufacture to ANSI MH26.6 design and capacity specifications.¹⁸ Petitioners reported that each petitioning firm has some or all of their products certified with an R-mark,¹⁹ and Mr. Kedaitis of Atlas testified that Atlas is a member of R-mark as well.²⁰ Petitioners noted that Atlas’s testimony with regard to quality concerns about the domestic manufacturers occurred before the period examined in these investigations.²¹

Demand

Based on available information, it is likely that changes in the price level of wire decking will result in a moderate change in the quantity of wire decking demanded. The price elasticity of demand for wire decking is likely to be moderate given that there are substitutes for some applications and wire decking often accounts for a substantial share of the final cost of products in which they are used as inputs.

Demand Trends

Apparent U.S. consumption decreased slightly from 2006 and 2008 from *** million pounds to *** million pounds, before dropping sharply to *** million pounds in 2009, only half of the apparent consumption at the beginning of the period.

U.S. demand

Two of seven responding U.S. producers reported that U.S. demand had fluctuated and five indicated that demand had decreased. The producers that reported fluctuating demand added that demand increased or fluctuated in 2007-08, stabilized in the first half of 2008, and then decreased substantially thereafter.²² The producers that reported decreased demand attributed it to decreased warehouses and commercial real estate construction, as well as abundant foreign imports and the overall economic downturn.

¹⁸ The R-mark is granted to a company’s individual deck, not the company itself. Petitioners’ postconference brief, exh. 10.

¹⁹ Petitioners’ postconference brief, exh. 1, p. 9.

²⁰ Conference transcript, p. 171 (Kedaitis).

²¹ Petitioners’ postconference brief, p. 11, referencing conference transcript, p. 123 (Kedaitis) (reference to quality concerns in 1998 or earlier).

²² Changes in wire decking demand lag the general economy about 8-12 months. Hearing transcript, p. 85 (Caldwell). The industry “was not really affected in 2008 as other industries were. The effects lagged . . . and didn’t really hit the industry until 2009. Similarly now, looking out into 2010, we’re expecting any recover to lag what the general economy might otherwise experience for the same reason.” Hearing transcript, p. 86 (Cannon). “There are some signs of improvement, but they’re very tenuous and cautious.” Hearing transcript, p. 87 (Wager). The respondents reported that according to *Material Handling Industry of America Economic Series*, “***. Manufacturing output should ***.” Petitioners’ Prehearing brief, p. 14. Moreover, “leading economic indicators suggest that the industry is in recovery and new conditions of competition - including the removal of Cargotainer, Atlas, and Eastfound Metal from the market - suggest a positive outlook for the domestic industry.” Petitioners’ Posthearing brief, p. 5.

Three of six responding importers indicated that demand for wire decking has fluctuated since 2006,²³ and the other three firms reported that demand had decreased. Similar to the U.S. producers' responses, most of these firms indicated that demand had decreased because of the overall economic downturn that translated into less spending on capital equipment especially in 2008.

Purchasers that are end users of wire decking were asked to describe how demand for their final products incorporating wire decking has changed since January 2006. Three of 9 responding purchasers reported that demand for their final products has fluctuated, three firms reported fluctuating demand that followed the overall market demand, two firms reported no change in demand, and one firm reported that demand has increased. The latter responding purchaser, ***, also reported that ***.²⁴

Purchasers were asked whether their purchasing patterns for wire decking had changed since 2006. Ten purchasers reported that their purchasing patterns of wire decking have changed, and 15 reported that their patterns remained the same. Several purchasers that reported changes in purchasing patterns added that their purchases followed the changes in demand affected by the overall economic slowdown. Purchaser *** noted that it ***.²⁵ Another purchaser, ***, reported that ***.²⁶

Demand outside the United States

Producers and importers were asked how demand outside the United States had changed since January 1, 2006. Two responding producers reported that demand has decreased and one producer, ***, reported fluctuating demand; it added that demand increased during 2007, then it leveled off in 2008 after which it decreased, especially in 2009. Importer *** reported that demand fluctuated and added that, while China does not use wire decking, the European countries decreased their consumption of wire decking as the global economy slowed down.²⁷

Demand Characteristics

Wire decking is used in pallet rack systems in order to warehouse inventories and demand for wire decking is directly related to the demand for pallet rack products.²⁸ Thus, demand for wire decking is derived primarily from the industrial output of the economy, and in particular investment in capital expenditures, the construction of warehouses, and the construction of commercial real estate.²⁹ Respondents also noted that the demand for wire decking is "driven by the demand for wire racking and generally follows industrial output and non-residential construction activity."³⁰ Figure II-1 shows indices of U.S. industrial production, wholesale inventories, and total construction for January 2006-February 2010.

²³ Demand fluctuated in 2006-07 and first half of 2008, after which it continued to decrease to present.

²⁴ *** purchaser questionnaire response, question III-5.

²⁵ *** purchaser questionnaire response, question III-12.

²⁶ *** purchaser questionnaire response question III-12.

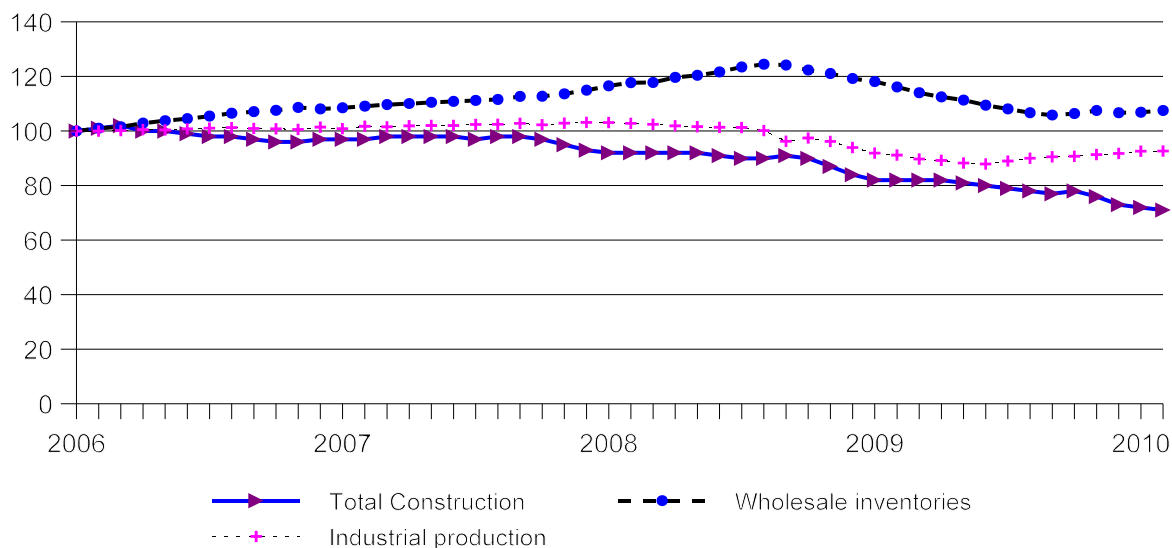
²⁷ *** importer questionnaire response, question VI-14.

²⁸ *** importer questionnaire response in the preliminary phase of the investigations.

²⁹ Conference transcript, p. 80 (Chamberlin), and producer questionnaire responses of ***.

³⁰ Respondents' postconference brief, p. 3.

Figure II-1
Seasonally adjusted indices of U.S. industrial production, wholesale inventories, and non-residential office, commercial, and manufacturing new construction for January 2006-February 2010



Source: Board of Governors of the Federal Reserve System (industrial production), and Department of Commerce, Bureau of the Census (total construction and wholesale inventories) (<http://www.federalreserve.gov/datadownload/Download.aspx?rel=G17&series=220ab3642210aba7081ef15fc2bb7ca&filetype=sheet&label=include&layout=seriescolumn&from=01/01/2006&to=04/30/2010>, <http://www.census.gov/wholesale/>, <http://www.census.gov/const/www/totpage.html>).

Business Cycle

Demand for wire decking tends to fluctuate from period to period and depends on the business cycle of the general economy. All U.S. producers and the majority of responding importers and purchasers reported that there is no specific cycle to the wire decking industry. Two of 6 responding importers and 9 of 13 responding purchasers reported that there is a specific cycle to the wire decking industry: the wire decking industry follows the trends in the material handling equipment market, which in turn, follows the trends in industrial output. This in turn tracks and is affected by real estate investment and occupancy levels.

Substitute Products

Two of 6 responding producers, 3 of 4 responding importers, and 16 of 22 responding purchasers reported that there were substitute products for wire decking³¹. Substitute products mentioned were pallet rack supports, warehouse shelving, non-supported wire mesh, wood (plywood) particle board, metal/steel decking, cross bars, expanded metal corrugated decking, bard grading, and rack dex-perforated decking.

³¹ Petitioners testified that “there are no practical substitutes for wire decking in the U.S. market. . . Wire decking is duly required by insurance companies and building codes for use in commercial storage systems. Wire decking is now the standard for industry and commercial storage.” Hearing transcript, p. 16-17 (Rollins).

One responding importer, ***, and two of 31 responding purchasers, ***, indicated that changes in the prices of substitute products have affected the price for wire decking.³²

Cost Share

Depending on the end use, wire decking accounts for either 100 percent of the total cost or, if part of a pallet rack, it accounts for 10-40 percent of the total cost of the final products. If the wire decking is part of a rivet rack, it accounts for 70 percent of the final cost, and, if it is part of plant storage racking, it accounts for 34 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported wire decking 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 high degree of substitutability between domestically-produced wire decking and Chinese-produced wire decking.³³

Factors Affecting Purchasing Decisions

Table II-3 summarizes the purchasers' responses concerning the top three factors they reported considering in their purchasing decisions. As indicated in the table, price was cited most frequently as the primary factor in buying decisions. Quality was the most frequently cited second factor, and both price and quality were the most frequently cited third factor.

Table II-3

Wire decking: Ranking factors used in purchasing decisions by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Price	13	3	4
Quality	5	7	4
Availability	2	6	1
Other ¹	2	5	11

¹ Other factors include safety certified product, specification compliance, service, location, capacity to supply, delivery, traditional supplier, relationship with vendor, meet industry standards, and capacity/testing.

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

All 22 responding purchasers reported that domestically-produced wire decking “always” or “usually” meets minimum quality specifications (table II-4). Twelve of 18 responding purchasers reported that the Chinese wire decking “always” or “usually” meets minimum quality specifications.

³² Importer *** and purchaser *** reported that ***.” Purchaser *** also reported that ***.” Importer questionnaire answer, question III-13, and purchaser questionnaire answer, question III-6.

³³ Petitioners testified that “wired decking is a commodity product sold on price, and there’s very strong evidence of underselling in over 90 percent of comparisons.” Hearing transcript, p. 79 (Cannon). However, the respondents testified that “non-price factors set imports apart from decking offered by domestic producers in certain applications. . . . {S}ignificant qualitative differences exist between domestically-produced decks and Chinese-produced decks . . . in addition . . . there are major differences in its customer base: . . . very limited competitive overlap between top customer and U.S. producers and that of the largest importer.” Hearing transcript, p. 149 (Malashevich).

Table II-4**Wire decking: Ability to meet purchasers' minimum quality specifications, by source**

Country	Number of firms reporting ¹			
	Always	Usually	Sometimes	Rarely or Never
United States	13	9	0	0
China	2	10	5	1

¹ Purchasers were asked how often domestically produced or imported wire decking meets minimum quality specifications for their own or their customers' uses.

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

Purchasers were also asked to rate the importance of 17 factors in their purchasing decisions (table II-5). Twenty-four purchasers rated reliability of supply as very important, 23 firm reported price as very important, 22 rated quality meets industry standards as very important, and 21 rated product consistency as very important. Other factors listed as very important by more than half the responding purchasers include: availability (19), delivery time (17), discounts offered (15), and transportation costs (14).

Purchasers were asked for a country-by-country comparison of the same 17 factors (table II-6). For U.S.-produced product compared to Chinese product, most purchasers reported that the U.S. product was superior with regard to delivery time, reliability of supply, availability, quality meets industry standards, technical support/service, coating quality, and minimum quantity requirements. However, most purchasers reported that U.S. product was comparable to product from China with regard to delivery terms, discounts offered, extension of credit, packaging, product consistency, if the product is galvanized, product range, quality exceeds industry standards, and U.S. transportation costs. Most purchasers reported China was superior on price.

Table II-5

Wire decking: Importance of purchase factors, as reported by U.S. purchasers

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	19	6	0
Coating quality	11	13	1
Delivery terms	11	13	1
Delivery time	17	8	0
Discounts offered	15	10	0
Extension of credit	6	11	8
Price	23	2	0
Minimum quantity requirements	6	10	9
Packaging	4	15	6
Product consistency	21	3	1
Product is galvanized	5	14	6
Product range	9	11	5
Quality meets industry standards	22	3	0
Quality exceeds industry standards	11	9	5
Reliability of supply	24	1	0
Technical support/service	11	12	2
U.S. transportation costs	14	10	1

Note.--Not all purchasers responded for each factor.

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

Table II-6
Wire decking: Comparisons between U.S.-produced and imported wire decking as reported by U.S. purchasers

Factor	U.S. vs China		
	S	C	I
Availability	12	7	0
Coating quality	10	9	0
Delivery terms	8	10	1
Delivery time	14	3	2
Discounts offered	2	10	7
Extension of credit	4	15	0
Price ¹	1	7	11
Minimum quantity requirements	10	8	1
Packaging	5	14	0
Product consistency	8	11	0
Product is galvanized	3	12	3
Product range	8	11	0
Quality meets industry standards	11	8	0
Quality exceeds industry standards	8	11	0
Reliability of supply	13	6	0
Technical support/service	11	8	0
U.S. transportation costs ¹	5	12	2

¹ A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the price of the U.S. product was generally lower than the price of the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. One firm provided more than one answer for a number of comparisons. These responses are not included in the table. Not all purchasers responded for all factors.

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

When asked if certain grades/types/sizes of wire decking were available from only a single source, all but one of the responding purchasers reported "no." The one purchaser that reported "yes" mentioned that *** provides better quality.

Purchasers were also asked if their customers are aware or interested in the country of origin of wire decking. One purchaser indicated "always," five indicated "usually," nine indicated "sometimes," six reported "rarely," and two reported "never."

Eighteen of 21 responding purchasers reported that they contact two or more suppliers before making a purchase. Two purchasers contact only one supplier, and another purchaser contacts 1-3 suppliers before making a purchase. Sixteen of 25 purchasers have not changed suppliers since 2006, and 8 of 25 purchasers are aware of new suppliers since 2006: (***).

Purchasers were asked if they require the product they purchase to be "R-Mark" certified. Fourteen of 19 responded purchasers reported "no," two purchasers reported that *** purchases were certified, two purchasers reported that *** percent of purchases in 2009 were certified, and one purchaser reported that *** percent of 2009 purchases were "R-Mark" certified. One purchaser added that

“R-Mark” certified products were not available ***, and another purchaser reported that *** “R-Mark” certified products were not available.

Purchasers were asked if they require their suppliers to become certified or prequalified with a certification other than the “R-Mark” certification with respect to quality, chemistry, strength, or other performance characteristics of the wire decking. Three of 21 responding purchasers reported that all purchases are subject to other specifications such as specific quality assurance audits for quality, strength, and chemistry, standardized testing for comparison to their specifications, or a supplier prequalification process that includes safety standards, welders certificates, and product quality review.

When purchasers were asked what characteristics they consider when determining the quality of wire decking, purchasers mentioned: quality of engineering, ability to address any field issues, paint finish, design, capacity, thickness of wire and supports, quality of welds, no sharp edges, meeting NDLC capable requirements, correct form/fit/function, structural integrity, size consistency, load ratings, finish quality wire gage, channel support gage, strength testing, coating, weight of the galvanized finish, powder coating, and appropriate packaging to ensure that the product arrives in good condition.

Comparisons of Domestic Products and Subject Imports

In order to determine whether U.S.-produced wire decking can generally be used in the same applications as imports from China and other countries, U.S. producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably (table II-7). All eight producers, all seven importers, and most responding purchasers reported that U.S.-produced wire decking can “always” or “frequently” be used interchangeably with Chinese product. Producer *** also reported that ***.³⁴ Importer *** reported that ***.³⁵

Table II-7

Wire decking: U.S. firms’ perceived degree of interchangeability of products produced in the United States, China, and nonsubject countries¹

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. China	7	1	0	0	6	1	0	0	9	7	4	0
U.S. vs. other countries	6	0	0	0	6	0	0	0	3	0	2	0
China vs. other countries	0	0	0	0	6	0	0	0	3	0	1	0

¹ Producers, importers, and purchasers were asked if wire decking produced in the United States and in other countries is used interchangeably.

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

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

³⁴ *** producer questionnaire response, question IV-21.

³⁵ *** importer questionnaire response, question III-21.

Producers and importers were also asked to compare U.S.-produced products with imports from China in terms of product differences other than price such as quality, availability, product range, and technical support (table II-8). Seven of 8 responding producers, 4 of 6 responding importers, and 8 of 17 responding purchasers reported that differences other than price between wire decking produced in the United States and China were “sometimes” or “never” a significant factor in their firm’s sales of the products; one producer, one importer, and five purchasers reported that these differences were “frequently” significant; and one importer and four purchasers reported that the differences were “always significant.” Producer *** reported that ***.³⁶ Importer *** reported that ***.³⁷ Importer *** reported that availability and transportation are very important: ***.³⁸

Table II-8

Wire decking: Perceived significance of differences other than price between products produced in the United States, China, and nonsubject countries¹

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. China	0	1	1	6	1	1	3	1	4	5	6	2
U.S. vs. other countries	0	0	1	5	1	0	1	1	1	1	1	0
China vs. other countries	0	0	1	5	1	0	1	1	1	1	1	0

¹ Producers and importers were asked if wire decking produced in the United States and in other countries had significant differences other than price.

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

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

Comparisons of Domestic Products and Nonsubject Imports

Responding producers and importers unanimously indicated that wire decking produced in the United States and nonsubject countries is “always” used interchangeably (table II-7). Three of the responding purchasers indicated that wire decking produced in the United States and nonsubject countries were “always” used interchangeably and two responding purchasers reported that wire decking produced in the United States and nonsubject countries were “sometimes” used interchangeably.

All six responding producers, two responding importers, and one of three responding purchasers reported that differences other than price were “sometimes” or “never” significant between U.S.-produced and nonsubject wire decking (table II-8).

Comparisons of Subject Imports and Nonsubject Imports

The six responding importers and three of the responding purchasers indicated that wire decking produced in China and nonsubject countries were “always” used interchangeably (table II-7).

All six responding producers, two of three responding importers, and one of three responding purchasers reported that differences other than price were “sometimes” or “never” significant between wire decking produced in China and nonsubject wire decking (table II-8).

³⁶ *** producer questionnaire response, question IV-22.

³⁷ *** importer questionnaire response, question III-22.

³⁸ *** importer questionnaire response, question III-22.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties are encouraged to provide comments in their prehearing briefs. No parties provided comments.

U.S. Supply Elasticity

The domestic supply elasticity for wire decking measures the sensitivity of the quantity supplied by the U.S. producers to changes in the U.S. market price for wire decking. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced wire decking. Previous analysis of these factors indicates that the U.S. industry has a moderate to high ability to increase or decrease shipments to the U.S. market based on unused capacity and production flexibilities. An estimate in the range of 3 to 5 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for wire decking measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of wire decking. 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 wire decking in the final cost of end-use products in which it is used. Because of existence of accepted substitutes, it is likely that the aggregate demand for wire decking is moderately elastic, with suggested values ranging between -0.25 to -0.75.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between domestic and imported wire decking. Product differentiation, in turn, depends upon such factors as quality and condition of sale (availability, delivery, etc.). Based on available information indicating that the domestic and imported products can frequently be used interchangeably, the elasticity of substitution between U.S.-produced wire decking and imported wire decking is likely to be in the range of 3 to 5.

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

Information presented in this section of the report is based on (except as noted) the questionnaire responses of seven firms which accounted for the vast majority of U.S. production of wire decking in 2009.

U.S. PRODUCERS

The Commission sent producer's questionnaires to 10 firms identified as U.S. producers of wire decking by the petitioners. Eight U.S. producers submitted responses.¹ None of the U.S. producers are related to foreign producers or U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, two U.S. producers, J&L and Nashville Wire, directly imported the subject merchandise. One U.S. producer, Cargotainer, ceased manufacturing operations in January 2010 and its creditor took control of its assets in February 2010.² The firm cited ***.³ Table III-1 presents the list of U.S. producers with each company's U.S. production location, share of U.S. production in 2009, and position on the petition.

¹ Petitioners estimated that the seven firms that submitted usable data accounted for approximately 99 percent of U.S. production of wire decking in 2008. Petition, p. 5 and exh. General-1.

The three non-responding U.S. producers include: (1) Complex Steel & Wire (Complex) of Wayne, MI, which petitioners estimated produced *** pounds of wire decking in 2008; (2) Equipto, Inc. (Equipto) of Tatamy, PA, which petitioners described as a *** U.S. producer of wire decking; and (3) Salco Engineering & Manufacturing Co. (Salco) of Jackson, MI, which petitioners estimated produced *** pounds of wire decking in 2008. Complex and Equipto, although not responding to ITC's questionnaire, did supply petitioners' counsel with affidavits expressing support for the petition. Petitioners' postconference brief, p. 6.

One U.S. producer, ***.

² "*Cargotainer Now Under Bank Control*," The Daily Telegram, February 17, 2010. <http://www.lenconnect.com/news/x1715241553/Cargotainer-now-under-bank-control>, retrieved March 24, 2010.

³ U.S. producer's questionnaire response of Cargotainer, section III, question III-15. Petitioners' posthearing brief, exh. 14. Respondents claim that Cargotainer's difficulties stem from a ***. Respondents' posthearing brief, app. 1, p. 8.

Table III-1

Wire decking: U.S. producers, U.S. production locations, shares of U.S. production in 2009, and positions on the petition

Firm	Production location	Share of production (percent)	Position on the petition
AWP	Frankfort, KY	***	Petitioner
Cargotainer ¹	Adrian, MI	***	***
Folding Guard	Bedford Park, IL	(2)	***
ITC	Phoenix, AZ	***	Petitioner
J&L ³	St. Paul, MN	***	Petitioner
Nashville Wire	Nashville, TN	***	Petitioner
Nucor Wire ⁴	New Salem, PA	***	Support
Wireway	Denver, NC	***	Petitioner
1 *** 2 *** 3 *** 4 ***			
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers’ capacity, production, and capacity utilization are presented in table III-2. Total U.S. capacity increased from 2006 to 2009 by 1.0 percent but decreased between 2008 and 2009 by 2.9 percent. ***. U.S. capacity volume accounted for *** percent of apparent U.S. consumption of wire decking in 2009. Total U.S. production of the subject product decreased by 50.0 percent from 2006 to 2009. Total U.S. production decreased by 10.0 percent from 2006 to 2008, and then decreased by 44.4 percent between 2008 and 2009.⁴ Capacity utilization ranged from 30.4 percent in 2009 to 61.5 percent in 2006.

*** of the eight U.S. producers reported events that occurred during the period of investigation that would have materially affected its production or capacity. As mentioned above, Cargotainer reported that it ceased manufacturing operations in January 2010.⁵ Nashville Wire reported that it closed its Clarksville, TN manufacturing facility in 2009, resulting in a decrease of ***.⁶ ***.

*** of the eight U.S. producers reported that they produced other products using the same manufacturing equipment and/or production employees that were used to produce wire decking. ***.

⁴ U.S. producers of wire decking are both “integrated and non-integrated.” J&L, ITC, Nashville Wire, and Nucor are integrated as they purchase steel rod and within their production process draw it into wire. These firms reported that drawing rod into wire allowed them some economies of scale and cost savings. Conference transcript, p. 59 (Caldwell). AWP and Wireway are non-integrated firms as they purchase the downstream wire. Other than this starting point of rod or wire, U.S. producers stated that much of their production processes are similar. Petitioners’ postconference brief, p. 5; Conference transcript, pp. 53-59 (Rudolph, Caldwell, Wagner, Chamberlin, Young, and Brandon).

⁵ The remaining U.S. producers stated that the removal of Cargotainer’s production capacity would have very little effect on the U.S. market. Hearing transcript, p. 117 (Rollins) (“it’s not really going to move the needle significantly for anyone”) and p. 126 (Chamberlain).

⁶ Hearing transcript, p. 18 (Rollins); U.S. questionnaire response of Nashville Wire, question II-9.

Table III-2
Wire decking: U.S. producers' capacity, production, and capacity utilization, 2006-2009

Item	Calendar year			
	2006	2007	2008	2009
Capacity (1,000 pounds)				
AWP	***	***	***	***
Cargotainer	***	***	***	***
ITC	***	***	***	***
J&L	***	***	***	***
Nashville Wire	***	***	***	***
Nucor Wire	***	***	***	***
Wireway	***	***	***	***
Total	495,433	515,433	515,433	500,433
Production (1,000 pounds)				
AWP	***	***	***	***
Cargotainer	***	***	***	***
ITC	***	***	***	***
J&L	***	***	***	***
Nashville Wire	***	***	***	***
Nucor Wire	***	***	***	***
Wireway	***	***	***	***
Total	304,553	300,268	274,147	152,300
Capacity utilization (percent)				
AWP	***	***	***	***
Cargotainer	***	***	***	***
ITC	***	***	***	***
J&L	***	***	***	***
Nashville Wire	***	***	***	***
Nucor Wire	***	***	***	***
Wireway	***	***	***	***
Average	61.5	58.3	53.2	30.4
Source: Compiled from data submitted in response to Commission questionnaires.				

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS

As detailed in table III-3, the volume of U.S. producers' U.S. shipments of wire decking decreased by 50.9 percent from 2006 to 2009 and decreased by 43.0 percent between 2008 and 2009. The value of U.S. shipments also decreased by 50.7 percent and 50.3 percent, respectively, during the same time periods. ***, ***, reported export shipments ***. Other export markets reported include ***. Export shipments from U.S. producers remained steady from 2006 to 2008, but decreased by *** percent from 2008 to 2009.

Table III-3
Wire decking: U.S. producers' shipments, by types, 2006-2009

Item	Calendar year			
	2006	2007	2008	2009
Quantity (1,000 pounds)				
U.S. commercial shipments	307,724	290,572	265,233	151,231
Export shipments	***	***	***	***
Total shipments	***	***	***	***
Value (\$1,000)¹				
U.S. commercial shipments	173,280	161,018	171,982	85,477
Export shipments	***	***	***	***
Total shipments	***	***	***	***
Unit value (per pound)				
U.S. commercial shipments	0.56	0.55	0.65	0.57
Export shipments	***	***	***	***
Average	***	***	***	***
Share of shipment quantity (percent)				
U.S. commercial shipments	***	***	***	***
Export shipments	***	***	***	***
Total	100.0	100.0	100.0	100.0
¹ F.o.b. U.S. point of shipment. Source: Compiled from data submitted in response to Commission questionnaires.				

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

Two of the eight U.S. producers, J&L and Nashville Wire, reported that they directly imported wire decking from China during the period of investigation. Nashville Wire stated that it imported wire decking from China “in an attempt to remain competitive with the low prices offered by Chinese producers,” and prevent erosion of its market share, but claimed that its primary interest lies with domestic production.⁷ Nashville Wire stated that after the imposition of preliminary duties in these investigations it ceased importation of wire decking from China.⁸ Table III-4 presents these firms’ direct imports of subject product from China, their U.S. production, and the ratio of their U.S. imports to their U.S. production.

Table III-4
Wire decking: U.S. producers’ imports of subject imports, 2006-2009

Item	2006	2007	2008	2009
Quantity (1,000 pounds); ratio to production (percent)				
J&L:¹				
Production (<i>quantity</i>)	***	***	***	***
Imports from China (<i>quantity</i>)	***	***	***	***
Imports from China (<i>ratio to production</i>)	***	***	***	***
Nashville Wire:²				
Production (<i>quantity</i>)	***	***	***	***
Imports from China (<i>quantity</i>)	***	***	***	***
Imports from China (<i>ratio to production</i>)	***	***	***	***
¹ *** ² ***				
Source: Compiled from data submitted in response to Commission questionnaires.				

⁷ U.S. Producer’s questionnaire response of Nashville Wire, p. 5; Petitioners’ prehearing brief, p. 9; Conference transcript, p. 24 (Rollins) and p. 39 (Rudolph); Hearing transcript, p. 108 (Rollins). Respondents stated that they did not believe these U.S. producers’ U.S. imports were of sufficient magnitude to exclude them from the U.S. industry. Respondents, however, argued that Nashville Wire’s imports should not be considered competing with, or negatively impacting, the U.S. industry. Respondents’ prehearing brief, p. 4.

⁸ Hearing transcript, p. 109 (Rollins).

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of wire decking for the period of investigation are presented in table III-5. Inventories as a share of production, U.S. and total shipments increased irregularly from 2006 to 2008 and increased in 2009 compared with 2008 as producers decreased production. The volume of U.S. producers' inventories decreased by 37.3 percent from 2008 to 2009 as U.S. producers cut production and drew down inventories.

Table III-5
Wire decking: U.S. producers' end-of-period inventories, 2006-2009

Item	Calendar year			
	2006	2007	2008	2009
Inventories (<i>1,000 pounds</i>)	45,278	35,842	45,509	28,552
Ratio to production (<i>percent</i>)	14.9	11.9	16.6	18.7
Ratio to U.S. shipments (<i>percent</i>)	14.7	12.3	17.2	18.9
Ratio to total shipments (<i>percent</i>)	***	***	***	***

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

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of wire decking, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in these investigations are presented in table III-6. From 2006 to 2009, the number of PRWs decreased by 44.6 percent, hours worked decreased by 49.5 percent, wages paid decreased by 47.7 percent, hourly wages increased by 3.5 percent, productivity decreased by 1.0 percent, and unit labor costs increased by 4.6 percent.

ITC reported that it had undertaken temporary shutdowns and reductions in its workforce during the period of investigation. In 2008 and 2009, it permanently laid off 42 employees. With the closure of Cargotainer, 130 PRWs were permanently laid off.⁹

⁹ U.S. producer's questionnaire responses of ***, section II, question II-4. ***. U.S. producers' questionnaire responses, section II, question II-9.

Table III-6**Wire decking: Average number of production and related workers producing wire decking, hours worked, hours worked per worker, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2006-2009**

Item	Calendar year			
	2006	2007	2008	2009
PRWs (<i>number</i>)	652	611	550	361
Hours worked (<i>1,000</i>)	1,349	1,185	1,115	681
Hours worked per worker	2,070	1,939	2,028	1,888
Wages paid (<i>\$1,000</i>)	21,718	19,297	18,209	11,356
Hourly wages	\$16.10	\$16.29	\$16.33	\$16.66
Productivity (<i>pounds per hour</i>)	225.8	253.5	245.8	223.5
Unit labor costs (<i>per pound</i>)	\$0.07	\$0.06	\$0.07	\$0.07

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

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

U.S. IMPORTERS

The Commission sent importer questionnaires to 36 firms believed to be U.S. importers of wire decking, as well as to all ten U.S. producers.¹ Usable questionnaire responses were received from seven firms, which accounted for what is believed to be the majority of U.S. imports from China.² Data for U.S. imports from China are compiled using the U.S. importer questionnaire responses received by the Commission.

By far the largest reporting U.S. importer, Atlas, accounted for *** percent of all reported U.S. imports from China in 2009, and for the *** of reported U.S. imports from China throughout the period of investigation. Atlas was the exclusive North American distributor and importer of wire decking from the Chinese producer Eastfound.³ Atlas reported that in ***. However, in 2008, as an economic downturn became evident and demand for wire decking declined, Atlas ceased operations at the San Francisco, CA, Jersey City, NJ, Minneapolis, MN, and Atlanta, GA facilities due to a significant decline in demand as a result of the recession. In late 2008, it further decreased 40 percent of its sales staff and 60 percent of its warehouse staff at its Chicago, IL location. In February 2010, Atlas ceased commercial operations and terminated its entire workforce.⁴ In March 2010, the remaining assets of Atlas, three distribution facilities in Chicago, IL, San Bernardino, CA, and Dallas, TX were sold to Worldwide

¹ Petitioners claim that a number of U.S. importers of wire decking did not respond to the Commission's questionnaire; and therefore, the volumes of U.S. imports from China are understated, especially for 2008 and 2009. Petitioners' posthearing brief, p. 5 and exh. 6 (estimate of missing U.S. import volumes). Petitioners believe that a number of firms, which were previously purchasing U.S. imports from Atlas, started to import directly from China in 2008 and 2009. Petitioners' posthearing brief, p. 5.

In the preliminary and final phases of these investigations, respondents stated that they believed the universe of actual U.S. importers of wire decking to be substantially smaller and testified in the preliminary phase that three U.S. importers accounted for approximately 90 percent of U.S. imports from China during the period of investigation. These importers, listed from largest to smallest, are: (1) Atlas, (2) Nashville Wire, and (3) Mighty Lift. Respondents claim that the majority of the firms alleged by petitioners to be U.S. importers were in fact purchasers from Atlas and not directly importing from China. Respondents explained that many of Atlas' customers arranged their own ocean freight from China, and therefore may appear as consignees on U.S. entry documentation. Atlas, however, remained the U.S. importer of record. Hearing transcript, pp. 159-160 (Kedaitis); Respondents' posthearing brief, p. 7 and app. 2, pp. 14-16 (List of alleged U.S. importers that are Atlas customers). Respondents also claim that a number of alleged U.S. importers are no longer going concerns. Respondents' posthearing brief, app. 2, pp. 14-16 (***)

² In addition to the seven usable responses (those respondents are shown in table IV-1), the Commission also received five responses from firms indicating that they did not import wire decking during the period examined. These firms included: ***. The big-box retailers, ***, reported that *** of the subject product.

Three small importers that provided U.S. importers questionnaires in the preliminary phase of these investigations did not provide responses in the final phase. These firms included: ***. In the preliminary phase of these investigations, collectively, these firms accounted for *** percent of U.S. imports from China. ***.

³ Respondents' postconference brief, p. 1.

⁴ Atlas Lift Truck and Sales, Inc., the parent corporation of Atlas, decided to exit this segment of the material handling business and focus on what it considered its core business, namely the sale of forklift trucks and other mechanized material handling equipment. Atlas Lift Truck and Sales, Inc. sold the remaining assets to Victor Kedaitis, the former vice president and general manager of Atlas, who created Worldwide. Hearing transcript, p. 143 (Kedaitis).

Material Handling Products, LLC (“Worldwide”).⁵ Worldwide stated at the Commissions’ hearing that its business model is dramatically different than the one employed by Atlas. It stated that it has not imported wire decking from China since the commencement of its operations.⁶ It stated that it is a much smaller company with approximately 25 percent of the distribution capacity that Atlas once had.⁷ Worldwide also stated that it has diversified its offered products and services to go beyond wire decking to include sales of new and used pallet rack components and aftermarket equipment repair and maintenance services.⁸

U.S. importers submitting questionnaire responses to the Commission did not report any U.S. imports from nonsubject countries during the period of investigation. During the preliminary phase of these investigations, petitioners and respondents agreed that U.S. imports from nonsubject countries were approximately 5 percent of total U.S. imports throughout the period of investigation. Therefore, data for U.S. imports from nonsubject countries are based on a 5 percent estimate of total U.S. import volume and value.

Table IV-1 lists all responding U.S. importers of wire decking from China, their U.S. locations, and their quantities of imports, by source, in 2009.

⁵ Hearing transcript, pp. 142-143 (Kedaitis); U.S. importer’s response of Atlas, app. 1; Worldwide Material Handling Products, LLC reported that it did not import wire decking during the period of investigation. It commenced commercial operations on March 1, 2010 and subsequently has purchased wire decking from U.S. producers, ***. Hearing transcript, p. 202 (Kedaitis); U.S. purchaser questionnaire response of Worldwide Material Handling Products, LLC, section 1, question I-2.

⁶ Hearing transcript, p. 202 (Kedaitis); Worldwide reported that ***. Respondents’ posthearing brief, app. 2, p. 2. Petitioners claim that Worldwide is still very much focused on the wire decking business and will ***. Petitioners’ posthearing brief, p. 15.

⁷ Hearing transcript, pp. 143 and 202 (Kedaitis).

⁸ Hearing transcript, p. 169 (Kedaitis). Wire decking accounted for approximately *** percent of Atlas’ sales. Worldwide reported that under its new business model, wire decking would account for approximately *** percent of sales. Respondents’ posthearing brief, app. 2, pp. 2-3.

Worldwide stated that it would be impossible for it to “resurrect” the Atlas business model in the foreseeable future because the “Atlas model required a tremendous amount of capital and incurred high fixed costs to establish and maintain the nationwide network . . .” Hearing transcript, p. 144 (Kedaitis).

Table IV-1

Wire decking: Reported U.S. imports, by importers and by sources of imports, 2009

Importer	U.S. location	Quantity (1,000 pounds)		
		China	Nonsubject	Total
Atlas ¹	Schiller Park, IL	***	***	***
Cayuga ²	Park Ridge, IL	***	***	***
J&L ³	St. Paul, MN	***	***	***
Mighty Lift	Houston, TX	***	***	***
Nashville Wire ⁴	Nashville, TN	***	***	***
Stel-Win	Ashland, VA	***	***	***
Vestil	Angola, IN	***	***	***
Total		***	***	***

1 ***.
2 ***.
3 ***.
4***. After the imposition of preliminary duties in these investigations, Nashville ceased importation of wire decking from China and closed these warehouses. Hearing transcript, p. 109 (Rollins).

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

U.S. IMPORTS

Table IV-2 shows that the volume of U.S. imports of wire decking from China remained steady from 2006 to 2007 and then decreased by *** percent from 2008 to 2009. From 2006 to 2009, the volume of U.S. imports decreased by *** percent. The value of U.S. imports from China increased by *** percent from 2006 to 2008, but decreased by *** percent between 2008 and 2009. Based on an estimate, upon which during the preliminary phase of these investigations petitioners and respondents mutually agreed, the volume and value of U.S. imports from nonsubject countries remained steady at approximately 5 percent of total U.S. imports throughout the period of investigation.⁹

Table IV-2

Wire decking: U.S. imports, by sources, 2006-2009

* * * * *

⁹ Petitioners’ prehearing brief, p. 23; Respondents’ postconference brief, p. 4 fn. 1 (“It is apparent that imports of wire decking from countries other than China are insignificant and have not been included in respondents’ analysis.”). Petitioners reported that they believe three firms (2 in Canada and 1 in Mexico) account for all of the U.S. imports from countries other than China. These firms include: ***. Petitioners’ postconference brief, exh. 1, p. 3.

NEGLIGENCE

The Tariff Act of 1930 provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports, or, if there is more than one such country, their combined share is less than or equal to 7 percent of total imports, during the most recent 12 months for which data are available preceding the filing of the petition.¹⁰ The share (in *percent*) of the total quantity of U.S. imports from China for the entire period of investigation approximated 95 percent of total U.S. imports based on U.S. import data compiled from the Commission's questionnaire responses and estimates agreed upon by petitioners and respondents, and thus, well above the 3 percent negligibility threshold .

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of wire decking are presented in table IV-3. The quantity of apparent U.S. consumption of the subject product decreased by *** percent from 2006 to 2009 and decreased *** percent between 2008 and 2009. The value of apparent U.S. consumption decreased by *** percent from 2006 to 2009 and decreased by *** percent between 2008 and 2009. Petitioners and respondents agreed that U.S. consumption of wire decking is tied closely to total U.S. industrial output and the growth of big-box retailing and that the current recession has certainly dampened these activities.¹¹

¹⁰ 19 U.S.C. § 1677(24)(A)(ii).

¹¹ Petitioners' prehearing brief, pp. 10-11; Respondents' prehearing brief, pp. 5-6.

Table IV-3

Wire decking: U.S. shipments of domestic product, U.S. importers' U.S. shipments and apparent U.S. consumption, 2006-2009

Item	Calendar year			
	2006	2007	2008	2009
Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	307,724	290,572	265,233	151,231
U.S. importers' U.S. shipments from--				
China	***	***	***	***
All other countries	***	***	***	***
Total import shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
Value (\$1,000)				
U.S. producers' U.S. shipments	173,280	161,018	171,982	85,477
U.S. importers' U.S. shipments from--				
China	***	***	***	***
All other countries	***	***	***	***
Total import shipments	***	***	***	***
Apparent U.S. consumption	***	***	***	***
Source: U.S. producers' U.S. shipments and U.S. imports from China are compiled from data submitted in response to Commission questionnaires. U.S. imports from nonsubject countries are compiled using an estimate which both petitioners and respondents agree to be approximately 5 percent of total U.S. imports.				

U.S. MARKET SHARES

Data on U.S. market shares for wire decking are presented in table IV-4. From 2006 to 2007, U.S. producers lost *** percentage points of market share based on quantity and *** percentage points based on value. However, from 2007 to 2009, U.S. producers gained *** percentage points of market share based on quantity and *** percentage points based on value. All of the U.S. industry's market share gains and losses came at the expense or gain of U.S. imports from China as both petitioners and respondents during the preliminary phase of these investigations attested that U.S. imports from nonsubject countries approximated 5 percent of total U.S. imports during the period of investigation.

Table IV-4

Wire decking: Apparent U.S. consumption and market shares, 2006-2009

* * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Data on the ratio of imports to U.S. production of wire decking are presented in table IV-5.

Table IV-5
Wire decking: U.S. production, U.S. imports, and ratios of imports to production, 2006-2009

Item	Calendar year			
	2006	2007	2008	2009
Quantity (1,000 pounds)				
U.S. production	304,553	300,268	274,147	152,300
U.S. imports from--				
China	***	***	***	***
All other countries	***	***	***	***
Total imports	***	***	***	***
Ratio of imports to U.S. production (percent)				
U.S. imports from--				
China	***	***	***	***
All other countries	***	***	***	***
Total imports	***	***	***	***
Source: U.S. production and U.S. imports from China are compiled from data submitted in response to Commission questionnaires. U.S. imports from nonsubject countries are compiled using an estimate which both petitioners and respondents agree to be approximately 5 percent of total U.S. imports.				

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The main raw materials used in the production of wire decking are hot-rolled sheet steel and drawn steel wire rod. Prices of steel wire rod and hot-rolled steel fluctuated until the second half of 2007, and began to increase rapidly in the beginning of 2008 (figure V-1). Prices for both peaked in July 2008, decreased precipitously to November 2008, then more steadily to mid-2009. Prices subsequently increased irregularly until the last month for which data are available (April 2010).¹ Steel and other raw materials accounted for 68.4 percent of COGS in 2006, increased to 69.6 percent in 2007 and 73.7 percent in 2008, then fell to 63.7 percent in 2009 (*see* Part VI).

Figure V-1
Hot-rolled coil prices: Spot prices, monthly, January 2006-April 2010

* * * * *

U.S. Inland Transportation Costs

Seven of eight responding producers and three of six responding importers indicated that their firm generally arranges for transportation to the customers' locations. Both U.S. producers and importers estimated their U.S. inland transportation costs were between 3 and 30 percent.

PRICING PRACTICES

Pricing Methods

Wire decking is sold primarily on a spot basis. Six producers reported that the majority of their sales were on a spot basis and two producers reported that the majority of their sales are on a short-term contract basis. Similarly, all six importers reported that the majority of their sales were on a spot basis, and reported that approximately 40 percent of sales were made using short-term contracts. Most responding producers indicated that their prices were determined using two or more pricing methods: six producers determined prices on a transaction-by-transaction basis, five firms used contracts, and two producers used price lists. All six responding importers determined prices on a transaction-by-transaction basis.

Sales Terms and Discounts

Six of seven responding producers and four of six responding importers reported using certain quantity discounts for their sales of wire decking. Four of the responding producers and one responding importer reported that the majority of their sales are made to order, while four producers and four importers reported that the majority of their sales are from inventory.

¹ "There was a huge spike in raw material costs between" 2007-2008, "so we were forced to increase our prices." Hearing transcript, p. 80 (Mack). "We were able to recover 10 cents of that, but we were not able to recover our entire raw materials costs. That is why in 2008 you would see a higher selling price because of raw material driving it." Hearing transcript, p. 80 (Rudolph).

Producers reported lead times of 1 to 7 days from inventory or 1 to 6 weeks for made-to-order products. Similarly, importers reported lead times of one week or less from inventory, and 1 to 8 weeks for made-to-order products.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data on the total quantity and f.o.b. value for sales of the following six wire decking products sold to distributors during January 2006-December 2009.

Product 1.—Wire decking, 42”(depth) x 46”(width), flanged channel, 3 channels, 4 to 6 gauge wire, 2” to 2.5” by 4” to 4.5” grid spacing, coated with zinc or zinc oxide

Product 2.—Wire decking, 42”(depth) x 46”(width), flanged channel, 3 channels, 4 to 6 gauge wire, 2” to 2.5” by 4” to 4.5” grid spacing, uncoated or coated with a substance other than zinc or zinc oxide

Product 3.—Wire decking, 42”(depth) x 46”(width), step channel, 3 channels, 4 to 6 gauge wire, 2” to 2.5” by 4” to 4.5” grid spacing, coated with zinc or zinc oxide

Product 4.—Wire decking, 42”(depth) x 46”(width), step channel, 3 channels, 4 to 6 gauge wire, 2” to 2.5” by 4” to 4.5” grid spacing, uncoated or coated with a substance other than zinc or zinc oxide

Product 5.—Wire decking, 48”(depth) x 46”(width), flanged channel, 3 channels, 4 to 6 gauge wire, 2” to 2.5” by 4” to 4.5” grid spacing, coated with zinc or zinc oxide

Product 6.—Wire decking, 48”(depth) x 46”(width), flanged channel, 3 channels, 4 to 6 gauge wire, 2” to 2.5” by 4” to 4.5” grid spacing, uncoated or coated with a substance other than zinc or zinc oxide

Six U.S. producers (***) provided usable pricing data for sales of the requested wire decking products, although not all firms reported pricing for all products and for all quarters. Price data reported by these firms accounted for *** percent of U.S. producers’ commercial shipments of wire decking during January 2006-December 2009. Six importers (***) provided usable pricing data for imports from China in the final phase of these investigations. Price data reported included in tables V-1 to V-6 and figure V-2 accounted for *** percent of commercial shipments of wire decking from China during January 2006-December 2009.

Table V-1

Wire decking: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,¹ and margins of underselling, January 2006-December 2009

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>per unit</i>	<i>units</i>	<i>per unit</i>	<i>units</i>	<i>percent</i>
2006:					
January-March	\$***	***	\$***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	9.66	148,222	***
2007:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	9.64	143,639	***
October-December	***	***	9.86	126,898	***
2008:					
January-March	***	***	9.97	129,419	***
April-June	***	***	11.96	145,656	***
July-September	***	***	14.26	111,410	***
October-December	***	***	13.47	74,942	***
2009:					
January-March	***	***	10.11	48,012	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	11.28	3,110	***	***	***

¹ Wire decking, 42" (depth) x 46" (width), flanged channel, 3 channels, 4 to 6 gauge wire, 2" to 2.5" by 4" to 4.5" grid spacing, coated with zinc or zinc oxide.

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

Table V-2

Wire decking: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,¹ and margins of underselling/(overselling), January 2006-December 2009

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>per unit</i>	<i>units</i>	<i>per unit</i>	<i>units</i>	<i>percent</i>
2006:					
January-March	\$11.47	91,756	\$***	***	***
April-June	11.06	95,925	***	***	***
July-September	***	***	***	***	***
October-December	11.57	79,843	***	***	***
2007:					
January-March	10.98	95,271	***	***	***
April-June	10.70	108,640	***	***	***
July-September	10.88	110,008	***	***	***
October-December	11.10	85,878	***	***	***
2008:					
January-March	11.30	127,559	***	***	***
April-June	13.41	107,196	***	***	***
July-September	17.78	67,325	***	***	***
October-December	15.22	70,316	***	***	***
2009:					
January-March	11.95	55,523	***	***	***
April-June	11.53	64,808	***	***	***
July-September	10.65	51,091	***	***	***
October-December	10.39	57,890	***	***	***
¹ Wire decking, 42" (depth) x 46" (width), flanged channel, 3 channels, 4 to 6 gauge wire, 2" to 2.5" by 4" to 4.5" grid spacing, uncoated or coated with a substance other than zinc or zinc oxide.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-3

Wire decking: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,¹ and margins of underselling (overselling), January 2006-December 2009

* * * * *

Table V-4

Wire decking: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,¹ and margins of underselling, January 2006-December 2009

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>per unit</i>	<i>units</i>	<i>per unit</i>	<i>units</i>	<i>percent</i>
2006:					
January-March	\$11.15	437,333	\$***	***	***
April-June	11.23	427,443	***	***	***
July-September	11.48	458,260	***	***	***
October-December	11.43	426,053	***	***	***
2007:					
January-March	10.96	442,043	***	***	***
April-June	10.71	449,044	***	***	***
July-September	11.21	399,041	***	***	***
October-December	10.94	364,042	***	***	***
2008:					
January-March	11.18	537,525	***	***	***
April-June	13.41	469,802	***	***	***
July-September	16.93	288,585	***	***	***
October-December	15.22	274,259	***	***	***
2009:					
January-March	12.17	202,477	***	***	***
April-June	10.70	185,293	***	***	***
July-September	9.90	253,798	***	***	***
October-December	9.92	214,652	***	***	***
¹ Wire decking, 42" (depth) x 46" (width), step channel, 3 channels, 4 to 6 gauge wire, 2" to 2.5" by 4" to 4.5" grid spacing, uncoated or coated with a substance other than zinc or zinc oxide.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-5

Wire decking: Weighted-average f.o.b. prices and quantities of domestic and imported product 5,¹ and margins of underselling/(overselling), January 2006-December 2009

* * * * *

Table V-6

Wire decking: Weighted-average f.o.b. prices and quantities of domestic and imported product 6,¹ and margins of underselling/(overselling), January 2006-December 2009

* * * * *

Figure V-2

Wire decking: Weighted-average f.o.b. prices and quantities of products 1-6, by country, January 2006-December 2009

* * * * *

Price Trends

Weighted-average prices for U.S.-produced wire decking generally fluctuated within a narrow range during 2006 and 2007 with no apparent trend, then increased to mid-2008 and declined during the remainder of 2008 and 2009 to levels similar to 2006. Prices for imports from China closely followed the pattern of U.S. price trends during 2006-2009 but were generally lower than the U.S. prices.

Table V-7

Wire decking: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and China

* * * * *

When purchasers were asked if there was a price leader in the wire decking industry, 18 purchasers reported “yes,” with 8 firms citing importer *** and one or two U.S. producers such as ***. Most purchasers reported that these firms exhibited price leadership by being the first to announce changes in price or being leaders in customer service, providing good quality, and on time delivery.

Price Comparisons

As shown in table V-8, there were 93 instances where prices for domestic wire decking and imported wire decking from China could be compared. U.S.-produced wire decking products were priced higher than imports from China in 85 of the 93 possible comparisons.²

Table V-8

Wire decking: Summary of underselling/(overselling) by product from China, January 2006-December 2009

* * * * *

² Petitioners reported that “the financial declines of the wire decking industry in 2008 and 2009 correlate with the increased underselling by significant volumes of subject imports.” Hearing transcript, p. 10 (Cannon). However, the respondents reported that, “despite all the Petitioners’ claim of underselling and price competition, the record clearly shows that imports neither depressed or suppressed prices.” Hearing transcript, p. 13 (Montalbino). Moreover, the respondents testified that “underselling did not result in significant shifts towards lower-priced imports in relation to total consumption.” Hearing transcript, p. 149 (Malashevich).

LOST SALES AND LOST REVENUES

The Commission requested that U.S. producers of wire decking report any instances of lost sales and lost revenues experienced due to competition from imports from China since January 1, 2006.

During the preliminary phase of these investigations, six producers reported having lost sales or revenues because of subject imports during this time period. Also, three non-petitioners producers reported that they had reduced prices and one had rolled back announced price increases, allegedly due to imports from China. All three of these non-petitioner producers also alleged that they had lost sales due to low-priced imports from China.³

During the final phase of the investigations, three U.S. producers, ***, reported lost sales and lost revenues since January 1, 2006. U.S. producers *** and *** reported that they experienced many lost sales and lost revenues since January 1, 2006, but had no records available. *** and *** reported that they reduced prices to avoid losing sales to competitors selling wire decking from China, but did not report any specific lost sales or revenues allegations.

Staff contacted 64 listed purchasers, and 28 purchasers responded. The lost sales allegations totaled \$*** and the lost revenue allegations totaled \$***.⁴ The confirmed lost sales allegations totaled \$*** and the confirmed lost revenue allegations totaled \$***. All of the lost sales and lost revenue allegations are presented in tables V-9 and V-10. Additional information for some of the allegations follows.

Table V-9
Wire decking: U.S. producers' lost sales allegations

* * * * *

Table V-10
Wire decking: U.S. producers' lost revenue allegations

* * * * *

In addition, in the preliminary phase of the investigations, purchasers responding to lost sales and lost revenue allegations were asked whether they shifted their purchases of wire decking from U.S. producers to suppliers of wire decking from China since January 2006. Four of the 17 responding purchasers (***) reported that they had shifted purchases of wire decking from U.S. producers to subject imports since January 1, 2006; all of these purchasers reported that price was the reason for the shift. Purchasers *** and *** stated that, in addition to price, quality, delivery times, and service are all important factors in their purchase decisions. Purchaser *** reported that it is often less expensive to purchase pallet rack and wire decks from separate manufacturers due to specialization rather than manufacturers that provide both pallet racks and wire decks.⁵

Also in the preliminary phase of the investigations, six of 15 responding purchasers (***) reported that since January 1, 2006, U.S. producers reduced their prices in order to compete with the prices of subject imports. Additionally, ***.⁶ The three purchasers responding that domestic producers had not

³ *Wire Decking from China, Investigations Nos. 701-TA-466 and 731-TA-1162 (Preliminary)*, USITC Publication 4092, July 2009.

⁴ The lost revenue and lost sales allegations were made by ***.

⁵ *Wire Decking from China, Investigations Nos. 701-TA-466 and 731-TA-1162 (Preliminary)*, USITC Publication 4092, July 2009.

⁶ Fax from ***.

reduced prices in response to the pricing of imported Chinese wire decking stated why they responded negatively: *** and *** reported that the falling prices were due to the falling prices in all steel products, and *** stated that “the domestics are selling for the same or for less” than the imported wire decks.^{7 8}

⁷ Fax from ***.

⁸ *Wire Decking from China, Investigations Nos. 701-TA-466 and 731-TA-1162 (Preliminary)*, USITC Publication 4092, July 2009.

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Seven producers,¹ provided usable financial data for their operations on wire decking. These firms accounted for the vast majority of the domestic industry's production/sales volume during 2009. No internal consumption or related transfers were reported.

OPERATIONS ON WIRE DECKING

Results of operations of the U.S. producers on their wire decking operations are presented in table VI-1, which includes data on a per-unit basis as well as operating income (loss) to net sales ratio.

The financial results of the producers on their wire decking operations deteriorated over the period data were gathered. Net sales quantities decreased by over 51.1 percent from 2006 to 2009. Net sales values also decreased substantially by almost 50.8 percent during the same period. Operating income decreased continuously and substantially, and the industry reported an operating loss of more than \$4.6 million in 2009 compared to an operating income of over \$11.3 million in 2006.

While net sales quantities decreased by moderate amounts (approximately six to eight percent) in 2007 and 2008, and net sales values decreased and then increased by about the same moderate amounts, both measures declined precipitously in 2009. Operating income also declined substantially in 2009, following an even larger decline in 2008. The decrease in the operating income in 2009, on the other hand, was the result of per-unit net sales values decreasing by a larger amount (\$0.09 per pound) than the combined \$0.05 per pound decrease in the unit cost of goods sold ("COGS") (which decreased by \$0.07 per pound (led primarily by the increase of raw material costs) and unit selling, general and administrative ("SG&A") expenses (which increased by \$0.02 per pound). Five out of the seven producers experienced operating losses in 2009, and of the two remaining producers reporting operating income, one reported an operating income to net sales ratio of ***.

¹ The producers with a fiscal year end other than December are ***. However, the financial data of *** were submitted on a calendar year basis. Cargotainer was permanently closed on January 22, 2010.

Table VI-1
Wire decking: Results of operations of U.S. producers, fiscal years 2006-09

Item	Fiscal year			
	2006	2007	2008	2009
	Quantity (1,000 pounds)			
Net sales	318,011	299,938	275,560	155,602
	Value (\$1,000)			
Net sales	178,846	166,106	178,872	87,908
COGS	155,813	144,882	165,710	82,218
Gross profit	23,033	21,224	13,162	5,690
SG&A expenses	11,713	12,227	12,285	10,347
Operating income (loss)	11,320	8,997	877	(4,657)
Interest expense	1,846	2,096	1,491	801
Other expense	2,031	1,717	2,529	1,521
Other income	2,274	2,187	2,953	870
Net income (loss)	9,717	7,371	(190)	(6,109)
Depreciation/amortization	5,531	4,817	4,696	4,213
Cash flow	15,248	12,188	4,506	(1,896)
	Value (per pound)			
Net sales	\$0.56	\$0.55	\$0.65	\$0.57
COGS	0.49	0.48	0.60	0.53
Gross profit	0.07	0.07	0.05	0.04
SG&A expenses	0.04	0.04	0.04	0.07
Operating income (loss)	0.04	0.03	0.00 ⁽¹⁾	(0.03)
	Ratio to net sales (percent)			
COGS	87.1	87.2	92.6	93.5
Gross profit	12.9	12.8	7.4	6.5
SG&A expenses	6.5	7.4	6.9	11.8
Operating income (loss)	6.3	5.4	0.5	(5.3)
	Number of firms reporting			
Operating losses	3	4	4	5
Data	7	7	7	7
¹ Positive, but less than \$0.004. Source: Compiled from data submitted in response to Commission questionnaires.				

Selected financial data, by firm, are presented in table VI-2. While four producers experienced operating losses in 2008, five producers incurred operating losses in 2009. *** experienced substantial operating losses in 2009, ***, respectively.

*** raw material costs increased due to an increase of wire costs in 2008 and its per-unit factory overhead and SG&A expenses increased in 2009 due to the decline in production/sales quantities. *** increased, mainly due to *** in 2008 and 2009 compared to 2007 and 2008.² The per-unit raw material costs of *** increased substantially in 2008, and the unit factory overhead of *** and unit SG&A expenses of *** increased substantially in 2009, mainly due to *** in 2009 compared to 2008. ***.³

Table VI-2
Wire decking: Results of operations of U.S. producers, by firm, fiscal years 2006-09

* * * * *

Selected aggregate per-unit cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table VI-3. Raw material costs (largely wire rod, wire, and hot-rolled steel and slit sheet steel) increased *** from 2007 to 2008, which resulted in much higher COGS and total cost (which included SG&A expenses),⁴ and then fell from 2008 to 2009. Per-unit factory overhead and SG&A expenses both increased *** from 2008 to 2009, the result of *** production/sales quantities for the majority of producers.

Table VI-3
Wire decking: Per-unit costs of U.S. producers, fiscal years 2006-09

Item	Fiscal year			
	2006	2007	2008	2009
COGS:	<i>Value (per pound)</i>			
Raw materials	\$0.34	\$0.34	\$0.44	\$0.34
Direct labor	0.06	0.05	0.05	0.06
Factory overhead	0.10	0.09	0.10	0.14
Total COGS	0.49	0.48	0.60	0.53
SG&A expenses	0.04	0.04	0.04	0.07
Total cost	0.53	0.52	0.65	0.59

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

² E-mail from *** June 25, 2009. ***.

³ E-mails from ***, June 23, 24, 26, and July 1. When the utility of the goods in the ordinary course of business is no longer as great as their cost, a departure from the cost principle of measuring the inventory is required. Whether the cause is obsolescence, physical deterioration, changes in price levels, or any other, the difference should be recognized by a charge to income in the current period. This usually is accomplished by stating the goods at a lower level designated as market (*lower of cost or market principle*) (ARB-43, Chapter 4, Statement 5). However, another Generally Accepted Accounting Principle (“GAAP”), Financial Accounting Standard (FAS-151, *Inventory Costs; an amendment of ARB No.43, Chapter 4*) requires that abnormal amounts be recognized as current-period charges regardless of whether they meet the criterion of “so abnormal.”

⁴ E-mail from ***, June 25, 2009. Refer to footnote 3 in this section.

A variance analysis showing the effects of prices and volume on the producers' sales of wire decking, and of costs and volume on their total cost, is shown in table VI-4. The analysis is summarized at the bottom of the table. The analysis indicates that the decrease in operating income (\$16 million) between 2006 and 2009 was attributable mainly to the negative effects of increased costs/expenses (\$10.6 million) and decreased sales quantities (\$5.8 million). The decrease in operating income in 2009 relative to 2008 was attributable mainly to a negative price variance in conjunction with a favorable costs/expenses variance.

Table VI-4
Wire decking: Variance analysis of operations of U.S. producers, fiscal years 2006-09

Item	Between fiscal years			
	2006-09	2006-07	2007-08	2008-09
	Value (\$1,000)			
Net sales:				
Price variance	399	(2,576)	26,267	(13,097)
Volume variance	(91,337)	(10,164)	(13,501)	(77,867)
Total net sales variance	(90,938)	(12,740)	12,766	(90,964)
Cost of sales:				
Cost variance	(5,979)	2,076	(32,604)	11,354
Volume variance	79,574	8,855	11,776	72,138
Total cost variance	73,595	10,931	(20,828)	83,492
Gross profit variance	(17,343)	(1,809)	(8,062)	(7,472)
SG&A expenses:				
Expense variance	(4,616)	(1,180)	(1,052)	(3,410)
Volume variance	5,982	666	994	5,348
Total SG&A variance	1,366	(514)	(58)	1,938
Operating income variance	(15,977)	(2,323)	(8,120)	(5,534)
Summarized as:				
Price variance	399	(2,576)	26,267	(13,097)
Net cost/expense variance	(10,595)	896	(33,655)	7,944
Net volume variance	(5,781)	(643)	(731)	(382)
Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.				
Source: Compiled from data submitted in response to Commission questionnaires.				

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-5. *** accounted for a majority of the domestic industry's capital expenditures during the period for which data were collected. Capital expenditures decreased from 2006 to 2007 due to *** and increased from 2007 to 2008 due mainly to ***. Four producers reported R&D expenses. R&D expenses increased slightly and continuously between 2006 to 2008 and decreased somewhat between 2008 and 2009. Capital expenditures, by firm, are presented in table VI-6.

Table VI-5

Wire decking: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2006-09

* * * * *

Table VI-6

Wire decking: Capital expenditures by U.S. producers, by firms, fiscal years 2006-09

* * * * *

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their assets used in the production and sales of wire decking during the period for which data were collected to assess their return on investment ("ROI"). Although ROI can be computed in different ways, a commonly used method is operating income earned during the period divided by the total assets utilized for the operations. Therefore, ROI was calculated as operating income divided by total assets used in the production and sales of wire decking. Data on the U.S. producers' total assets and their ROI are presented in table VI-7.

The value of total assets continuously decreased between 2006 and 2009 as net accounts receivable, inventories, and net book value of property, plant, and equipment (PPE) decreased over the period. The trend of ROI over the period was the same as the trend of the operating loss margin to net sales in table VI-1 over the same period.

Table VI-7

Wire decking: Value of assets and return on investment of U.S. producers, fiscal years 2006-09

Item	At end of fiscal year			
	2006	2007	2008	2009
Value of assets:	Value (\$1,000)			
1. Current assets:				
A. Cash and equivalents	714	2,859	1,911	1,047
B. Trade receivables (net)	29,046	28,945	22,569	13,895
C. Inventories	26,226	22,360	28,027	20,488
D. All other current	577	524	306	374
Total current	56,563	54,688	52,813	35,804
2. Non-current assets:				
A. Productive facilities ¹	120,434	118,251	116,582	115,068
B. Productive facilities (net) ²	68,383	67,822	62,513	55,707
C. Other non-current	4,938	5,133	8,770	9,116
Total non-current	73,321	72,955	71,283	64,823
Total assets	129,884	127,643	124,096	100,627
	Value (\$1,000)			
Operating income (loss)	11,320	8,997	877	(4,657)
	Ratio of operating income to total assets (percent)			
Return on investment	8.7	7.0	0.7	(4.6)
¹ Original cost of property, plant, and equipment (PPE).				
² Net book value of PPE (original cost less accumulated depreciation).				
Source: Compiled from data submitted in response to Commission questionnaires.				

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential 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 wire decking from China. Their responses were in appendix D.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(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 title 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

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of 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 under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

under section 705(b)(1) or 735(b)(1) 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).²

Information on the nature of the alleged subsidies was presented in Part I of 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.

THE INDUSTRY IN CHINA

The Commission requested data from 48 firms which were listed in the petition and believed to produce wire decking in China during the period of investigation. The Commission received four responses, including one from a large producer of wire decking in China, Dalian Eastfound Metal Products Co., Ltd. and its related company Dalian Eastfound Material Handling Co., Ltd. (collectively "Eastfound").³ Data regarding the Chinese industry are based on these four foreign producer questionnaires, which are believed to account for approximately *** percent of Chinese production and *** percent of Chinese export shipments to the United States in 2009.⁴ Eastfound estimated that in 2009,

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ The Commission also received a response from *** reporting that it did not export the subject product to the United States during the period of investigation. ***.

⁴ Petitioners and Respondents disagree as to the number of firms in China that actually produce wire decking. Petitioners claim that there are a number of producers of wire decking in China, which account for a large share of Chinese capacity, did not respond to the Commission's questionnaire. Petitioners' prehearing brief, pp. 65-72. Petitioners also claim that any wire fabricator in China could potentially produce wire decking with relatively little time or equipment required for start up. Hearing transcript, p. 120 (Wagner). They further claim that these wire fabricators in China possess a great deal of unused capacity. Id. at 19-20 (Rollins).

Respondents claim that petitioners greatly exaggerate the number of firms producing wire decking in China and that virtually all of the major producers of wire decking in China have submitted data to the Commission. Respondents' posthearing brief, app. 2, pp. 6-13. See also Hearing transcript, p. 137 (Montalbino) ("there's no question that we have all the major producers of Chinese wire decking, and that in fact, Eastfound, our client, was the major producer."). Respondents claim that a number of Chinese firms may claim that they could produce wire decking, especially in internet solicitations, but in fact are unable to produce wire decking. Respondents'

(continued...)

it accounted for *** percent of total exports of wire decking to the United States and *** percent to *** percent of total production of wire decking in China. Eastfound reported that *** percent of its 2009 exports to the United States were imported by ***. Dalian Huameilong Metal Products Co., Ltd. (“Huameilong”) estimated that in 2009, it accounted for *** percent of total exports of wire decking to the United States and *** percent of total production of wire decking in China. Huameilong reported that *** percent of its 2009 exports to the United States were imported by ***. Dandong Riqian Logistics Equipment Co., Ltd. (“Riqian”) estimated that in 2009, it accounted for *** percent of total exports of wire decking to the United States and *** percent of total production of wire decking in China. Riqian reported that *** percent of its 2009 exports to the United States were imported by ***. Dalian Xingbo Metal Products Co., Ltd. (“Xingbo”) estimated that in 2009, it accounted for *** percent of total exports of wire decking to the United States and *** percent of total production of wire decking in China.⁵ The tabulation below lists the responding Chinese producers of wire decking and their 2009 capacity, production, capacity utilization, and export shipments to the United States.

Chinese producer	Share of reported 2009 production in China (percent)	Quantity (1,000 pounds); capacity utilization and share of total shipments (percent)				
		Capacity	Production	Capacity utilization	Exports to the U.S.	Share of total shipments exported to the U.S.
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***

Source: Compiled from data submitted in Commission questionnaire responses.

Table VII-1 presents data for capacity, production, and shipments of wire decking from all reporting producers in China. Chinese producers’ capacity decreased by *** percent from 2006 to 2009.⁶ Capacity is projected to *** percent by 2011. The production of Chinese producers decreased by ***

⁴ (...continued)
posthearing brief, app. 1., p. 35 and app. 2, pp. 6-14.

⁵ Foreign producer questionnaire responses of Eastfound, Huameilong, and Xingbo, questions II-3 and II-4.

⁶ Eastfound reported that on February 1, 2009, it closed one of its two wire decking manufacturing facilities and since October of 2008 has laid off more than 500 PRWs. Respondents’ posthearing brief, p. 9; Foreign producer’s questionnaire response of Eastfound, app. 1. It reported that at the time of the closing of the plant the production facilities and equipment “were quite old,” and that it was “essentially mothballed and to restart it would take a substantial investment in time and money.” Respondents posthearing brief, app. 1, p. 26. Further, Eastfound reported that it has subsequently diversified the production of its remaining plant to focus on higher value added wire products, such as wire baskets and roll containers, and has no incentive to switch production back to low value added products such as wire decking. Respondents’ posthearing brief, p. 11 and app. 1, p. 37.

percent from 2006 to 2009, but is projected to *** percent by 2011. Chinese producers reported capacity utilization rates ranging from *** percent in 2007 to *** percent in 2006.⁷

Table VII-1

Wire decking: China's reported production capacity, production, shipments, and inventories, 2006-2009 and projections for 2010 and 2011

* * * * *

Throughout most of the period of investigation, the majority of the Chinese producers' shipments went to the United States. Chinese producers' volume of shipments to its home market are *** during the period of investigation.⁸ The volume of Chinese producers' export shipments to the United States decreased by *** percent from 2006 to 2009, and decreased as a share of China's total shipments from *** percent of their total shipments in 2006 to *** percent in 2009. From 2006 to 2009, Chinese shipments to other countries increased by *** percent, and accounted for *** percent of total shipments in 2006 and *** percent of total shipments in 2009. The largest reporting Chinese producer, Eastfound, reported that *** are its principal export markets other than the United States.⁹

U.S. IMPORTERS' INVENTORIES

Reported inventories held by U.S. importers of subject merchandise from China are shown in table VII-2. No U.S. importer reported U.S. imports from countries other than China.

Table VII-2

Wire decking: U.S. importers' end-of-period inventories of subject and nonsubject imports, by sources, 2006-2009

* * * * *

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested U.S. importers to indicate whether they imported or arranged for the importation of wire decking after December 31, 2009. *** of the seven reporting U.S. importers stated that they had imported or arranged for importation since December 31, 2009.

ANTIDUMPING AND COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There is no indication that wire decking has been the subject of any other import relief investigations in any other countries.

⁷ Respondents claim that Eastfound's reported capacity utilization of *** percent is based on product mix issues and ***. Hearing transcript, p. 171 (Malashevich); Respondents' posthearing brief, app. 1, p. 18.

⁸ There is essentially no Chinese home market for wire decking as warehouses in China still generally use pallet storage systems constructed with wood as opposed to steel decking. Conference transcript, p. 135 (Song); Petitioners' postconference brief, pp. 41-42.

⁹ Respondents' posthearing brief, app. 1, p. 28.

INFORMATION ON PRODUCERS IN NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury “by reason of subject imports,” the legislative history states “that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) ‘to ensure that it is not attributing injury from other sources to the subject imports.’”¹⁰

There is production of wire decking in both Canada and Mexico. Respondents describe the producers in Canada and Mexico as “very small and low-volume producers.”¹¹ In Mexico, Necochea Internacional de Laminados, S.A. de C.V. (Necochea) produces wire decking at its plant in Gomez Palacio, about 400 miles from Laredo TX.¹² According to its web site, Necochea is a manufacturer and integrator of rack storage and retrieval systems.¹³

In Canada, there are at least two significant producers of wire decking, both located in the Province of Quebec. Premier Wire has a capacity of about *** decks per year; is currently running at about *** percent of capacity and sells its decking ***.¹⁴ The total Canadian market is estimated by *** decks per year.¹⁵ Petitioners reported that ***.¹⁶ The second significant producer, Forma Fil, has a capacity of about *** decks per day, or *** decks per year.¹⁷ It is currently running at about *** percent of capacity and sells its product ***, although it does ***.¹⁸ There are two other producers in Canada, but their production is not significant.¹⁹

¹⁰ Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006).

¹¹ Hearing transcript, p. 218 (Kedaitis).

¹² E-mail correspondence from ***, July 6, 2009.

¹³ <http://www.necochea.com.mx/cuerpo.html>, retrieved July 8, 2009.

¹⁴ Staff interview with ***, July 8, 2009.

¹⁵ Ibid.

¹⁶ Petitioners’ prehearing brief, p. 23 n. 113.

¹⁷ Staff interview with ***, July 7, 2009.

¹⁸ Ibid.

¹⁹ Staff interview with ***, July 8, 2009.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-466 and 731-TA-1162 (Final)]

Wire Decking From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigation No. 701-TA-466 (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 No. 731-TA-1162 (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 of wire decking, provided for in subheadings 9403.90.80, 7217.10, 7217.20, 7326.20, 7326.90, and 9403.20.00 of the Harmonized Tariff Schedule of the United States.¹

¹ For purposes of these investigations, the Department of Commerce has defined the subject merchandise as “welded-wire rack decking, which is also known as, among other things, “pallet rack decking,” “wire rack decking,” “wire mesh decking,” “bulk storage shelving,” or “welded-wire decking.” Wire decking consists of wire mesh that is reinforced with structural supports and designed to be load bearing. The structural supports include sheet metal support channels, or other structural

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission’s Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

DATES: *Effective Date:* January 12, 2010.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202-708-5408), 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 wire decking, and that such

supports, that reinforce the wire mesh and that are welded or otherwise affixed to the wire mesh, regardless of whether the wire mesh and supports are assembled or unassembled and whether shipped as a kit or packaged separately. Wire decking is produced from carbon or alloy steel wire that has been welded into a mesh pattern. The wire may be galvanized or plated (e.g., chrome, zinc or nickel coated), coated (e.g., with paint, epoxy, or plastic), or uncoated (“raw”). The wire may be drawn or rolled and may have a round, square or other profile. Wire decking is sold in a variety of wire gauges. The wire diameters used in the decking mesh are 0.105 inches or greater for round wire. For wire other than round wire, the distance between any two points on a cross-section of the wire is 0.105 inches or greater. Wire decking reinforced with structural supports is designed generally for industrial and other commercial storage rack systems.

Wire decking is produced to various profiles, including, but not limited to, a flat (“flush”) profile, an upward curved back edge profile (“backstop”) or downward curved edge profile (“waterfalls”), depending on the rack storage system. The wire decking may or may not be anchored to the rack storage system. The scope does not cover the metal rack storage system, comprised of metal uprights and cross beams, on which the wire decking is ultimately installed. Also excluded from the scope is wire mesh shelving that is not reinforced with structural supports and is designed for use without structural supports.”

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 June 5, 2009, by AWP Industries, Inc., Frankfort, KY; ITC Manufacturing, Inc., Phoenix, AZ; J&L Wire Cloth, Inc., St. Paul, MN; and Nashville Wire Products Mfg. Co., Inc., Nashville, TN.

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 May 12, 2010, 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 May 27, 2010, 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 May 20, 2010. A nonparty who has testimony that may aid the Commission's deliberations may request a 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 May 25, 2010, 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 May 19, 2010. 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 June 4, 2010; 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 June 4, 2010. On June 24, 2010, 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 June 28, 2010, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is

permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

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

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the 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: January 25, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-1744 Filed 1-27-10; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE
International Trade Administration

[C-570-950]

Wire Decking 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 wire decking 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.

EFFECTIVE DATE: June 10, 2010.

FOR FURTHER INFORMATION CONTACT: Kristen Johnson and John Conniff, AD/CVD Operations, Office 3, Operations, Import Administration, U.S. Department of Commerce, Room 4014, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4793 and (202) 482-1009, respectively.

SUPPLEMENTARY INFORMATION:**Background**

This investigation covers 32 programs and the following producers/exporters: Dalian Eastfound Metal Products Co., Ltd. (Eastfound Metal) and its affiliate Dalian Eastfound Material Handling Products Co., Ltd. (Eastfound Material) (collectively, the Eastfound Companies) and Dalian Huameilong Metal Products Co., Ltd. (DHMP). The petitioners in this investigation are AWP Industries, Inc., ITC Manufacturing, Inc., J&L Wire Cloth, Inc., Nashville Wire Products Mfg., Co., Inc., and Wireway Husky Corporation (collectively, the petitioners). In addition, the Nucor Corporation is participating as a domestic interested party.

Period of Investigation

The period of investigation (the POI) for which we are measuring subsidies is January 1, 2008, through December 31, 2008, which corresponds to the PRC's most recently completed fiscal year at the time we initiated this investigation. See 19 CFR 351.204(b)(2).

Case History

The following events have occurred since the Department announced the *Preliminary Determination on November 9, 2009. See Wire Decking From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 74 FR 57629 (November 9, 2009) (*Preliminary Determination*).

From November 17, 2009, through December 23, 2009, we issued supplemental questionnaires to the Government of the PRC (the GOC), the Eastfound Companies, and DHMP. From December 1, 2009, through January 5, 2010, the GOC, the Eastfound Companies, and DHMP submitted supplemental questionnaire responses. On December 4 and 8, 2009, the GOC and the Eastfound Companies submitted requests for a public hearing. From January 8 through January 20, 2010, the Department issued verification outlines to the GOC, the Eastfound Companies, and DHMP. The Department conducted verification of the questionnaire responses submitted by the GOC on January 27 and 29, 2010. The Department conducted verification of the questionnaire responses submitted by the Eastfound Companies from February 1 through February 4, 2010. The Department conducted verification of the questionnaire responses submitted by DHMP from January 25 through 27, 2010. From February 17 through February 24, 2010, the Department released verification reports for the GOC, the Eastfound Companies, and DHMP. Interested parties submitted the case and rebuttal briefs on March 9 and March 19, respectively. On March 19, 2010, and April 6, 2010, the GOC and the Eastfound Companies withdrew their requests for a public hearing, respectively. No other interested party requested a hearing. As such, the Department did not hold a public hearing in this investigation.

As explained in the memorandum from the Deputy Assistant Secretary for Import Administration, the Department has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from February 5, through February 12, 2010. Thus, all deadlines in this segment of the proceeding have been extended by seven days. The revised deadline for this countervailing duty (CVD) investigation is now June 3, 2010. See Memorandum to the Record from Ronald K Lorentzen, Deputy Assistant Secretary for Import Administration,

regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Snowstorm," dated February 12, 2010.

Scope of Investigation

The scope of the investigation covers welded-wire rack decking, which is also known as, among other things, "pallet rack decking," "wire rack decking," "wire mesh decking," "bulk storage shelving," or "welded-wire decking." Wire decking consists of wire mesh that is reinforced with structural supports and designed to be load bearing. The structural supports include sheet metal support channels, or other structural supports, that reinforce the wire mesh and that are welded or otherwise affixed to the wire mesh, regardless of whether the wire mesh and supports are assembled or unassembled and whether shipped as a kit or packaged separately. Wire decking is produced from carbon or alloy steel wire that has been welded into a mesh pattern. The wire may be galvanized or plated (e.g., chrome, zinc, or nickel coated), coated (e.g., with paint, epoxy, or plastic), or uncoated ("raw"). The wire may be drawn or rolled and may have a round, square or other profile. Wire decking is sold in a variety of wire gauges. The wire diameters used in the decking mesh are 0.105 inches or greater for round wire. For wire other than round wire, the distance between any two points on a cross-section of the wire is 0.105 inches or greater. Wire decking reinforced with structural supports is designed generally for industrial and other commercial storage rack systems.

Wire decking is produced to various profiles, including, but not limited to, a flat ("flush") profile, an upward curved back edge profile ("backstop") or downward curved edge profile ("waterfalls"), depending on the rack storage system. The wire decking may or may not be anchored to the rack storage system. The scope does not cover the metal rack storage system, comprised of metal uprights and cross beams, on which the wire decking is ultimately installed. Also excluded from the scope is wire mesh shelving that is not reinforced with structural supports and is designed for use without structural supports.

Wire decking enters the United States through several basket categories in the Harmonized Tariff Schedule of the United States (HTSUS). U.S. Customs and Border Protection (CBP) has issued a ruling (NY F84777) that wire decking is to be classified under HTSUS 9403.90.8040. Wire decking has also been entered under the following HTSUS subheadings:

7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.4030, 7217.10.4090, 7217.10.5030, 7217.10.5090, 7217.10.6000, 7217.10.7000, 7217.10.8010, 7217.10.8020, 7217.10.8025, 7217.10.8030, 7217.10.8045, 7217.10.8060, 7217.10.8075, 7217.10.8090, 7217.10.9000, 7217.20.1500, 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, 7217.20.6000, 7217.20.7500, 7326.20.0010, 7326.20.0020, 7326.20.0070, 7326.90.1000, 7326.90.2500, 7326.90.3500, 7326.90.4500, 7326.90.6000, 7326.90.8505, 7326.90.8510, 7326.90.8530, 7326.90.8535, 7326.90.8545, 7326.90.8560, 7326.90.8575, 7326.90.8576, 7326.90.8577, 7326.90.8588, 9403.20.0020, and 9403.20.0030.¹

While HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of the investigation is dispositive.

Injury Test

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Tariff Act of 1930, as amended (the Act), the International Trade Commission (the ITC) is required to determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry. On July 31, 2009, the ITC published its preliminary determination in which it found that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of wire decking from the PRC. *See Wire Decking From China*, Investigation Nos. 701–TA–466 and 731–TA–1162 (Preliminary), 74 FR 38229 (July 31, 2009).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Decision Memorandum. Attached to this notice as an Appendix is a list of the issues that parties raised and to which we have responded in the Decision Memorandum. Parties can find a

¹ In the Preliminary Determination, we presented in the scope, certain HTSUS categories that wire decking is also entered under, as a six–digit category number (i.e., 7217.10, 7217.20, 7326.20, and 7326.90). Since the Preliminary Determination, we found that CBP required a 10–digit format for these HTSUS categories. Thus, for the final determination, we have determined that wire decking’s scope HTSUS categories will be presented in their full 10–digit format.

complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Department’s Central Records Unit. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated individual rates for the Eastfound Companies and DHMP. For the non–cooperative companies, pursuant to sections 776(a)(2)(A) and (C) of the Act, we have based their CVD rates on facts otherwise available.

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.

Notwithstanding the language of section 705(c)(1)(B)(i)(I) of the Act, we have not calculated the all–others rate by weight averaging the rates of the Eastfound Companies and DHMP, because doing so risks disclosure of proprietary information. Therefore, for the all–others rate, we have calculated a simple average of the two responding firms’ rates.

Producer/Exporter	Net Subsidy Ad Valorem Rate
Dalian Eastfound Metal Products Co., Ltd. (Eastfound Metal) and its affiliate Dalian Eastfound Material Handling Products Co., Ltd. (Eastfound Material) (collectively, the Eastfound Companies)	3.55%
Dalian Huameilong Metal Products Co., Ltd. (DHMP)	1.52%
Aceally (Xiamen) Technology Co., Ltd.	437.11%
Alida Wire Mesh & Wire Cloth Mfg.	37.11%
Anping Ankai Hardware & Mesh Products Co., Ltd.	437.11%
Anping County Jincheng Metal Products Co., Ltd.	437.11%
Anping County Yuantong Hardware Net Industry Co., Ltd.	437.11%

Producer/Exporter	Net Subsidy Ad Valorem Rate
Anping Ruiqilong Wire Mesh Co., Ltd.	437.11%
Anping Web Wire Mesh Co., Ltd.	437.11%
Anping Yilian Metal Products Co., Ltd.	437.11%
Aplus Industrial (HK) Ltd.	437.11%
Beijing Jiuwei Storage Equipment Co., Ltd. ..	437.11%
Dalian Aipute Industry & Trade Co., Ltd.	437.11%
Dalian Best Metal Products Co., Ltd.	437.11%
Dalian Jianda Metal Products Co., Ltd.	437.11%
Dalian Litaier Logistic Equipment Co., Ltd. ..	437.11%
Dalian Litaier Metal Products Co., Ltd.	437.11%
Dalian Pro Metal Co., Ltd.	437.11%
Dalian Traction Motor Co., Ltd.	437.11%
Dalian Yutiein Storage Manufacture Co., Ltd.	437.11%
Dalian Zengtian Metal–Net Production Co., Ltd.	437.11%
Dandong Riqian Equipment Co., Ltd.	437.11%
Deyoma Wire Decking Factory	437.11%
Global Storage Equipment Manufacturer Ltd. (Huade Industries)	437.11%
Hebei Dongshengyuan Trading Co., Ltd.	437.11%
Hebei Tengyue Trading Co., Ltd.	437.11%
High Hope Int’l Group Jiangsu Native Produce Imp & Exp Corp. Ltd.	437.11%
Imex China Ltd.	437.11%
Jiangdong Xinguang Metal Product Co.	437.11%5
Jiangsu Nova Logistics System Co., Ltd.	437.11%
Jiangsu Sainty Shengtong Imp & Exp Co.	437.11%
JP Metal Works Processing Factory	437.11%
Kule (Dalian) Co., Ltd. ..	437.11%
Kunshan Maxshow Industry Trade Co., Ltd.	437.11%
Lanxuan Metal Product Co., Ltd.	437.11%
Longkou Forever Developed Metal Product Co., Ltd.	437.11%
Nanjing Better Metallic Products Co., Ltd.	437.11%
Nanjing Better Storage Equipment Manufacturing Co., Ltd.	437.11%
Nanjing Dongtuo Logistics Equipment Co., Ltd.	437.11%
Nanjing Ebil Metal Products Co., Ltd.	437.11%

Producer/Exporter	Net Subsidy Ad Valorem Rate	Producer/Exporter	Net Subsidy Ad Valorem Rate
Nanjing Huade Storage Equipment Manufacture Co., Ltd.	437.11%	Wuyi Tianchi Mechanical & Electrical Manufacture Co., Ltd.	437.11%
Nanjing Jiangrui International Logistics Co.	437.11%	Xiamen E-Soon Machinery Co., Ltd.	437.11%
Nanjing Jiangrui Metal Products Co., Ltd.	437.11%	Xiamen GaoPing Co., Ltd.	437.11%
Nanjing Jiangrui Racking Manufacture Co., Ltd.	437.11%	Xiamen Luckyroc Industry Co., Ltd.	437.11%
Nanjing Youerda Logistic Equipment Engineering Co. Ltd.	437.11%	Xiangshan Ningbo General Steel Metal Structure Co., Ltd.	437.11%
Nanjing Youerda Metallic Products Co., Ltd.	437.11%	Yuyao Sanlian Goods Shelves Manufacture Co., Ltd.	437.11%
National Sourcing Co., Ltd.	437.11%	All Others	2.54%
Ningbo Beilun Songyi Storage Equipment Manufacturer Co., Ltd.	437.11%	<p>As a result of our <i>Preliminary Determination</i> and pursuant to section 703(d) of the Act, we instructed 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 November 9, 2009, the date of the publication of the <i>Preliminary Determination</i> in the Federal Register. In accordance with section 703(d) of the Act, we subsequently issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after March 9, 2010, but to continue the suspension of liquidation of all entries from November 9, 2009, through March 8, 2010.</p> <p>We will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act if the 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.</p> <p>ITC Notification</p> <p>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</p>	
Ningbo Huixing Metal Product, Co., Ltd.	437.11%		
Ningbo Telingtong Metal Products Co., Ltd.	437.11%		
Ningbo United Group Imp & Exp Co. Ltd. ...	437.11%		
Pinghu Dong Zhi Metal Products	437.11%		
Schenker International China Ltd. (Dalian Branch)	437.11%		
Shanghai Boracs Logistics Equipment Manufacturing Co., Ltd.	437.11%		
Shanghai Bright Imp & Exp Co., Ltd.	437.11%		
Shanghai Flory Industries Co., Ltd.	437.11%		
Shanghai Hesheng Hardware Products Co.	437.11%		
Shanghai Jingxing Storage Equipment Engineering Co., Ltd. (formerly Shanghai Jinxing Rack Factory)	437.11%		
Shanghai Yibai Int'l Trading Co.	437.11%		
Summit Storage Systems Ltd.	437.11%		
Suzhou (China) Sunshine Hardware Equipment Imp & Exp Co., Ltd.	437.11%		
Suzhou Jinta Metal Working Co., Ltd.	437.11%		
Suzhou Z-TAK Metal and Technology Co., Ltd.	437.11%		
Tianjin Dingxing Furniture Company	437.11%		
Tianjin Machinery Imp & Exp Corp.	437.11%		
Tianjin Mandarin Import & Export Co., Ltd.	437.11%		
Tianjin Zhonglian Metals Ware Co., Ltd.	437.11%		
TMC Logistic Products	437.11%		
Vida Logistics System Co., Ltd.	437.11%		
Wuxi Puhui Metal Products Co., Ltd.	437.11%		

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.

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

Dated: June 3, 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

APPENDIX

List of Comments and Issues in the Decision Memorandum

Comment 1: Whether the Department May Apply the CVD Law to an NME Country

Comment 2: Whether Producer A Constitutes a GOC Authority Capable of Providing a Financial Contribution As Defined by the Act

Comment 3: Whether Producer B Constitutes a GOC Authority Capable of Providing a Financial Contribution As Defined by the Act

Comment 4: Whether Producer C Constitutes a GOC Authority Capable of Providing a Financial Contribution As Defined by the Act

Comment 5: Whether DHMP's Zinc Supplier(s) Is a GOC Authority

Comment 6: Whether Actual Wire Rod and HRS Market Prices in the PRC Are Appropriate Benchmarks

Comment 7: Whether Benchmark Prices Should Include Freight

Comment 8: Whether Benchmark Prices Should Include Insurance Costs

Comment 9: Whether the GOC and DHMP Withheld Information Concerning the Location of DHMP's Facilities and Whether Information They Submitted is Reliable

Comment 10: Whether DHMP Is Located in an Industrial Zone Thereby Making Its Purchase of Land from the GOC Regionally Specific Under the Act

Comment 11: Whether DHMP Benefitted from an Interest-Free Deferral of its Land-Use Rights Payment

Comment 12: Whether the Eastfound Material's Land Acquisitions Are Countervailable

Comment 13: Whether the Department Should Countervail Eastfound Material's Alleged Unreported Land Payment Refund Discovered at Verification

Comment 14: Whether the Department Should Countervail Eastfound Metal's Land-Use

Comment 15: Whether the Department Should Use Year 2001 as the Cut-off Date or Use the AUL Methodology to Value Subsidies

Comment 16: Whether the GOC Terminated the Income Tax Exemption for Investors In Designated Geographical Regions Within Liaoning Program

Comment 17: Whether the GOC Terminated the Income Tax Benefits for FIEs Based on Geographic Location

Comment 18: Whether the GOC Terminated the VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment Program

Comment 19: Whether the GOC Terminated the Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries Program

Comment 20: Whether the Department Should Initiate an Investigation of the PRC's Currency Manipulation

Comment 21: Benefit Calculation Under the Two Free, Three Half Income Tax Program

Comment 22: Whether DHMP received a Subsidy Under the Income Tax Credits for FIES on Purchases of Domestically Produced Equipment Program

Comment 23: Whether DHMP Failed To Report VAT Deductions on Fixed Assets

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BILLING CODE 3510-DS-S

China (“PRC”). We invited interested parties to comment on our preliminary determination of sales at LTFV. Based on our analysis of the comments we received, we have made changes to our margin calculations for the mandatory respondents. The final dumping margins for this investigation are listed in the “Final Determination Margins” section below.

FOR FURTHER INFORMATION CONTACT:

Frances Veith or Trisha Tran, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–4295 or (202) 482–4852, respectively.

Final Determination

We determine that wire decking from the PRC is being, or is likely to be, sold in the 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.

SUPPLEMENTARY INFORMATION:

Case History

The Department published its preliminary determination of sales at LTFV on January 12, 2010. *See Wire Decking From the People’s Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 1597 (January 12, 2010) (“*Preliminary Determination*”).

On January 19, 2010, the Department issued post-*Preliminary Determination* supplemental questionnaires to DHMP and Eastfound¹ and received responses to these supplemental questionnaires on January 25, 2010. From February 1 through 12, 2010, the Department conducted verifications of DHMP, and Eastfound and released its verification reports for these companies on March 26, 2010, and April 14, 2010, respectively. See the “Verification” section below for additional information. On February 12, 2010, DHMP and Eastfound filed timely requests for a public hearing.

On February 16, 2010, in response to a request filed by DHMP, the Department extended the deadline for submission of publicly available information to March 12, 2010. On March 12, 2010, AWP Industries, Inc.,

ITC Manufacturing, Inc., J&L Wire Cloth, Inc., Nashville Wire Products Mfg. Co., Inc., and Wireway Husky Corporation (“Petitioners”), DHMP, and Eastfound submitted surrogate value information for the record, and each party submitted rebuttal comments to this information on March 22, 2010. On April 22, 2010, case briefs were filed by Petitioners, Nucor Corporation (“Nucor”), a domestic interested party, DHMP, Eastfound, and the Government of China (“GOC”). On April 30, 2010, Petitioners, Nucor, Eastfound, and the GOC each filed the final version of their rebuttal briefs, and on May 3, 2010, DHMP filed the final version of its rebuttal brief. The Department held a public hearing on May 5, 2010. On May 10, 2010, the Department rejected Nucor’s case brief, but provided Nucor an opportunity to correct and resubmit its case brief. On May 11, 2010, Nucor filed its corrected case brief.

Tolling of Administrative Deadlines

The Department postponed the deadline for the final determination to not later than 135 days after publication of the *Preliminary Determination*, (*i.e.*, May 27, 2010). *See Preliminary Determination*, 75 FR at 1599. However, as explained in the memorandum from the Deputy Assistant Secretary (“DAS”) for Import Administration, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government, February 5, through February 12, 2010. Thus, all existing deadlines associated with this investigation were postponed by seven days. *See Memorandum to the Record from Ronald Lorentzen, DAS for Import Administration, regarding “Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Snowstorm,”* dated February 12, 2010. Accordingly, the revised deadline for this final determination is June 3, 2010.

Period of Investigation

The period of investigation (“POI”) is October 1, 2008, through March 31, 2009. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition, which was June 2009. *See* 19 CFR 351.204(b)(1).

Verification

As provided in section 782(i) of the Act, we verified the information submitted by DHMP and Eastfound for use in our final determination. *See* the Department’s verification reports on the record of this investigation in the Central Records Unit (“CRU”), Room 1117 of the main Department building,

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–949]

Wire Decking from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value

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

EFFECTIVE DATE: June 10, 2010

SUMMARY: On January 12, 2010, the Department of Commerce

(“Department”) published its preliminary determination of sales at less than fair value (“LTFV”) in the antidumping investigation of wire decking from the People’s Republic of

¹ Mandatory respondents are Dalian Huameilong Metal Products Co., Ltd. (“DHMP”) and Dalian Eastfound Material Handling Products Co., Ltd. (“Eastfound Material”) and its affiliate Dalian Eastfound Metal Products Co., Ltd. (“Eastfound Metal”) (collectively “Eastfound”).

with respect to these entities. For all verified companies, we used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the “Investigation of Wire Decking from the People’s Republic of China: Issues and Decision Memorandum,” dated concurrently with this notice and hereby adopted by this notice (“Issues and Decision Memorandum”). A list of the issues which parties raised and to which we respond in the Issues and Decision Memorandum is attached to this notice as Appendix I. The Issues and Decision Memorandum is a public document on file in the CRU and accessible on the Web at ia.ita.doc.gov/frn. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Determination

- Financial statements – In the *Preliminary Determination*, we calculated financial ratios based on three Indian producers’ financial statements (*i.e.*, Bansidhar Granites Private Limited, Bedmutha Wire Com. Ltd., and Mekins Agro Products Ltd.), each covering the fiscal period ending March 31, 2008. For the final determination, we have determined to use the Indian financial statements of Rajratan Global Wire Limited, Visakha Wire Ropes Limited, and Nasco Steels Private Limited for the fiscal period ending March 31, 2009. See the Issues and Decision Memorandum at Comment 2.
- For DHMP:
 - We used DHMP’s commercial invoice date as the date of sale, as opposed to the shipment date used in the *Preliminary Determination*. See the Department’s Memorandum entitled, “Verification of the Sales and Factors Response of Dalian Huameilong Metal Products Co., Ltd. in the Antidumping Duty Investigation of Wire Decking from the People’s Republic of China,” dated March 26, 2010 (“DHMP’s Verification Report”). See also the Issues and Decision Memorandum at Comment 10.
 - At verification, we determined the distances from DHMP to its unaffiliated hot-dip galvanizing toller and its affiliated galvanizing

electroplating supplier. For the final determination, we applied a freight-in expense to those CONNUMs that indicated they were galvanized under either of these operations, as opposed to the distance from DHMP to the port for the unaffiliated toller and no distance for the affiliated supplier used in the *Preliminary Determination*. See DHMP’s Verification Report; see also DHMP’s Final Analysis Memo.²

- We valued DHMP’s hot-rolled steel strip FOP using Indian import data under harmonized tariff schedule (“HTS”) category 7211.19.50 from the World Trade Atlas (“WTA”) (\$0.60247 per kilogram). See the Issues and Decision Memorandum at Comment 5; see also DHMP’s Final Analysis Memo.
- At verification, we found that DHMP’s reported per-unit billing adjustments had been incorrectly reported in DHMP’s sales database. DHMP had reported the full amount of the adjustment, instead of the per-unit billing adjustment. For the final determination, in the Department’s margin program for DHMP, we changed DHMP’s reported billing adjustment to the actual per-unit billing adjustment. See DHMP’s Verification Report at pages 4 and 22 through 25; see also DHMP’s Final Analysis Memo.
- For Eastfound:
 - We made the following changes to Eastfound’s factors-of-production (“FOP”) data: 1) we used facts available and adjusted the consumption for all inputs for certain CONNUMs by the percent difference between the bill of material (“BOM”) steel weight and Eastfound’s reported FOP consumption of steel; 2) we used facts available and set the actual weight reported for certain CONNUMs in Eastfound’s U.S. sales data file equal to the corresponding BOM weight for steel; and 3) we used facts available and adjusted consumption for all inputs for certain CONNUMs by the percent difference between the amount of unreported hot-rolled steel found at verification and the total steel from the BOM. See the Department’s Memorandum entitled, “Verification of the Sales

² See the Department’s memorandum entitled, Investigation of Wire Decking from the People’s Republic of China: Analysis of the Final Determination Margin Calculation for Dalian Huameilong Metal Products Co., Ltd., dated concurrently with this notice (“DHMP’s Final Analysis Memo”).

- and Factors Response of Dalian Eastfound Metal Products Co., Ltd., and Dalian Eastfound Material Handling Products Co., Ltd. in the Antidumping Duty Investigation of Wire Decking from the People’s Republic of China,” dated April 14, 2010 (“Eastfound’s Verification Report”); see also the Issues and Decision Memorandum at Comments 7 and 8, and see Eastfound’s Final Analysis Memo.³
- We have capped the amount of Eastfound’s freight revenue by the surrogate value amount deducted for ocean freight in the Department’s U.S. net price calculation. See the Issues and Decision Memorandum at Comment 6; see also Eastfound’s Final Analysis Memo.
- We are not granting Eastfound a by-product offset. See the Issues and Decision Memorandum at Comment 7. See also Eastfound’s Verification Report; see also Eastfound’s Final Analysis Memo.
- We valued Eastfound’s unreported galvanizing tolling FOPs using the galvanizing cost from Galrebars (8,000 Rupees per metric ton). See the Issues and Decision Memorandum at Comment 9; see also Eastfound’s Final Analysis Memo.

Scope of Investigation

The scope of the investigation covers welded-wire rack decking, which is also known as, among other things, “pallet rack decking,” “wire rack decking,” “wire mesh decking,” “bulk storage shelving,” or “welded-wire decking.” Wire decking consists of wire mesh that is reinforced with structural supports and designed to be load bearing. The structural supports include sheet metal support channels, or other structural supports, that reinforce the wire mesh and that are welded or otherwise affixed to the wire mesh, regardless of whether the wire mesh and supports are assembled or unassembled and whether shipped as a kit or packaged separately. Wire decking is produced from carbon or alloy steel wire that has been welded into a mesh pattern. The wire may be galvanized or plated (*e.g.*, chrome, zinc or nickel coated), coated (*e.g.*, with paint, epoxy, or plastic), or uncoated (“raw”). The

³ See the Department’s memorandum entitled, Investigation of Wire Decking from the People’s Republic of China: Analysis of the Final Determination Margin Calculation for Dalian Eastfound Metal Products Co., Ltd. and Dalian Eastfound Material Handling Products Co., Ltd., dated concurrently with this notice (“Eastfound’s Final Analysis Memo”).

wire may be drawn or rolled and may have a round, square or other profile. Wire decking is sold in a variety of wire gauges. The wire diameters used in the decking mesh are 0.105 inches or greater for round wire. For wire other than round wire, the distance between any two points on a cross-section of the wire is 0.105 inches or greater. Wire decking reinforced with structural supports is designed generally for industrial and other commercial storage rack systems.

Wire decking is produced to various profiles, including, but not limited to, a flat ("flush") profile, an upward curved back edge profile ("backstop") or downward curved edge profile ("waterfalls"), depending on the rack storage system. The wire decking may or may not be anchored to the rack storage system. The scope does not cover the metal rack storage system, comprised of metal uprights and cross beams, on which the wire decking is ultimately installed. Also excluded from the scope is wire mesh shelving that is not reinforced with structural supports and is designed for use without structural supports.

Wire decking enters the United States through several basket categories in the Harmonized Tariff Schedule of the United States ("HTSUS"). U.S. Customs and Border Protection has issued a ruling (NY F84777) that wire decking is to be classified under HTSUS 9403.90.8040. Wire decking has also been entered under HTSUS 7217.10.1000, 7217.10.2000, 7217.10.3000, 7217.10.4030, 7217.10.4090, 7217.10.5030, 7217.10.5090, 7217.10.6000, 7217.10.7000, 7217.10.8010, 7217.10.8020, 7217.10.8025, 7217.10.8030, 7217.10.8045, 7217.10.8060, 7217.10.8075, 7217.10.8090, 7217.10.9000, 7217.20.1500, 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, 7217.20.6000, 7217.20.7500, 7326.20.0010, 7326.20.0020, 7326.20.0070, 7326.90.1000, 7326.90.2500, 7326.90.3500, 7326.90.4500, 7326.90.6000, 7326.90.8505, 7326.90.8510, 7326.90.8530, 7326.90.8535, 7326.90.8545, 7326.90.8560, 7326.90.8575, 7326.90.8576, 7326.90.8577, 7326.90.8588, 9403.20.0020, and 9403.20.0030.⁴ While

⁴In the *Preliminary Determination*, we presented in the scope, certain HTSUS categories that wire decking is also entered under, as a six-digit category number (i.e., 7217.10, 7217.20, 7326.20, and

HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of these investigations is dispositive.

Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) it is a significant producer of comparable merchandise; (2) it is at a level of economic development comparable to that of the PRC, pursuant to section 773(c)(4) of the Act; and (3) we have reliable data from India that we can use to value the FOPs. See *Preliminary Determination*, 75 FR at 1599–1600. For the final determination, we received no comments on surrogate country selection and made no changes to our findings with respect to the selection of a surrogate country.

Separate Rates

In proceedings involving non-market-economy ("NME") countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (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).

In the *Preliminary Determination*, we found that Eastfound Material, Eastfound Metal, DHMP, Dandong Riqian Logistics Equipment Co. Ltd. ("Riqian"), Globsea Co., Ltd. ("Globsea"), and Ningbo Xinguang Rack Co., Ltd. ("Ningbo Xinguang") demonstrated their eligibility for separate-rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by Eastfound Material, Eastfound Metal, DHMP, Riqian, Globsea, and Ningbo Xinguang demonstrate both a *de jure* and *de facto*

7326.90). Since the *Preliminary Determination*, we found that U.S. Customs and Border Protection ("CBP") requires a 10-digit format for these HTSUS categories. Thus, for the final determination, we have determined that wire decking's scope HTSUS categories will be presented in their full 10-digit format.

absence of government control, with respect to their respective exports of the merchandise under investigation, and, thus are eligible for separate-rate status. See *Preliminary Determination*, 75 FR at 1600–01.

Companies Not Receiving a Separate Rate

In the *Preliminary Determination*, we found that Dalian Xingbo Metal Products Co. Ltd. ("Dalian Xingbo") did not qualify for a separate rate because Dalian Xingbo did not export wire decking to the United States during the POI. See 75 FR at 1601. For the final determination, we continue to find that the evidence placed on the record of this investigation by Dalian Xingbo demonstrate that Dalian Xingbo did not export wire decking to the United States and, therefore, is not eligible for separate rate status.

In the *Preliminary Determination*, we found that Brynick Enterprises Limited ("Brynick") and Shanghai Hesheng Hardware Products Co. ("Hesheng") were not eligible for a separate rate because neither company submitted a separate rate application and, thus, were treated as part of the PRC-wide entity. See 75 FR at 1601–02. For the final determination, we continue to find that Brynick and Hesheng are part of the PRC-wide entity and, thus, are not eligible for separate-rate status.

Facts Available and the PRC-wide Entity

Sections 776(a)(1) and (2) of the Act provide that the Department shall apply "facts otherwise available" if, *inter alia*, necessary information is not on the record, or 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, as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain its deficiency. If the party fails to remedy the deficiency within the applicable time limits, subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Pursuant to section 782(e) of the Act, the Department shall not decline to

consider submitted information if all of the following requirements are met: (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.

In the *Preliminary Determination*, the Department preliminarily determined that there were exporters/producers of the subject merchandise during the POI from the PRC 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 apply for a separate rate. As a result, we found that the use of facts available ("FA") was appropriate to determine the PRC-wide rate pursuant to section 776(a)(2)(A) of the Act. See *Preliminary Determination* at 75 FR at 1602.

Thus, in the *Preliminary Determination*, the Department determined that, in selecting from among the facts available, 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. See *Id.* As adverse facts available ("AFA"), we preliminarily assigned to the PRC-wide entity a rate of 289.00 percent, the highest calculated rate from the petition. See *id.*; see also *Statement of Administrative Action accompanying the URAA*, H.R. Rep. No. 103-316, vol. 1, at 870 (1994) ("SAA").

There have been no changes to the information on the record concerning the PRC-wide entity. Therefore, we have made no changes in our analysis for the final determination. Consequently, we determine that the use of AFA for the PRC-wide entity is warranted for the final determination.

Selection of the Adverse Facts Available Rate

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) provide that the Department may rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. In selecting a rate for AFA, the Department selects a rate that is sufficiently adverse "as to effectuate the purpose of the facts available rule to induce respondents to provide the Department with complete and accurate

information in a timely manner."⁵ It is also the Department's practice to select a rate that ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."⁶

Generally, the Department finds selecting the highest rate in any segment of the proceeding as AFA to be appropriate.⁷ It is the Department's practice to select, as AFA, the higher of the (a) highest margin alleged in the petition, or (b) the highest calculated rate of any respondent in the investigation.⁸ In the instant investigation, as AFA, we have assigned to the PRC-wide entity the highest petition rate on the record of this proceeding that can be corroborated. See *Wire Decking From the People's Republic of China: Initiation of Antidumping Duty Investigation*, 74 FR 31691, 31694 (July 2, 2009) ("*Initiation Notice*"). The Department determines that this information is the most appropriate from the available sources to effectuate the purposes of AFA.

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 as "information derived from the petition that gave rise to the investigation or review, the final determination concerning merchandise subject to this investigation, or any previous review under section 751 concerning the merchandise subject to this investigation."⁹ To "corroborate" means

simply that the Department will satisfy itself that the secondary information to be used has probative value.¹⁰ Independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation.¹¹ To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.¹²

At the *Preliminary Determination*, in accordance with section 776(c) of the Act, we corroborated our AFA margin by comparing the highest CONNUM-specific margin from the two mandatory respondents to the petition margins.¹³ Similarly, for the final determination, we compared the highest CONNUM-specific margin from the two mandatory respondents to the petition margins. We conclude that using the highest CONNUM-specific margin as a reference point, the highest petition margin that can be corroborated within the meaning of the statute is 143.00 percent, which is sufficiently adverse so as to induce cooperation such that the uncooperative companies do not benefit from their failure to cooperate. See Memorandum to the File, regarding Corroboration of the PRC-Wide Entity Rate and for the Final Determination in the Antidumping Duty Investigation of Wire Decking from the People's Republic of China, dated concurrently with this notice. Accordingly, we find that the rate of 143.00 percent is corroborated within the meaning of section 776(c) of the Act.

The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from Eastfound, DHMP, Riqian, Globsea, and Ningbo Xinguang as they have demonstrated eligibility for a separate rate. These companies and their corresponding antidumping duty cash deposit rates are listed below in the "Final Determination" section of this notice. Accordingly, we find that the rate of 143.00 percent is corroborated within the meaning of section 776(c) of the Act.

People's Republic of China, 73 FR 6479, 6481 (February 4, 2008); see also, SAA at 870.

⁵ See *Notice of Final Determination of Sales at Less than Fair Value: Static Random Access Memory Semiconductors From Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

⁶ See *Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of the Seventh Administrative Review; Final Results of the Eleventh New Shipper Review*, 70 FR 69937, 69939 (November 18, 2005); See also, SAA at 870.

⁷ See, e.g., *Certain Cased Pencils from the People's Republic of China; Preliminary Results of Antidumping Duty Administrative Review and Intent to Rescind in Part*, 70 FR 76755, 76761 (December 28, 2005) unchanged in final, *Certain Cased Pencils from the People's Republic of China; Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 38366 (July 6, 2006), and accompanying Issues and Decision Memorandum at Comment 10.

⁸ See *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Quality Steel Products from the People's Republic of China*, 65 FR 34660 (May 21, 2000), and accompanying Issues and Decision Memorandum at "Facts Available."

⁹ See *Final Determination of Sales at Less Than Fair Value: Sodium Hexametaphosphate From the*

People's Republic of China, 73 FR 6479, 6481 (February 4, 2008); see also, SAA at 870.

¹⁰ See *id.*

¹¹ See *id.*

¹² See *Prestressed Concrete Steel Wire Strand From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 28560, 28562-63 (May 21, 2010).

¹³ See the Department's memorandum entitled, *Corroboration of the PRC-Wide Entity Rate and for the Preliminary Determination in the Antidumping Duty Investigation of Wire Decking from the People's Republic of China*, dated January 4, 2010.

Combination Rates

In the *Preliminary Determination*, the Department stated that it would calculate combination rates for

respondents that are eligible for a separate rate in this investigation.¹⁴ This practice is described in the *Separate Rate Policy Bulletin*.¹⁵

Final Determination

The weighted-average dumping margin percentages are as follows:

Exporter	Producer	Percent Margin
Dalian Huameilong Metal Products Co., Ltd.	Dalian Huameilong Metal Products Co., Ltd.	17.75%
Dalian Eastfound Metal Products Co., Ltd. / Dalian Eastfound Material Handling Products Co. Ltd.	Dalian Eastfound Metal Products Co., Ltd., or Dalian Eastfound Material Handling Products Co. Ltd.	14.24%
Globsea Co., Ltd.	Dalian Yutein Storage Manufacturing Co. Ltd., or Dalian Xingbo Metal Products Co. Ltd.	16.00%
Ningbo Xinguang Rack Co., Ltd.	Ningbo Xinguang Rack Co., Ltd.	16.00%
Dandong Riqian Logistics Equipment Co. Ltd.	Dandong Riqian Logistics Equipment Co. Ltd.	16.00%
PRC-Wide Entity*	143.00%

* This rate also applies to Brynick Enterprises Limited, Shanghai Hesheng Hardware Products Co., and Dalian Xingbo Metal Products Co. Ltd.

Disclosure

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

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing CBP to continue to suspend liquidation of all imports of subject merchandise entered or withdrawn from warehouse, for consumption on or after the date of publication of the *Preliminary Determination* in the **Federal Register**. We will instruct CBP to continue to require a cash deposit or the posting of a bond for all companies based on the estimated weighted-average dumping margins shown above.

Where the product under investigation is also subject to a concurrent countervailing duty investigation, we instruct CBP to require a cash deposit or posting of a bond equal to the amount by which the normal value exceeds the export price, less the amount of the countervailing duty determined to constitute an export subsidy.¹⁶ Accordingly, for cash deposit purposes for Eastfound, we will subtract from the antidumping applicable cash deposit rate that portion of the rate attributable to the export subsidies found in the affirmative countervailing duty determination (*i.e.*, 0.01 percent). See the final notice for the concurrent CVD investigation of wire decking from

the PRC, dated concurrently with this notice. After the adjustment for the export subsidies, the resulting cash deposit rate will be 14.23 percent for Eastfound.¹⁷

The suspension of liquidation instructions will remain in effect until further notice.

ITC Notification

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

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative

protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

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

Dated: June 3, 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

Appendix I – List of Issues*Case Issues:*

Comment 1: Double Remedy
Comment 2: Selection of Financial Statements

Comment 3: Valuation of Electricity
Comment 4: Valuation of Wire Rod
Comment 5: Valuation of Flat Rolled Steel

Comment 6: Eastfound’s US Price and Freight Charges
Comment 7: Eastfound’s Consumption factors

Comment 8: Eastfound’s Wire Rod Correction from Verification
Comment 9: Galvanization
A. Whether to Reject Galvanizing

of the AD margin adjusted for the amount of the export subsidy. In this case, none of the non-individually examined entities receiving a separate rate in the AD investigation were individually examined in the companion CVD investigation. Further, the export subsidy found for “All Others” in the CVD companion case is so small (0.005 percent) as to have no impact on the AD margin. Accordingly, we will not adjust the AD margins for these entities in our instructions to CBP.

¹⁴ See *Preliminary Determination*, 75 FR at 1606.

¹⁵ See Memorandum entitled “Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries” dated April 5, 2005, available at <http://ia.ita.doc.gov/policy/index.html>.

¹⁶ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment*

23 from India, 69 FR 67306, 67307 (November 17, 2004).

¹⁷ Normally, where the non-individually examined entities receiving a separate rate in an AD investigation are found to have benefitted from export subsidies in a concurrent CVD investigation on the same product (either through individual examination or through the “All Others” rate), the Department will instruct CBP to collect a cash deposit or the posting of a bond equal the amount

Information Submitted by
Eastfound at Verification

B. Whether the Department Should
Use a Surrogate Value for
Galvanizing

C. Whether the Department Should
Revise the Surrogate Value for
Galvanizing

Comment 10: DHMP's Date of Sale
Comment 11: Value of Sulfuric Acid,
Thiourea, Caustic Soda, Zinc Oxide,
Nitric Acid

[FR Doc. 2010-13977 Filed 6-9-04; 8:45 am]

BILLING CODE 3510-DS-S

APPENDIX B
LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Wire Decking from China
Inv. Nos.: 701-TA-466 and 731-TA-1162 (Final)
Date and Time: May 27, 2010 - 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.

OPENING STATEMENTS:

Petitioners: **Kathleen W. Cannon**, Kelley Drye & Warren LLP
Respondents: **Marc E. Montalbine**, deKieffer & Horgan

IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES:

Kelley Drye & Warren LLP
Washington, D.C.
on behalf of

AWP Industries, Inc.
ITC Manufacturing, Inc.
J&L Wire Cloth, Inc.
Nashville Wire Products Mfg. Co.
Wireway/Husky Corp.

Craig Chamberlin, President and CEO, AWP Industries, Inc.

Rob Rollins, Division Manager, Material Handling Division, Nashville Wire Products Manufacturing Co.

John Caldwell, President, ITC Manufacturing, Inc.

Todd Mack, General Manager, ITC Manufacturing, Inc.

Tim Selhorst, President, J&L Wire Cloth, Inc.

Jim Rudolph, General Sales Manager, J&L Wire Cloth, Inc.

Ron Young, President, Wireway/Husky Corp.

**IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES
(CONTINUED):**

Kara Oberlander, General Manager of Operations, AWP Industries, Inc.

Steve Wagner, Division Operations Manager, Material Handling Division, Nashville
Wire Products Manufacturing Co.

Gina Beck, Economic Consultant, Georgetown Economic Services

Kathleen W. Cannon)
) – OF COUNSEL
R. Alan Luberd)

**IN OPPOSITION TO THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING
DUTIES:**

deKieffer & Horgan
Washington, D.C.
on behalf of

Dalian Eastfound Metal Products Co., Ltd.
Dalian Eastfound Material Handling Products Co., Ltd.
Worldwide Material Handling Products, LLC

Victor A. Kedaitis, President and CEO, Worldwide Material Handling Products, LLC

Bruce Malashevich, President, Economic Consulting Services, LLC

Alexander Cook, Economist, Economic Consulting Services, LLC

Marc E. Montalbino)
) – OF COUNSEL
Gergory S. Menegaz)

CLOSING STATEMENTS:

Petitioners: **Kathleen W. Cannon**, Kelley Drye & Warren LLP
Respondents: **Marc E. Montalbino**, deKieffer & Horgan

APPENDIX C
SUMMARY DATA

Table C-1
Wire decking: Summary data concerning the U.S. market, 2006-09

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

Item	Reported data				Period changes			
	2006	2007	2008	2009	2006-09	2006-07	2007-08	2008-09
U.S. consumption quantity:								
Amount	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***
Importers' share (1):								
China	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. consumption value:								
Amount	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***
Importers' share (1):								
China	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. import shipments from:								
China:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
All other sources:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
All sources:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
U.S. producers':								
Average capacity quantity	495,433	515,433	515,433	500,433	1.0	4.0	0.0	-2.9
Production quantity	304,553	300,268	274,147	152,300	-50.0	-1.4	-8.7	-44.4
Capacity utilization (1)	61.5	58.3	53.2	30.4	-31.0	-3.2	-5.1	-22.8
U.S. shipments:								
Quantity	307,724	290,572	265,233	151,231	-50.9	-5.6	-8.7	-43.0
Value	173,280	161,018	171,982	85,477	-50.7	-7.1	6.8	-50.3
Unit value	\$0.56	\$0.55	\$0.65	\$0.57	0.4	-1.6	17.0	-12.8
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	45,278	35,842	45,509	28,552	-36.9	-20.8	27.0	-37.3
Inventories/total shipments (1)	14.2	11.9	16.5	18.3	4.1	-2.3	4.6	1.8
Production workers	652	611	550	361	-44.6	-6.2	-10.0	-34.4
Hours worked (1,000s)	1,349	1,185	1,115	681	-49.5	-12.2	-5.8	-38.9
Wages paid (\$1,000s)	21,718	19,297	18,209	11,357	-47.7	-11.1	-5.6	-37.6
Hourly wages	\$16.10	\$16.29	\$16.33	\$16.66	3.5	1.2	0.2	2.1
Productivity (pounds per hour)	225.8	253.5	245.8	223.5	-1.0	12.3	-3.0	-9.1
Unit labor costs	\$0.07	\$0.06	\$0.07	\$0.07	4.6	-9.9	3.3	12.3
Net sales:								
Quantity	318,011	299,938	275,560	155,602	-51.1	-5.7	-8.1	-43.5
Value	178,846	166,106	178,872	87,908	-50.8	-7.1	7.7	-50.9
Unit value	\$0.56	\$0.55	\$0.65	\$0.56	0.5	-1.5	17.2	-13.0
Cost of goods sold (COGS)	155,813	144,882	165,710	82,218	-47.2	-7.0	14.4	-50.4
Gross profit or (loss)	23,033	21,224	13,162	5,690	-75.3	-7.9	-38.0	-56.8
SG&A expenses	11,713	12,227	12,285	10,348	-11.7	4.4	0.5	-15.8
Operating income or (loss)	11,320	8,997	877	(4,658)	(3)	-20.5	-90.3	(3)
Capital expenditures	3,570	1,358	2,420	1,303	-63.5	-62.0	78.2	-46.2
Unit COGS	\$0.49	\$0.48	\$0.60	\$0.53	7.8	-1.4	24.5	-12.1
Unit SG&A expenses	\$0.04	\$0.04	\$0.04	\$0.07	80.5	10.7	9.4	49.2
Unit operating income or (loss)	\$0.04	\$0.03	\$0.003	(\$0.03)	(3)	-15.7	-89.4	(3)
COGS/sales (1)	87.1	87.2	92.6	93.5	6.4	0.1	5.4	0.9
Operating income or (loss)/ sales (1)	6.3	5.4	0.5	(5.3)	-11.6	-0.9	-4.9	-5.8

- (1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not available/not applicable.
(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires. (U.S. imports from China are compiled from data submitted in response to Commission questionnaires; U.S. imports from nonsubject countries are estimated, as petitioners and respondents agree that these imports are approximately 5 percent of total U.S. imports).

APPENDIX D

**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, 2006, 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 wire decking from China. The Commission further requested U.S. producers to indicate the average length of time between the purchase and use of raw materials. Their responses are as follows:

Actual Negative Effects

AWP.—***

Cargotainer.—***

ITC.—***

J&L.—***

Nashville Wire.—***

Nucor.—***

Wireway.—***

Anticipated Negative Effects

AWP.—***

Cargotainer.—***

ITC.—***

J&L.—***

Nashville Wire.—***

Nucor.—***

Wireway.—***

Average Length of Time between the Purchase and Use of Raw Materials

AWP.—***

Cargotainer.—***

ITC.—***

J&L.—***

Nashville Wire.—****Nucor.*—***

Wireway.—***

