

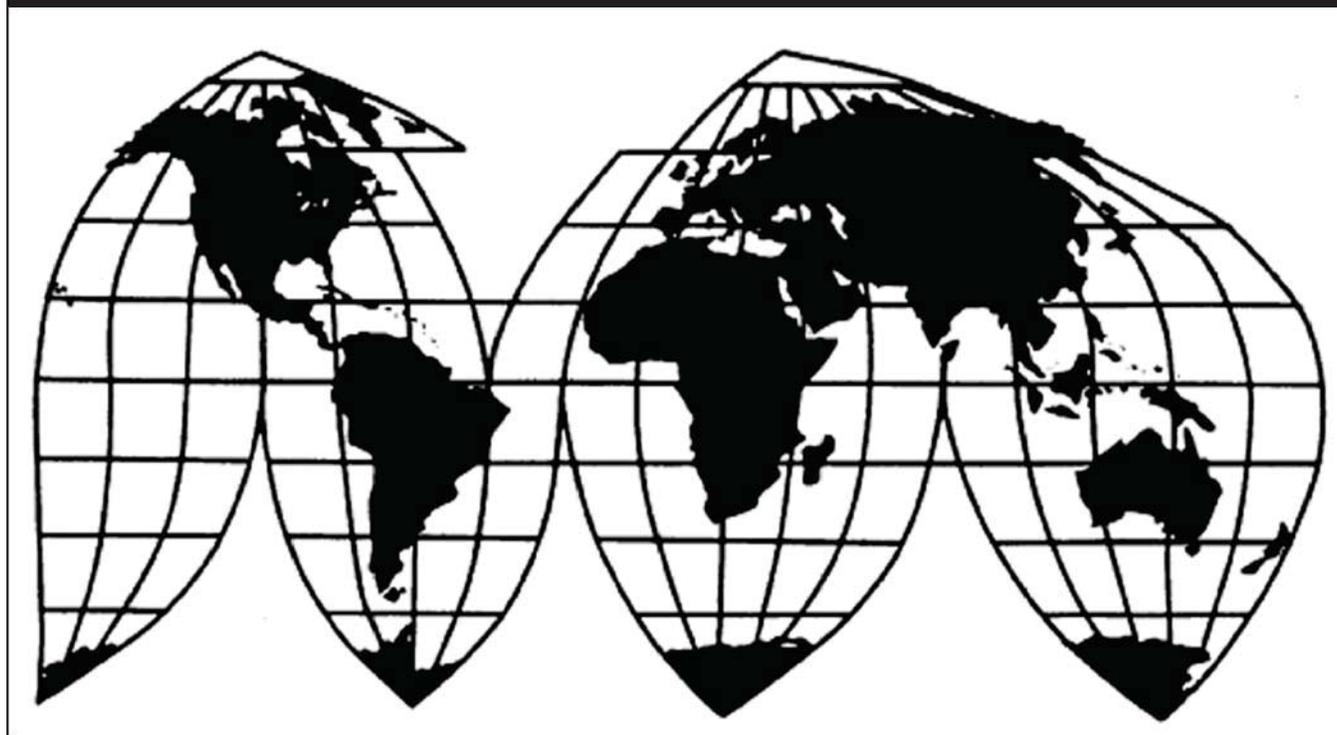
Prestressed Concrete Steel Rail Tie Wire from China, Mexico, and Thailand

Investigation Nos. 731-TA-1207-1209 (Preliminary)

Publication 4397

June 2013

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-1207-1209 (Preliminary)

PRESTRESSED CONCRETE STEEL RAIL TIE WIRE FROM CHINA, MEXICO, AND THAILAND

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China, Mexico, and Thailand of prestressed concrete steel rail tie wire, provided for in subheading 7217.10.80 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On April 23, 2013, a petition was filed with the Commission and Commerce by Davis Wire Corp. of Kent, WA and Insteel Wire Product Co. of Mount Airy, NC, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of prestressed concrete steel rail tie wire from China, Mexico, and Thailand. Accordingly, effective April 23, 2013, the Commission instituted antidumping duty investigation Nos. 731-TA-1207-1209 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 30, 2013 (78 FR 25303). The conference was held in Washington, DC, on May 14, 2013, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of prestressed concrete steel rail tie wire (“PC tie wire”) from China, Mexico, and Thailand that are allegedly sold in the United States at less than fair value (“LTFV”).

I. The Legal Standard for Preliminary Determinations

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

II. Background

The petitions in these investigations were filed on April 23, 2013, by Davis Wire Group (“Davis”) and Insteel Wire Products Co. (“Insteel”), U.S. producers of PC tie wire (collectively “Petitioners”). Petitioners appeared at the staff conference and submitted a postconference brief.

Camesa S.A. de C.V. (“Camesa”), a Mexican producer of PC tie wire, and WireCo WorldGroup, Inc. (“WireCo”), an importer of PC tie wire from Mexico (collectively “the Mexican Respondents”), appeared at the conference and submitted a postconference brief. The Siam Industrial Wire Company, Ltd. (“SIW”), a Thai producer of PC tie wire, and Tata Steel International (Americas) Inc. (“TSIA”), an importer of PC tie wire from China and Thailand (collectively “the Thai Respondents”), appeared at the conference and submitted a postconference brief.

U.S. industry data are based on the questionnaire responses of two U.S. producers, accounting for 100 percent of U.S. production of PC tie wire during the period of investigation (“POI”).³ Data for imports from China, Mexico, and Thailand are based on questionnaire responses from U.S. importers, accounting for 100 percent of total subject imports during the

¹ 19 U.S.C. §§ 1671b(a), 1673b(a); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by reason of the allegedly unfairly traded imports.

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

³ Confidential Staff Report (“CR”) at I-5, Public Staff Report (“PR”) at I-3.

POI.⁴ The Commission received a usable response to its questionnaires from one exporter of subject merchandise from China, Shanxi New-Mile International Trade Co., Ltd., accounting for approximately *** percent of exports of subject merchandise from China in 2012.⁵ Also responding to the foreign producers' questionnaire were Mexican producer Camesa, which accounted for approximately *** percent of exports of PC tie wire from Mexico in 2012,⁶ and Thai producer SIW, accounting for approximately *** percent of exports of subject merchandise from Thailand in 2012.⁷

III. Domestic Like Product

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”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

⁴ CR/PR at IV-1.

⁵ CR at VII-3, PR at VII-3. ***. CR/PR at VII-3.

⁶ CR at VII-5, PR at VII-3.

⁷ CR at VII-7, PR at VII-4.

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).

possible like products and disregards minor variations.¹³ Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is sold at less than fair value,¹⁴ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁵ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁶

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

The product covered by these investigations is high carbon steel wire; stress relieved or low relaxation; indented or otherwise deformed; meeting at a minimum the American Society for Testing Materials (ASTM) A881/A881M specification; regardless of shape, size, or other alloy element levels; suitable for use as prestressed tendons in concrete railroad ties ("PC tie wire"). High carbon steel is defined as steel that contains 0.6 percent or more of carbon by weight.¹⁷

¹³ See, e.g., *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (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) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁶ See, e.g., *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington*, 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

¹⁷ *Prestressed Concrete Steel Rail Tie Wire from Mexico, the People's Republic of China, and Thailand: Initiation of Antidumping Duty Investigations*, 78 Fed. Reg. 29,325 (May 20, 2013). PC tie wire is classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheading 7217.10.8045, but may also be classified under subheadings 7217.10.7000, 7217.10.8025, 7217.10.8030, 7217.10.9000, 7229.90.1000, 7229.90.5016, 7229.90.5031, 7229.90.5051, and 7229.90.9000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigations is dispositive.

PC tie wire is specifically designed to be used as prestressed tendons in the construction of concrete railroad ties; it introduces compression into the concrete and strengthens the tie.¹⁸ Using PC tie wire in the concrete ties improves the tensile resistance to support the flexural forces imparted by trains that travel along the rails.¹⁹ Concrete rail ties are primarily used in the United States on track owned by Class I freight railroads, commuter railroads, and Amtrak, with the vast majority going to Class I freight railroads.²⁰ PC tie wire in the U.S. market is manufactured to conform to the test standards of the American Society for Testing and Materials (“ASTM”) International A-881/A-881M specification, “Steel Wire, Deformed, Stress-relieved or Low-Relaxation for Prestressed Concrete Railroad Ties,” or any equivalent commercial proprietary standard.²¹

C. Analysis

For the reasons discussed below, we define PC tie wire to be a single domestic like product for the purposes of our preliminary determinations. Petitioners argue that PC tie wire should be treated as a single domestic like product and Respondents have made no contrary argument for purposes of the preliminary phase of these investigations.²²

Physical Characteristics and Uses. All PC tie wire shares the same basic physical characteristics and end uses. PC tie wire is made from hot-rolled, high-carbon steel wire rod that is drawn into wire. The wire can then be either stress-relieved or low relaxation, indented or otherwise deformed. It is used as prestressed tendons in concrete rail ties.²³ It is manufactured to conform to the ASTM A-881/A881M specification, or a proprietary standard that meets or exceeds the ASTM specification.²⁴ Proprietary specifications may set more stringent requirements for bend testing, break strength, and depth of deformations.²⁵

The end use of all PC tie wire is the same: imparting compressive force to concrete rail ties used on track owned by Class I freight railroads, high-speed rail lines, and commuter railways.²⁶ PC tie wire is tensioned to its elastic limit using wire tensioning devices, and concrete is poured over the wires in a mold and cured. The tension is released after the concrete has cured. As the wire attempts to contract to its original shape, the concrete adheres

¹⁸ CR at I-7, PR at I-5.

¹⁹ CR at I-7, PR at I-5. Flexural force refers to the force placed on a concrete tie as a train travels along the rails that causes the concrete tie to bend, which can lead to the cracking and failure of the concrete tie. PC tie wire within the concrete tie improves the tie’s ability to withstand this bending.

²⁰ CR at I-9, PR at I-6.

²¹ CR at I-7, PR at I-5.

²² Petitioners’ Postconference Brief at 2-5; Conference Transcript (“Tr.”) at 118 (Levinson, Lebow).

²³ CR at I-7 – I-8, I-10, PR at I-5.

²⁴ CR at I-8, PR at I-5 – I-6.

²⁵ CR at I-8, PR at I-5 – I-6.

²⁶ CR at I-7, I-9, PR at I-6.

to the wire, particularly the indentations. This contraction causes a compressive force within the concrete that increases the strength and durability of the concrete rail tie.²⁷

Interchangeability. All PC tie wire is used as reinforcing tendons for concrete rail ties and thus is generally interchangeable.²⁸ One purchaser, CXT, requires that some of the PC tie wire that it purchases be manufactured to its own proprietary specifications,²⁹ which CXT claims ***.³⁰ The limited record in the preliminary phase of these investigations suggests that PC tie wire produced to CXT's proprietary specification is used in the same applications as PC tie wire produced to the ASTM specification only.³¹ PC tie wire and other wire products, however, are not generally interchangeable.³²

Channels of Distribution. *** of the domestic industry's U.S. shipments of PC tie wire were made directly to end users, which are concrete rail tie manufacturers.³³

Customer and Producer Perceptions. The record demonstrates that U.S. producers perceive PC tie wire as a single discrete product.³⁴ There is no indication in the record that customers perceive PC tie wire any differently than U.S. producers, although they may require it to be produced to proprietary standards as opposed to solely the ASTM specification.

Manufacturing Facilities, Production Processes and Employees. All PC tie wire is manufactured using the same production process consisting of several stages: (1) cleaning and descaling of the wire rod, (2) cold-drawing the wire from the rod and indenting it, (3) heat-treating the rod under tensioning, and (4) coiling or spooling for shipment.³⁵

Price. There is nothing in the record to contradict Petitioners' characterization that all domestically produced PC tie wire is priced similarly, although it appears that PC tie wire produced to the proprietary specification is generally priced higher than PC tie wire produced to the ASTM specification only.³⁶ The single pricing product for which the questionnaires sought data accounted for *** percent of domestic producers' U.S. commercial shipments of PC tie wire.³⁷

²⁷ CR at I-8 – I-9, PR at I-6.

²⁸ CR at I-7, I-9; PR at I-6.

²⁹ Tr. at 56 (Quirk), 123 (Barrios).

³⁰ CR/PR at II-1.

³¹ In addition to purchasing PC tie wire produced to its own proprietary specification, ***. CR at II-2 n.6, PR at II-1 n.6. The other producer of concrete rail ties, Rocla, ***. EDIS Document 509293.

³² Tr. at 33-35 (Wagner); Tr. at 36-37 (Quirk, Woltz); Tr. at 57 (Wagner, Woltz); Tr. at 60 (Wagner); Tr. at 125 (Barrios, Bhandari).

³³ CR/PR at Table II-1; CR at II-3, PR at II-2.

³⁴ CR at I-12, PR at I-7; Petitioners' Postconference Brief at 4-5.

³⁵ CR at I-10 – I-11, PR at I-7.

³⁶ Petitioners' Postconference Brief at 5; CR/PR Tables D-1 & D-2.

³⁷ CR at V-5; PR at V-3.

Conclusion. Based on the record in the preliminary phase of these investigations, we find one domestic like product, consisting of PC tie wire, that is coextensive with the scope of these investigations.

IV. 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.”³⁸ 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. Davis and Insteel are the only domestic producers of PC tie wire.³⁹

Based on the record presented, and in light of the definition of the domestic like product, we define the domestic industry to consist of Davis and Insteel, the only producers of PC tie wire in the United States.

V. Cumulation⁴⁰

A. In General

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

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

³⁸ 19 U.S.C. § 1677(4)(A).

³⁹ Petitioners’ Postconference Brief at 5; Tr. at 134 (Barrios).

⁴⁰ Negligibility is not an issue in these investigations. The questionnaire data indicate that subject imports for each subject country exceed the requisite 3 percent statutory negligibility threshold. From April 2012 to March 2013, U.S. imports from China accounted for *** percent of total U.S. imports of PC tie wire by quantity; U.S. imports from Mexico accounted for *** percent of total U.S. imports of PC tie wire by quantity; and U.S. imports from Thailand accounted for *** percent of total U.S. imports of PC tie wire by quantity. CR at IV-5 – IV-6, PR at IV-3; CR/PR at Table IV-2.

- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁴¹

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁴² Only a “reasonable overlap” of competition is required.⁴³

B. Analysis

In these investigations, the threshold criterion is satisfied because Petitioners filed the antidumping duty petitions with respect to China, Mexico, and Thailand on the same day.⁴⁴ None of the cumulation exceptions apply.⁴⁵ Subject imports from China, Mexico, and Thailand are therefore eligible for cumulation. We consequently examine whether there is a reasonable overlap of competition between subject imports, as well as between subject imports and the domestic like product.

Fungibility. The record indicates that PC tie wire is generally fungible. PC tie wire from all sources is manufactured to meet, at a minimum, the ASTM standard,⁴⁶ and PC tie wire from all sources is used in the same general application as reinforcing tendons for concrete rail ties.⁴⁷ Both of the responding U.S. producers reported that subject imports from all subject countries are *** interchangeable with each other and with the domestic like product.⁴⁸ The responding importers reported that imports from subject countries are *** interchangeable with the

⁴¹ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

⁴² See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

⁴³ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁴⁴ Petitioners argue that the prerequisites to cumulation are met because the petitions were filed on the same day, and there is a reasonable overlap of competition based on the factors the Commission generally considers. Petitioners’ Postconference Brief at 15-17. Respondents concede that cumulation is appropriate for the preliminary phase of these investigations. Tr. at 136-37 (Levinson, Lebow).

⁴⁵ See 19 U.S.C. § 1677(7)(G)(ii).

⁴⁶ CR at I-7 – I-8, PR at I-5.

⁴⁷ CR at I-7, PR at I-5.

⁴⁸ CR/PR at Table II-4.

domestic like product and that subject imports are *** interchangeable with each other.⁴⁹ While imports from Thailand were produced to CXT's proprietary specification, imports from Mexico were produced to the ASTM specification during the POI, and the domestic product was produced to both CXT's proprietary and ASTM specifications.⁵⁰

Channels of Distribution. PC tie wire, whether domestically produced or imported from China, Mexico, or Thailand, is sold through the same channels of distribution, direct to end users.⁵¹

Geographic Overlap. The record indicates the presence of sales or offers to sell the domestic like product and subject imports in the same geographic markets, specifically in the West and Southwest United States.⁵² Regardless of source, the vast majority of purchases of PC tie wire is shipped to the railroad tie manufacturing facilities of CXT, located in Washington and Arizona, and Rocla, located in Texas, Delaware, and Colorado.⁵³

Simultaneous Presence in Market. The record indicates that PC tie wire from all sources was, for the most part, simultaneously present in the U.S. market. PC tie wire produced in the United States and Mexico was sold in the United States in each quarter between January 2010 and March 2013, while PC tie wire from China and Thailand was sold in the United States in 11 and 8 quarters, respectively.⁵⁴

Conclusion. For the reasons discussed above, we find a reasonable overlap of competition between and among the subject imports from China, Mexico, and Thailand and the domestic like product. We therefore cumulate subject imports from China, Mexico, and Thailand for purposes of our analysis of whether there is a reasonable indication of material injury to the domestic industry by reason of subject imports.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under

⁴⁹ CR/PR at Table II-4.

⁵⁰ Thai Respondents' Postconference Brief, Responses to Commission Questions at 4; Mexican Respondents' Postconference Brief at 16. As discussed above, one purchaser, CXT, requires that some of the PC tie wire it purchases be manufactured to its own proprietary specification, which is based upon the ASTM specification. CXT's proprietary specification ***. CR at I-8 n.16, PR at I-6 n.16.

⁵¹ CR at II-3, PR at II-2; CR/PR at Table II-1.

⁵² Insteel reports selling PC tie wire ***, and Davis reports selling to the ***. CR at II-4, PR at II-2; CR/PR at Table II-2. ***, ***, although the record indicates that imports from China and Thailand were also sold to ***. CR at II-4, PR at II-2; CR/PR at Tables II-2 & V-4.

⁵³ CR at IV-7, PR at IV-3.

⁵⁴ CR at IV-7, PR at IV-3.

investigation.⁵⁵ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁵⁶ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁵⁷ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁵⁸ 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.”⁵⁹

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁶⁰ 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.⁶¹ 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.⁶²

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

⁵⁵ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁵⁶ 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁵⁷ 19 U.S.C. § 1677(7)(A).

⁵⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁹ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁰ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁶¹ *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).

⁶² The Federal Circuit, in addressing the causation standard of the statute, has 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 re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which 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).

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.⁶³ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁶⁴ 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.⁶⁵ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁶⁶

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

⁶³ SAA, 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 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.

⁶⁴ 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*, 266 F.3d at 1345. (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), *citing Gerald Metals*, 132 F.3d at 722 (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.”).

⁶⁵ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁶⁶ *See Nippon*, 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.”).

imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”⁶⁷ ⁶⁸ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁶⁹

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which 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.⁷⁰ 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

⁶⁷ *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.

⁶⁸ 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 Steel*, held that the Commission is *required*, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. *Mittal Steel* 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 Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

⁶⁹ *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.”).

⁷⁰ *Mittal Steel*, 542 F.3d at 875-79.

subject imports.⁷¹ 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.⁷²

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.⁷³ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁷⁴

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

The sole application for PC tie wire is as reinforcing tendons in concrete rail ties, which are used primarily in Class I freight railroads but also in passenger railroads, including high-speed rail lines and commuter railways.⁷⁵ Thus, the demand for PC tie wire is derived from the demand for concrete rail ties, which accounted for only approximately 4.1 percent of the estimated 19.4 million railroad ties installed in 2012.⁷⁶ In the United States, the two principal

⁷¹ *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).

⁷² 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.

⁷³ We provide in our respective discussions of conditions of competition, volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁷⁴ *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.").

⁷⁵ CR at I-7, I-9, PR at I-5.

⁷⁶ CR at I-3 n.4, PR at I-3 n.4; Petitioners' Postconference Brief at 6 and Ex. 4. Most railroad ties are made from wood. CR at I-3 n.4, PR at I-3 n.4. In any final phase of these investigations, we (Continued...)

domestic producers of concrete rail ties that use PC tie wire, CXT and Rocla, account for the vast majority of the demand for PC tie wire.⁷⁷

Demand, as measured by apparent U.S. consumption, fell from *** pounds in 2010 to *** pounds in 2011, before increasing slightly to *** pounds in 2012, resulting in an overall decrease of *** percent.⁷⁸ Apparent U.S. consumption was *** percent lower in January-March (“interim”) 2013, at ***, than it was in interim 2012, at *** pounds.⁷⁹ The record indicates that Buy America policies affected a relatively small portion of purchases.⁸⁰

2. Supply Conditions

Only a small number of domestic and foreign producers supply the PC tie wire market in the United States. As previously stated, there are two domestic producers of PC tie wire: Davis and Insteel. The domestic industry’s annual capacity was constant throughout the POI at *** pounds for Davis and *** pounds for Insteel, for a total of *** pounds.⁸¹ As such, the domestic industry’s capacity exceeded apparent U.S. consumption throughout the POI.⁸²

Historically, Davis was the sole supplier of PC tie wire to both Rocla and CXT.⁸³ Rocla ***.⁸⁴ CXT began purchasing imported PC tie wire first from *** and later began purchasing PC tie wire imported from ***.⁸⁵ Insteel began PC tie wire production in 2009.⁸⁶

Throughout the POI, purchasers appeared to align themselves primarily with certain producers, both foreign and domestic. Specifically, CXT ***.⁸⁷ CXT also ***.⁸⁸ CXT purchased ***.⁸⁹ ***.⁹⁰ Rocla purchased ***.⁹¹ Although Rocla ***.⁹²

(...Continued)

anticipate further exploring the factors that influence the selection of concrete or wooden rail ties by railroads and the corresponding demand trends for the two products.

⁷⁷ CR at I-4, II-2, PR at I-3, II-1. Petitioners estimated that CXT and Rocla accounted for *** percent of all PC tie wire purchases during the POI. CR at I-4 n.5, PR at I-3 n.5.

⁷⁸ CR/PR at Table C-1.

⁷⁹ CR/PR at Table C-1.

⁸⁰ ***. CR at II-21 & n.69, PR at II-11 & n.69.

⁸¹ CR/PR at Tables III-2 & C-1.

⁸² CR/PR at Table C-1. In 2012, apparent U.S. consumption of PC tie wire was equivalent to *** percent of the reported domestic industry capacity. CR at IV-8, PR at IV-4. In any final phase of these investigations, we intend to examine further why the domestic industry maintains capacity so far in excess of domestic demand and whether there are any costs associated with this.

⁸³ CR at III-2, PR at III-2.

⁸⁴ CR at IV-3, PR at IV-2.

⁸⁵ CR at IV-2, PR at IV-1.

⁸⁶ CR at III-4, PR at III-2. We plan to explore further in any final phase of these investigations the circumstances surrounding Insteel’s entry into the PC tie wire market, including what led Insteel to enter the market, what opportunities it was pursuing, how it assessed competition in the market at the time, what its total investment to enter the industry was, and whether it planned to produce PC tie wire to the ASTM specification or a proprietary specification.

The domestic industry supplied the larger share of the U.S. market in 2010 but not thereafter. Its share declined from *** percent in 2010 to *** percent in 2011 to *** percent in 2012; it was *** percent in interim 2012 and *** percent in interim 2013.⁹³ By contrast, cumulated subject imports' market share increased from *** percent in 2010 to *** percent in 2011 to *** percent in 2012; subject imports' market share was *** percent in interim 2012 and *** percent in interim 2013.⁹⁴ There were no nonsubject imports of PC tie wire during the POI.⁹⁵

3. Substitutability and Other Conditions

Parties disagree as to the substitutability of the domestic product and the subject imports. Petitioners argue that the domestic like product and subject imports are highly substitutable.⁹⁶ Petitioners assert that PC tie wire sold in the United States is produced to either the ASTM A881 specification or to the CXT proprietary specification and that CXT and Rocla each purchased PC tie wire to the same specifications from domestic producers and subject foreign sources during the POI.⁹⁷ Thus, according to Petitioners, when the product is made to specification, price is the most important factor in the purchasing decision.⁹⁸

Respondents claim that the U.S. purchasers' increased reliance upon subject imports is the result of issues unrelated to price, alleging that Davis sold defective PC tie wire to CXT.⁹⁹ According to Respondents, this PC tie wire caused Union Pacific, the end user of the tie wires, to serve CXT with a \$22 million warranty claim in 2011.¹⁰⁰ Respondents state that CXT experienced unprecedented defects in Davis's PC tie wire in 2009 that caused it to promptly

(...Continued)

⁸⁷ CR IV-2 – IV-3, PR at IV-1. TSIA reported that Wuxi ceased production in 2012. CR at VII-3 n.3, PR at VII-2 n.3. CXT ***. CR at IV-2, PR at IV-1.

⁸⁸ CR at IV-1 – IV-2, PR at IV-1.

⁸⁹ CR at II-8, PR at II-4. The circumstances regarding CXT's disqualification of Davis are discussed further below in the section on substitutability and other conditions.

⁹⁰ CR at III-4, PR at III-2.

⁹¹ CR at III-2 – III-3, IV-3, PR at III-2, IV-2.

⁹² CR at III-4 – III-5, PR at III-2; EDIS Document 509293.

⁹³ CR/PR at Table C-1.

⁹⁴ CR/PR at Table C-1.

⁹⁵ CR/PR at Table C-1.

⁹⁶ Petitioners' Postconference Brief at 9.

⁹⁷ Petitioners' Postconference Brief at 9-10.

⁹⁸ Petitioners' Postconference Brief at 9.

⁹⁹ Thai Respondents' Postconference Brief at 2-4; Mexican Respondents' Postconference Brief at 4-10.

¹⁰⁰ Thai Respondents' Postconference Brief at 2-3; Mexican Respondents' Postconference Brief at 2.

decertify Davis as a qualified supplier.¹⁰¹ Following its decertification of Davis, CXT ***.¹⁰² Thus, Respondents argue that CXT's shift to imported PC tie wire was precipitated by Davis's defective product rather than as a result of price concerns.¹⁰³

Mexican Respondents likewise claim that the aforementioned events caused Rocla to shift its purchases of PC tie wire from Davis to Camesa.¹⁰⁴ Mexican Respondents further claim that ***.¹⁰⁵

Respondents further argue that CXT and Rocla have declined to increase purchases from Davis during the POI because of Davis's inability to produce a quality product as compared to subject imports.¹⁰⁶ They contend that both CXT and Rocla prefer the manner in which the subject imports are packaged to that of the domestic like product.¹⁰⁷ Finally, Respondents contend that CXT and Rocla do not purchase large quantities of PC tie wire from Insteel because of the distance of Insteel's location in Florida to CXT's and Rocla's plants in the Midwestern and western parts of the United States.¹⁰⁸

Petitioners contest Respondents' claims and maintain that the Davis-CXT dispute is not relevant because it predates the POI. Moreover, Rocla, which was not involved in the dispute and accounted for *** of Davis's purchases during the POI, never identified any defects in the PC tie wire supplied by Davis.¹⁰⁹ Instead, Petitioners claim that negotiations with U.S. purchasers concerning sales of PC tie wire during the POI ***.¹¹⁰ Petitioners further contend that Respondents' allegations that domestic PC tie wire is subject to more breakage and claims

¹⁰¹ Thai Respondents' Postconference Brief at 1-3 & Attachment 1, Affidavit of Anthony Wolf, Purchasing Manager of CXT ("Wolf Affidavit") at ¶ 10; Mexican Respondents' Postconference Brief at 4-10.

¹⁰² In an effort to move away from sole-sourcing PC tie wire from Davis, CXT began purchasing ***. CR at III-2, IV-2, PR at III-1, IV-1. During the POI, CXT ***. CR at IV-2, PR at IV-1; Thai Respondents' Postconference Brief, Responses to Commission Questions at 2.

¹⁰³ Thai Respondents' Postconference Brief at 4; Mexican Respondents' Postconference Brief at 10.

¹⁰⁴ Mexican Respondents' Postconference Brief at 8-9 & Ex. 2 *** at ¶¶ 3-4. In support of this claim, Mexican Respondents cite to an affidavit from ***.

¹⁰⁵ Mexican Respondents' Postconference Brief at 10.

¹⁰⁶ Respondents observe that Rocla stated that Camesa's product is superior to Davis's product because ***. Mexican Respondents' Postconference Brief at 10-12 & Ex. 2, *** at ¶¶ 4,5; Tr. at 120, 130 (Barrios); Thai Respondents' Postconference Brief at 2-4.

¹⁰⁷ Specifically, Respondents observe that both CXT and Rocla have stated that subject imports are packaged in looser coils whereas domestic PC tie wire is packaged in tighter coils. They assert that the use of tighter coils places greater stress on their equipment, increasing downtime and negatively impacting productivity. Thai Respondents' Postconference Brief at 3-4, 5-6 & Wolf Affidavit at ¶ 9; Mexican Respondents' Postconference Brief at 13-14 & *** at ¶ 5.

¹⁰⁸ Thai Respondents' Postconference Brief at 5-6. Respondents contend that freight charges make it unprofitable or less attractive to customers in those locations.

¹⁰⁹ Petitioners' Postconference Brief at 30-33.

¹¹⁰ Petitioners' Postconference Brief at 33-34 & Ex. 3, ***, at ¶¶ 8, 11.

regarding packaging are unfounded because ***¹¹¹ and ***.¹¹² Petitioners contend that Respondents do not enjoy a geographic advantage over the domestic producers.¹¹³

Notwithstanding the parties' disputes, we find for the purposes of this preliminary determination that PC tie wire is at least moderately substitutable and that there is evidence that price is a somewhat important factor in purchasing decisions. When asked whether differences other than price are ever significant to purchasers choosing between the domestic like product and subject imports, both domestic producers reported that non-price differences were *** significant, while importers reported that non-price factors were *** or *** significant when comparing the domestic like product with subject imports and only *** significant when comparing subject imports.¹¹⁴ The majority of market participants overall indicated that differences other than price are "never" or "sometimes" factors in purchasing decisions. In any final phase of these investigations, we intend to explore the degree to which U.S. purchasers rely on factors other than price in making purchasing decisions, particularly given the small number of market participants in the U.S. PC tie wire market and the fact that past supplier/purchaser relationships as well as a supplier's reputation can be pertinent to purchasing decisions. We will also seek further information regarding the importance of packaging and freight costs pertaining to the supplier's geographic location in purchasing decisions.

The parties also dispute the significance of the certification process for PC tie wire. According to CXT, its certification process is ***.¹¹⁵ By contrast, petitioners assert that the certification process is relatively short and varies between purchasers, ***, and is contingent upon a producer having an acceptable price.¹¹⁶ Because there is limited evidence on the record in the preliminary phase of these investigations to address the parties' claims regarding the significance of the certification process, we intend to further explore these issues in any final phase of these investigations.

The main raw material used in the production of PC tie wire is high-carbon steel wire rod, the price of which fluctuated during the POI and decreased overall by *** percent.¹¹⁷ Raw materials as a share of U.S. producers' cost of goods sold ("COGS") increased from *** percent

¹¹¹ Petitioners' Postconference Brief at 11-12.

¹¹² Petitioners' Postconference Brief at 11 & Ex. 2 *** at ¶ 7, *** at ¶ 19. In fact, Insteel ***. Petitioners' Postconference Brief at 11 & *** at ¶ 7.

¹¹³ Petitioners' Postconference Brief at 13-14. In particular, they assert that domestic producers do not face border crossings or importation fees, and that the lower prices of subject imports from China and Thailand are not a function of freight cost differentials.

¹¹⁴ CR/PR at Table II-5.

¹¹⁵ Thai Respondents' Postconference Brief, Wolf Affidavit at ¶ 6. ***. CXT claims that ***. Even though Davis has ***. According to CXT, ***. Wolf Affidavit at ¶¶ 6, 7, 9; CR at II-21, PR at II-11.

¹¹⁶ Petitioners' Postconference Brief at 7-9. Petitioners further contend that Insteel's experiences demonstrate that the qualification process can be ***. Petitioners' Postconference Brief at 8 & ***, at ¶¶ 14-17. Petitioners further assert that ***. Petitioners' Postconference Brief at 32 & ***, at ¶ 7.

¹¹⁷ CR at V-1 – V-2, PR at V-1.

in 2010 to *** percent in 2012; raw materials as a share of COGS were lower in interim 2013 at *** percent than in interim 2012 at *** percent.¹¹⁸

C. 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.”¹¹⁹

The volume of cumulated subject imports of PC tie wire increased by *** percent from 2010 to 2012, from *** pounds in 2010 to *** pounds in 2011 and to *** pounds in 2012.¹²⁰ Cumulated subject import volume was lower in interim 2013 (*** pounds) than in interim 2012 (*** pounds).¹²¹

The share of apparent U.S. consumption held by cumulated subject imports, by quantity, increased *** from *** percent in 2010 to *** percent in 2011 and to *** percent in 2012, an increase of *** percentage points from 2010 to 2012.¹²² The market share held by cumulated subject imports was higher in interim 2013 (*** percent) than in interim 2012 (*** percent).¹²³ All of the market share gained by cumulated subject imports was at the expense of the domestic industry as there were no nonsubject imports of PC tie wire during the POI. As indicated above, the parties dispute the reasons why this market share shift occurred during the POI.¹²⁴ Cumulated subject imports of PC tie wire were equivalent to *** percent of U.S. production in 2010, *** percent in 2011, *** percent in 2012, and were *** percent in interim 2012, and *** percent of U.S. production in interim 2013.¹²⁵

We find for purposes of the preliminary phase of these investigations that the cumulated volume of subject imports, and the increase in that volume, are significant both in absolute terms and relative to consumption and production in the United States.

D. Price Effects of the Subject Imports

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

¹¹⁸ CR/PR at V-1.

¹¹⁹ 19 U.S.C. § 1677(7)(C)(i).

¹²⁰ CR/PR at Table IV-2.

¹²¹ CR/PR at Table IV-2.

¹²² CR/PR at Table IV-4.

¹²³ CR/PR at Table IV-4. Although demand for PC tie wire, as measured by apparent U.S. consumption, declined by *** percent from 2010 to 2012, the rate of decline for the domestic industry’s shipments was substantially higher (*** percent) during that period. CR/PR at Table C-1.

¹²⁴ Petitioners’ Postconference Brief at 30-31; Mexican Respondents’ Postconference Brief at 4-10; Thai Respondents’ Postconference Brief at 2-4.

¹²⁵ CR/PR at Table IV-5.

(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.¹²⁶

As discussed above, the majority of market participants reported that domestically produced PC tie wire and subject imports were at least “frequently” interchangeable, and that differences other than price are “never” or “sometimes” factors in purchasing decisions, although Respondents dispute this latter fact.¹²⁷ The record in the preliminary phase of these investigations indicates that subject imports and domestically produced PC tie wire are at least moderately substitutable and that price is at least a somewhat important factor in purchasing decisions.¹²⁸

The Commission collected pricing data for one product.¹²⁹ Both U.S. producers and two importers provided usable pricing data for sales of the requested product, although not all firms reported pricing for the product for all quarters. Pricing data reported by these firms accounted for approximately *** percent of U.S. producers’ U.S. commercial shipments of PC tie wire, and *** percent of U.S. commercial shipments of subject imports from China, Mexico, and Thailand during the POI.¹³⁰

The pricing data show underselling by imports from the three subject countries in 22 of 32 quarterly price comparisons.¹³¹ The margins of underselling ranged from *** percent, with the average margin being *** percent.¹³² Given the frequency of underselling and the magnitude of the underselling margins, we find the price underselling to be significant for purposes of these preliminary determinations.

¹²⁶ 19 U.S.C. § 1677(7)(C)(ii).

¹²⁷ CR/PR at Tables II-4 & II-5.

¹²⁸ We will further examine the importance of price in purchasing decisions in any final phase of these investigations.

¹²⁹ CR at V-5, PR at V-3. The product for which pricing data were requested was Rail Tie Wire/Lo Relaxation/Indented, diameter between 0.195 inch (4.95 mm) and 0.236 inch (6.0 mm), bright finish, produced to A881/A881M specification or to proprietary standards based on ASTM A881/A881M.

¹³⁰ CR at V-5, PR at V-3.

¹³¹ CR/PR at Table V-3.

¹³² CR/PR at Table V-3. Petitioners and Respondents provided a breakout of their pricing data separating PC tie wire produced to ASTM standards and proprietary specifications. These data show that subject imports undersold the domestic like product in *** of *** comparisons of PC tie wire produced to ASTM standards, and in *** comparisons of PC tie wire produced to proprietary specifications. CR/PR at Appendix D. In any final phase of these investigations, we invite the parties to comment on whether PC tie wire produced to ASTM standards and PC tie wire produced to proprietary specifications should be treated as separate pricing products.

Prices for U.S.-produced PC tie wire and PC tie wire imported from subject sources increased from 2010 to 2011 and then declined through the first quarter of 2013, although prices for product from all sources were higher in the last quarter for which data were collected than in the first such quarter.¹³³ The record in the preliminary phase of these investigations contains some evidence that subject imports prevented price increases for the domestic product, which otherwise would have occurred, to a significant degree. Over the POI, the domestic industry's ratio of cost of goods sold ("COGS") to net sales was high and increased irregularly during the POI from *** percent in 2010 to *** percent in 2012; it was *** percent in interim 2012, and *** percent in interim 2013. Unit COGS similarly rose.¹³⁴ These data support a finding that the domestic producers were not able to raise their prices sufficiently to cover rising costs in the face of the substantial and increasing volume of lower priced subject imports.

Petitioners made *** lost sales allegations totaling \$*** and *** lost revenue allegations totaling \$***.¹³⁵ Although the record in the preliminary phase of these investigations indicates that certain allegations were denied by the purchasers, there were *** lost sales allegations totaling more than \$*** for which the response provided by ***.¹³⁶ We intend to seek more information for a number of the lost sale and lost revenue allegations in any final phase of these investigations, and we encourage the market participants to submit documentation of their transactions that support their claims.

For purposes of these preliminary determinations, we find the price underselling by the subject imports to be significant and also find evidence that the substantial and increasing volume of subject imports has prevented price increases, which otherwise would have occurred, to a significant degree.

E. Impact of the Subject Imports¹³⁷

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

¹³³ CR/PR at Table V-1.

¹³⁴ CR/PR at Table VI-1. Unit COGS rose irregularly during the POI from *** per pound in 2010 to *** per pound in 2012; it was *** per pound in interim 2012 and *** per pound in interim 2013. CR/PR at Table VI-1.

¹³⁵ CR/PR at Tables V-4 & V-5.

¹³⁶ CR/PR at Table V-4 (***).

¹³⁷ In its notice initiating the antidumping duty investigations on PC tie wire from China, Mexico, and Thailand, Commerce reported estimated dumping margins of 67.43 percent for imports from China, 159.44 percent for imports from Mexico and 53.72 percent for imports from Thailand. 78 Fed. Reg. at 29,325.

“within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”

Based on the record of the preliminary phase of these investigations, we find that the domestic industry’s performance declined for virtually all measures over the POI. Although the domestic industry’s capacity was a constant *** pounds from 2010 to 2012, and was *** pounds during the interim periods, its production declined *** percent between 2010 and 2012, from *** pounds in 2010 to *** pounds in 2012, and was lower in interim 2013, at *** pounds, than in interim 2012, at *** pounds.¹³⁸ Accordingly, the domestic industry’s rate of capacity utilization decreased from *** percent in 2010 to *** percent in 2012, a decline of *** percentage points, and was lower (*** percent) in interim 2013 than in interim 2012 (*** percent).¹³⁹

The domestic industry’s U.S. shipments of PC tie wire decreased from *** pounds in 2010 to *** pounds in 2012, a decline of *** percent, and were lower in interim 2013 (*** pounds) than in interim 2012 (*** pounds).¹⁴⁰ The domestic industry’s share of apparent U.S. consumption decreased from *** percent in 2010 to *** percent in 2012, a decline of *** percentage points, and was lower in interim 2013 (*** percent) than in interim 2012 (*** percent).¹⁴¹

Employment indicators also trended downward. The domestic industry’s number of production and related workers (“PRWs”) fell from *** in 2010 to *** in 2012.¹⁴² Hours worked¹⁴³ and wages paid¹⁴⁴ also fell from 2010 to 2012, although labor productivity increased irregularly during this period.¹⁴⁵

Financial indicators also showed poor or declining trends over the period. Net sales by quantity and by value declined by *** percent and by *** percent from 2010 to 2012, respectively.¹⁴⁶ The domestic industry’s operating income improved from a *** in 2010 to a *** in 2012, and was *** in interim 2013 (of ***) compared to a *** profit in interim 2012 of

¹³⁸ CR/PR at Tables III-2 & C-1.

¹³⁹ CR/PR at Tables III-2 & C-1.

¹⁴⁰ CR/PR at Tables III-2 & C-1.

¹⁴¹ CR/PR at Tables IV-4 & C-1.

¹⁴² CR/PR at Table III-5. The number of PRWs remained at *** in interim 2012 and interim 2013.

¹⁴³ Total hours worked fell from *** hours in 2010 to *** hours in 2012, and was *** hours in interim 2012 and interim 2013. CR/PR at Table III-5.

¹⁴⁴ Wages paid declined from \$*** in 2010 to \$*** in 2012, and were lower in interim 2013 (\$***) than in interim 2012 (\$***). CR/PR at Table III-5.

¹⁴⁵ Labor productivity fell from *** pounds per thousand hours worked in 2010 to *** pounds per 1,000 hours worked in 2011, then increased to *** pounds per thousand hours worked in 2012, and was lower in interim 2013 (*** pounds per thousand hours worked) than in interim 2012 (*** pounds per thousand hours worked). CR/PR at Table III-5.

¹⁴⁶ Total net sales, as measured by quantity fell from *** pounds in 2010 to *** pounds in 2012, and were *** pounds in interim 2013 and *** pounds in interim 2012. CR/PR at Tables VI-1 & C-1. Total net sales, as measured by value, fell from \$*** in 2010 to \$*** in 2012, and were lower in interim 2013 (\$***) than in interim 2012 (\$***). CR/PR at Tables VI-1 & C-1.

(***).¹⁴⁷ The domestic industry's operating margins, however, declined from *** percent in 2010 to *** percent in 2012, and were lower in interim 2013 (*** percent) than in interim 2012 (*** percent).¹⁴⁸

For purposes of the preliminary phase of these investigations, we find that there is a reasonable indication that the large and increasing volume of subject imports had an adverse impact on the domestic industry. Significant and increasing volumes of subject imports undersold the domestic like product and displaced domestic industry market share, and there is evidence that subject imports prevented price increases for the domestic product, which otherwise would have occurred, to a significant degree, leading to significant declines in the domestic industry's production, shipments, capacity utilization, employment, and profitability.

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to the subject imports. Nonsubject imports were not a factor in the market as there were no nonsubject imports of PC tie wire during the POI.^{149 150}

Respondents alleged that several factors other than subject imports are responsible for any difficulties experienced by the domestic industry.¹⁵¹ We find that there is limited evidence on the record in the preliminary phase of these investigations to address such alleged other factors, and that in any final phase of these investigations, we will seek further information related to: (1) quality distinctions between domestically produced PC tie wire and subject imports, (2) supplier/purchaser relationships, and how these are affected by the small number of market participants, (3) certification requirements, and how they affect supply in this

¹⁴⁷ CR/PR at Tables VI-1 & C-1.

¹⁴⁸ CR/PR at Tables VI-1 & C-1. The domestic industry's capital expenditures declined from \$*** in 2010 to \$*** in 2012, and was higher in interim 2013 (\$***) than in interim 2012 (\$***). CR/PR at Table VI-5.

¹⁴⁹ CR/PR at Table C-1.

¹⁵⁰ Commissioner Pinkert finds that regardless of whether PC tie wire is a commodity product for purposes of the *Bratsk/Mittal Steel* analysis, he need not perform that analysis in this investigation because nonsubject imports were not a significant factor in the U.S. market during the POI.

¹⁵¹ As discussed in more detail in the section on *Conditions of Competition*, Respondents assert that Davis effectively destroyed its own reputation with the two purchasers of PC tie wire in the United States when it allegedly sold defective PC tie wire to CXT from 2006 to 2010, and that Davis was in fact ***. Mexican Respondents' Postconference Brief at 4-10; Thai Respondents' Postconference Brief at 2-4. Respondents further contend that there are distinctions in packaging and steel quality between domestically produced PC tie wire and the subject imports which have led domestic purchasers to prefer subject imports. Mexican Respondents' Postconference Brief at 10-14; Thai Respondents' Postconference Brief at 2-5. Moreover, Respondents assert that Insteel's geographic location in northern Florida renders it inconvenient for PC tie wire purchasers in the Midwest and western half of the United States. Thai Respondents' Postconference Brief at 5-6; Tr. at 136 (Levinson). Petitioners assert that market share gains made by subject imports during the POI ***. Petitioners' Postconference Brief at 30-35.

market, (4) whether geographic location acts as a constraint on supply, and (5) intra-industry competition, including price competition.

Consequently, for purposes of these preliminary determinations, we conclude that the cumulated subject imports have had a significant adverse impact on the domestic industry.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of PC tie wire from China, Mexico, and Thailand that are sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Davis Wire Corp. (“Davis”) of Kent, Washington and Insteel Wire Products Co. (“Insteel”) of Mount Airy, North Carolina on April 23, 2013, alleging that an industry in the United States is materially injured and/or threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of prestressed concrete steel rail tie wire (“PC tie wire”) ¹ from China, Mexico, and Thailand. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
April 23, 2013	Petition filed with Commerce and the Commission; institution of Commission investigation (78 FR 25303, April 30, 2013)
May 14	Commission’s conference
May 20	Commerce’s notice of initiation (78 FR 29325)
June 7	Commission’s vote
June 7	Commission’s determinations
June 14, 2013	Commission’s views

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

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

² Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses that appeared at the conference is presented in app. B of this report.

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 decline 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 report

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

MARKET SUMMARY

PC tie wire is used in the manufacture of concrete railroad ties to strengthen and support the concrete used in their production.⁴ The U.S. market for PC tie wire totaled approximately \$*** and *** pounds in 2012. The Commission received responses from two firms that produce PC tie wire in the United States, Davis and Insteel, which accounted for all of the U.S. production of PC tie wire during the period of investigation. Three firms, CXT, Inc., a division of L.B. Foster, (“CXT”), Tata Steel International (Americas), Inc. (“Tata”), and WireCo WorldGroup, Inc. (“WireCo”), have reported importing PC tie wire from the subject countries during the period of investigation. These firms accounted for all U.S. imports from the subject countries. U.S. imports from nonsubject countries were nonexistent during the period of investigation. The two largest U.S. purchasers of the PC tie wire are CXT and Rocla Concrete Tie, Inc. (“Rocla”). Both firms are U.S. producers of concrete railroad ties, and together account for the vast majority of U.S. purchases of PC tie wire during the period of investigation.⁵

U.S. producers’ U.S. shipments of PC tie wire totaled *** pounds valued at \$*** in 2012, and accounted for *** percent of apparent U.S. consumption by quantity (**% percent by value). U.S. shipments of imports of PC tie wire from China totaled *** pounds in 2012, and accounted for *** percent of apparent U.S. consumption by quantity (**% percent by value). U.S. shipments of imports of PC tie wire from Mexico totaled *** pounds in 2012, and accounted for *** percent of apparent U.S. consumption by quantity (**% percent by value). U.S. shipments of imports of PC tie wire from Thailand totaled *** pounds in 2012, and accounted for *** percent of apparent U.S. consumption by quantity (**% percent by value). There were no reported U.S. shipments of imports from nonsubject countries.

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 questionnaire responses of two U.S. producers of PC tie wire, Davis and Insteel, which accounted for all U.S. production of PC tie wire during the period of investigation. Data for U.S. imports from China, Mexico, and Thailand are compiled based on responses to the Commission’s U.S. importer’s questionnaire. Foreign industry data are based on responses to the Commission’s U.S. foreign producer’s questionnaires.

⁴ Concrete railroad ties accounted for approximately 4.1 percent of the estimated 19.4 million railroad ties installed in 2012. The vast majority of railroad ties are manufactured using wood. Petitioners’ postconference brief, p. 6 and exh. 4.

⁵ Petitioners estimated that CXT and Rocla accounted for *** percent of all PC tie wire purchases during the period of investigation. Petition, exh. Gen-3, p. 1.

PREVIOUS AND RELATED INVESTIGATIONS

There have been no previous antidumping or countervailing duty investigations on PC tie wire.

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On May 20, 2013, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on PC tie wire from China, Mexico, and Thailand. Commerce has initiated antidumping duty investigations based on estimated dumping margins of 67.43 percent for PC tie wire from China, 159.44 percent for PC tie wire from Mexico, and 53.72 percent for PC tie wire from Thailand.⁶

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these investigations as follows:⁷

The product covered by these investigations is high carbon steel wire; stress relieved or low relaxation; indented or otherwise deformed; meeting at a minimum the American Society for Testing Materials (ASTM) A881/A881M specification⁸; regardless of shape, size, or other alloy element levels; suitable for use as prestressed tendons in concrete railroad ties ("PC tie wire"). High carbon steel is defined as steel that contains 0.6 percent or more of carbon by weight.

PC tie wire is classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheading 7217.10.8045, but may also be classified under subheadings 7217.10.7000, 7217.10.8025, 7217.10.8030, 7217.10.9000, 7229.90.1000, 7229.90.5016, 7229.90.5031, 7229.90.5051, and 7229.90.9000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigations is dispositive.

⁶ *Prestressed Concrete Steel Rail Tie Wire From Mexico, the People's Republic of China, and Thailand: Initiation of Antidumping Duty Investigations*, 78 FR 29325, May 20, 2013.

⁷ *Ibid.* at appendix I.

⁸ Petition, exh. Gen-6 (Description of the ASTM A881/A881M specification).

Tariff treatment

PC tie wire is classified under HTS subheading 7217.10.8045, which provides for “wire of iron or nonalloy steel, not plated or coated, whether or not polished, other, round wire, containing by weight more than 0.6 percent of carbon, heat treated, with a diameter of 1.5 mm or more.”⁹ HTS statistical reporting number 7217.10.8045 is a broad category encompassing other wire products in addition to PC tie wire. The 2013 general rate of duty for this subheading is free.

Petitioners contend that some U.S. imports of PC tie wire may have entered the United States during the period of investigation misclassified under incorrect HTS subheadings.¹⁰ Data collected in the preliminary phase of these investigations indicate that PC tie wire has entered the United States under HTS statistical reporting numbers 7217.10.8090, 7299.90.5051, 7229.90.9000, and 7312.10.3012.

Description and applications

PC tie wire is specifically designed to be used as prestressed tendons in the construction of concrete railroad ties, as it introduces compression into the concrete and strengthens the tie. Prestressed tendons in the concrete ties help improve the tensile resistance to support the flexural forces imparted by trains that travel along the rails.¹¹

PC tie wire in the U.S. market is manufactured to conform to the test standards of the American Society for Testing and Materials (“ASTM”) International A-881/A-881M specification,¹² “Steel Wire, Deformed, Stress-relieved or Low-Relaxation for Prestressed Concrete Railroad Ties,” or any equivalent commercial proprietary standard that meets at a minimum the ASTM A-881 specification.^{13 14} ASTM A-881 specifies for each wire grade the nominal unit weight and dimensions, breaking (tensile) strength, elongation and relaxation tolerances, bend testing requirements,¹⁵ deformation requirements (dimension and spacing of deformations), finish, and appearance, among other characteristics and testing requirements. PC tie wire may also be produced to proprietary standards that typically exceed the

⁹ Petition, exh. Gen-2 (Ruling letter from U.S. Customs declaring HTS 7217.10.8045 the proper HTS statistical reporting number under which to classify PC tie wire).

¹⁰ Petition, pp. 3-4.

¹¹ Lutch, Harris, and Ahlborn, “Prestressed Concrete Ties in North America,” n.d.

¹² ASTM International is not a product testing or certification organization. Rather, manufacturers can choose voluntarily to indicate on the label or packaging that their products have been tested according to ASTM standards.

¹³ There are separate and non-interchangeable standards for PC tie wire with dimensions and designations in English units (e.g., ASTM A-881) versus SI (metric) units (e.g., ASTM A-881M).

¹⁴ Petition, p. 5.

¹⁵ The ability of the PC tie wire to withstand being bent through 90 degrees without cracking on the outside of the bent portion of the wire when bent around a pin.

performance requirements of ASTM A-881 with respect to break strength, depth of deformations, and bend testing.¹⁶

PC tie wire is tensioned (pulled tightly and slightly elongated) to the point of elastic limit (the greatest stress that can be applied without causing permanent deformation to the wire) using a wire tensioning device and concrete is poured over the wires in a mold and cured. After the concrete has cured, the tension in the PC tie wire is released. As the wire attempts to contract to its original shape, the concrete adheres to the wire, particularly the indentations, causing a compressive force in the concrete. The compressive force makes the concrete rail tie stronger and more durable. In the United States, concrete rail ties are commonly produced end to end in a line of concrete forms with continuous strands of PC tie wire running through the entire length of the forms (referred to as the “long-line method”). Casting beds containing the concrete forms are stationary and equipment moves along the length of each bed.¹⁷ Once the concrete in the casting beds is cured, the concrete is cut to length, producing individual concrete ties.

Concrete rail ties are primarily used in Class I railroads, commuter railroads, and high speed railroads, with the vast majority going to Class I railroads.¹⁸ All concrete ties use the same type of PC tie wire, although the amounts of PC tie wire incorporated into the ties vary depending on the type of rail application. Concrete ties intended for use in Class I rail lines can incorporate up to 20 PC tie wires per tie.¹⁹ In comparison, concrete ties intended for use in light rail applications such as light rails or rapid transit systems may incorporate 8, 10, or 12 PC tie wires per tie.²⁰

The American Railway Engineering and Maintenance-of-Way Association (AREMA) is the governing body for railroads in the United States, and serves a similar function for railways as the American Association of State Highway and Transportation Officials (AASHTO) serves for the U.S. highway system. Guidelines for the design of concrete railroad ties are provided by AREMA’s “Manual for Railway Engineering,” which provides concrete tie producers a foundation for their own design standards.²¹

¹⁶ Conference transcript, p. 122 (Bhandari). ***.

¹⁷ Lutch, Harris, and Ahlborn, “Prestressed Concrete Rail Ties in North America,” 2009, p. 19

¹⁸ Petitioners’ postconference brief, p. 6. More than 560 freight railroads operate in the United States. “Class I” refers to the largest railroads in terms of freight rail mileage, employment, and revenue. In 2011, the seven Class I railroads accounted for 69 percent (95,387 miles operated) of freight rail mileage, 90 percent (158,623 employees) of employment, and 94 percent (\$65 billion) of freight revenue. Association of American Railroads, “Overview of America’s Freight Railroads,” April 2013.

¹⁹ Conference transcript, p. 58 (Meiser).

²⁰ Conference transcript, p. 58 (Meiser).

²¹ Lutch, Harris, and Ahlborn, “Prestressed Concrete Rail Ties in North America,” 2009, p. 13.

Manufacturing processes

The manufacturing process for PC tie wire consists of several stages: (1) cleaning and descaling of the wire rod,²² the principal input of PC tie wire, (2) cold-drawing and indenting the wire from wire rod, (3) heat treating the wire under tensioning, and (4) coiling or spooling.²³

PC tie wire is produced from high-carbon steel wire rod, the primary material input, typically from grades 1075–1080 carbon steel rod that contains between 0.76 percent and 0.84 percent of carbon by weight.²⁴ According to petitioners, other high-carbon steel wire rod may also be used to produce PC tie wire, depending on the requirements of the customer.²⁵

Wire rod is first cleaned and descaled to remove any dirt or mill scale. Cleaning and descaling are accomplished chemically using a strong acid, or mechanically using abrasive methods. The cleaned and descaled wire rod is then coated with zinc phosphate, a lubricant to aid in the drawing process, and cold-drawn through a series of drawing dies to reduce the cross-sectional area, typically to a nominal diameter of 5–6 mm. At the end of the drawing process, negative deformations are rolled onto the surface of the wire to reduce the longitudinal movement of the wire in the concrete, create adherence of the PC tie wire to the concrete, and provide the necessary compressive forces.

After the wire is drawn and indented, it is continuously heated while under tension to relieve residual drawing stresses (reduce brittleness) caused by the cold-drawing process, permanently elongate the wire, increase the wire's yield strength, and reduce relaxation losses, or the tendency for the wire to stretch permanently while under load for a length of time.²⁶ Finally, the product is inspected and tested, then banded to a reel-less coil or wound onto a wooden reel, and readied for shipment.

²² Wire rod is a hot-rolled intermediate steel product of circular or approximately circular cross section that typically is produced in nominal fractional diameters from 7/32 inch (5.6 mm) to 47/64 inch (18.7 mm) and sold in irregularly wound coils, primarily for subsequent drawing and finishing by wire drawers.

²³ Petition, pp. 5–6.

²⁴ Petition, p. 5; petitioners' postconference brief, p.3. According to petitioners, the inclusion of greater amounts of carbon creates the necessary mechanical properties, including specified tensile strength, load at extension, elongation, end-test requirements, and relaxation loss requirements specified in ASTM A-881. ASTM A-881 does not specify the carbon content of the steel wire rod to produce PC tie wire. Rather, ASTM A-510 specifies the ranges or limits for carbon and other elements for each steel grade of carbon steel wire rod. Grades 1075–1080 contain 0.70–0.88 percent carbon by weight. The steel's chemistry is fixed at the steelmaking stage.

²⁵ Petition, p. 5.

²⁶ Petition, p. 6; Conference transcript, p. 56 (Woltz).

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to the definition of the domestic like product have been raised in these preliminary phase investigations.²⁷ Petitioners argued that the definition of the domestic like product should be co-extensive with the definition of the scope in these investigations.²⁸ They stated that the physical characteristics and uses of all PC tie wire is the same, namely a high carbon steel wire that has been stress-relieved with indentations for use as a prestressed tendon in a concrete railroad tie. Petitioners further stated that virtually all PC tie wire is sold through the same channel of distribution, directly to the end user, and that all PC tie wire is manufactured using the same manufacturing process. They contended that all PC tie wire is interchangeable, but that PC tie wire is not interchangeable with other forms of wire.²⁹ They further contended that all end users share this perception.³⁰

²⁷ During the preliminary phase of these investigations, respondents stated that they have no issues to raise with regard to the definition of the domestic like product, but reserve the right to raise this issue in any final phase investigations. Conference transcript, p. 18 (Levinson, Lebow).

²⁸ Petition, pp. 41-42; Petitioners' postconference brief, pp. 2-5.

²⁹ Petitioners' postconference brief, p. 4. (Petitioners claimed that other single wire concrete reinforcement products are not used in the production of concrete rail ties nor is PC tie wire used in other concrete reinforcement applications).

³⁰ Petition, p. 42.

PART II: SUPPLY AND DEMAND INFORMATION

U.S. MARKET CHARACTERISTICS

PC tie wire is manufactured from high carbon steel wire rod and is used as a prestressed tendon in concrete railroad ties. The placement of PC tie wire in the concrete rail tie strengthens the rail tie. Demand for PC tie wire follows the demand for concrete rail ties, which are used in Class 1 railways, commuter railways, and high speed rail lines.¹ The U.S. market for PC tie wire is small and highly concentrated with only two domestic producers, three import sources, and two large purchasers.² There were no reported imports of PC tie wire from nonsubject sources.

PC tie wire is produced to ASTM A881/A881M specification or to a proprietary specification based on the ASTM standard, which articulates the additional physical and mechanical properties of the PC tie wire required by the purchaser.³ One PC tie wire purchaser, CXT, has a proprietary specification for the PC tie wire it purchases.^{4 ***}^{5 6}

Purchasers

The two principal purchasers of PC tie wire are concrete rail tie manufacturers: CXT⁷ and Rocla.⁸ CXT has two U.S. concrete tie production facilities: Spokane, Washington, and Tuscon, Arizona.⁹ CXT also had a concrete tie production facility in Grand Island, Nebraska, which was active until early 2011.¹⁰ Rocla produces concrete ties in the United States at facilities in Amarillo, Texas; Bear, Delaware; and Pueblo, Colorado.^{11 ***}^{12 ***}¹³

¹ Petition, p. 7.

² Conference transcript, p. 18 (Woltz), p. 22 (Quirk), and p. 25 (Wagner).

³ Petition, pp. 4-5, and conference transcript, p. 15 (Woltz). See also, conference transcript p. 41 (Quirk).

⁴ Conference transcript, p. 123 (Levinson). See also, conference transcript, p. 65 (Quirk). ***. Staff telephone interview with ***.

⁵ Staff telephone interview with ***. Petitioners stated that proprietary specifications have been in the PC tie wire market for five to six years. Conference transcript, p. 75 (Quirk).

⁶ ***. Staff telephone interview with ***.

⁷ CXT is also an importer of PC tie wire and has submitted an importer questionnaire response in this investigation. All PC tie wire imported by CXT is ***.

⁸ Conference transcript, p. 9 (Lebow).

⁹ CXT website, <http://cxtconcreteties.com/contact.asp>, retrieved May 17, 2013.

¹⁰ L.B. Foster, 2012 Annual Report, p. 75. At the staff conference, Respondents testified that CXT was forced to close its concrete tie plant in Grand Island, Nebraska, due to warranty claims from Union Pacific over the failure of CXT concrete rail ties. Conference transcript, p. 103 (Barrios).

¹¹ Rocla website, <http://www.roclatie.com/our-locations.html>, retrieved May 17, 2013.

¹² ***. Staff telephone interview with ***.

CHANNELS OF DISTRIBUTION

Petitioners reported that all PC tie wire is sold through the same channel of distribution, direct to end users.¹⁴ As shown in table II-1, U.S. producers and subject importers reported that *** PC tie wire is sold directly to end users.

Table II-1

PC tie wire: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2010-12, January-March 2012, and January-March 2013

* * * * *

GEOGRAPHIC DISTRIBUTION

PC tie wire is sold in all major regions of the continental United States (table II-2). Of the two U.S. producers, Insteel reported selling PC tie wire ***, and Davis reported selling to the ***. Importers of PC tie wire reported selling to specific regions within the United States. Tata, an importer of PC tie wire from China and Thailand, reported selling PC tie wire to the ***, and WireCo, an importer of PC tie wire from Mexico, reported selling PC tie wire to the ***.

Table II-2

PC tie wire: Geographic market areas in the United States served by U.S. producers and importers

* * * * *

For U.S. producers, *** percent of 2012 sales were *** miles of their production facility and *** percent were *** miles. Davis reported that *** percent of its 2012 sales of PC tie wire were shipped *** miles from its production facility, and Insteel reported that *** percent of its sales of PC tie wire were shipped *** miles from its production facility and *** percent were sold *** miles from its production facility.

Overall, importers sold *** percent of their PC tie wire *** miles of their U.S. point of shipment, and *** percent were sold *** from their U.S. point of shipment. Tata reported that *** percent of its PC tie wire imports from China and Thailand were shipped *** miles from its U.S. point of shipment. WireCo reported that *** percent of its PC tie wire imports from Mexico were shipped *** miles from its U.S. point of shipment, and *** percent were shipped *** miles from its U.S. point of shipment.¹⁵

¹³ Staff telephone interview with ***, and Thai Respondents' postconference brief, Attachment 2, p. 4.

¹⁴ Conference transcript, p. 30 (Cannon).

¹⁵ WireCo stated that the PC tie wire shipped *** miles from its U.S. point of shipment was ***.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

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

Both U.S. producers reported that there have been *** in the product range, product mix, or marketing of PC tie wire since 2010. Petitioners stated that virtually all PC tie wire is produced to the same basic specification, other than the proprietary specification, which has slightly different tolerance specifications.^{16 17}

Industry capacity

U.S. producers have unused capacity with which they could increase production of PC tie wire in the event of a price change. U.S. producers' capacity utilization decreased from *** percent in 2010 to *** percent in 2012, and capacity utilization was lower in January-March 2013 (*** percent) than in January-March 2012 (*** percent). During 2010-12, production of PC tie wire decreased by *** percent from *** pounds in 2010 to *** pounds in 2012, while capacity remained constant at *** pounds. Production of PC tie wire was lower in January-March 2013 (*** pounds) than in January-March 2012 (*** pounds); capacity during these 3-month periods was *** pounds.

Alternative markets

U.S. producers have very limited ability to divert shipments to or from alternative markets in response to changes in the price of PC tie wire. U.S. producers export very little PC tie wire. U.S. producers' exports accounted for *** percent of their total shipments in 2011 and *** percent in 2012.¹⁸ U.S. producers reported *** exports for 2010 or January-March 2012 and January-March 2013.

¹⁶ Conference transcript, p. 79 (Cannon).

¹⁷ ***. Petitioners' postconference brief, p. 21 and Exhibit 6, and Insteel's U.S. producer questionnaire response, sections II-8 and IV-2.

¹⁸ ***.

Inventory levels

U.S. producers have limited ability to use inventories as a means of increasing shipments of PC tie wire to the U.S. market. The ratio of end-of-period inventories to total shipments for U.S. producers increased from *** percent in 2010 to *** percent in 2012.¹⁹ U.S. producers reported that *** percent of their U.S. commercial shipments of PC tie wire are produced to order.

Production alternatives

Davis reported that it has two lines in Kent, Washington that are dedicated to the production of PC tie wire, and that no other products are produced on these two lines.²⁰ Davis reported that it *** on the same equipment and machinery used in the production of PC tie wire since 2010, and it *** producing other products on the same equipment and machinery in the future.

Insteel reported *** on the same equipment and machinery used in the production of PC tie wire since 2010. Insteel reported that ***. Insteel also reported production constraints such as ***.

Supply constraints

Both U.S. producers indicated that they *** refused, declined, or been unable to supply PC tie wire since January 1, 2010.

U.S. purchaser CXT reported that in 2009 it decertified Davis as a qualified supplier ***.²¹ CXT also reported that ***.²² Petitioners assert that changes in purchasing patterns between CXT and Davis that arose from the incident “predate the POI.”²³ Davis reported that ***.²⁴

Subject imports from China

The Commission received no questionnaire responses from Chinese producers in this investigation. One Chinese exporter, ***, provided a questionnaire response. *** reported that *** percent and *** percent of its 2012 and January-March 2013 total shipments, respectively, were exports to ***. The remainder of *** total shipments for both of these years was exported ***.

¹⁹ The ratio of end-of-period inventories to total shipments for U.S. producers was higher in January-March 2013 (*** percent) than in January-March 2012 (*** percent).

²⁰ Conference transcript, pp. 20 and 61 (Quirk). In their postconference brief, Petitioners’ reported that ***. Petitioners’ postconference brief, Exhibit 1, p. 5.

²¹ Thai Respondents’ postconference brief, Attachment 1, p. 2, and ***.

²² Thai Respondents’ postconference brief, Attachment 1, p. 2, and Staff telephone interview with ***.

²³ Petitioners’ postconference brief, p. 30.

²⁴ Petitioners’ postconference brief, Exhibit 3, p. 2.

Subject imports from Mexico

The Commission received one questionnaire response from Mexican producer, Camesa.²⁵ Based on available information, Camesa has the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of PC tie wire to the U.S. market. Supply responsiveness is increased by the availability of unused capacity and the availability of production alternatives, but is constrained by limited availability of inventories. Camesa has a limited ability to divert shipments of PC tie wire from other markets to the United States.

WireCo, the importer of PC tie wire from Mexico, reported that there have been *** in the product range, product mix, or marketing of PC tie wire since 2010.

Industry capacity

Camesa, has unused capacity with which it could increase production of PC tie wire in the event of a price change. Camesa's capacity utilization increased from *** percent in 2010 to *** percent in 2012, and was higher in January-March 2013 (*** percent) than in January-March 2012 (*** percent). Camesa's production of PC tie wire more than *** between 2010 and 2012 increasing from *** pounds in 2010 to *** pounds in 2012, while capacity remained constant at *** pounds.^{26 27}

Alternative markets

*** of Camesa's exports of PC tie wire were shipped to the United States during 2010-12 and January-March 2013. Exports to the United States as a share of total shipments accounted for *** percent of Camesa's total shipments while exports to all other markets accounted for *** percent of Camesa's total shipments during 2010-12 and January-March 2013. Camesa reported that in 2012, it exported PC tie wire to ***, and that it projects to export PC tie wire to ***.²⁸

Inventory levels

Camesa reported *** during 2010-12 and January-March 2012 and January-March 2013.

²⁵ Camesa reported that it accounted for approximately *** percent of 2012 total production of PC tie wire in Mexico.

²⁶ Camesa's production of PC tie wire was higher in January-March 2013 (*** pounds) than in January-March 2012 (*** pounds), and capacity was *** pounds during both periods.

²⁷ ***. Staff telephone with ***.

²⁸ Camesa reported *** shipments of PC tie wire to its home market. Camesa projects that exports to all other markets will account for *** percent of its total shipments in 2013 and 2014.

Production alternatives

Camesa reported that it *** able to switch production between PC tie wire and other products in response to a relative price change in the price of PC tie wire. Camesa reported that ***. Camesa reported that the ***.

Supply constraints

WireCo indicated that it *** refused, declined, or been unable to supply PC tie wire since January 1, 2010.

Subject imports from Thailand

The Commission received one questionnaire response from Thai producer, Siam.²⁹ Based on available information, Siam has the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of PC tie wire to the U.S. market. Supply responsiveness is increased by the availability of unused capacity, some ability to divert shipments of PC tie wire from other markets to the United States, and the availability of production alternatives, but is constrained by limited availability of inventories.

CXT and Tata, importers of PC tie wire from Thailand, reported that there have been *** in the product range, product mix, or marketing of PC tie wire since 2010.

Industry capacity

Siam, has unused capacity with which it could increase production of PC tie wire in the event of a price change. Siam's capacity utilization increased from *** percent in 2010 to *** percent in 2012, and was higher in January-March 2013 (*** percent) than in January-March 2012 (*** percent). Siam's production of PC tie wire increased by *** percent during 2010-12, and capacity remained constant at *** pounds.

Alternative markets

Siam's exports to the United States fluctuated during 2010-12, and decreased overall. Siam's exports to the United States accounted for *** percent of its total shipments in 2010, *** percent in 2011, and *** percent in 2012.³⁰ Siam reported that shipments to its home market accounted for *** percent of total shipments in 2010, *** percent in 2011, *** percent in 2012, and *** percent in January-March 2013. Siam's exports to all other markets increased during 2010-12 from *** percent of total shipments in 2010 to *** percent in 2012. Siam

²⁹ Siam reported that it accounted for approximately *** percent of 2012 total production of PC tie wire in Thailand.

³⁰ Siam's exports to the United States accounted for *** percent of its total shipments in January-March 2013, and are projected to be *** percent in 2013 and *** percent in 2014.

reported that exports to all other markets accounted for *** percent of total shipments in January-March 2013. Siam's principal export markets (other than the United States) are ***.³¹

Inventory levels

The ratio of end-of-period inventories to total shipments for Siam increased during 2010-12, increasing from *** percent in 2010 to *** percent in 2012.

Production alternatives

Siam reported that it *** able to switch production between PC tie wire and other products, but that ***. Siam reported that ***.

Supply constraints

Tata reported that it *** refused, declined, or been unable to supply PC tie wire since January 1, 2010. Tata reported that ***.

Nonsubject imports

No importers reported imports of PC tie wire from any nonsubject sources.³²

U.S. demand

U.S. demand for PC tie wire depends on the demand for concrete railroad ties.³³ Petitioners and Respondents both indicated that they rely on their customers for information on the demand for PC tie wire.³⁴ The 2012 Railway Tie Association Annual Survey estimated that 650,100 concrete rail ties were laid in the United States in 2012, and projects that approximately 750,000 concrete ties will be laid in 2013 and in 2014.³⁵

Petitioners stated that the likelihood of continued private rail investments, light rail development, and high speed rail development are factors that affect the future demand of PC tie wire.³⁶ Petitioners stated that they do not expect demand for PC tie wire to change in the immediate future.³⁷

Based on available information, it is likely that changes in the price level of PC tie wire will result in a small change in the quantity of PC tie wire demanded. The main contributing

³¹ Siam's distribution spans Europe, Oceania, Middle East, America, Africa, and Asia. Conference transcript, p. 94 (Bhandari).

³² The import sources for PC tie wire are limited to the three subject countries. Conference transcript, p. 22 (Quirk).

³³ Petitioners' postconference brief, p. 6.

³⁴ Conference transcript, p. 53 (Quirk), p. 126 (Bhandari and Barrios).

³⁵ Petitioners' postconference brief, Exhibit 4, p. 11.

³⁶ Conference transcript, p. 44 (Woltz).

³⁷ Conference transcript, p. 23 (Quirk).

factor is the lack of products that can be substituted for PC tie wire. Additionally, PC tie wire accounts for a moderate-to-large share of the cost of its end use.

Apparent consumption

Apparent U.S. consumption of PC tie wire, by quantity, decreased from *** pounds in 2010 to *** pounds in 2012.³⁸

End uses

PC tie wire is used as a prestressed tendon in concrete rail ties that are primarily used in Class 1 railways, commuter rail lines, and high speed rail lines.³⁹ Petitioners reported that concrete ties used in each type of rail line contain the same PC tie wire, but the number of wires used in the rail tie will vary depending on the end use rail application.⁴⁰ ***.⁴¹

Cost share

U.S. producers and importers generally reported a moderate-to-large cost share for PC tie wire as a percentage of the price of concrete rail ties. U.S. producers reported that PC tie wire accounted for *** to *** percent of the price of the concrete rail tie, and U.S. importers reported that PC tie wire accounted for *** to *** percent of the price of the concrete rail tie. CXT, ***, reported that PC tie wire accounted for *** percent of the total cost of the concrete rail tie.

Substitute products

Both U.S. producers and two of three importers reported that there are *** for PC tie wire.⁴² At the staff conference, Petitioners testified that concrete rail tie producers are set up to use either one wire product or another wire product and cannot switch between different types of wire.⁴³ Respondents also stated that there are no substitutes for PC tie wire.⁴⁴

³⁸ Apparent U.S. consumption of PC tie wire was lower in January-March 2013 (*** pounds) than in January-March 2012 (*** pounds).

³⁹ Petition, pp. 6-7. PC tie wire is used for the production of concrete railroad ties. There is no other commercial market for it. Conference transcript, p. 16 (Woltz).

⁴⁰ Conference transcript, p. 43 (Quirk).

⁴¹ Staff telephone interview with ***.

⁴² *** reported that there are no substitutes for PC tie wire, but listed PC strand as a substitute product. *** reported that spiral wire, PC bar, and PC strand could also be used in the production of concrete ties, and stated reported that changes in the prices for these substitutes has not affected the price for PC tie wire.

⁴³ Petitioners also stated that there is no substitutability between PC tie wire and seven-wire PC strand. Conference transcript, p. 57 (Woltz). ***. ***.

⁴⁴ Conference transcript, p. 125 (Barrios and Bhandari).

Business cycles

Both U.S. producers and two of three importers reported that the PC tie wire market is *** to business cycles or conditions of competition distinctive to PC tie wire. Petitioners reported that there is no seasonality to the PC tie wire market, and that plants most often run year round.⁴⁵

Importer *** reported that the concrete rail tie business competes with the wood tie business, and as the cost of concrete rail ties increases or decreases, the competitiveness of concrete rail ties versus wood ties increases or decreases respectively. All three importers reported that they *** changes in the business cycles or conditions of competition for PC tie wire.

Demand trends

Questionnaire responses regarding demand for PC tie wire in the United States varied (table II-3). U.S. producer Insteel reported that demand for PC tie wire has *** since 2010 and stated that the demand for PC tie wire ***. Davis reported that demand for PC tie wire has *** and attributed ***.

Two of three importers reported that demand for PC tie wire has *** since 2010 and cited lower spending budgets from end users and slow demand in the construction sector as factors influencing demand.⁴⁶ At the staff conference, Respondents stated that their customers reported a decrease in demand from 2012 to 2013.⁴⁷

Table II-3

PC tie wire: Firms' perceptions regarding U.S. demand

* * * * *

U.S. producer Insteel reported that demand outside of the United States has *** since 2010, and Davis stated that demand outside of the United States has ***. Importer Tata reported that demand outside of the United States has *** since 2010. WireCo stated that ***.⁴⁸

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported PC tie wire depends upon such factors as relative prices, quality (*e.g.*, reliability of supply, defect rates), and conditions of sale (*e.g.*, price discounts/rebates, lead times between order and delivery dates, payment

⁴⁵ Conference transcript, p. 82 (Quirk and Wagner).

⁴⁶ *** reported that demand in the United States for PC tie wire has *** since 2010, and stated that its sales have ***. *** also reported that it ***.

⁴⁷ Conference transcript, p. 126 (Bhandari).

⁴⁸ Importer CXT did not respond to this question.

terms, product services). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced PC tie wire and PC tie wire imported from subject sources.

Factors affecting purchasing decisions

Petitioners contend that the most important factor in the purchasing decisions of PC tie wire purchasers is price.⁴⁹ Respondents assert that PC tie wire purchasers' prioritize quality in their purchasing decisions.⁵⁰

Respondents also contend that packaging of the PC tie wire is important to purchasers.⁵¹ The packaging of PC tie wire affects the relaxation of the wire and also how well the PC tie wire works with purchasers concrete tie production equipment. Petitioners stated that purchasers have requirements for the size of the internal diameter of the coil that would reduce tangling issues.⁵² ***.⁵³ ***.⁵⁴ ⁵⁵ Mexican respondents stated that its customer prefers their packaging because of the way that it uncurls and feeds into the customer's production line.⁵⁶ Insteel stated that purchasers have packaging requirements based on how they use the PC tie wire, and that Insteel has not had any issues with servicing packaging requirements of purchasers.⁵⁷ Davis also stated that it has been able to comply with purchasers' packaging requirements.⁵⁸

Supplier qualification

At the staff conference, Petitioners testified that during negotiations with their customers, price was agreed upon first, and only after establishing an agreement on price would their customers visit their PC tie wire production facilities, request sample product, and begin to test the PC tie wire produced by Petitioners.⁵⁹ Respondents testified that price and quality are often examined simultaneously and that purchasers will ask for the price and samples at the same time.⁶⁰

⁴⁹ Conference transcript, p. 26 (Wagner).

⁵⁰ Thai Respondents' postconference brief, p. 1, and conference transcript, p. 107 and 114 (Barrios), and p. 155-156 (Barrios and Bhandari).

⁵¹ Conference transcript, p. 98 (Bhandari) and p. 162 (Levinson).

⁵² Conference transcript, p. 84 (Plitt).

⁵³ Staff telephone interview with ***.

⁵⁴ ***.

⁵⁵ In their postconference brief, Petitioners stated that ***. Petitioners' postconference brief, p. 11, and Exhibit 1, p. 4.

⁵⁶ Conference transcript, p. 114 (Barrios).

⁵⁷ Conference transcript, p. 84 (Plitt).

⁵⁸ Conference transcript, p. 85 (Quirk).

⁵⁹ Conference transcript, p. 38 (Woltz), p. 40 (Quirk), p. 73 (Wagner), and p. 89 (Quirk).

⁶⁰ Conference transcript, p. 107 (Barrios).

***.⁶¹ Once a supplier is qualified, CXT requires the supplier to send samples from each individual coil for testing, and will not approve a coil to be shipped until tested.⁶² ***.⁶³ Respondents testified that the qualification process to supply CXT with PC tie wire takes about one year, and that the qualification process to supply Rocla is more rapid.⁶⁴

In opening statements at the staff conference, respondents testified that one purchaser had to waive its quality specifications in order to use U.S.-produced PC tie wire for a concrete rail tie contract subject to Buy America restrictions.⁶⁵ Insteel reported that when it began producing PC tie wire for one customer, which used the “spec within the spec” (proprietary specification), it was granted a waiver for a brief period of time until it was able to get the correct rod.⁶⁶ ***.⁶⁷

Buy America

Petitioners stated that Buy America policies affect a small portion of the PC tie wire industry, and that it affects one purchaser’s preferences more so than the other purchaser.⁶⁸

***.⁶⁹ ***.⁷⁰

Comparison of U.S.-produced and imported PC tie wire

To determine whether U.S.-produced PC tie wire can generally be used in the same applications as PC tie wire imported from China, Mexico, and Thailand, U.S. producers and importers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-4, U.S. producers reported that U.S.-produced PC tie wire can *** be used interchangeably with PC tie wire imported from subject countries,⁷¹ and importers reported that U.S.-produced PC tie wire can *** be used interchangeably with PC tie wire imported from subject countries.

***.⁷² ⁷³

⁶¹ Staff telephone interview with ***.

⁶² Conference transcript, p. 96 (Bhandari).

⁶³ Staff telephone interview with ***.

⁶⁴ Conference transcript, p. 149 (Levinson). ***. Staff telephone interview with ***. ***. Staff telephone interview with ***.

⁶⁵ Conference transcript, p. 10 (Lebow). Mr. Quirk of Davis stated that he was not aware of this issue. Conference transcript, p. 87 (Quirk).

⁶⁶ Conference transcript, p. 87 (Wagner).

⁶⁷ ***. Staff telephone interview with ***. ***. Thai respondents’ postconference brief, Attachment 1, p. 2.

⁶⁸ Conference transcript, p. 63 (Quirk).

⁶⁹ ***.

⁷⁰ Staff telephone interview with ***.

⁷¹ U.S. producers reported *** with product imported from nonsubject countries.

⁷² Staff telephone interview with ***.

⁷³ ***.

Table II-4

PC tie wire: Interchangeability between PC tie wire produced in the United States and in other countries, by country pairs

* * * * *

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of PC tie wire from the United States and subject countries. As seen in table II-5, U.S. producers reported that differences other than price were *** significant between U.S.-produced PC tie wire and PC tie wire imported from China, Mexico, and Thailand,⁷⁴ and most importers reported that differences other than price were *** significant between U.S.-produced PC tie wire and PC tie wire imported from China, Mexico, and Thailand.

Table II-5

PC tie wire: Significance of differences other than price between PC tie wire produced in the United States and in other countries, by country pair

* * * * *

⁷⁴ U.S. producers reported *** with the significance of factors other than price for PC tie wire imported from nonsubject countries.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of two firms that accounted for the 100 percent of U.S. production of PC tie wire during the period of investigation.

U.S. PRODUCERS

The petitioners, Davis and Insteel, are the only known U.S. producers of PC tie wire during the period of investigation.¹ The Commission issued U.S. producer questionnaires to Davis and Insteel based on information contained in the petition. Both firms provided useable data on their PC tie wire operations. These responses accounted for 100 percent of U.S. production of PC tie wire during the period of investigation.

Table III-1 lists U.S. producers of PC tie wire, their production location(s), positions on the petition, total production in 2012, and shares of total production in 2012.

Table III-1
PC tie wire: U.S. producers of PC tie wire, their positions on the petition, production locations, 2012 U.S. production, and shares of reported 2012 U.S. production

Firm	Position on petition	U.S. production location	2012 U.S. production (1,000 pounds)	Share of 2012 production (percent)
Davis ¹	Petitioner	Kent, WA	***	***
Insteel ²	Petitioner	Jacksonville, FL	***	***
Total			***	100.0

¹ Davis is a wholly owned subsidiary of Heico Holding, Inc. of Grove, IL.

² Insteel is a wholly owned subsidiary of Insteel Industries, Inc. of Mount Airy, NC.

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

¹ Petition, pp. 2-3.

Davis

Davis commenced production of PC tie wire at its Kent, Washington manufacturing facility in 1987.² From 1987 to approximately 2009, Davis was the sole U.S. producer of PC tie wire.³ During this time period, Davis supplied the two largest U.S. concrete railroad tie manufacturers, CXT and Rocla.

In 2009, Union Pacific Railroad (“UPRR”) notified CXT that it was experiencing large scale concrete railroad tie failure with ties purchased from CXT. UPRR submitted a warranty claim under its 2005 supply contract with CXT claiming that all concrete rail ties produced at CXT’s Grand Island, Nebraska facility from 2006 to 2010 did not meet quality standards. As a result of this claim, CXT conducted an investigation seeking the cause of the tie failure after which ***.⁴ Nonetheless, in 2009, CXT ***.⁵ Therefore, CXT reported ***.⁶

Rocla reported that ***. However, Rocla reported that ***.⁷

Insteel

Insteel commenced U.S. production of PC tie wire in 2009. CXT ***.⁸ CXT ***.⁹ Insteel reported that ***. Rocla, however, stated that ***.¹⁰

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 presents U.S. producers’ production, capacity, and capacity utilization. Total U.S. capacity of PC tie wire remained steady throughout the period of investigation. Total U.S. production of PC tie wire decreased from 2010 to 2012 by *** percent and was *** percent

² Conference transcript, pp. 19-20 (Quirk).

³ Ibid.; Mexican respondents’ postconference brief, exh. 2, p. 1.

⁴ Petitioners’ postconference brief, exh. 3, p. 1. Petitioners argued that ***. Ibid., pp. 30-31.

⁵ CXT reported that ***. Thai respondents’ postconference brief, pp. 4-5 & attachment 1, p. 2

Rocla reported that ***. Mexican respondents’ postconference brief, exh. 2, p. 2.

Petitioners stated that ***. Petitioners’ postconference brief, p. 11.

⁶ CXT ***. Siam’s postconference brief, attachment 1, p. 2; Petitioners’ postconference brief, p. 8 and exh. 3, pp. 1-2 (Petitioners argued that ***)

⁷ Mexican respondents’ postconference brief, exh. 2, pp. 1-2. Rocla stated ***. *Telephone conference notes, Rocla*, May 15, 2013, answer to question 5.

Rocla stated that ***. Mexican respondents’ postconference brief, exh. 2, p. 2.

Petitioners stated that ***. Petitioners’ postconference brief, pp. 11-12.

⁸ “ASTM+” is CXT’s more stringent proprietary specification created after the warranty claim from UPRR. CXT ***. Petitioners’ postconference brief, p. 13.

⁹ Thai respondents’ postconference brief, attachment 1, pp. 2-3. CXT reported that ***. *Telephone conference notes, CXT*, May 15, 2013, answer to question 3.

¹⁰ Mexican respondents’ postconference brief, exh. 2, p. 1; Camesa also claimed that ***. Ibid., p. 6. Rocla’s manufacturing facilities are located in Colorado, Delaware, and Texas. Insteel is located in Florida.

lower in January-March 2013 than in January-March 2012.¹¹ Annual capacity utilization rates for PC tie wire production declined from *** percent in 2010 to *** percent in 2012 and was *** percent in January-March 2013. Both Davis and Insteel reported that ***.

Table III-2
PC tie wire: U.S. producers' production, capacity, and capacity utilization, 2010-12, January-March 2012, and January-March 2013

* * * * *

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-3 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The quantity of U.S. producers' U.S. shipments of PC tie wire decreased by *** percent from 2010 to 2012 and was *** percent lower in January-March 2013 than in January-March 2012. The value of U.S. shipments also decreased by *** percent from 2010 to 2012 and was *** percent lower in January-March 2013 than in January-March 2012. ***.

Table III-3
PC tie wire: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2010-12, January-March 2012, and January-March 2013

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-4 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period of investigation.

Table III-4
PC tie wire: U.S. producers' inventories, 2010-12, January-March 2012, and January-March 2013

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

*** U.S. producers reported that *** during the period of investigation.¹²

¹¹ Both Davis and Insteel reported that they produce PC tie wire on manufacturing lines dedicated to the production of PC tie wire. Petitioners' postconference brief, p. 4.

¹² Petition, p. 42 (Petitioner argued that no related parties issues are present in these investigations).

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 shows U.S. producers' employment-related data during the period of investigation.¹³

Table III-5

PC tie wire: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2010-12, January-March 2012, and January-March 2013

* * * * *

¹³ On May 12, 2012, employees at Davis' Kent, Washington manufacturing facility represented by the International Brotherhood of Teamsters voted to strike. On May 15, 2012, Davis announced the layoff of 27 employees, nearly a third of its union workforce. Unfair labor practices claims were filed with the National Labor Relations Board ("NLRB") and an employee class action lawsuit was filed alleging unfair practices such as denial of breaks and work without pay. *"Kent Wire Mill Strikes Over Layoffs, Alleged Labor Law Violations,"* Kent Reporter, May 21, 2012, <http://www.kentreporter.com/news/152367445.html>

Davis stated that the 2012 labor dispute ***. Petitioners' postconference brief, exh. 1, p. 6.

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

U.S. IMPORTERS

The Commission issued U.S. importer’s questionnaires to 5 firms believed to be U.S. importers of PC tie wire, as well as to both U.S. producers of PC tie wire.¹ Questionnaire responses were received from five firms, three of which, accounted for 100 percent of total U.S. imports from China, Mexico, and Thailand during the period of investigation.² Table IV-1 lists all responding U.S. importers of PC tie wire from China, Mexico, and Thailand, their locations, their U.S. imports in 2012, and their shares of U.S. imports in 2012.

Table IV-1
PC tie wire: U.S. importers by source, location(s), and share of U.S. imports, 2012

Firm	Location(s)	U.S. imports (1,000 pounds)					Share of imports (percent)				
		China	Mexico	Thailand	All other	Total	China	Mexico	Thailand	All other	Total
CXT ¹	Pittsburgh, PA Spokane, WA Tucson, AZ	***	***	***	***	***	***	***	***	***	***
Tata ²	Schaumburg, IL	***	***	***	***	***	***	***	***	***	***
WireCo ³	Kansas City, MO	***	***	***	***	***	***	***	***	***	***
Total		***	***	***	***	***	100.0	100.0	100.0		100.0

¹ CXT is a wholly owned subsidiary of L.B. Foster Co. of Pittsburgh, PA.

² Tata is a wholly owned subsidiary of Tata Steel Ltd. of Mumbai, India and affiliated with The Siam Industrial Wire Co., Ltd. of Bangkok, Thailand, a producer of PC tie wire in Thailand and Wuxi Jinyang Metal Products Co., Ltd (“Wuxi”), a producer of PC tie wire in China which shuttered its production facility and ceased production of PC tie wire in 2012.

³ WireCo is a wholly owned subsidiary of WireCo WorldGroup U.S. Holdings, Inc. and is affiliated with Aceros Camesa, S.A. de C.V. of Cuautitlan, Mexico, a producer of PC tie wire in Mexico.

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

CXT

CXT is a division of L.B. Foster, a manufacturing company that supplies products and services to the rail, construction, energy, and utility markets which reported \$588.5 million in global sales in 2012. CXT reported that it began importing PC tie wire in ***. CXT reported ***.³

¹ The Commission issued questionnaires to those firms identified in the petition as U.S. importers of PC tie wire. These firms included: (1) Bekaert International Americas, Inc. (“Bekaert”); (2) CXT; (3) Rocla; (4) Tata; and (5) WireCo. Bekaert and Rocla reported that they had not directly imported PC tie wire since January 1, 2010.

² Petition, exh. Gen-3, p. 1 (***) ; Petitioners’ postconference brief, p. 18 n.19 (***) .

³ Thai respondents’ postconference brief, attachment 1, pp. 1-3; Mexican respondents’ postconference brief, exh. 4 (An example of CXT’s “Supplier Audit & Scoring Process”).

Tata

Tata is a wholly owned subsidiary of the Tata Steel Group of Mumbai, India and the sole U.S. importer for U.S. imports of PC tie wire from Siam, which is also an affiliate of Tata Steel Group and a producer of PC tie wire in Thailand. Tata also imported PC tie wire from Wuxi Jinyang Metal Products Co., Ltd. (“Wuxi”) in China. Wuxi is also an affiliate of the Tata Steel Group that manufactured PC tie wire in China. Tata reported that Wuxi ceased production in 2012 due to its inability to “secure a route to a long-term sustainable business.” Tata’s reported U.S. imports from China increased from 2010 to 2012 then ***. The PC tie wire imported from ***.⁴

WireCo

WireCo is affiliated with Camesa, a producer of PC tie wire in Mexico, and its sole U.S. importer of record for its U.S. imports from Mexico. The PC tie wire imported from ***.⁵ ***.⁶

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of PC tie wire from China, Mexico, and Thailand. There were no reported U.S. imports from any other source. As shown, U.S. imports of PC tie wire from China increased by *** percent from 2010 to 2012, but were *** percent lower in January-March 2013 than in January-March 2012.⁷ U.S. imports of PC tie wire from Mexico increased by *** percent from 2010 to 2012 and were *** percent higher in January-March 2013 than in January-March 2012.⁸ U.S. imports of PC tie wire from Thailand decreased by *** percent from 2010 to 2012, but were *** pounds in January-March 2013 compared to *** pounds in January-March 2012.

Table IV-2
PC tie wire: U.S. imports, by source, 2010-12, January-March 2012, and January-March 2013

* * * * *

⁴ Thai respondents’ postconference brief, attachment 1, pp. 1-2.

⁵ Mexican respondents’ postconference brief, exh. 2, p. 1.

⁶ Ibid.

⁷ Tata reported ***. U.S. importer questionnaire response of Tata, pp. 9 and 11.

⁸ Rocla stated that ***. Mexican respondents’ postconference brief, exh. 2, p. 1.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁹ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible. From April 2012 to March 2013, U.S. imports from China accounted for *** percent of total U.S. imports of PC tie wire by quantity during 2012 whereas U.S. imports from Mexico accounted for *** percent of total U.S. imports, and U.S. imports from Thailand accounted for *** percent of total U.S. imports.¹⁰

CUMULATION CONSIDERATIONS

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical market, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Issues concerning fungibility and channels of distribution are addressed in *Part II* of this report. With regard to geographical markets and presence in the market, the petitioners argue that imported PC tie wire from China, Mexico, and Thailand compete without regard to geographical location in the United States and that these imports have been simultaneously present in the U.S. market during the period of investigation.¹¹ The vast majority of purchases of PC tie wire are shipped to the five railroad tie manufacturing facilities of CXT and Rocla. These locations are: (1) Spokane, Washington; (2) Tucson, Arizona (CXT's facilities);¹² (3) Amarillo, Texas; (4) Bear, Delaware; and (5) Pueblo, Colorado (Rocla's facilities). As discussed in *Part V* of this report, PC tie wire produced in the United States and in Mexico were sold in each quarter between January 2010 and March 2013, while PC tie wire from China and Thailand were sold in 11 and 8 quarters,

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

¹⁰ Computed from table IV-2.

¹¹ Petition, pp. 43-44; Petitioners' postconference brief, p. 17.

¹² CXT did operate another concrete railroad tie production facility at Grand Island, Nebraska until its closure in early 2011.

respectively. During the preliminary phase of these investigations, respondents did not raise any issues with regard to cumulation of subject imports.¹³

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-3 presents data on apparent U.S. consumption of PC tie wire over the period of investigation. From 2010 to 2012, the quantity of apparent U.S. consumption of PC tie wire decreased by *** percent and was *** percent lower in January-March 2013 than in January-March 2012. From 2010 to 2012, the value of apparent U.S. consumption decreased by *** percent and was *** percent lower in January-March 2013 than in January-March 2012. Apparent U.S. consumption of PC tie wire in 2012 was equivalent to *** percent of reported U.S. capacity.

Table IV-3
PC tie wire: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2010-12, January-March 2012, and January-March 2013

* * * * *

Data on U.S. market shares for PC tie wire are presented in table IV-4. From 2010 to 2012, U.S. producers' market share decreased by *** percentage points based on quantity and *** percentage points based on value. U.S. producers' market share in January-March 2013 was *** percentage points lower than in January-March 2012 based on quantity and *** percentage points lower based on value. Market share of U.S. imports from China increased by *** percentage points from 2010 to 2012 based on quantity and *** percentage points based on value. Market share of U.S. imports from China in January-March 2013 was *** percentage points lower than in January-March 2012 based on quantity and *** percentage points lower based on value. Market share of U.S. imports from Mexico increased by *** percentage points of U.S. market share from 2010 to 2012 based on quantity and *** percentage points based on value. Market share of U.S. imports from Mexico in January-March 2013 was *** percentage points higher than in January-March 2012 based on quantity and *** percentage points lower based on value. U.S. imports from Thailand declined by *** percentage points of U.S. market share from 2010 to 2012 based on quantity and *** percentage points based on value. Market share of U.S. imports from Thailand in January-March 2013 was *** percentage points higher than in January-March 2012 based on quantity and *** percentage points lower based on value. U.S. imports from nonsubject countries were nonexistent throughout the period of investigation.

¹³ Conference transcript, pp. 136-137 (Levinson, Lebow); Petitioners' postconference brief, p. 15.

Table IV-4
PC tie wire: U.S. consumption and market shares, 2010-12, January-March 2012, and January-March 2013

* * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-5 presents data on the ratio of U.S. imports to U.S. production.

Table IV-5
PC tie wire: Ratio of U.S. imports to U.S. production, 2010-12, January-March 2012, and January-March 2013

* * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The main raw material used in the production of PC tie wire is high carbon steel wire rod. U.S. producers and importers reported that raw material costs ***.¹ Petitioners stated that ***.² Published projections by *** suggest that wire rod prices will *** in 2013-17.³

Raw materials constitute a substantial portion of the final costs of PC tie wire. Raw materials costs reported by both U.S. producers consisted ***.⁴ U.S. producers' raw materials costs as a share of cost of goods sold increased from *** percent in 2010 to *** percent in 2012. Raw materials as a share of cost of goods sold were lower in January-March 2013 (***) percent) than in January-March 2012 (***) percent).

Although ASTM A881 does not specify the carbon content of steel wire rod used to produce PC tie wire, typically the wire rod is from grade 1080 carbon steel and has a carbon content between 0.76 and 0.84 percent by weight, but other high carbon wire rod may be used depending on the requirements of the customer.⁵ According to data from American Metal Market, the average monthly price of high carbon steel rod fluctuated during January 2010-April 2013, and decreased overall by *** percent (figure V-1). The average monthly price for high carbon wire rod was *** per hundredweight in January 2010, peaked at *** per hundredweight in July-October 2011, and then declined to *** per hundredweight in April 2013.

Figure V-1
High carbon steel rod: Average monthly prices, January 2010-April 2013

* * * * *

At the staff conference, Petitioners stated that wire rod represents the largest element of production costs (70 to 80 percent), but that electricity and rod preparation are also factors in the cost of producing PC tie wire.⁶ As shown in figure V-2, electricity prices are seasonal and peaked in the summer months during 2010-13, with the highest price at 7.31 cents per kilowatt hour in mid-2011.

¹ Importer *** reported that ***.

² Petitioners' postconference brief, Exhibit 1, p. 6.

³ ***.

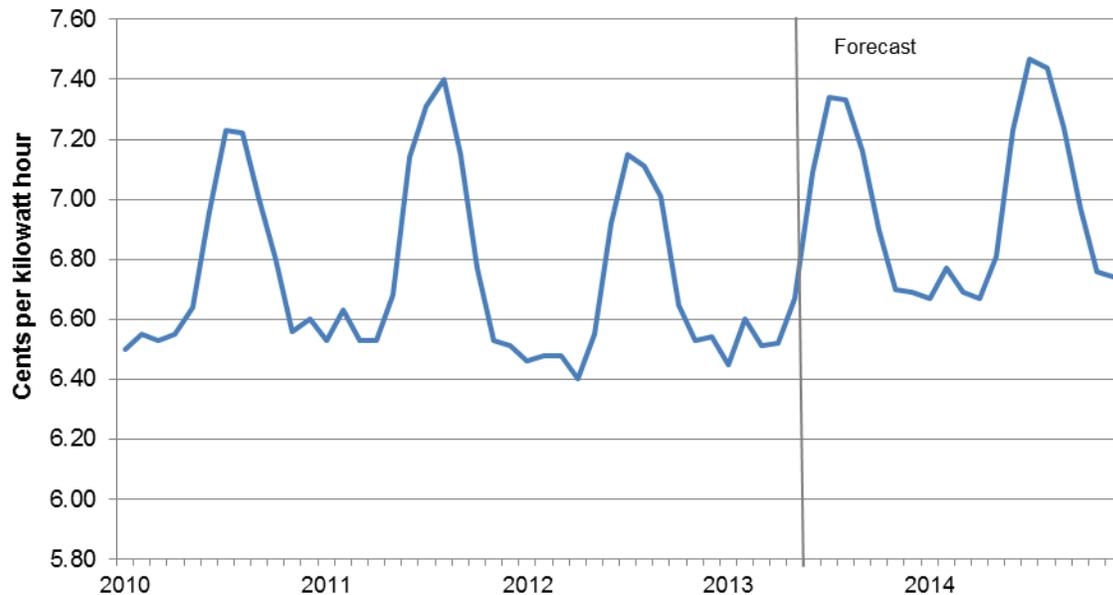
⁴ Petitioners' postconference brief, Exhibit 1, p. 6.

⁵ Petition, p. 5.

⁶ Conference transcript, p. 26 and p. 51 (Wagner).

Figure V-2

Industrial electricity: Monthly prices, January 2010-April 2013, and May 2013-December 2014 (forecast)



Source: *Short Term Energy Outlook*, Energy Information Administration, www.eia.gov, May 22, 2013.

U.S. inland transportation costs

Both U.S. producers reported that ***. Insteel added that ***. U.S. producers reported that their U.S. inland transportation costs were *** percent and importers reported U.S. inland transportation costs of *** percent.

PRICING PRACTICES

Pricing methods

Price determination

Both U.S. producers and one importer (Tata) reported using *** to determine prices for their sales of PC tie wire. WireCo reported using *** for its sales of imported PC tie wire.

Contract and spot sales

U.S. producer Davis reported selling *** percent of its PC tie wire ***, and Insteel reported selling *** percent of its PC tie wire ***. Both importers reported that *** percent of their PC tie wire is sold ***. U.S. producer Insteel and both importers reported that their ***. Insteel reported that its *** are ***. Importer Tata reported that its *** are ***, and importer WireCo reported that its *** are ***.

Sales terms and discounts

U.S. producers and importers typically quote prices on *** basis. Insteel added that ***. U.S. producer Insteel reported offering *** discounts, and Davis reported offering ***. Importers reported offering *** discounts.

U.S. producers reported differing sales terms for their sales of PC tie wire. Davis reported sales terms of ***, and Insteel reported sales terms of ***. Importer Tata reported sales terms of ***, and WireCo reported sales terms of ***.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following PC tie wire product shipped to unrelated U.S. customers during January 2010-March 2013.

Product 1.-- Rail Tie Wire/Lo Relaxation/Indented, diameter between 0.195 inch (4.95 mm) and 0.236 inch (6.0 mm), bright finish, produced to A881/A881M specification or to proprietary standards based on ASTM A881/A881M

Two U.S. producers and two importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments of PC tie wire, and *** percent of U.S. commercial shipments of subject imports from China, Mexico, and Thailand during January 2010-March 2013.

Price trends and comparisons

Price data for the price product are presented in table V-1 and figure V-3. Price trend summary data are presented in table V-2. Prices for U.S.-produced PC tie wire and PC tie wire imported from subject sources peaked in mid to late 2011 then declined through first quarter 2013. Prices for U.S.-produced PC tie wire were at ***. Prices for PC tie wire imported from China remained relatively stable at ***. Prices for PC tie wire imported from Mexico fluctuated from ***. Prices for PC tie wire imported from Thailand increased overall from ***.

Table V-1

PC tie wire: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2010-March 2013

* * * * *

Figure V-3

PC tie wire: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2010-March 2013

* * * * *

Table V-2

PC tie wire: Summary of weighted-average f.o.b. prices for product 1 from the United States and China, Mexico, and Thailand

* * * * *

Margins for underselling and overselling are presented in table V-3. Based on these data, prices for PC tie wire imported from China were below those for U.S.-produced PC tie wire in *** of *** instances; margins for underselling ranged from *** percent to *** percent, with an average margin of *** percent. In the remaining *** instances, prices for PC tie wire from China were above prices for U.S.-produced PC tie wire; margins of overselling ranged from *** percent to *** percent, with an average margin of *** percent. Prices for PC tie wire imported from Mexico were below those for U.S.-produced PC tie wire in *** of *** instances; margins for underselling ranged from *** percent to *** percent, with an average margin of *** percent. In the remaining *** instances, prices for PC tie wire from Mexico were above prices for U.S.-produced PC tie wire; margins of overselling were *** percent and *** percent, with an average margin of *** percent. Prices for PC tie wire imported from Thailand were below those for U.S.-produced PC tie wire in *** of *** instances; margins for underselling ranged from *** percent to *** percent, with an average margin of *** percent. In the remaining *** instances, prices for PC tie wire from Thailand were above prices for U.S.-produced PC tie wire; margins of overselling ranged from *** percent to *** percent, with an average margin of *** percent.

Table V-3

PC tie wire: Instances of underselling/overselling and the range and average of margins, by country, January 2010-March 2013

* * * * *

***. At the staff conference, Petitioners stated that there is a price difference between PC tie wire produced to ASTM specifications and PC tie wire produced to proprietary specifications, but the single pricing product was not an unreasonable way to make the price comparisons.⁷ Respondents agreed and stated that the pricing product is “a reliable tester of price comparisons.”⁸ Petitioners and Respondents provided a breakout of their pricing data

⁷ Conference transcript, p. 48-49 (Quirk and Cannon).

⁸ Conference transcript, p. 140 (Levinson).

separating PC tie wire produced to ASTM standards and proprietary specifications in their postconference briefs.⁹ These data are presented in Appendix D.

LOST SALES AND LOST REVENUE

Both U.S. producers reported that they ***. Petitioners provided specific lost sales and lost revenue allegations in the petition. The *** lost sale allegations totaled \$*** and involved *** pounds of PC tie wire. The *** lost revenue allegations totaled \$*** and involved *** pounds of PC tie wire. Staff contacted all purchasers named in the allegations and a summary of the information obtained follows (tables V-4 and V-5).

Table V-4
PC tie wire: U.S. producers' lost sales allegations

* * * * *

Table V-5
PC tie wire: U.S. producers' lost revenue allegations

* * * * *

*** responding purchasers reported that they had shifted purchases of PC tie wire from U.S. producers to subject imports since January 1, 2010, and *** purchasers reported that price was not the only reason for the shift. *** reported that PC tie wire from ***, and *** stated that ***.

*** reported that U.S. producers had reduced their prices since January 1, 2010, but stated that because PC tie wire prices fluctuate with raw material (steel rod) prices, it was unable to confirm the source of the price reduction. *** reported that ***.¹⁰

In addition, *** of *** stated that ***.¹¹

In addition, ***.

⁹ ***. Petitioners' postconference brief, p. 21.

¹⁰ ***.

¹¹ ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Both U.S. producers, Davis and Insteel, provided useable financial data.¹ These two firms accounted for all known U.S. production of PC tie wire in 2012.²

The end uses of PC tie wire are limited and the principal one is to provide compression strength to concrete railroad ties.³ The few immediate customers are the producers of concrete railroad ties,⁴ who, in turn, sell to the primary users of railroad ties, which are Class I railroads, commuter railroads, and high speed railroads. Hence, factors that affect the demand for PC tie wire include the demand for concrete rail ties for new track construction and the renovation of existing railroad track beds. In turn, demand factors for reinforced concrete rail ties depend on levels of capital spending for track infrastructure by Class I railroads for new road and the expansion or renovation of existing lines, transit rail projects by municipalities, Federal stimulus spending, and consumer readiness to utilize rail transit alternatives to the automobile.⁵ As described in L.B. Foster's 2012 annual report, shipments of concrete ties rose substantially from 2010 to 2012.⁶

¹ Both firms ***. ***. The Kent, Washington plant of Davis Corporation is one of three plants operated by Davis that produce a broad selection of wire and wire products, and rail tie wire is part of the Kent facility's specialty wires. Davis is one of four companies that make up the Heico Wire Group, which are wholly-owned subsidiaries of The Heico Companies, a privately held holding company. Insteel Wire Products Company is a wholly owned subsidiary of Insteel Industries, Inc., which is self-described as the nation's largest manufacturer of steel wire reinforcing products for concrete construction applications. The Sanderson, Florida facility is one of nine facilities that produce drawn wire, wire mesh, PC strand, and other concrete reinforcement products. Insteel Industries, Inc. is a public company.

² Conference transcript, pp. 80 and 134.

³ Petitioners assert that all PC tie wire is used in the production of tendons in concrete railroad ties and no other single strand wire products are used in the production of railroad ties. Petitioners' postconference brief, pp. 3-4.

⁴ The two major customers are CXT Rail operations of L.B. Foster (which is dependent on the Union Pacific Railroad for a significant portion of its business) and Rocla Concrete Tie (which is part of the financial firm holding company Altus Capital Partners II, L.P.). Other producers of concrete ties are Voestalpine Nortrak, and KSA LP (a joint venture of Koppers and Heidelberg Cement AG). Although consumption of concrete railroad ties is said to be growing, their use accounted for 4.1 percent of the estimated 19.4 million railroad ties installed in 2012 and growth is estimated at about 5 percent through 2014. Petitioners' postconference brief, p. 6. The two largest consumers of PC tie wire are CXT and Rocla, as noted earlier. ***. With respect to certain quality claims, closure of Grand Island, Nebraska facility, and the Union Pacific Railroad warranty claim, see L.B. Foster Annual Reports on Form 10-K for 2009 (pp. 8-9, 20-21, and 29); for 2010 (pp. 28 and 31); for 2011 (pp. 19-20 and 73-74); and for 2012 (pp. 19-20, and 74-76).

⁵ For example, see L.B. Foster, 2010 Annual Report on Form 10-K, pp. 28 and 31. Sales of concrete rail ties increased in 2010 over 2009 due to these factors. The Federal stimulus spending was incurred under the American Recovery and Reinvestment Act for mass transit systems. Additionally, Congress extended SAFETEA-LU until September 2011, which had expired in September of 2009, and a transportation bill was discussed that would expand spending for transportation infrastructure and create funding for high speed

OPERATIONS ON PC TIE WIRE

Table VI-1 presents aggregated data on U.S. producers' operations in relation to PC tie wire over the period examined, while table VI-2 presents selected company-specific financial data. In brief, total sales of the two firms combined fell between the three full yearly periods and then were *** lower in January-March 2013 than in January-March 2012. Together, the two firms reported *** of the three years and in ***.

Table VI-1

PC tie wire: Results of operations of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * *

Table VI-2

PC tie wire: Results of operations of U.S. producers, by firm, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * *

As depicted in tables VI-1 and VI-2, raw material costs, which are composed of the costs of high-carbon steel wire rod, are a substantial share of sales, and were the largest single component of COGS. Raw material costs accounted for ***.⁷ Insteel stated that "during 2010 and 2011 wire rod prices rose due to the escalation in the cost of scrap and other raw materials for wire rod producers and increased demand from non-construction applications. After initially rising in the first half of 2012, wire rod prices declined during the latter part of the year due to reductions in the cost of scrap for wire rod producers and weakening demand."⁸ Pursuant to request by Commission staff both firms provided a price series for their wire rod purchases. For Davis, purchase costs were ***, while for Insteel, purchase costs were ***.⁹

Petitioners assert that the domestic producers are subject to a cost-price squeeze. They state that the domestic industry is unable to recover increases in raw material costs by raising sales

rail lines. See L.B. Foster, 2009 Annual Report on Form 10-K, "President's Message." L.B. Foster states in that same report that a substantial portion of its operations are heavily dependent on governmental funding of infrastructure projects, many of which have "Buy America" or "Buy American" provisions. L.B. Foster 2009 Annual Report on Form 10-K, p. 7.

⁶ L.B. Foster reported that demand for concrete ties increased between 2010 and 2012, and stated that from 2010 to 2011, sales of concrete ties were up significantly and that from 2011 to 2012, "our concrete tie division delivered volume growth, surpassing sales levels even from 2010 when we operated three plants;" and "we believe this illustrates that the underlying operations of our Rail Products segment are strong. The Class 1 Railroads have indicated that they expect their capital spending programs to increase 2% to 3% in 2013." L.B. Foster, 2012 Annual Report on Form 10-K, pp. 28-29.

⁷ Commission staff received a breakout of the components of COGS from both domestic producers. ***. E-mail from *** to Commission staff, May 15, 2013. EDIS document 509255.

⁸ Insteel Industries, Inc., 2012 Annual Report on Form 10-K, p. 21.

⁹ Petitioners' postconference brief, exh. 9.

prices.¹⁰ As noted in Insteel’s 2012 Annual Report, selling prices tend to be correlated with changes in prices of wire rod although the timing of the relative price changes varies depending upon market conditions and competitive factors.¹¹ Raw materials cost recovery may be examined by use of the “metal spread” or “metal margin.” The metal spread is the difference in total dollars or cents per pound of product between the sales price and the cost of a firm’s raw material inputs. The term metal margin refers to the metal spread as a percentage of the product price, which is ratio of the metal spread to total net sales. An increasing metal spread indicates a widening between a firm’s sales value and its cost of raw materials, for example, when a firm’s sales price is rising faster than its cost of raw materials, or that the raw material costs are declining faster than a firm’s sales price, whereas a decreasing metal spread indicates the opposite. Changes in the metal margin indicate similar aspects of changes in the underlying factors. As presented in table VI-3, the PC tie wire metal spread in absolute dollars fell *** from 2010 to 2012 and was *** lower in January-March 2013 compared with January-March 2012; the per-pound metal spread and metal margin decreased *** during the yearly periods and was lower in January-March 2013 compared with the same period one year earlier, accounted for primarily by ***.¹²

Table VI-3

PC tie wire: Metal spread and metal margin of Davis and Insteel, 2010-12, January-March 2012 and January-March 2013

* * * * *

VARIANCE ANALYSIS

A variance analysis for the operations of U.S. producers of PC tie wire is presented in table VI-4.¹³ The information for this variance analysis is derived from tables VI-1 and VI-2. The variance analysis for Davis and Insteel together indicates that the *** between 2010 and 2012 was

¹⁰ Petitioners’ postconference brief, pp. 14-15 and pp. 23-24

¹¹ Insteel Industries, Inc., 2012 Annual Report on Form 10-K, p. 21. There is a delicate balance in maintaining relationships with customers and cost recovery. Postconference brief of SIA and Tata Steel, att. 1 (***).

¹² Petitioners’ postconference brief, p. 21 and note 20 regarding ***. According to petitioners, ***. Petitioners’ postconference brief, exh. 1, p. 2 and exh. 8.

¹³ The Commission’s variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

attributable to *** that were offset by ***. The *** was larger in January-March 2013 compared with January-March 2012, attributable to ***.

Table VI-4

PC tie wire: Variance analysis on operations of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development (“R&D”) expenses by firm.

Table VI-5

PC tie wire: Capital expenditures and research and development expenses of U.S. producers, fiscal years 2010-12, January-March 2012, and January-March 2013

* * * * *

Insteel’s capital expenditures for its PC tie wire operations were focused on ***.¹⁴

ASSETS AND RETURN ON INVESTMENT

Table VI-6 presents data on the U.S. producers’ total assets and their return on investment (“ROI”). Operating income or loss (from table VI-2) was divided by total net assets resulting in ROI in percent.

Table VI-6

PC tie wire: U.S. producers’ total assets and return on investment, by firm, fiscal years 2010-12

* * * * *

¹⁴ Petitioners’ postconference brief, exh. 1, p. 2.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of PC tie wire to describe any actual or potential negative effects of imports of PC tie wire from China, Mexico, or Thailand on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. U.S. producers also were asked whether or not their statement differed with respect to any of the three countries: ***.¹⁵ Their responses are as follows:

Actual negative effects

Davis:

***.

Insteel:

***.

Anticipated negative effects

Davis:

***.

Insteel:

***.

¹⁵ U.S. producers' questionnaire responses of Davis and Insteel, sections III-14 and III-15.

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,*

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.”

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

THE INDUSTRY IN CHINA

The Commission issued foreign producer's questionnaires to three firms believed to produce and/or export PC tie wire from China.³ One firm submitted a useable response to the

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 These firms included: (1) Silvery Dragon Group & Technology ("Silvery Dragon"); (2) Wuxi Jinyang Metal Products Co., Ltd ("Wuxi"); and (3) Shanxi New-Mile International Trade Co., Ltd. ("New Mile"). These firms were identified through a review of information submitted in the petition.

Commission: Shanxi New-Mile International Trade Co., Ltd. (“New Mile”), a trading company that *** in 2012 and 2013. *** did not report any capacity or production of PC tie wire, but did estimate that its exports to the United States accounted for approximately *** percent of total exports from China of PC tie wire in 2012. Table VII- 1 presents information on the PC tie wire operations of the responding exporter in China.

Table VII-1
PC tie wire: Data for Chinese exporter New Mile, 2010-12, January-March 2012, January-March 2013, and projections for 2013 and 2014

* * * * *

THE INDUSTRY IN MEXICO

The Commission issued a foreign producer’s questionnaires to one firm, Aceros Camesa S.A. de C.V. (“Camesa”), an affiliate of WireCo World Group. Camesa did submit a questionnaire response to the Commission. It reported that its exports to the United States accounted for approximately *** percent of total exports from Mexico of PC tie wire in 2012.⁴ Camesa estimated that it accounted for approximately *** percent of overall 2012 production of PC tie wire in Mexico.

Camesa reported that *** percent of its total sales in the most recent fiscal year were sales of PC tie wire. In 2012, *** percent of Camesa’s total shipments of PC tie wire were exported to the United States, *** percent of its total shipments were to its home market, and *** percent of its total shipments were to other export markets such as ***. Camesa’s exports to the United States increased by *** percent from 2010 to 2012. Camesa’s reported capacity remained steady from 2010 to 2012 and is projected to *** in 2013 and 2014. Its production increased by *** percent from 2010 to 2012, and is projected to *** from 2012 to 2013. Camesa reported that it shipped to *** during the period of investigation, ***. Table VII- 2 presents information on the PC tie wire operations of Camesa.

Table VII-2
PC tie wire: Data for Mexican producer Camesa, 2010-12, January-March 2012, January-March 2013, and projections for 2013 and 2014

* * * * *

Wuxi, a wholly owned subsidiary of Tata Steel Group, and a producer of PC tie wire in China during the period of investigation, shuttered its production facility in 2012 and did not submit a questionnaire to the Commission. Tata reported that Wuxi ceased production in 2012 due to its inability to “secure a route to a long-term sustainable business.” Thai respondents’ postconference brief, attachment 1, p. 1.

Silvery Dragon also did not submit a questionnaire response to the Commission. According to its website, Silvery Dragon is a large producer of PC steel products (a product group much larger than the scope of these investigations) in China with annual output of 400,000 metric tons (881.8 million pounds). Petition, exh. Gen-11.

⁴ Camesa reported that ***. The parties have agreed that shipments from Camesa accounted for 100 percent of U.S. imports from Mexico during the period of investigation.

THE INDUSTRY IN THAILAND

The Commission issued a foreign producer's questionnaire to one firm, The Siam Industrial Wire Co., Ltd. ("Siam"), a wholly owned subsidiary of Tata Steel Group.⁵ Siam submitted a questionnaire response to the Commission. It reported that its exports to the United States accounted for *** percent of total exports from Thailand of PC tie wire in 2012. Siam estimated that it accounted for approximately *** percent of overall 2012 production of PC tie wire in Thailand.

Siam reported that *** percent of its total sales in the most recent fiscal year were sales of PC tie wire. In 2012, *** percent of Siam's total shipments of PC tie wire were exported to the United States, *** percent of its total shipments were to its home market, and *** percent of its total shipments were to other export markets such as ***. Siam's exports to the United States decreased by *** percent from 2010 to 2012, but are projected to ***. Siam's reported capacity remained steady from 2010 to 2012 and is projected to *** in 2013 and 2014. Its production increased by *** percent from 2010 to 2012, and is projected to *** from 2013 to 2014. Siam reported that it shipped to *** during the period of investigation, ***. Table VII-3 presents information on the PC tie wire operations of Siam.

Table VII-3

PC tie wire: Data for Thai producer Siam, 2010-12, January-March 2012, January-March 2013, and projections for 2013 and 2014

* * * * *

FOREIGN INDUSTRY DATA FOR CHINA, MEXICO, AND THAILAND COMBINED

Table VII- 4 presents information on the PC tie wire operations of the responding producers and exporters in China, Mexico, and Thailand combined.

Table VII-4

PC tie wire: Data for producers in China, Mexico, and Thailand, 2010-12, January-March 2012, January-March 2013, and projections for 2013 and 2014

* * * * *

⁵ This firm was identified through a review of information submitted in the petition.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-5 presents data on U.S. importers' reported inventories of PC tie wire.

Table VII-5

PC tie wire: U.S. importers' inventories, 2010-12, January-March 2012, and January-March 2013

* * * * *

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of PC tie wire from China, Mexico, or Thailand after March 31, 2013. *** reported that *** arranged such shipments. Table VII-6 presents U.S. import shipments of PC tie wire arranged for importation after March 31, 2013.

Table VII-6

PC tie wire: U.S. importers' current orders arranged for delivery after March 31, 2013

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There have been no antidumping duty, countervailing duty, or safeguard investigations on PC tie wire in any other country.

INFORMATION ON NONSUBJECT COUNTRIES

There are reportedly several producers of PC tie wire from nonsubject sources, including Brazil, Colombia, Portugal, and Spain.

According to respondents, nonsubject sources of PC tire wire include Brazil, Portugal, and Spain.⁶ At the Commission staff conference, WireCo., a U.S. importer affiliated with Mexican PC tie wire producer Camesa, stated that in the event that an antidumping duty order against China, Mexico, and Thailand is imposed, U.S. purchasers would seek alternative supplies of PC tie wire from other nonsubject producers, including Belgo Mineira in Brazil, Fapricela in Portugal, and TYCSA in Spain.⁷

In Brazil, Belgo Mineira is a wholly-owned subsidiary of Arcelor Mittal Aços Longos (a subsidiary of Arcelor Mittal) that produces carbon steel long products, including bars, wire rod, and wire.⁸ In Portugal, Fapricela produces prestressed steel strand and wire, among other wire

⁶ Conference transcript, p. 106 (Barrios).

⁷ Conference transcript, p. 106 (Barrios).

⁸ Arcelor Mittal Aços Longos website (found at <https://www.belgo.com.br>, retrieved May 22, 2013).

products.⁹ Similarly, in Spain, TYCSA produces prestressed steel strand and wire, among other wire products, and has an annual production capacity of approximately 155,000 short tons.¹⁰ In addition, EMCOCables of Colombia reportedly produces PC tie wire to the ASTM A-881 specification.¹¹ According to ***.¹²

⁹ Fapricela website (found at <http://www.fapricela.pt/>, retrieved May 22, 2013).

¹⁰ TYCSA website (found at <http://www.tycsapsc.com/en/zonapublica/productos.aspx>, retrieved May 22, 2013).

¹¹ EMCOCables website, (found at <http://www.emcocables.com/en/pconcrete.html>, retrieved May 22, 2013).

¹² ***.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
78 FR 25303, April 30, 2013	<i>Institution of antidumping duty Investigations and scheduling of preliminary phase investigations.</i>	https://www.federalregister.gov/articles/2013/04/30/2013-10071/prestressed-concrete-steel-rail-tie-wire-from-china-mexico-and-thailand
78 FR 29325, May 20, 2013	<i>Prestressed Concrete Steel Rail Tie Wire From Mexico, the People's Republic of China, and Thailand: Initiation of Antidumping Duty Investigations</i>	https://www.federalregister.gov/articles/2013/05/20/2013-11970/prestressed-concrete-steel-rail-tie-wire-from-mexico-the-peoples-republic-of-china-and-thailand

APPENDIX B

LIST OF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Subject: Prestressed Concrete Steel Rail Tie Wire from China, Mexico, and Thailand

Inv. Nos.: 731-TA-1207-1209 (Preliminary)

Date and Time: May 14, 2013 - 9:30 a.m.

Sessions were held in connection with the preliminary phase of these investigations in Courtroom A (Room 100), 500 E Street, S.W., Washington, D.C.

OPENING REMARKS:

Petitioners (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)
Respondents (**Edward M. Lebow**, Haynes and Boone LLP *and*
Lizbeth R. Levinson, Kutak Rock LLP)

In Support of the Imposition of Antidumping Duty Orders:

Kelley Drye & Warren LLP
Washington, DC
on behalf of

Davis Wire Corp.
Insteel Wire Products Company

Michael Quirk, Senior Vice President, Davis Wire Corp.

Donald Meiser, Vice President, Sales, Davis Wire Corp.

H. O. Woltz, III, President *and* CEO, Insteel Wire Products
Company

Richard Wagner, Vice President and General Manager, Insteel
Wire Products Company

Randy Plitt, National Sales Manager, Insteel Wire Products
Company

W. Brad Hudgens, Economist, Georgetown Economic Services

Kathleen W. Cannon)
Paul C. Rosenthal) – OF COUNSEL
R. Alan Luberda)

**In Opposition to the Imposition of
Antidumping Duty Orders:**

Kutak Rock LLP
Washington, D.C.
on behalf of

WireCo World Group Inc. ("WireCo")

Joaquin Barrios, Senior Vice-President, Global Supply, WireCo

Michelle Torline, General Counsel, WireCo

Lizbeth R. Levinson) – OF COUNSEL

Haynes and Boone LLP
Washington, D.C.
on behalf of

The Siam Industrial Wire Co., Ltd. ("SIW") and
Tata Steel International (Americas) Inc. ("TSIA")

Anil Bhandari, Sales Manager, TSIA

Stephen Wilkes, Director, U.S. Governmental and
Regulatory Affairs, TSIA

Edward M. Lebow)
) – OF COUNSEL
Nora L. Whitehead)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)
Respondents (**Edward M. Lebow**, Haynes and Boone LLP *and*
Lizbeth R. Levinson, Kutak Rock LLP)

APPENDIX C
SUMMARY DATA

Table C-1
PC tie wire: Summary data concerning the U.S. market, 2010-12, January to March 2012, and
January to March 2013

* * * * *

APPENDIX D

**Price data for PC tie wire separated by product produced to ASTM specification
vs. product produced to proprietary standards**

Table D-1

PC tie wire: Weighted-average f.o.b. prices and quantities of domestic and imported PC tie wire produced to ASTM A881/A881M specification and margins of underselling/(overselling), by quarters, January 2010-March 2013

* * * * *

Table D-2

PC tie wire: Weighted-average f.o.b. prices and quantities of domestic and imported PC tie wire produced to proprietary standards and margins of underselling/(overselling), by quarters, January 2010-March 2013

* * * * *

Figure D-1

PC tie wire: Weighted-average prices and quantities of domestic and imported PC tie wire produced to ASTM A881/A881M specification, by quarters, January 2010-March 2013

* * * * *

Figure D-2

PC tie wire: Weighted-average prices and quantities of domestic and imported PC tie wire produced to proprietary standards, by quarters, January 2010-March 2013

* * * * *

Table D-3

PC tie wire: Instances of underselling/overselling and the range and average of margins, by country, January 2010-March 2013

* * * * *

