

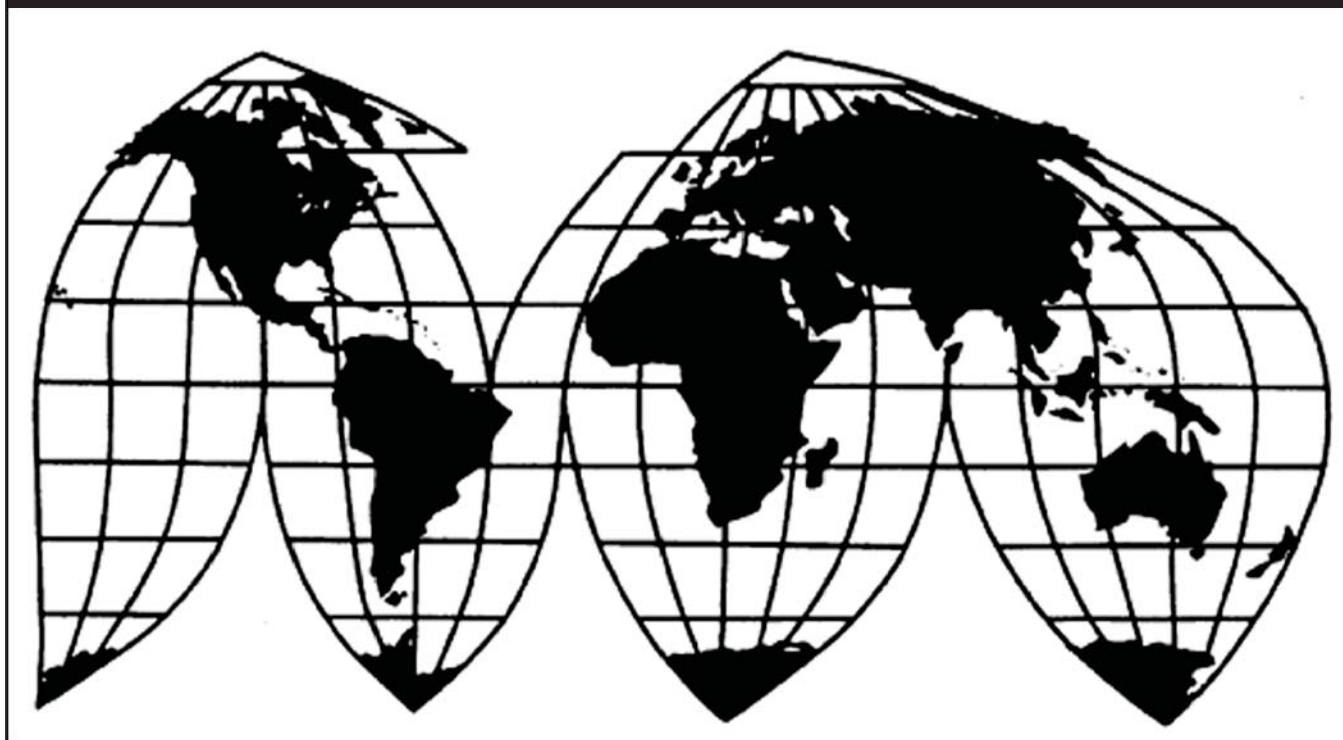
Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan

Investigation Nos. 731-TA-770-773 and 775 (Third Review)

Publication 4623

July 2016

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Irving A. Williamson, Chairman

Dean A. Pinkert

David S. Johanson

Meredith M. Broadbent

F. Scott Kieff

Rhonda K. Schmidlein

Catherine DeFilippo
Director of Operations

Staff assigned

Fred Ruggles, Investigator

Karen Taylor, Industry Analyst

Andrew Knipe, Economist

David Boyland, Accountant

Mara Alexander, Statistician

Courtney Mcnamara, Attorney

Fred Ruggles, Supervisory Investigator

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

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan

Investigation Nos. 731-TA-770-773 and 775 (Third Review)

Publication 4623



July 2016

CONTENTS

	<i>Page</i>
Determinations	1
Views of the Commission	3
Part I: Introduction	I-1
Background	I-1
The original investigations.....	I-2
The first reviews	I-3
The second reviews	I-4
Related investigations.....	I-4
Stainless steel wire rod.....	I-4
Stainless steel bar	I-5
Stainless steel wire	I-6
Safeguard Investigations	I-7
Summary data.....	I-7
Statutory criteria and organization of report	I-11
Statutory criteria	I-11
Organization of the report.....	I-13
Commerce’s reviews	I-13
Administrative reviews	I-13
Changed-circumstances reviews	I-15
Scope inquiry reviews.....	I-15
Five-year reviews.....	I-15
The subject merchandise	I-17
Commerce’s scope	I-17
Tariff treatment	I-18
The product	I-18
Description and applications	I-18
Manufacturing processes	I-19
Domestic like product issues	I-20
U.S. market participants	I-20
U.S. producers	I-20
U.S. importers.....	I-21
U.S. purchasers.....	I-22
Apparent U.S. consumption.....	I-22
U.S. market shares.....	I-24

CONTENTS

	<i>Page</i>
Part II: Conditions of competition in the U.S. market	II-1
U.S. market characteristics	II-1
Channels of distribution	II-1
Geographic distribution	II-2
Supply and demand considerations	II-3
U.S. supply	II-3
Foreign producers' supply	II-4
U.S. demand	II-9
Substitutability issues	II-11
Lead times	II-12
Knowledge of country sources	II-12
Factors affecting purchasing decisions	II-13
Comparisons of domestic products, subject imports, and nonsubject imports	II-16
Comparison of U.S.-produced and imported SSWR	II-19
Elasticity estimates	II-22
U.S. supply elasticity	II-22
U.S. demand elasticity	II-22
Substitution elasticity	II-22
Part III: Condition of the U.S. industry	III-1
Overview	III-1
Changes experienced by the industry	III-1
Anticipated changes in operations	III-2
U.S. production, capacity, and capacity utilization	III-2
Constraints on production	III-2
Effects of the orders	III-2
U.S. producers' U.S. shipments and exports	III-3
U.S. producers' inventories	III-3
U.S. producers' imports and purchases	III-3
U.S. employment, wages, and productivity	III-3
Financial experience of U.S. producers	III-4
Background	III-4
Operations on SSWR	III-4
Capital expenditures and research and development expenses	III-7
Assets and return on investment	III-8

CONTENTS

	<i>Page</i>
Part IV: U.S. imports and the foreign industries	IV-1
U.S. imports	IV-1
Overview	IV-1
Imports from subject and nonsubject countries	IV-1
U.S. importers' imports subsequent to December 31, 2015	IV-4
U.S. importers' inventories	IV-5
Cumulation considerations	IV-5
Presence in the market	IV-5
Geographical markets	IV-6
Subject country producers	IV-6
The industry in Italy	IV-7
The industry in Korea	IV-8
The industry in Spain	IV-8
Antidumping or countervailing duty orders in third-country markets	IV-9
Global market	IV-9
Part V: Pricing and related information	V-1
Factors affecting prices	V-1
Raw material costs	V-1
Energy costs	V-2
Surcharges	V-2
Transportation costs to the U.S. market	V-3
U.S. inland transportation costs	V-3
Pricing practices	V-4
Pricing methods	V-4
Sales terms and discounts	V-5
Price leadership	V-5
Price data	V-5
Price trends	V-7
Price comparisons	V-8
Purchasers' perceptions of relative price trends	V-9
Appendixes	
A. <i>Federal Register</i> notices	A-1
B. List of hearing witness	B-1
C. Summary data	C-1

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-770-773 and 775 (Third Review)

Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan

DETERMINATION

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty orders on stainless steel wire rod from Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.² The Commission further determines that revocation of the antidumping duty orders on stainless steel wire rod from Italy and Spain would not be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.³

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on May 1, 2015 (80 F.R. 24970 May 1, 2015) and determined on August 12, 2015 that it would conduct full reviews (80 F.R. 48336 August 12, 2015). Notice of the scheduling of the Commission’s review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on January 13, 2016 (81 F.R. 1642). The hearing was held in Washington, DC, on May 18, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² All six Commissioners voted in the affirmative with respect to imports from Japan, Korea, and Taiwan.

³ All six Commissioners voted in the negative with respect to imports from Spain. Chairman Williamson and Commissioners Johanson, Broadbent, and Kieff voted in the negative with respect to imports from Italy; Commissioners Pinkert and Schmidlein voted in the affirmative with respect to imports from Italy.

Contains Business Proprietary Information

Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty orders on stainless steel wire rod (“SSWR”) from Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We find that revocation of the antidumping duty orders on SSWR from Italy and Spain would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹

I. Background

A. Original Investigations

In response to countervailing and antidumping duty petitions filed on July 30, 1997, by Al Tech Specialty Steel Corp. (“Al Tech”), Carpenter Technology Corporation (“Carpenter”), Republic Engineered Steels, Inc. (“Republic”), Talley Metals Technology, Inc. (“Talley”), and the United Steelworkers of America, AFL-CIO/CLC, the Commission determined on September 1, 1998, that an industry in the United States was materially injured by reason of subject imports of SSWR from Italy, Japan, Korea, Spain, Sweden, and Taiwan.² On September 15, 1998, the Department of Commerce (“Commerce”) issued a countervailing duty order on subject imports from Italy and antidumping duty orders on subject imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan.³ Because it found *de minimis* antidumping duty margins for Hitachi Metals, Ltd. (“Hitachi”) (Japan), Yieh Hsing Enterprise Corp. Ltd. (“Yieh Hsing”) (Taiwan), and Acciaierie Valbruna S.r.l. (“Valbruna”) (Italy), Commerce excluded them from the scope of the antidumping duty orders.⁴ Valbruna, however, remained subject to a countervailing duty order on subject imports from Italy until Commerce revoked that order on Valbruna effective July 2, 2004.⁵

¹ Commissioners Pinkert and Schmidlein determine that revocation of the antidumping duty order on SSWR from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. They join sections I through IV.E., except as noted.

² Confidential Report (“CR”) at I-2 – I-3; Public Report (“PR”) at I-2. Commissioners Crawford and Askey dissented. The Commission made a negative final determination with respect to subject imports from Germany. *Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan*, Invs. Nos. 701-TA-373 and 731-TA-769-775 (Final), USITC Pub. 3126 (Sept. 1998) (“*Original Investigations*”).

³ 63 Fed. Reg. 49334 (Italy CVD); 63 Fed. Reg. 49327 (Italy AD), 49329 (Japan AD), 49331 (Korea AD), 49330 (Spain AD), 49329 (Sweden AD), 49332 (Taiwan AD).

⁴ 63 Fed. Reg. 49334 (Italy); 63 Fed. Reg. 49329 (Japan); 63 Fed. Reg. 49332 (Taiwan).

⁵ 69 Fed. Reg. 40354 (Jul. 2, 2004).

Contains Business Proprietary Information

B. The First Reviews

In its full first five-year reviews, the Commission determined on July 28, 2004, that revocation of the antidumping duty orders on SSWR imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁶ However, Commerce revoked the antidumping duty order on subject imports from Sweden effective April 23, 2007.⁷

C. The Second Reviews

In its full second five-year reviews, the Commission determined in May 2010 that revocation of the antidumping duty orders on SSWR imports from Italy, Japan, Korea, Spain, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁸

D. The Current Reviews

The Commission instituted the present reviews on May 1, 2015.⁹ The Commission received one joint response to the notice of institution that was filed on behalf of three domestic producers of SSWR: Carpenter, North American Stainless (“NAS”), and Universal Stainless & Alloy Products, Inc. (“Universal”) (collectively “domestic producers”). Italian producer Cogne Acciai Speciali (“Cogne”), Korean producer SeAH Changwon Integrated Stainless Steel Corporation (“SeAH”), and Spanish producer Aceros Inoxidables Olarra S.A. (“Olarra”) submitted separate responses. No interested parties from Japan or Taiwan responded to the notice of institution.¹⁰

On August 4, 2015, the Commission determined to conduct full reviews. The Commission found that the domestic interested party group response to its notice of institution was adequate and the respondent interested party group responses with respect to the reviews on SSWR from Italy, Korea, and Spain were adequate, but found that the respondent interested party group responses with respect to the reviews on SSWR from Japan and Taiwan were

⁶ *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan*, Invs. Nos. 731-TA-770-775 (Review), USITC Pub. 3707 (Jul. 2004) (“*First Reviews*”). Commissioners Okun and Pearson dissented with respect to Italy, Korea, Spain, and Sweden.

⁷ 72 Fed. Reg. 25261 (May 4, 2007). This revocation was in response to *Cogne Acciai Speciali S.P.A. v. United States*, 29 CIT 1168 (2005).

⁸ *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan*, Invs. Nos. 731-TA-770-775 (Second Review), USITC Pub. 4154 (May 2010) (“*Second Reviews*”); 74 Fed. Reg. 31765 (Jul. 2, 2009). Commissioners Aranoff, Pearson, and Okun dissented with respect to Italy. Commissioners Pearson and Okun also dissented with respect to Korea and Spain.

⁹ *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan: Institution of Five-Year Reviews*, 80 Fed. Reg. 24900 (May 1, 2016).

¹⁰ Explanation of Commission Determination on Adequacy (EDIS Document No. 562702).

Contains Business Proprietary Information

inadequate. The Commission decided to conduct full reviews concerning imports of SSWR from Japan and Taiwan to promote administrative efficiency in light of its decision to conduct full reviews with respect to imports of SSWR from Italy, Korea, and Spain.¹¹

The Commission received joint prehearing and posthearing submissions from Carpenter, NAS, and Universal; separate prehearing and posthearing submissions from Cogne and Olarra; and a prehearing submission from SeAH. Representatives of Carpenter, NAS, Universal, and Cogne appeared at the Commission's hearing accompanied by counsel; Olarra was represented by counsel at the hearing.

U.S. industry data are based on the questionnaire responses of three U.S. producers of SSWR that are believed to have accounted for the great majority of domestic production of SSWR in 2015.¹² The Commission did not receive any questionnaire responses from importers of subject SSWR. U.S. import data and related information are based on Commerce's official import statistics and the questionnaire responses of two U.S. importers of nonsubject merchandise.¹³ Foreign industry data and related information are based on the questionnaire responses of three subject producers of SSWR: Cogne in Italy, Olarra in Spain, and SeAH in Korea. *** for the period for which data were collected, January 1, 2013 through December 31, 2015 ("period of review").

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."¹⁴ 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 under this subtitle."¹⁵ The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.¹⁶

¹¹ *Id.*

¹² CR at I-26 – I-27; PR at I-21.

¹³ CR at I-28 PR at I-22. The only importers to respond to the Commission's questionnaires were ***, and Byram Steel Trading, Co., Inc., which imported SSWR from China. *Id.*

¹⁴ 19 U.S.C. § 1677(4)(A).

¹⁵ 19 U.S.C. § 1677(10); *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); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁶ *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA- (Continued...)

Contains Business Proprietary Information

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

The merchandise covered by these orders is SSWR, which comprises products that are hot-rolled or hot-rolled annealed and/or pickled and/or descaled rounds, squares, octagons, hexagons or other shapes, in coils, that may also be coated with a lubricant containing copper, lime, or oxalate. SSWR is made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are manufactured only by hot-rolling or hot-rolling, annealing, and/or pickling and/or descaling, are normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States is round in cross-sectional shape, annealed and pickled, and later cold-finished into stainless steel wire or small-diameter bar.

The most common size for such products is 5.5 millimeters or .217 inches in diameter, which represents the smallest size that normally is produced on a rolling mill and is the size that most wire-drawing machines are set up to draw. The range of SSWR sizes normally sold in the United States is between 0.20 inches and 1.312 inches diameter. Two stainless steel grades, SF20T and K-M35FL, are excluded from the scope of the orders. The chemical makeup for the excluded grades is as follows: SF20T (Carbon-0.05 max; Chromium- 19.00/21.00; Manganese-2.00 max; Molybdenum-1.50/2.50; Phosphorous-0.05 max; Lead-added (0.10/0.30); Sulfur-0.15 max; Tellurium-added (0.03 min); Silicon-1.00 max) and K-M35FL (Carbon-0.015 max; Nickel-0.30 max; Silicon-0.70/1.00; Chromium-12.50/14.00; Manganese-0.40 max; Lead-0.10/0.30; Phosphorous-0.04 max; Aluminum-0.20/0.35; Sulfur-0.03 max.

The products subject to these orders are currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes,

(...Continued)

752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

Contains Business Proprietary Information

the written description of the scope of these orders is dispositive.¹⁷

The scope of these reviews is the same as the scope in the original investigations and first and second reviews.

Like other stainless steel products, SSWR is distinguished from carbon and lower-grade alloy steels by its superior resistance to corrosion or oxidation at ambient or elevated temperatures.¹⁸ SSWR is an intermediate stainless steel product that is used primarily to produce stainless steel wire and stainless steel bar; it is also used to produce fasteners or cutlery.¹⁹ Although produced in a wide variety of grades, shapes, diameters, and sizes according to specific customer requirements, SSWR's defining characteristic is that it is produced in coils.²⁰ SSWR is produced at least as large as 39 mm (1.54 inches) in diameter.²¹ The most common size, however, is 5.5 mm (0.217 inches) in diameter, circular cross-section, which is the smallest size normally produced on a hot-rolling mill and the size most commonly used for wire drawing.²² Manufacturers generally employ three basic steps to produce SSWR regardless of the grade or cross-section of the final product: (1) producing rolled or continuous-cast billets from molten stainless steel; (2) hot-rolling the billets and coiling the wire rod in a hot-rolling mill; and (3) finishing (annealing, descaling and/or pickling and/or coating).²³

1. The Original Investigations

In the original investigations, the Commission rejected arguments that it should find multiple like products consisting of different forms of SSWR. Instead, the Commission found a single domestic like product that was coextensive with Commerce's scope, consisting of a grouping of SSWR products that are produced in a wide variety of grades, specifications, shapes, and sizes.²⁴

2. First and Second Five-Year Reviews

In the first five-year reviews, the domestic industry supported the same definition of the domestic like product as in the original investigations, and respondent interested parties made no arguments regarding the like product. The Commission again defined a single domestic like

¹⁷ *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 Fed. Reg. 59733, accompanying Issues and Decisions Memorandum at 2-3 (Dep't of Commerce Oct. 2, 2015).

¹⁸ CR at I-22; PR at I-18.

¹⁹ CR at I-23 – I-24; PR at I-19.

²⁰ CR at I-23; PR at I-19.

²¹ CR at I-23; PR at I-19.

²² CR at I-23 – I-24; PR at I-19.

²³ CR at I-25 – I-26; PR at I-19 – I-20.

²⁴ *Original Investigations*, USITC Pub. 3126 at 7.

Contains Business Proprietary Information

product that was coextensive with Commerce's scope.²⁵ In the second five-year reviews, the Commission observed that the record indicated no material changes in pertinent product characteristics from the original investigations and first reviews and that no party argued that the Commission should depart from the domestic like product definitions adopted in those proceedings. Consequently, the Commission again defined a domestic like product that was coextensive with Commerce's scope.²⁶

3. The Current Reviews

Domestic producers contend that the Commission should continue to use the same definition of the domestic like product as in the original investigations and prior five-year reviews.²⁷ No party has advocated for a different definition of the domestic like product.²⁸

In five-year reviews, the Commission generally adopts the domestic like product definition from the original investigations when the record does not indicate that any change is appropriate, and no party has argued for a different definition. The record in these reviews indicates no material changes in pertinent characteristics of the product or market,²⁹ and no party argued that the Commission should adopt a different domestic like product definition. Consequently, for the reasons articulated in the original investigations and first and second five-year reviews of these orders, we define a single domestic like product that is coextensive with Commerce's scope.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Tariff Act defines the relevant industry 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."³⁰ 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.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise

²⁵ *First Reviews*, USITC Pub. 3707 at 5.

²⁶ *Second Reviews*, USITC Pub. 4154 at 9.

²⁷ Domestic Producers' Prehearing Br. at 5.

²⁸ CR at I-26; PR at I-20.

²⁹ *See generally* CR at I-21 – I-26; PR at I-17 – I-20.

³⁰ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

Contains Business Proprietary Information

or which are themselves importers.³¹ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.³²

1. The Original Investigation and First and Second Five-Year Reviews

In the original investigations, the Commission did not exclude any related parties under 19 U.S.C. § 1677(4)(B). Domestic Producers AI Tech and Carpenter each had imported subject merchandise, AI Tech was a majority-owned subsidiary of Korean producer Sammi, and Carpenter had owned a share of Taiwan producer Walsin Cartech Specialty Steel Corp. ("Walsin") for a portion of the period of investigation. The Commission found that both AI Tech and Carpenter were related parties but did not find appropriate circumstances to exclude either from the domestic industry.³³

During the first reviews, only NAS had imported SSWR from a subject country. The Commission did not find that appropriate circumstances existed to exclude NAS from the domestic industry as a related party, although its subject imports *** were equivalent to *** percent of its domestic production in 2003. As the Commission explained, NAS supported continuation of the orders and showed commitment to U.S. SSWR production by constructing a new manufacturing facility in Kentucky.³⁴ Moreover, the Commission did not find that its importation gave NAS any particular advantage over other domestic producers,³⁵ and no party advocated for its exclusion.

During the second reviews, no domestic producer imported or purchased subject SSWR.³⁶ Domestic producer NAS was a related party because a third party, Acerinox, was legally or operationally in a position to exercise direct or indirect control over both of its wholly

³¹ See *Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

³² The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

³³ *Original Investigation*, USITC Pub. 3126 at 8-9.

³⁴ *First Reviews*, USITC Pub. 3707 at 6.

³⁵ *First Reviews*, USITC Pub. 3707 at 6-7.

³⁶ *Second Reviews*, USITC Pub. 4154 at 11.

Contains Business Proprietary Information

owned subsidiaries, domestic producer NAS and Spanish producer Roldan.³⁷ The Commission did not find appropriate circumstances to exclude NAS from the domestic industry, finding that NAS made clear its commitment to U.S. operations by increasing its share of domestic SSWR production. The Commission noted that NAS ***.³⁸ The Commission further observed that neither NAS nor any other firm reported importing subject merchandise from Roldan during the period of review, and there was ***.³⁹

2. The Current Reviews

There is a related party issue in these reviews concerning domestic producer NAS. Its parent company, Acerinox, is legally or operationally in a position to exercise direct or indirect control over both NAS and Roldan,⁴⁰ one of two producers of SSWR in Spain.⁴¹ Although Roldan did not respond to the Commission's questionnaire, official U.S. statistics indicate *** from Spain was imported into the United States in 2015.⁴² The other SSWR producer in Spain, Olarra, responded to the Commission's questionnaire and reported no exports of SSWR to the United States during the period of review. Accordingly, it appears that Roldan exported a small amount of SSWR to the United States during the period of review. Therefore, the record indicates that NAS is a related party because it and an entity that appears to have exported subject merchandise are under common control.

Domestic producers argue that the Commission should again define the domestic industry as consisting of all U.S. producers of the domestic like product.⁴³ They contend that, although NAS is related to subject producer Roldan in Spain, appropriate circumstances do not exist to exclude NAS from the domestic industry.⁴⁴

We find that appropriate circumstances do not exist to exclude NAS from the domestic industry. NAS was the largest domestic producer of SSWR, accounting for *** percent of

³⁷ *Second Reviews*, USITC Pub. 4154 at 11.

³⁸ *Second Reviews*, USITC Pub. 4154 at 11 and Confidential Views at 15.

³⁹ *Second Reviews*, USITC Pub. 4154 at 11.

⁴⁰ CR/PR at Table I-6 n.1.

⁴¹ CR at IV-7; PR at IV-6.

⁴² CR/PR at Table IV-1.

⁴³ Domestic Producers' Prehearing Br. at 5-6. No respondent party briefed the issue.

⁴⁴ Domestic Producers' Prehearing Br. at 5-6. They claim that, similar to the situation in the prior review, NAS remains committed to its U.S. operations, as it accounted for *** of U.S. production of SSWR during the current review period; it ***; it did not import subject merchandise from Roldan during the current review period; and there is no indication that its affiliation with Roldan has skewed NAS's performance compared to other domestic producers. Domestic Producers' Prehearing Br. at 5-6 (citing Prehearing Report at III-14). Domestic producers further argue that ***, although NAS acknowledges that with the startup of NAS's operations, Roldan has not exported any subject merchandise into the United States in significant quantities. Domestic Producers' Posthearing Br., Answers to Commission Questions at 31 and Exhibit 11.

Contains Business Proprietary Information

domestic production of SSWR in 2015.⁴⁵ NAS ***.⁴⁶ NAS's principal interest appears to be domestic production. In 2015, its production was *** short tons.⁴⁷ It did not report importing any subject merchandise directly.⁴⁸ The only apparent exports from Roldan occurred in 2015, and consisted of only ***.⁴⁹ Finally, no party argues for NAS's exclusion from the domestic industry.

Accordingly, given our definition of the domestic like product, we define the domestic industry as all domestic producers of SSWR.

III. Cumulation

A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.⁵⁰

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.⁵¹ The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of

⁴⁵ CR/PR at Table I-6.

⁴⁶ CR/PR at Table I-6 n.1.

⁴⁷ NAS Producers' Questionnaire at II-6.

⁴⁸ NAS Producers' Questionnaire at II-13.

⁴⁹ CR/PR at Table IV-1.

⁵⁰ 19 U.S.C. § 1675a(a)(7).

⁵¹ 19 U.S.C. § 1677(7)(G)(i); *see also, e.g., Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

Contains Business Proprietary Information

revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

B. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.⁵² Neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.⁵³ With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations. For each subject country, in both prior reviews, the Commission found that subject imports were not likely to have no discernible adverse impact if the relevant order were revoked.

Italy. By the end of the period covered by the original investigations, three firms produced SSWR in Italy: Cogne, Rodacciai, and Valbruna.⁵⁴ Valbruna received a *de minimis* antidumping duty margin from Commerce and was excluded from the antidumping duty order.⁵⁵ Valbruna, however, remained subject to a countervailing duty order on subject imports from Italy until Commerce revoked that order effective July 2, 2004.⁵⁶ Cogne accounted for *** percent of Italian production but *** percent of Italy’s SSWR exports to the United States in 1997, whereas Rodacciai accounted for *** percent of Italian production but less than *** percent of exports to the United States.⁵⁷ In the original investigations, subject SSWR imports from Italy (which included Valbruna’s imports) declined from 1995 to 1996 but increased in 1997.⁵⁸ Total SSWR imports from Italy accounted for a declining share of the U.S. market (*** percent in 1995, *** percent in 1996, and *** percent in 1997).⁵⁹

During the period of the first five-year reviews, Cogne and Rodacciai produced subject SSWR in Italy, but the latter appeared “to be only a minor exporter.”⁶⁰ Cogne’s U.S. exports declined to low levels after imposition of the antidumping duty order, but the Commission found that Cogne *** increased its exports to other markets, such that in 2003, only *** of

⁵² 19 U.S.C. § 1675a(a)(7).

⁵³ SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

⁵⁴ *Second Reviews*, USITC Pub. 4154 at 17.

⁵⁵ *Second Reviews*, USITC Pub. 4154 at 17; *see also* 63 Fed. Reg. 49334.

⁵⁶ *Second Reviews*, USITC Pub. 4154 at 17; *see also* 69 Fed. Reg. 40354.

⁵⁷ *Second Reviews*, Confidential Views at 26.

⁵⁸ *Second Reviews*, Confidential Views at 26.

⁵⁹ *Second Reviews*, Confidential Views at 26.

⁶⁰ *First Reviews*, USITC Pub. 3707 at 9 n.41.

Contains Business Proprietary Information

Cogne's shipments served internal or commercial Italian markets.⁶¹ The Commission found that Cogne's shipments to its larger markets fluctuated *** between 1998 and 2003, demonstrating an ability to shift between export markets and a practice of doing so.⁶² The Commission also referred to Cogne's *** short-ton capacity increase since the original investigations, its excess capacity that was equivalent to almost *** percent of the U.S. market, and Cogne's affiliate (Cogne USA), which the Commission found provided a ready outlet and distribution network for Cogne's exports to the United States.⁶³

In the second reviews, Cogne was the only producer in Italy that manufactured subject SSWR.⁶⁴ Cogne's capacity fluctuated during the period covered by those reviews (2004 to 2009), but the Commission found that its capacity was *** than during the original investigations.⁶⁵ Cogne's capacity utilization also fluctuated between 2004 and 2008 and declined ***.⁶⁶ Cogne's unused capacity in 2009 was equivalent to *** of total apparent U.S. consumption in 2009.⁶⁷ Although Cogne reported that its order books had recovered from the 2009 trough and were virtually full during the second quarter of 2010, the Commission did not give much weight to that data as an indication of Cogne's likely capacity utilization in the reasonably foreseeable future, finding that the data concerned only a single quarter and represented *** from Cogne's utilization levels during the period of review.⁶⁸ The Commission also found that Cogne had become *** export oriented since the original investigations and first reviews, with exports as a share of its total shipments increasing during the period of review.⁶⁹ Noting the capital-intensive nature of the SSWR industry, the Commission concluded that Cogne was likely to continue to use increasing levels of exports as a means to maintain high capacity utilization.⁷⁰ The Commission further found that subject SSWR from Italy had only a nominal, if any, U.S. market presence during the review period.⁷¹ Nonetheless, the Commission rejected Cogne's arguments regarding the likely difficulty of re-entering the U.S.

⁶¹ *First Reviews*, USITC Pub. 3707 at 9 and Confidential Views at 7.

⁶² *First Reviews*, USITC Pub. 3707 at 9 and Confidential Views at 7 n.45. The Commission also found that the European market was likely to be less attractive to Cogne due to reported EU overcapacity. It found the Asian market, where Cogne had invested in a new downstream Chinese production facility, also was likely to be less attractive due to expectations of significant increases in Chinese SSWR production and pricing data that showed mixed but generally lower average unit values ("AUVs"). *First Reviews*, USITC Pub. 3707 at 9 and Confidential Views at 7.

⁶³ *First Reviews*, USITC Pub. 3707 at 9 and Confidential Views at 8.

⁶⁴ *Second Reviews*, USITC Pub. 4154 at 18. Valbruna was not subject to the order, and Rodacciai reported that it did not produce SSWR during the review period. *Second Reviews*, USITC Pub. 4154 at 18 n.111.

⁶⁵ *Second Reviews*, USITC Pub. 4154 at 18 and Confidential Views at 27.

⁶⁶ *Second Reviews*, USITC Pub. 4154 at 18 and Confidential Views at 28.

⁶⁷ *Second Reviews*, USITC Pub. 4154 at 18 and Confidential Views at 28.

⁶⁸ *Second Reviews*, USITC Pub. 4154 at 18-19 and Confidential Views at 28-29.

⁶⁹ *Second Reviews*, USITC Pub. 4154 at 19 and Confidential Views at 28-29.

⁷⁰ *Second Reviews*, USITC Pub. 4154 at 19.

⁷¹ *Second Reviews*, USITC Pub. 4154 at 19.

Contains Business Proprietary Information

market as well as its argument that the United States was not an attractive market.⁷² The Commission further found that ***.⁷³

During the current review period, Cogne, Valbruna, and Rodacciai produced SSWR in Italy. Valbruna, however, is excluded from the antidumping duty order, and Rodacciai internally consumes all the SSWR it produces in manufacturing stainless steel bars and does not currently sell SSWR commercially.⁷⁴ During the period of review, Cogne's capacity for SSWR increased slightly overall after first declining; it was *** short tons in 2013, *** short tons in 2014, and *** short tons in 2015.⁷⁵ Cogne's SSWR production increased from *** short tons in 2013 to *** short tons in 2014 and *** short tons in 2015.⁷⁶ Its SSWR capacity utilization rate increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.⁷⁷ Although Cogne did not export subject SSWR to the United States during the period of review, its volume of total exports increased from *** short tons in 2013 to *** short tons in 2014 and *** short tons in 2015.⁷⁸ Export shipments as a share of total shipments decreased, however, from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.⁷⁹

In the original investigations, subject imports from Italy undersold domestic SSWR in 37 of 44 comparisons, although Valbruna (which was excluded from the antidumping duty order) may have accounted for some of the underselling.⁸⁰ Although pricing comparisons were more limited during the period covered by the first reviews due to Cogne's smaller presence in the U.S. market, available comparisons did show underselling in 1998 and 1999.⁸¹ There were no

⁷² *Second Reviews*, USITC Pub. 4154 at 19-20 and Confidential Views at 29-30. Specifically, the Commission observed that Cogne's New Jersey sales force already supplied established clients in the U.S. market with stainless steel bar, tool steel, and valve steel and advertised a full range of SSWR products. In addition, the Commission considered that, after the antidumping duty order on stainless steel bars from Italy was revoked in the first quarter of 2008, Cogne acknowledged that it only took about a year for the company to export bars to the United States. The Commission also found that the record in those reviews refuted Cogne's claims that the U.S. market was not relatively attractive and that Cogne itself admitted that it had some interest in resuming sales to the U.S. market. *Id.*

⁷³ *Second Reviews*, USITC Pub. 4154 at 20 and Confidential Views at 32.

⁷⁴ CR at IV-10 – CR-IV-11; PR at IV-7.

⁷⁵ CR/PR Table at IV-6.

⁷⁶ CR/PR Table at IV-6. Cogne's overall production of products produced on the same machinery as SSWR was *** short tons in 2013, *** short tons in 2014, and *** short tons in 2015. CR/PR Table at IV-7. Overall production capacity was constant during the period of review at *** short tons, and the overall capacity utilization rate increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015. *Id.*

⁷⁷ CR/PR Table at IV-6.

⁷⁸ CR/PR Table at IV-6.

⁷⁹ CR/PR Table at IV-6.

⁸⁰ Original Investigations, USITC Pub. 3707 at 10.

⁸¹ *First Reviews*, USITC Pub. 3707 at 10.

Contains Business Proprietary Information

available pricing comparisons in the second reviews.⁸² During the current review period, no pricing data were submitted regarding subject imports from Italy.⁸³

In light of the foregoing, we do not find that SSWR imports from Italy would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were revoked.

Japan. During the original investigations, eight producers of SSWR in Japan submitted questionnaire responses.⁸⁴ Hitachi received a *de minimis* antidumping duty margin from Commerce and was excluded from the antidumping duty order.⁸⁵ As of 1997, two producers (Nippon and Daido) each individually accounted for at least *** percent of SSWR production in Japan ***, with the others individually accounting for smaller shares.⁸⁶ Subject imports from Japan increased during the period of investigation, and their share of the U.S. market was *** percent in 1995, *** percent in 1996, and *** percent in 1997.⁸⁷

In the first reviews, no Japanese producer submitted a questionnaire response.⁸⁸ Subject imports from Japan had a smaller U.S. market presence after imposition of the antidumping duty order. The Commission found that the available information from Steel and Metals Market Research (“SMR”) indicated that production and consumption of SSWR in Japan both increased since the original investigations, with production increasing to a greater extent.⁸⁹

In the second reviews, Sumitomo reported that it had not produced or exported SSWR since January 1, 2004, but no Japanese producer of SSWR submitted a questionnaire response.⁹⁰ Subject imports from Japan had at most a nominal presence in the U.S. market during the review period.⁹¹ According to data on the record from ***, production capacity in Japan ***.⁹²

In the current reviews, the Commission did not receive questionnaire responses from any producer, exporter, or importer of subject SSWR from Japan. Subject imports from Japan were either *** from 2013 to 2015.⁹³ Global exports of SSWR from Japan, which would include

⁸² *Second Reviews*, USITC Pub. 4154 at 20.

⁸³ CR at V-9; PR at V-6.

⁸⁴ *Second Reviews*, USITC Pub. 4154 at 15. Those Japanese producers were Aichi Steel Works, Ltd. (“Aichi”); Daido Steel Co. (“Daido”); Hitachi; Pacific Metals Co., Ltd. (“Pacific Metals”); Nippon Koshua Steel Co., Ltd. (“Nippon Koshua”); Nippon Steel Corp. (“Nippon”); Sanyo Special Steel Co., Ltd. (“Sanyo”); and Sumitomo Electric Industries, Ltd. (“Sumitomo”). *Id.* at 15 n.80.

⁸⁵ *Second Reviews*, USITC Pub. 4154 at 15. *See also* 63 Fed. Reg. 49329

⁸⁶ *Second Reviews*, Confidential Views at 22.

⁸⁷ *Second Reviews*, Confidential Views at 22.

⁸⁸ *First Reviews*, USITC Pub. 3707 at 11.

⁸⁹ *First Reviews*, USITC Pub. 3707 at 11 & n.59.

⁹⁰ *Second Reviews*, USITC Pub. 4154 at 16.

⁹¹ *Second Reviews*, Confidential Views at 23.

⁹² *Second Reviews*, Confidential Views at 23-24.

⁹³ CR/PR at Table IV-1.

Contains Business Proprietary Information

exports from nonsubject producer Hitachi, increased from 85,390 short tons in 2013 to 88,564 short tons in 2014 and 92,035 short tons in 2015.⁹⁴ In addition, *** data show that Japanese producers Nippon Steel and Daido together had *** short tons of excess capacity in 2013, compared to the *** short tons of apparent U.S. consumption that year.⁹⁵

During the original investigations, subject imports from Japan undersold the domestic like product in 26 of 32 monthly comparisons, and underselling continued during the period covered by the first reviews, occurring in 16 of 23 comparisons, even with the order in place.⁹⁶ No pricing data for subject imports from Japan were obtained in either the second review or current review periods.⁹⁷

In light of the foregoing, we do not find that SSWR imports from Japan would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were revoked.

Korea. By 1997, the final full year of the original investigation period, three firms produced SSWR in Korea: Changwon Specialty Steel Co., Ltd. (“Changwon”); Dongbang Special Steel Co. (“Dongbang”); and Pohang Iron and Steel Co., Ltd. (“POSCO”).⁹⁸ Changwon accounted for *** percent of Korea’s white-coil production for full-year 1997, *** percent of black-coil production, and *** percent of Korean exports to the U.S. market.⁹⁹ Subject imports from Korea declined from 1995 to 1996 but increased in 1997.¹⁰⁰ Subject imports from Korea accounted for *** percent of the U.S. market in 1995, *** percent in 1996, and *** percent in 1997.¹⁰¹

In the first reviews, Changwon and Dongbang accounted for all SSWR production in Korea.¹⁰² The Commission emphasized that subject imports from Korea maintained a presence in the U.S. market after imposition of the order, although they gradually declined from their peak in 1997.¹⁰³ The Commission acknowledged that SSWR capacity in Korea *** during the period of review and that Changwon and Dongbang had a combined capacity utilization of *** percent in 2003. Nevertheless, excess capacity in Korea in 2003 was equivalent to *** percent of apparent U.S. consumption.¹⁰⁴ The Commission observed that Korean exports to Asia

⁹⁴ CR/PR at Table IV-12.

⁹⁵ See CR/PR at Table C-1 and ***.

⁹⁶ *First Reviews*, USITC Pub. 3707 at 11.

⁹⁷ *Second Reviews*, USITC Pub. 4154 at 16; CR at V-9; PR at V-6.

⁹⁸ *Second Reviews*, Confidential Views at 33. In 1997, Changwon and Dongbang produced “white coil” SSWR (finished SSWR that had been pickled and annealed), whereas POSCO produced only “black coil” SSWR (SSWR that had not been pickled or annealed). *First Reviews*, USITC Pub. 3126 at VII-5 to VII-6.

⁹⁹ *Second Reviews*, USITC Pub. 4154 at 21.

¹⁰⁰ *Second Reviews*, USITC Pub. 4154 at 21.

¹⁰¹ *Second Reviews*, Confidential Views at 34.

¹⁰² *First Reviews*, USITC Pub. 3707 at 11.

¹⁰³ *First Reviews*, Confidential Views at 9.

¹⁰⁴ *First Reviews*, Confidential Views at 9

Contains Business Proprietary Information

increased over the period of review but that the majority of Korean producers' SSWR shipments remained in the home market.¹⁰⁵ The Commission found mixed evidence with respect to pricing in various world markets, but noted that at least some sources suggested generally higher prices in the U.S. market than in Asia. The Commission found this to be consistent with what was only a gradual decline in Korean exports to the U.S. market during the first review period.¹⁰⁶

In the second reviews, the record reflected only one subject SSWR producer in Korea, POSCO Specialty Steel Co., Ltd. ("POSCOSS"), which was the successor entity to Changwon.¹⁰⁷ Subject SSWR from Korea had at most a small U.S. market presence between 2004 and 2009, with POSCOSS reporting that it last exported SSWR to the United States in ***, all of which was white coil SSWR.¹⁰⁸ Home market shipments accounted for the largest share of POSCOSS's total shipments, and exports to Asia accounted for ***.¹⁰⁹ The Commission found that POSCOSS ***.¹¹⁰ The Commission further found that POSCOSS ***.¹¹¹ POSCOSS's production capacity *** during the review period, although its capacity utilization ***.¹¹² POSCOSS's excess capacity in 2009 was equivalent to *** percent of apparent U.S. consumption in that year.¹¹³ The Commission further observed that, although ***.¹¹⁴ The Commission concluded that, given the need in the capital-intensive SSSWR industry to maintain high capacity utilization to spread fixed costs over a larger production volume, the relative attractiveness of the U.S. market, its findings from the original investigations and first reviews, and the existence of a ***, POSCOSS was likely to export SSWR to the United States in the event the antidumping duty order was revoked.¹¹⁵

In the current reviews, SeAH ***.¹¹⁶ Subject imports from Korea were *** from 2013 to 2015.¹¹⁷ SeAH's SSWR production capacity remained stable each year at *** short tons; however, its production of SSWR fluctuated, increasing from *** short tons in 2013 to *** short tons in 2014 and decreasing to *** short tons in 2015.¹¹⁸ Its capacity utilization rate fluctuated, increasing from *** percent in 2013 to *** percent in 2014 and then falling to ***

¹⁰⁵ *First Reviews*, USITC Pub. 3707 at 12.

¹⁰⁶ *First Reviews*, USITC Pub. 3707 at 12.

¹⁰⁷ *Second Reviews*, USITC Pub. 4154 at 22.

¹⁰⁸ *Second Reviews*, Confidential Views at 35.

¹⁰⁹ *Second Reviews*, Confidential Views at 35.

¹¹⁰ *Second Reviews*, Confidential Views at 35-36.

¹¹¹ *Second Reviews*, Confidential Views at 36.

¹¹² *Second Reviews*, Confidential Views at 35.

¹¹³ *Second Reviews*, Confidential Views at 36.

¹¹⁴ *Second Reviews*, Confidential Views at 36.

¹¹⁵ *Second Reviews*, Confidential Views at 36.

¹¹⁶ CR at IV-13; PR at IV-8. Changwon was acquired by the SeAH Group and changed its name to SeAH Changwon Integrated Special Steel Corporation. SeAH's Prehearing Br. at 2.

¹¹⁷ CR/PR at Table IV-1.

¹¹⁸ CR/PR Table at IV-8.

Contains Business Proprietary Information

percent in 2015.¹¹⁹ Its total volume of exports decreased overall, initially increasing from *** short tons in 2013 to *** short tons in 2014, before falling to *** short tons in 2015.¹²⁰ Its export shipments as a share of total shipments decreased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.¹²¹

Subject imports from Korea undersold domestic SSWR in 34 of 37 comparisons in the original investigations and in 44 of 54 comparisons in the first reviews.¹²² During the second review period, subject imports from Korea oversold the domestic product in *** of eight comparisons, but the volumes involved were relatively low and pricing comparisons were available only for the second quarter of 2004 through the first quarter of 2006.¹²³ During the current review period, no pricing data were submitted regarding subject imports from Korea.¹²⁴

In light of the foregoing, including information concerning the Korean producer's excess capacity and declining shipments, we do not find that SSWR imports from Korea would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were revoked.

Spain. During the original investigations, Roldan reportedly dominated the Spanish SSWR industry.¹²⁵ Olarra, which was 30 percent owned by Italian producer Rodacciai's parent Guiseppe Roda, ***.¹²⁶ Roldan accounted for *** percent of SSWR production in Spain and *** percent of SSWR exports from Spain in 1997.¹²⁷ Subject imports from Spain increased from 1995 to 1997,¹²⁸ and their market share rose from *** percent in 1995 to *** percent in 1996 and *** percent in 1997.¹²⁹

In the first reviews, neither of the two known Spanish producers, Roldan and Olarra, submitted questionnaire responses, so the Commission had limited information concerning the Spanish SSWR industry.¹³⁰ The Commission found that available information suggested greater capacity during the first five-year reviews than existed during the original investigations,¹³¹ and that the two Spanish producers increased production by *** percent between 1998 and 2003.¹³² Although the majority of Spanish production was shipped to the home market in the

¹¹⁹ CR/PR Table at IV-8.

¹²⁰ CR/PR Table at IV-8.

¹²¹ CR/PR Table at IV-8.

¹²² *First Reviews*, USITC Pub. 3707 at 12.

¹²³ *Second Reviews*, Confidential Views at 35-37.

¹²⁴ CR at V-9; PR at V-6.

¹²⁵ *Second Reviews*, USITC Pub. 4154 at 23.

¹²⁶ *Second Reviews*, Confidential Views at 37.

¹²⁷ *Second Reviews*, Confidential Views at 37.

¹²⁸ *Second Reviews*, USITC Pub. 4154 at 23.

¹²⁹ *Second Reviews*, Confidential Views at 38.

¹³⁰ *First Reviews*, USITC Pub. 3707 at 13.

¹³¹ *First Reviews*, USITC Pub. 3707 at 13.

¹³² *First Reviews*, Confidential Views at 10.

Contains Business Proprietary Information

original investigations, the Commission observed that Spanish SSWR production had increased more than Spanish consumption, suggesting additional exports of SSWR were likely.¹³³

In the second reviews, no Spanish firm responded to the Commission's questionnaire (in addition to ***).¹³⁴ According to *** data, SSWR production capacity in Spain ***.¹³⁵ Because of the lack of participation by any producer in either the first or second reviews, the Commission did not have data on excess capacity in Spain, but observed that ***.¹³⁶ Subject imports from Spain undersold the domestic like product in 14 of 16 comparisons in the original investigations and in six of seven instances in the first reviews.¹³⁷ No pricing data were submitted for the second review period for subject imports from Spain.¹³⁸

In the current reviews, subject imports from Spain were *** from 2013 to 2015.¹³⁹ No pricing data were submitted regarding subject imports from Spain for this review period.¹⁴⁰ Olarra and Roldan were identified as the only SSWR producers in Spain; the Commission received a questionnaire response only from Olarra.¹⁴¹

Olarra reported that it internally consumes *** of the SSWR it produces in Spain and exports *** of its SSWR to ***.¹⁴² As indicated above, in the original investigations, Olarra was 30 percent owned by Italian producer Rodacciai's parent Guiseppa Roda. Now, Olarra is a wholly owned subsidiary of Rodacciai.¹⁴³ Although Olarra does not have a formal agreement with the affiliates to which it supplies SSWR, Rodacciai controls Olarra's operations and uses it as a mechanism to provide SSWR to Olarra's affiliates in Italy.¹⁴⁴ Indeed, record evidence shows that ***.¹⁴⁵ Accordingly, *** of Olarra's production of SSWR is dedicated to the production of downstream products and very little is either sold commercially in Spain or exported elsewhere.¹⁴⁶ The record in these reviews therefore demonstrates that, although Olarra exports *** of the SSWR it produces in Spain to its affiliates in Italy, it does not meaningfully engage in commercial export activities and is not likely to do so in the reasonably foreseeable future.

¹³³ *First Reviews*, USITC Pub. 3707 at 13.

¹³⁴ *Second Reviews*, USITC Pub. 4154 at 23, Confidential Views at 39.

¹³⁵ *Second Reviews*, Confidential Views at 39.

¹³⁶ *Second Reviews*, Confidential Views at 39.

¹³⁷ *First Reviews*, USITC Pub. 3707 at 13.

¹³⁸ *Second Reviews*, USITC Pub. 4154 at 23.

¹³⁹ CR/PR at Table IV-1.

¹⁴⁰ CR at V-9; PR at V-6.

¹⁴¹ CR at IV-16; PR at IV-8.

¹⁴² CR at II-11; PR at II-7.

¹⁴³ CR at II-11; PR at II-7.

¹⁴⁴ Olarra's Posthearing Br., Responses to Commission Questions at 2-3 & Attachment 2; Olarra's Prehearing Br. at 6, 10; Olarra's Final Comments at 2.

¹⁴⁵ Olarra's Posthearing Br., Responses to Commission Questions at 3 & Attachment 2 at 21.

¹⁴⁶ During the period of review, Olarra reported commercial shipments of SSWR in Spain of *** in 2014 and *** short tons in 2015. CR/PR at Table IV-10. It also reported exporting *** tons of SSWR to *** in 2014. Olarra's Final Comments at 1.

Contains Business Proprietary Information

This conclusion is also supported by other information on the record concerning Olarra's operations. During the period of review, Olarra's SSWR production capacity remained constant at *** short tons.¹⁴⁷ Olarra's production of SSWR, however, fluctuated, increasing from *** short tons in 2013 to *** short tons in 2014 before decreasing to *** short tons in 2015.¹⁴⁸ As a result, its SSWR capacity utilization rate also fluctuated, increasing from *** percent in 2013 to *** percent in 2014 before returning to *** percent in 2015.¹⁴⁹ Notwithstanding the decline in production and capacity utilization in 2015, Olarra's volume of total exports decreased steadily during the period of review, including in 2015.¹⁵⁰ In other words, Olarra did not seek new export markets to increase its production of SSWR and maximize its capacity utilization. Nor did it seek to substantially increase commercial sales (its commercial sales over the period of review were limited to home market shipments of *** in 2014 and *** short tons in 2015.¹⁵¹ We find that there is nothing on the record in these reviews to suggest that Olarra would behave differently in the near future if the order on SSWR from Spain were revoked, notwithstanding that it has some excess capacity. Accordingly, we find that the volume of any exports to the United States of SSWR produced by Olarra is not likely to be above minimal levels in the reasonably foreseeable future.

We likewise find that any volume of exports to the United States of SSWR produced by Roldan is not likely to be above minimal levels in the reasonably foreseeable future. Roldan, reportedly the dominant SSWR producer in Spain,¹⁵² is related to the dominant producer of SSWR in the United States, NAS, as discussed above. In the original investigations, Roldan accounted for the large majority of exports of SSWR from Spain to the United States, and although it did not participate in the first reviews, subject imports from Spain continued at close to pre-order levels during that time.¹⁵³ After NAS commenced operations in 2003, however, subject imports from Spain virtually disappeared from the U.S. market.¹⁵⁴ Because subject imports from Spain continued at essentially pre-order levels until 2004 and only decreased substantially that year following the commencement of NAS's operations in the United States, the virtual cessation of exports from Roldan appears to be a function of its

¹⁴⁷ CR/PR Table at IV-10.

¹⁴⁸ CR/PR at Table IV-10.

¹⁴⁹ CR/PR at Table IV-10.

¹⁵⁰ CR/PR Table at IV-10. Olarra's exports were *** short tons in 2013, *** short tons in 2014, and *** short tons in 2015. *Id.*

¹⁵¹ CR/PR at Table IV-10.

¹⁵² *See, e.g.*, CR at II-11; PR at II-7 (Olarra estimated its share of SSWR production in Spain to be *** percent, with Roldan accounting for the rest). *See also* Domestic Producers' Prehearing Br. at 36 (identifying Roldan as the largest producer of SSWR in Spain). *** data indicate that ***. *See* SeAH's Foreign Producer Questionnaire, Attachment 2 at 35. Even if Roldan was not the dominant producer of SSWR in Spain at that time, it would not change our analysis or conclusion.

¹⁵³ CR/PR at C-3 and A-4.

¹⁵⁴ CR/PR at C-4.

Contains Business Proprietary Information

common ownership with NAS and not due to any restraining effect of the order.¹⁵⁵ Moreover, we observe that since 2012, Roldan had has a zero duty deposit rate,¹⁵⁶ yet there have been *** subject imports from Spain since 2013.¹⁵⁷ Accordingly, although Roldan may have had significant excess capacity, neither that capacity nor the fact that it has had a duty deposit rate of zero since 2012 has served as an incentive for it to resume exports of SSWR to the United States in any appreciable quantities. Thus, for purposes of our no discernible adverse impact analysis, we find that the volume of any imports of SSWR from Roldan is not likely to be above minimal levels in the reasonably foreseeable future.¹⁵⁸

For these reasons, we find that subject imports from Spain would likely have no discernible adverse impact on the domestic industry if the order was revoked. Accordingly, the statute precludes us from cumulating subject imports from Spain with other subject imports for purposes of our analysis in these reviews.¹⁵⁹

Taiwan. During the original investigations, two firms produced SSWR in Taiwan, Walsin-Cartech Specialty Steel Corp. (“Walsin-Cartech”) and Yieh Hsing.¹⁶⁰ Yieh Hsing received a *de minimis* final antidumping duty margin, so Commerce excluded it from the order.¹⁶¹ Walsin-Cartech’s production and capacity *** between 1995 and 1997, during which time its exports to the United States increased ***, causing subject imports to increase *** during the period of

¹⁵⁵ Although there is some evidence in the record of these reviews that NAS and Roldan are ***, domestic producers also acknowledge that Roldan has not exported SSWR to the United States in any significant volumes since the startup of NAS operations. Domestic Producers’ Posthearing Br., Response to Commission Questions at 31 & Exhibit 11. Moreover, we observe that at the hearing in the second reviews the vice president of NAS indicated that Roldan would not ship SSWR to the United States and compete with NAS, even if it had the capacity to do so. Specifically, he stated that “the investment originates from Spain here at ***, and whether it’s rod in this instance or even flat products we do not elect to compete with ourselves, and therefore there would be {no} interest on Roldan’s part, capacity or not, to bring product here owing to the fact it’s an investment of theirs. . . . It would not serve the company.” *Second Reviews Hearing Tr.* at 47-48 (Feeley). NAS has not placed anything on the record in these reviews that indicates its relationship with Roldan in this respect has changed since the time of the second reviews. We also note that domestic producers have not alleged that Roldan is likely to ship significant volumes of SSWR to the United States if the order were revoked.

¹⁵⁶ See CR/PR at Table I-3.

¹⁵⁷ CR/PR at Tables I-3, IV-1.

¹⁵⁸ We have also considered any combined impact of likely volumes from Olarra and Roldan and do not find that they rise to the level of having a likely discernible adverse impact on the domestic industry. In addition, due to the changes in conditions of competition pertaining to the ownership of the subject producers discussed above, we reject domestic producers’ contention that the behavior these producers displayed during the original investigations provides useful guidance to their likely behavior upon revocation of the antidumping duty order.

¹⁵⁹ 19 U.S.C. § 1675a(a)(7).

¹⁶⁰ *Second Reviews*, USITC Pub. 4154 at 24.

¹⁶¹ *Second Reviews*, USITC Pub. 4154 at 24; see also 63 Fed. Reg. 49332.

Contains Business Proprietary Information

investigation.¹⁶² Subject SSWR imports from Taiwan accounted for an increasing share of the U.S. market (**% percent in 1995, **% percent in 1996, and **% percent in 1997).¹⁶³

In the first reviews, two producers accounted for all SSWR production in Taiwan, Walsin Lihwa Corp. (“Walsin”) (the successor to Walsin-Cartech) and nonsubject producer Yieh Hsing.¹⁶⁴ The Commission observed that subject imports from Taiwan maintained a presence in the U.S. market even after imposition of the antidumping duty order.¹⁶⁵ At the time of the first five-year reviews, Walsin exported more than **% of its shipments and had **% since the original investigations.¹⁶⁶ Moreover, its excess capacity in 2003 was equivalent to more than **% percent of apparent U.S. consumption that year.¹⁶⁷ The Commission found mixed evidence concerning prices in various world markets, but noted at least some sources suggested higher prices in the U.S. market than in Taiwan, an inference that was consistent with Taiwan’s continued presence in the U.S. market despite the antidumping duty order.¹⁶⁸

In the second reviews, no producer of SSWR in Taiwan responded to the Commission’s questionnaires.¹⁶⁹ Subject imports from Taiwan maintained a presence in the U.S. market during the review period.¹⁷⁰ **% data identified **. ¹⁷¹ According to this source, SSWR production capacity in Taiwan **. ¹⁷² The Commission observed that imports of stainless steel bar from Taiwan were subject to a U.S. antidumping duty order and that Walsin could shift some production from stainless steel bar to SSWR in the event the U.S. order on SSWR were revoked.¹⁷³

In the current reviews, the Commission did not receive questionnaire responses from any producer, exporter, or importer of subject SSWR from Taiwan. The volume of subject imports from Taiwan was **% short tons in 2013, **% short tons in 2014, and **% short tons in 2015.¹⁷⁴ Global exports of SSWR from Taiwan, which include exports by nonsubject producer Yieh Hsing, increased from 99,075 short tons in 2013 to 110,347 short tons in 2014 and 141,422 short tons in 2015.¹⁷⁵ In addition, **% data submitted by **% show that subject producer Walsin is **, with a production level that was **% apparent U.S. consumption in 2013.¹⁷⁶

¹⁶² *Second Reviews, Confidential Views* at 40.

¹⁶³ *Second Reviews, Confidential Views* at 40.

¹⁶⁴ *First Reviews, USITC Pub. 3707* at 14.

¹⁶⁵ *First Reviews, USITC Pub. 3707* at 14.

¹⁶⁶ *First Reviews, Confidential Views* at 12.

¹⁶⁷ *First Reviews, Confidential Views* at 12.

¹⁶⁸ *First Reviews, Confidential Views* at 12.

¹⁶⁹ *Second Reviews, USITC Pub. 4154* at 24.

¹⁷⁰ *Second Reviews, Confidential Views* at 41.

¹⁷¹ *Second Reviews, Confidential Views* at 41-42.

¹⁷² *Second Reviews, Confidential Views* at 42.

¹⁷³ *Second Reviews, USITC Pub.4154* at 25.

¹⁷⁴ CR/PR at Table IV-I.

¹⁷⁵ CR/PR at Table IV-12.

¹⁷⁶ See CR at II-13; PR at II-7.

Contains Business Proprietary Information

Subject imports from Taiwan undersold domestic SSWR in 15 of 20 comparisons in the original investigations and in five of 14 instances in the first reviews.¹⁷⁷ Virtually no pricing data were submitted for the second review period for subject imports from Taiwan.¹⁷⁸ During the current review period, no pricing data were submitted regarding subject imports from Taiwan.¹⁷⁹

In light of the foregoing, we do not find that SSWR imports from Taiwan would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were revoked.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.¹⁸⁰ Only a “reasonable overlap” of competition is required.¹⁸¹ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.¹⁸²

In the original investigations, the Commission found a reasonable overlap of competition among subject imports and the domestic like product and cumulated imports from all subject countries.¹⁸³ The Commission also found a likely reasonable overlap of competition

¹⁷⁷ *First Reviews*, USITC Pub. 3707 at 15.

¹⁷⁸ *Second Reviews*, USITC Pub. 4154 at 25.

¹⁷⁹ CR at V-9; PR at V-6.

¹⁸⁰ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (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 geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

¹⁸¹ *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g., Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff’d sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

¹⁸² *See generally, Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

¹⁸³ *Original Investigations*, USITC Pub. 3126 at 12-13.

Contains Business Proprietary Information

among imports from these sources in both of the prior five-year reviews and cumulated imports from all subject countries.¹⁸⁴ In doing so, the Commission noted that the focus of its inquiry in five-year reviews is whether there would likely be competition upon revocation of the relevant orders, even if there currently were no imports from a subject country.¹⁸⁵

Fungibility. In the original investigations, the Commission found that SSWR from all subject countries was fungible with SSWR from other subject countries and with the domestic like product.¹⁸⁶ Only Japanese respondents asserted that their imports did not compete with the domestic like product.¹⁸⁷ The Commission found that the limited evidence regarding quality differences was outweighed by other evidence showing a reasonable overlap of competition between subject imports from Japan and the domestic like product.¹⁸⁸ In the first five-year reviews, the Commission found that, once made to customers' specifications, SSWR made domestically and in the subject countries was generally substitutable and interchangeable in uses.¹⁸⁹ In the second reviews, *** responding domestic producers and *** of responding importers reported that SSWR produced in the subject countries was always or frequently interchangeable with SSWR produced in the other subject countries and with the domestic like product.¹⁹⁰ The Commission found that purchasers typically reported SSWR to be sometimes or frequently comparable regardless of the subject or domestic source.¹⁹¹ Questionnaire respondents also generally reported that producers in the United States and each of the subject countries met quality requirements, and no party argued otherwise.¹⁹²

The record in the current reviews indicates that there would likely be a high degree of substitutability among subject imports from Italy, Japan, Korea, and Taiwan and between these imports and the domestic like product, although the substitutability may be more limited between the domestic like product and SSWR from Japan and between the domestic like product and subject imports for some niche products.¹⁹³ All three responding domestic producers reported that the domestic like product and imports from each subject source are always interchangeable, while both responding importers and most purchasers reported that SSWR is always or frequently interchangeable, regardless of source.¹⁹⁴

¹⁸⁴ *First Reviews*, USITC Pub. 3707 at 15; *Second Reviews*, USITC Pub. 4154 at 25, 28.

¹⁸⁵ *Second Reviews*, USITC Pub. 4154 at 28.

¹⁸⁶ *Original Investigations*, USITC Pub. 3126 at 11-13.

¹⁸⁷ *Original Investigations*, USITC Pub. 3126 at 12.

¹⁸⁸ *Original Investigations*, USITC Pub. 3126 at 12-13.

¹⁸⁹ *First Reviews*, USITC Pub. 3707 at 15.

¹⁹⁰ *Second Reviews*, Confidential Views at 45.

¹⁹¹ *Second Reviews*, USITC Pub. 4154 at 26.

¹⁹² *Second Reviews*, USITC Pub. 4154 at 26.

¹⁹³ CR at II-19; PR at II-11 – II-12. One purchaser reported that domestically produced SSWR is inferior to SSWR from Japan in terms of some factors, including availability, product range, and quality. CR/PR at Table II-9.

¹⁹⁴ CR at II-29; PR at II-19; CR/PR at Table II-11. Purchaser comparisons of the domestic like product and subject imports were limited; there were comparisons from more than one purchaser only (Continued...)

Contains Business Proprietary Information

Channels of Distribution. During the original investigations, most SSWR produced in the United States was captively consumed, but the Commission found that the great majority of both domestic and imported merchant-market shipments were sold directly to end users, such as wire redrawers and fastener manufacturers.¹⁹⁵ In the first reviews, the Commission found that subject imports and domestically produced SSWR for the commercial market were sold to end users,¹⁹⁶ and the Commission found that the data in the second reviews were generally consistent with the earlier proceedings.¹⁹⁷

In the current period of review, U.S. producers directed the *** majority of their commercial shipments of SSWR to end users.¹⁹⁸ Although no responding importer reported importing subject product during 2013-2015, both responding importers reported selling ***.¹⁹⁹

Geographic Overlap. Both SSWR imported from the subject countries and SSWR produced in the United States were sold nationwide during the original investigations,²⁰⁰ and nothing on the record of the first reviews indicated that this pattern would likely change upon revocation.²⁰¹ Although there were only limited or no subject imports during the second reviews, importers generally reported selling to multiple geographic regions,²⁰² supporting a likelihood of geographic overlap among subject imports and the domestic like product in the event of revocation.

In the current reviews, domestic producers and one responding importer of nonsubject SSWR reported selling SSWR to all regions in the contiguous United States except the Mountain region.²⁰³ In addition, imports from Italy and Taiwan, including those from exporters not subject to the orders, were each shown to have entered the U.S. market through eight out of 11 customs districts in 2015.²⁰⁴

Simultaneous Presence in Market. In the original investigations, meaningful volumes of imports from all of the subject countries and the domestic like product were present in the U.S.

(...Continued)

between the domestic like product and subject imports from Italy and Taiwan. In comparing the domestic like product and subject imports from Italy, majorities or pluralities of the six responding purchasers found the products comparable with respect to every factor except delivery time. In comparing the domestic like product and subject imports from Taiwan, either one or both of the responding purchasers found the products comparable with respect to every factor. CR/PR at Table II-9.

¹⁹⁵ *Original Investigations*, USITC Pub. 3126 at 12.

¹⁹⁶ *First Reviews*, USITC Pub. 3707 at 15-16.

¹⁹⁷ *Second Reviews*, USITC Pub. 4154 at 27.

¹⁹⁸ CR/PR at II-1 & Table II-1.

¹⁹⁹ CR at II-1 – II-2; PR at II-1.

²⁰⁰ *Original Investigations*, USITC Pub. 3126 at 11-12.

²⁰¹ *First Reviews*, USITC Pub. 3707 at 16.

²⁰² *Second Reviews*, USITC Pub. 4154 at 27.

²⁰³ CR/PR at II-2 & Table II-2.

²⁰⁴ CR/PR at Table IV-3.

Contains Business Proprietary Information

market throughout the period of investigation.²⁰⁵ In the first reviews, the Commission found that subject imports from each subject country likely would be present if the orders were revoked, because import statistics and quarterly pricing data showed that SSWR from each subject country had been sold in the U.S. market during the review period.²⁰⁶ Subject imports generally had a lower or no presence in the U.S. market during the second review period.²⁰⁷ The Commission found that upon revocation, imports from all subject sources would likely be simultaneously present in the market alongside SSWR produced domestically, as they were during the original investigations.²⁰⁸

In the current reviews, subject imports continue to have a minimal presence in the U.S. market. However, imports of SSWR from Italy, Japan, and Taiwan, which include imports from exporters excluded from the order, were present in every month of 2015.²⁰⁹

Conclusion. The record of these third reviews indicates that, upon revocation, there would likely be a reasonable overlap of competition among imports from different subject sources and between imports from each subject source and the domestic like product. In particular, the domestic like product and subject imports from Italy, Japan, Korea, and Taiwan remain fungible. Upon revocation, subject imports from Italy, Japan, Korea, and Taiwan would likely have the common channels of distribution, geographic overlap, and simultaneous presence in the market that they did prior to imposition of the orders. Moreover, no respondent has asserted any contrary argument. Therefore, we find that there will be a likely reasonable overlap of competition between the domestic like product and subject imports from Italy, Japan, Korea, and Taiwan, and among imports from these subject countries, should the orders be revoked.

D. Likely Conditions of Competition

We next consider whether subject imports from any source are likely to compete under different conditions of competition in the U.S. market than other subject imports.

In the first and second reviews, the Commission did not find that subject imports from any of the subject countries in those reviews were likely to compete under different conditions in the U.S. market in the event of revocation.²¹⁰ In these reviews, Cogne asks the Commission to decline to cumulate subject imports from Italy based on its assertion that subject imports from Italy are likely to compete under different conditions of competition than other subject

²⁰⁵ *Original Investigations*, USITC Pub. 3126 at 12.

²⁰⁶ *First Reviews*, USITC Pub. 3707 at 16.

²⁰⁷ *Second Reviews*, USITC Pub. 4154 at 27.

²⁰⁸ *Second Reviews*, USITC Pub. 4154 at 27.

²⁰⁹ CR/PR at IV-6 & Table IV-2.

²¹⁰ See *First Reviews*, USITC Pub. 3707 at 8-16 (reflecting the views of Commissioners Lane, Hillman, Koplman, and Miller); *Second Reviews*, USITC Pub. 4154 at 28-30 (reflecting the views of Commissioners Lane, Williamson, and Pinkert) (the vote on this issue with respect to Italy was 3-3).

Contains Business Proprietary Information

imports in the event of revocation.²¹¹ In addition, although it does not directly argue that subject imports from Korea should not be cumulated with other subject imports, SeAH claims that the situation for SSWR producers in Korea has changed dramatically in the past decade.²¹² Domestic producers argue that the Commission should not decline to cumulate subject imports from Italy and Korea based on likely conditions of competition.²¹³

Japan, Korea, and Taiwan. The record in the current reviews indicates that SSWR products manufactured by subject producers in Japan, Korea, and Taiwan and by producers in the United States are generally highly substitutable for one another, subject producers in each of these subject countries have substantial capacity to produce SSWR and available excess capacity, subject producers in each of these subject countries are export oriented, and subject producers in each of these subject producers have a history of underselling the domestic like product in the original investigations and first reviews, as discussed above. For these reasons, we do not find any justification to decline to exercise our discretion to cumulate subject imports from Japan, Korea, and Taiwan, and we have cumulated them in these reviews.

Although SeAH contends that there are differences in the manner in which subject imports from Korea compete in the SSWR market, we do not find any differences that justify declining to exercise our discretion to cumulate these subject imports with subject imports from Japan and Taiwan. SSWR from Korea continues to be highly substitutable with the domestic like product and subject imports from Japan and Taiwan.²¹⁴ SeAH continues to be highly export oriented and actively seeks to increase its export levels by ***.²¹⁵ Furthermore, SeAH's production capacity has remained stable throughout the period of review while its production and exports declined considerably, resulting in a substantial amount of excess capacity that in 2015 was equal to almost half of that year's apparent U.S. consumption.²¹⁶ Given this considerable excess capacity, we find it likely that SeAH would direct subject SSWR to

²¹¹ Cogne's Posthearing Br. at 1, 5-13; Responses to Commission Questions at 3-6, 7-9; Cogne's Prehearing Br. at 2-6; Cogne's Final Comments at 1, 3-6.

²¹² SeAH's Prehearing Br. at 2-3.

²¹³ Domestic Producers' Posthearing Br. at 4-6 & Responses to Commission Questions at 1-9; Domestic Producers' Prehearing Br. at 8-12; Domestic Producers' Final Comments at 1-7.

²¹⁴ We observe that, although SeAH argues that it plans to focus on higher-quality SSWR, SeAH's Prehearing Br. at 2, its ***. SeAH's Foreign Producer Questionnaire at Attachment 2.

²¹⁵ SeAH's Foreign Producer Questionnaire at Attachment 2.

²¹⁶ As discussed above, SeAH's SSWR production capacity remained stable each year at *** short tons; however, its production of SSWR fluctuated, increasing from *** short tons in 2013 to *** short tons in 2014 before decreasing to *** short tons in 2015. As a result, its SSWR capacity utilization rate fluctuated, increasing from *** percent in 2013 to *** percent in 2014 and then falling to *** percent in 2015, resulting in excess capacity of *** short tons in 2015. CR/PR at Table IV-8.

Contains Business Proprietary Information

the United States upon revocation of the order, notwithstanding its claims that the U.S. market is too far away and does not present opportunities for growth.²¹⁷

*Italy.*²¹⁸ We find that the record in these reviews indicates that subject imports from Italy would likely compete under different conditions of competition than subject imports from Japan, Korea, and Taiwan if the order was revoked. As discussed above, there are three producers of SSWR in Italy: Valbruna, Rodacciai, and Cogne. Valbruna is excluded from the order on SSWR from Italy. As described above, Rodacciai produces SSWR but does not sell it commercially; rather, it consumes all its SSWR production for manufacturing of stainless steel bar. Rodacciai also imports SSWR from Olarra in Spain to supplement its SSWR production, and similarly uses all this SSWR to manufacture stainless steel bar. Thus, Rodacciai's SSWR production does not meet its internal needs; it is therefore unlikely to sell SSWR in the U.S.

²¹⁷ SeAH's Prehearing Br. at 3. We also observe that SeAH indicated that there may be some opportunity to supply SSWR to U.S. customers that are unable to obtain the products they need in a timely manner. *Id.*

²¹⁸ Commissioners Pinkert and Schmidlein do not join this section and instead exercise their discretion to cumulate subject imports from Italy with the subject imports from Japan, Korea, and Taiwan. In their view, the record does not support finding that the conditions of competition facing the imports from these various countries would be substantially different in the event of revocation of the orders. The Italian SSWR industry, along with the industries in Japan, Korea, and Taiwan, has substantial capacity to produce SSWR, is highly export oriented, has excess capacity, and has a history of underselling the domestic like product. There also is no dispute that Italian-produced SSWR and SSWR produced in the United States and other subject countries are highly substitutable. CR at II-15; PR at II-12. In addition, as the Commission has noted, this is a "capital-intensive industry" in which "SSWR producers strive to maintain high capacity in order to spread fixed costs over a larger production volume." *Second Reviews*, USITC Pub. 4154 at 16.

Cogne, the only subject Italian producer ***, remains highly export oriented, with over *** of its 2013-2015 commercial shipments going outside the Italian home market. CR/PR at Table IV-6. Cogne presented evidence of some long-standing customer relationships, which may minimize the likelihood of diverting existing export shipments to the United States in the event of revocation, although only about *** of those shipments are actually under long-term supply agreements. Importantly, however, this evidence also shows that Cogne exports ***. Cogne Answers to Questions at 4-6. Thus, Cogne appears quite capable of shipping to all regions of the world. Indeed, Cogne's affiliate, Cogne USA, maintains a U.S. sales network that would facilitate U.S. sales, and Cogne concedes that the U.S. market is attractive because of higher prevailing prices than in other export markets. Hearing Tr. at 184. Moreover, Cogne appears to be targeting potential customers in the United States already as it admits that it is "considering the possibility of making sales to one customer (***), for which it is a world-wide approved supplier." Cogne's Answers to Questions, at 4.

Even assuming that Cogne's claimed commitment to its customers in the EU, Switzerland, and China would not significantly change in the event of revocation, Cogne had excess capacity of *** short tons in 2015, which equated to *** percent of apparent U.S. consumption. CR/PR at Table IV-6; Domestic Industry Final Comments, at 6. Thus, Cogne can export a substantial volume of SSWR to the United States without diverting shipments from any customers in any other market.

Contains Business Proprietary Information

commercial market if the order were revoked. Consequently, Cogne is likely the only SSWR producer that could potentially export subject SSWR from Italy if the order were revoked. As described below, however, we find that subject imports from Italy would not likely compete under the same conditions as the other subject imports due to significant differences in the nature of Cogne's customers and markets and its substantially higher capacity utilization rate, which increased during the period of review.

First, although Cogne is "export oriented," its exports reflect the combination of a long-standing regional focus and well-established stable customer base. In particular, Cogne has long term agreements with two Swiss customers, which are located within 100 miles of Cogne's plant in Aosta, Italy.²¹⁹ Pursuant to long-term agreements with these customers, which extend to ***, Cogne ships almost half of its entire total commercial shipments of SSWR to these customers and their affiliates, located in Mexico, Brazil, and South Africa.²²⁰ These exports account for almost all of Cogne's exports to "other markets," with the small remaining volume consisting of exports to Cogne's affiliate in Brazil.²²¹ Exports to the EU account for the next highest portion of Cogne's exports.²²² Again, this reflects a regional focus and well-established customer base, with shipments to long-term customers accounting for between *** percent of Cogne's exports to the EU during the period of review.²²³ Although Cogne exports SSWR to China, those exports are to a Cogne subsidiary located there, which is committed to using Cogne's SSWR to produce cold-rolled stainless steel bars.²²⁴ In sum, Cogne's export markets and customer base are different from those of subject producers in Japan, Korea, and Taiwan in that they involve a combination of corporate affiliation, long-standing customers, and/or regional markets.

Cogne's capacity utilization rate further indicates that it is not likely to compete under similar conditions as subject imports from Japan, Korea, and Taiwan. As described above, subject producers in those countries have substantial excess capacity. In contrast, Cogne operated at relatively high capacity utilization rates during the period of review. Indeed,

²¹⁹ Cogne's Posthearing Br. at 7, Responses to Commission Questions at 3-4, 8, 13-14, 21 & Attachments 2, 3, 8. Under the agreements, Cogne must provide at least 80 percent of the Swiss customers' annual consumption. Cogne's Posthearing Br., Responses to Commission Questions at Attachments 2 at 2; 3 at 1.

²²⁰ Cogne's Posthearing Br., Responses to Commission Questions at 3-4, 5, 14, 20-21 & Attachments 2, 3, 8. *See also* CR/PR at Table IV-6.

²²¹ Cogne's Posthearing Br., Responses to Commission Questions at 3-4, 5, 14, 20-21. *See also* CR/PR at Table IV-6.

²²² CR/PR at Table IV-6.

²²³ Cogne's Posthearing Br. at 7, Responses to Commission Questions at 5, 15. *See also* CR/PR at Table IV-6.

²²⁴ Cogne's Posthearing Br. at 7-9, Responses to Commission Questions at 2-3, 166 & Attachment 1; Hearing Tr. 172 (Betemps). *See also* CR/PR at Table IV-6. In addition to this commitment, Cogne argues that the specialty nature of the bar products that Cogne's affiliate produces means that Chinese suppliers do not compete with Cogne to supply this affiliate. Cogne's Posthearing Br., Responses to Commission Questions at 16.

Contains Business Proprietary Information

Cogne's capacity utilization rates increased each year of the review period, from *** percent in 2013, to *** percent in 2014, to *** percent in 2015.²²⁵ As a result, Cogne is not likely to face the same pressure as subject producers in Japan, Korea, and Taiwan to find additional markets for its SSWR. Indeed, although it is reasonable to presume that SSWR manufacturers generally seek to maximize production, it does not appear that the limited excess capacity Cogne had during the period of review acted as an incentive to broaden its export markets.

Accordingly, on balance, we find that subject producers in Italy would likely face different conditions of competition than those faced by subject producers in Japan, Korea, and Taiwan. We therefore assess the volume and effects of subject imports from Italy separately from any other subject country.

E. Conclusion

We find that the no discernible adverse impact exception to cumulation applies to subject imports from Spain and therefore do not cumulate such imports with subject imports from the other subject countries. We further find that the no discernible adverse impact exception does not apply with respect to subject imports from Italy, Japan, Korea, and Taiwan and that there would likely be a reasonable overlap of competition between imports from each of these countries. We also determine that subject imports from Japan, Korea, and Taiwan would be likely to compete under similar conditions of competition, but that subject imports from Italy would not be likely to compete under similar conditions of competition as subject imports from those countries. Accordingly, for the reasons discussed above, we exercise our discretion to cumulate subject imports from Japan, Korea, and Taiwan and decline to exercise our discretion to cumulate subject imports from Italy with subject imports from those countries.²²⁶

²²⁵ CR/PR at Table IV-6. Domestic producers contend that Cogne's production capacity is *** because it took into account manpower reductions. Domestic Producers' Posthearing Br., Responses to Commission Questions at 3, n.2. We find, however, that, in reporting its production capacity, Cogne complied with the instructions in the questionnaire that required capacity to be calculated assuming normal operating conditions and levels. Foreign Producer's Questionnaire at II-5a; *see also* Cogne's Final Comments at 7, n.15; Hearing Tr. at 127 (Betemps). We further observe that, according to Cogne, its reported capacity utilization rate is actually conservative because it does not take into account its *** heated products, and that taking this into account, Cogne's effective capacity utilization would be approximately *** percent. Cogne's Posthearing Br., Responses to Commission Questions at 17, Attachment 7; Cogne's Final Comments at 7.

²²⁶ As discussed above, Commissioners Pinkert and Schmidlein exercise their discretion to cumulate imports from Italy, Japan, Korea, and Taiwan.

Contains Business Proprietary Information

IV. Whether Revocation of the Antidumping Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”²²⁷ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”²²⁸ Thus, the likelihood standard is prospective in nature.²²⁹ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²³⁰

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”²³¹ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

²²⁷ 19 U.S.C. § 1675a(a).

²²⁸ SAA at 883-84. The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

²²⁹ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

²³⁰ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

²³¹ 19 U.S.C. § 1675a(a)(5).

Contains Business Proprietary Information

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”²³²

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”²³³ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).²³⁴ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.²³⁵

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.²³⁶ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.²³⁷

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to

²³² SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

²³³ 19 U.S.C. § 1675a(a)(1).

²³⁴ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning SSWR from Italy, Japan, Korea, Spain, and Taiwan. *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 Fed. Reg. 59733, accompanying Issues and Decisions Memorandum at 7 (Dep’t of Commerce Oct. 2, 2015).

²³⁵ 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

²³⁶ 19 U.S.C. § 1675a(a)(2).

²³⁷ 19 U.S.C. § 1675a(a)(2)(A-D).

Contains Business Proprietary Information

consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.²³⁸

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.²³⁹ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.²⁴⁰

B. Findings in the Original Investigations and Prior Reviews

1. Conditions of Competition

In the second reviews, the Commission identified some conditions of competition that were consistent in the original investigations and/or first reviews and continued to be relevant to its analysis. First, demand for SSWR depended primarily on demand for the downstream products that incorporate SSWR. These include stainless steel wire, stainless steel bars, and products for applications that require the special corrosion-resistant characteristics of stainless steel, such as in end uses in the automotive, medical instruments, and general manufacturing

²³⁸ See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

²³⁹ 19 U.S.C. § 1675a(a)(4).

²⁴⁰ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

Contains Business Proprietary Information

industries.²⁴¹ As such, SSWR does not have its own business cycle but rather reflects trends in general economic conditions and in the industries for which it is used.²⁴²

Second, SSWR represented a relatively large share of the cost of the downstream products in which it is used, and questionnaire respondents reported few substitutes for SSWR.²⁴³ SSWR was typically made to customer specifications. Sales were primarily made directly to end users, with spot sales and short-term contracts accounting for most sales in the U.S. market. Price and quality were the most important factors influencing purchasing decisions.²⁴⁴ Third, in the capital-intensive SSWR industry, SSWR producers strived to maintain high capacity utilization in order to spread fixed costs over a larger production volume.²⁴⁵

The Commission in the second reviews also identified several changes in conditions of competition in the U.S. market since the original investigations and/or first reviews that were relevant to its analysis in those reviews. These are described below.

Demand. During the original investigations, the Commission found that overall demand for SSWR in the United States, as measured by apparent U.S. consumption, had increased due to general growth in the economy and the development of new applications for SSWR products and peaked in 1997.²⁴⁶ During the first reviews, however, the Commission found that apparent U.S. consumption of SSWR dropped *** in 2001 and remained *** below its 1998 level. The Commission surmised that competition from imports in the downstream market for wire, as well as the 2001 recession, may have led to this decline.²⁴⁷ In the second reviews, most questionnaire respondents reported that U.S. demand for SSWR declined between 2004 and 2009.²⁴⁸ Apparent U.S. consumption then declined substantially in 2009, which is consistent with the recessionary economic environment at that time.²⁴⁹

Supply. In the second reviews, the Commission found that the makeup of the domestic industry had changed substantially since the original investigations and first reviews,

²⁴¹ *Second Reviews*, USITC Pub. 4154 at 33 (citing *First Reviews*, USITC Pub. 3126 at 13-14 and *Original Investigations*, USITC Pub. 3707 at 19-21).

²⁴² *Second Reviews*, USITC Pub. 4154 at 33.

²⁴³ *Second Reviews*, USITC Pub. 4154 at 33.

²⁴⁴ *Second Reviews*, USITC Pub. 4154 at 33-34.

²⁴⁵ *Second Reviews*, USITC Pub. 4154 at 34.

²⁴⁶ *Second Reviews*, USITC Pub. 4154 at 33 (citing *Original Investigations*, USITC Pub. 3126 at 13-14).

²⁴⁷ *First Reviews*, USITC Pub. 3707 at 19-21 and Confidential Views at 16-17.

²⁴⁸ *Second Reviews*, USITC Pub. 4154 at 34. To explain this trend, they pointed to the recession, declines in U.S. demand for stainless steel wire, the movement offshore of some stainless steel wire production, and increasing imports of stainless steel wire relative to sales of stainless steel wire by U.S. producers, including imports from India of stainless steel wire that was subject to an antidumping duty order.

²⁴⁹ *Second Reviews*, Confidential Views at 59-60.

Contains Business Proprietary Information

particularly with the emergence of NAS.²⁵⁰ Although the Commission found that the domestic industry had increased SSWR production capacity between the original investigations and first reviews, it had decreased its capacity by *** percent between 2004 and 2009.²⁵¹

In the original investigations, the Commission found that the statutory captive production provision did not apply, but it considered the significant volume of captive consumption of SSWR as a condition of competition.²⁵² In its first review determinations, the Commission found that captive consumption of SSWR to manufacture downstream products accounted for over *** percent of the industry's shipments in 2003, but noted that this ratio had gradually declined since 1998.²⁵³ Captive consumption of SSWR for use in the production of downstream products continued to account for a substantial portion of the domestic industry's total shipments during the second reviews.²⁵⁴ In 2009, Carpenter accounted for the *** share of total internal consumption by value, and NAS accounted for the *** share of total commercial sales by value.²⁵⁵

In the first reviews, the Commission observed that subject imports remained in the U.S. market but steadily declined from their peak in 1997.²⁵⁶ In the second reviews, the Commission found that subject imports from Italy, Japan, Korea, Spain, and Taiwan had a limited, if any, presence in the U.S. market during the review period.²⁵⁷

Nonsubject imports (imports of SSWR manufactured by producers in subject countries not subject to the orders and by producers in nonsubject countries) steadily increased their share of the U.S. market from 1997 until they peaked in 2000, subsequently falling from 2001 to 2003.²⁵⁸ During the second reviews, nonsubject imports declined and accounted for an irregularly declining share of apparent U.S. consumption. The leading nonsubject sources of SSWR during the second review period included China, ***, the United Kingdom, Sweden, France, and ***.²⁵⁹ In the second reviews, the Commission observed that the countervailing duty order on SSWR from Italy had been revoked effective September 15, 2003, that antidumping duty orders on SSWR from Brazil and France were revoked on August 8, 2006, and that an antidumping duty order was still in place on SSWR from India.²⁶⁰

²⁵⁰ *Second Reviews*, Confidential Views at 60. NAS increased its share of domestic SSWR production from *** percent in 2003 (when it began production operations) to *** percent in 2009. The other domestic producers accounted for *** percent (Allvac), *** percent (Carpenter, which acquired Talley in 1998), and *** percent (Universal). *Second Reviews*, Confidential Views at 60.

²⁵¹ *Second Reviews*, Confidential Views at 60.

²⁵² *Original Investigations*, USITC Pub. 3126 at 13-14.

²⁵³ *First Reviews*, Confidential Views at 17-18.

²⁵⁴ *Second Reviews*, USITC Pub. 4154 at 35.

²⁵⁵ *Second Reviews*, Confidential Views at 61-62.

²⁵⁶ *First Reviews*, USITC Pub. 3707 at 20-21.

²⁵⁷ *Second Reviews*, Confidential Views at 62.

²⁵⁸ *Second Reviews*, Confidential Views at 62.

²⁵⁹ *Second Reviews*, Confidential Views at 62-63.

²⁶⁰ *Second Reviews*, USITC Pub. 4154 at 36..

Contains Business Proprietary Information

Substitutability. In the original investigations, the Commission concluded that the domestic like product and subject imports were relatively fungible.²⁶¹ In the first reviews, the Commission found that there was at least a moderate degree of substitutability between subject imports and the domestic like product, and that price and quality were the most important factors influencing purchasing decisions.²⁶² In the second reviews, the Commission observed that market participants reported that subject imports were generally interchangeable with each other and the domestic like product. It also found that, because questionnaire respondents reported that subject and domestic producers met quality requirements, price was likely to play an important role in purchasing decisions.²⁶³

Other Considerations. In the second reviews, the Commission found that raw material costs (principally for steel scrap or iron ore and the alloying elements nickel, chromium, and molybdenum) were a substantial factor in industry profitability. It found that domestic producers responded to changes in raw material costs by adjusting their sales prices and, as a result, the domestic industry's metal margin (defined as the difference between its average unit sales price and the average unit cost of raw materials) fluctuated moderately and averaged about \$*** per short ton between 2004 and 2008, although it was \$*** per short ton in 2009. The domestic industry's ratios of raw materials to sales and to total cost of goods sold ("COGS") rose irregularly between 2004 and 2008.²⁶⁴

2. Likely Volume

In the original investigations, the Commission found that the cumulated subject imports' volume rose by *** percent from 1995 to 1997 and their market share rose from *** percent. It observed that the increase in the volume of subject imports was greater than the rise in apparent U.S. consumption over the period. The Commission found the increase in volume and market share of the subject imports to be significant.²⁶⁵

In the first reviews, the Commission observed that cumulated subject imports (which at that time included SSWR imports from Sweden) had declined gradually since imposition of the orders but remained in the market. It found that capacity and excess capacity in the subject countries had increased significantly since the original investigations, with known excess capacity in the subject countries amounting to more than *** of apparent U.S. consumption in 2003.²⁶⁶ The Commission found several factors indicating that subject exporters were likely to increase exports to the United States to significant levels if the orders were revoked. First,

²⁶¹ *Original Investigations*, USITC Pub. 3126 at 13.

²⁶² *First Reviews*, USITC Pub. 3707 at 19.

²⁶³ *Second Reviews*, USITC Pub. 4154 at 36.

²⁶⁴ *Second Reviews*, USITC Pub. 4154 at 36-37.

²⁶⁵ *Original Investigations*, USITC Pub. 3126 at 14-15 and Confidential Views at 18-20. The Commission cumulated imports from Italian producer Valbruna because at the time its imports were subject to an affirmative final subsidy determination by Commerce.

²⁶⁶ *First Reviews*, USITC Pub. 3707 at 21-22 and Confidential Views at 18-19.

Contains Business Proprietary Information

subject imports maintained their presence in the United States to a significant degree, indicating the importance of the U.S. market to the subject exporters. Second, the subject producers exported a substantial portion of their shipments, and transportation costs did not appear to provide much disincentive to shipping SSWR to the United States from Asia and Europe. Third, the United States was an attractive market.²⁶⁷ The Commission concluded that the likely volume of imports of the subject merchandise, both in absolute terms and relative to production and consumption in the United States, would be significant absent the restraining effects of the antidumping orders.²⁶⁸

In the second reviews, the Commission again found that the likely volume of cumulated subject imports, in absolute terms and relative to both U.S. production and consumption, would be significant in the event of revocation.²⁶⁹ It noted that cumulated subject import volume increased rapidly in the original investigations, and subject imports maintained a presence during the period covered by the first reviews, only withdrawing from the U.S. market completely during the last part of the period covered by the second reviews.²⁷⁰ The Commission found there was considerable production capacity²⁷¹ and unused capacity²⁷² in the cumulated subject countries.²⁷³ The Commission further found that, given the capital-intensive nature of the SSWR industry and producers' need to operate at high capacity to spread fixed costs over a larger production volume, the aggregate excess capacity would likely provide a strong incentive for subject producers of SSWR to increase shipments to export markets, including the United States, if the orders were revoked. The Commission also determined that subject SSWR producers depended to a significant degree on exports,²⁷⁴ and that the United States was an attractive market for subject producers.²⁷⁵ The Commission further found that

²⁶⁷ *First Reviews*, USITC Pub. 3707 at 22-23 and Confidential Views at 19-20.

²⁶⁸ *First Reviews*, USITC Pub. 3707 at 23 and Confidential Views at 20.

²⁶⁹ *Second Reviews*, USITC Pub. 4154 at 40 and Confidential Views at 71.

²⁷⁰ *Second Reviews*, USITC Pub. 4154 at 38 and Confidential Views at 67.

²⁷¹ *Second Reviews*, USITC Pub. 4154 at 38 and Confidential Views at 68. Collectively, subject producers in Italy, Japan, Korea, Spain, and Taiwan had an estimated capacity of more than 1.0 million short tons in 2009.

²⁷² *Second Reviews*, USITC Pub. 4154 at 38-39 and Confidential Views at 68-69. The Commission was unable to quantify precisely the unused production capacity in each of the subject countries because of the lack of participation in those reviews by subject producers of SSWR from Japan, Spain, and Taiwan. Nonetheless, the Commission found that known excess capacity in Italy and Korea alone *** apparent U.S. consumption in 2009 and ***. Observing that subject producers in the other subject countries reported having excess capacity in the original investigations and first five-year reviews, the Commission concluded that the combined excess capacity of all five subject countries was likely to be significantly larger than the reported data for Italy and Korea. *Id.*

²⁷³ *Second Reviews*, USITC Pub. 4154 at 38 and Confidential Views at 68. Collectively, subject producers in Italy, Japan, Korea, Spain, and Taiwan had an estimated capacity of more than 1.0 million short tons in 2009.

²⁷⁴ *Second Reviews*, USITC Pub. 4154 at 40 and Confidential Views at 71.

²⁷⁵ *Second Reviews*, USITC Pub. 4154 at 39 and Confidential Views at 69-70. It found that ***, illustrating the attractiveness of the U.S. market to producers in Europe and Asia despite the (Continued...)

Contains Business Proprietary Information

NAS's pricing practices would not prevent subject imports from competing in the U.S. market, observing that the data on the record indicated that ***.²⁷⁶

3. Likely Price Effects

In the original investigations, the Commission found that purchasers of SSWR considered price to be an important factor in making purchasing decisions. Cumulated subject imports undersold the domestic like product in 83.9 percent of comparisons,²⁷⁷ and the Commission found that the subject imports suppressed price increases to a significant degree. The domestic industry's prices were declining or flat, and its COGS rose as a fraction of net sales even though demand was increasing.²⁷⁸

In the first reviews, the Commission found that subject imports continued to undersell the domestic like product to a significant extent even with the orders in effect in 127 of 177 comparisons from 1998 to 2003, at an average underselling margins of 17.9 percent. The Commission found that prices for the domestic like product fell during 1998 and then fluctuated between 1999 and 2003. Prices for raw materials fluctuated over the period and increased as a ratio to the value of net sales, but the domestic industry could not raise prices sufficiently to cover costs.²⁷⁹ The Commission found that, if the orders were revoked, purchasers of SSWR would have further leverage to obtain lower prices from the domestic producers. Because of the substitutability of the subject imports and the importance of price in purchasing decisions, it found that the increasing volumes of subject imports would likely undersell the domestic like product to a significant degree to regain market share. The Commission found that this underselling would likely suppress price increases and depress domestic prices to a significant degree.²⁸⁰

In the second reviews, the Commission found that spot sales played a large role in the U.S. market and that, given the relatively few purchasers of SSWR in the U.S. commercial market and the fact that pricing information was likely to be disseminated relatively easily, price changes were likely to occur relatively quickly.²⁸¹ The Commission found that quarterly

(...Continued)

transportation costs associated with such sales. The limited available AUV data also suggested that the U.S. market was more attractive than ***.

²⁷⁶ *Second Reviews*, USITC Pub. 4154 at 39-40 and Confidential Views at 70-71.

²⁷⁷ This conclusion was based on pricing data for the subject imports that the Commission cumulated in the original investigations, and thus included data on imports from Sweden and Italian producer Valbruna, which are no longer subject to orders in these reviews.

²⁷⁸ *Original Investigations*, USITC Pub. 3126 at 15-16.

²⁷⁹ *First Reviews*, USITC Pub. 3707 at 23-24 and Confidential Views at 20-22. The Commission found that several factors continued to make it difficult for the domestic industry to increase prices. While the industry had added capacity, demand remained below the level observed in the original investigations. Competition in the downstream market for wire also forced purchasers of SSWR to be particularly sensitive to price.

²⁸⁰ *First Reviews* USITC Pub. 3707 at 23-24 and Confidential Views at 20-22.

²⁸¹ *Second Reviews*, USITC Pub. 4154 at 41-42.

Contains Business Proprietary Information

pricing data collected for 2004 through 2009 showed only limited underselling by ***, but there were only limited or no U.S. imports of subject merchandise from each of the subject countries during that period, suggesting that the orders provided some discipline on pricing practices of the subject imports.²⁸² The Commission concluded that producers in the subject countries would be likely to use underselling to increase market share in the United States. The record, it found, reflected competitive pricing in the U.S. market among domestic producers and imports from nonsubject suppliers, even though nonsubject suppliers held a declining share of the U.S. market during the review period. Purchasers admitted that they switched suppliers after imposition of the orders for price-based reasons and that they expected price-based competition in the event of revocation.²⁸³ The Commission concluded that, upon revocation, cumulated subject imports would likely have significant depressing and/or suppressing effects on prices of the domestic like product.²⁸⁴

4. Likely Impact

In the original investigations, the Commission found that the domestic industry's production, capacity utilization, shipments, and employment levels fell over the period of investigation. The domestic industry's financial performance also generally deteriorated, and its operating profits declined from 1995 to 1996 before turning into operating losses in 1997.²⁸⁵

In the first five-year reviews, the Commission found that the condition of the domestic industry had deteriorated and that the industry was vulnerable to material injury. The industry *** in only one of six years between 1998 and 2003. Raw material prices had begun to increase, and the Commission found this would place further pressure on the domestic industry's financial condition. The Commission found that the current level of captive consumption was lower than in the original investigations, when the Commission found the domestic industry to be materially injured by subject imports.²⁸⁶ Although the domestic industry had increased its capacity as a result of the start-ups of Charter and NAS in 2001 and 2003, respectively, domestic production fell over the period, and the industry's capacity utilization fell from *** percent in 1998 to *** percent in 2003.²⁸⁷

The Commission found that, in the face of a recession and weak demand, both subject and nonsubject imports continued to capture a significant portion of the U.S. market despite the domestic industry's additions to capacity, which should have enabled it to increase its market share with the antidumping duty orders in place. The industry was unable to increase its market share until 2003, when nonsubject and subject imports declined.²⁸⁸

²⁸² *Second Reviews*, USITC Pub. 4154 at 42 and Confidential Views at 74-75.

²⁸³ *Second Reviews*, USITC Pub. 4154 at 42-43.

²⁸⁴ *Second Reviews*, USITC Pub. 4154 at 42-43.

²⁸⁵ *Original Investigation*, USITC Pub. 3126 at 17-19.

²⁸⁶ *First Reviews*, USITC Pub. 3707 at 25-26 and Confidential Views at 23.

²⁸⁷ *First Reviews*, USITC Pub. 3707 at 26 and Confidential Views at 23.

²⁸⁸ *First Reviews*, USITC Pub. 3707 at 26 and Confidential Views at 24.

Contains Business Proprietary Information

Based on its findings that revocation of the antidumping duty orders would likely lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress already weak U.S. prices, the Commission found that the volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of a vulnerable domestic industry. These reductions, in turn, would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, the Commission concluded that if the antidumping duty orders were revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.²⁸⁹

In the second reviews, the Commission found that the condition of the domestic industry declined irregularly between 2004 and 2008 before deteriorating dramatically in 2009. Based on declines in the industry's capacity, production, capacity utilization, U.S. shipments, net sales quantities, employment-related indicators, profitability, and capital expenditures, the Commission found, that the domestic industry was in a weakened state and therefore vulnerable to the likely volume and price effects of subject imports.²⁹⁰

The Commission concluded that revocation of the antidumping duty orders on imports of SSWR from Italy, Japan, Korea, Spain, and Taiwan would likely lead to a significant increase in the cumulated volume of subject imports that would likely undersell the domestic like product and significantly suppress or depress U.S. prices. The likely volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These reductions would have an adverse impact on the industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments. Consequently, the Commission found that cumulated subject imports from Italy, Japan, Korea, Spain, and Taiwan would be likely to have a significant impact on the domestic industry upon revocation.

The Commission also found that nonsubject imports took on an increasingly significant role in the U.S. market after the imposition of the antidumping duty orders but that their market presence subsequently declined. It found that nonsubject imports were not likely to prevent subject imports from reentering the U.S. market in the event of revocation of the antidumping duty orders, in light of subject producers' excess capacity and the attractiveness of the U.S. market. The Commission observed that nonsubject imports were sharply lower in 2009 than in 2008 and that this decline was likely to provide an increased opportunity for subject imports to reenter the U.S. market. Accordingly, the Commission found that cumulated subject imports were likely to have a significant impact upon the domestic industry in the event of revocation, notwithstanding the presence of nonsubject imports in the U.S. market.²⁹¹

Finally, the Commission considered the likely future effects of suppressed demand for SSWR on the domestic industry. Although it was unclear when U.S. demand would improve,

²⁸⁹ *First Reviews*, USITC Pub. 3707 at 26-27.

²⁹⁰ *Second Reviews*, USITC Pub. 4154 at 44-45 and Confidential Views at 79-80.

²⁹¹ *Second Reviews*, USITC Pub. 4154 at 45 and Confidential Views at 81.

Contains Business Proprietary Information

the Commission found that subject imports would further reduce domestic sales volumes and prices significantly and thus would be likely to have a significant impact on the domestic industry in the event of revocation regardless of demand levels.

C. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”²⁹² The following conditions of competition inform our determinations.

1. Demand Conditions

As in the original investigations and first and second reviews, SSWR continues to be an intermediate stainless steel product that is used primarily to produce stainless steel wire and stainless steel bar, although it is also used to produce fasteners and cutlery.²⁹³ In these reviews, *** U.S. producers and a plurality of purchasers reported that demand for SSWR had decreased since January 1, 2013.²⁹⁴ During the period of review, apparent U.S. consumption initially increased from *** short tons in 2013 to *** short tons in 2014, before decreasing to *** short tons in 2015.²⁹⁵ Reasons cited for the decrease in apparent consumption include import competition, poor worldwide economic conditions, and an increase in low-cost imports of finished goods that use SSWR.²⁹⁶ At the hearing, a domestic industry witness indicated that the decline in commercial sales of SSWR in 2015 was related to reduced demand for stainless rod products in the energy market and the fact that some manufacturers of downstream products that use SSWR, such as drawn wire and fasteners, were relocating to lower-cost countries like Mexico and China.²⁹⁷

With respect to anticipated trends in demand, responses were mixed. One U.S. producer anticipated demand would increase, while the other two anticipated it would not change or fluctuate. Half of purchasers reported that demand would ***, while others variously anticipated that it would increase, not change, or fluctuate.²⁹⁸ At the hearing, a domestic industry witness indicated that demand would initially decline in 2016 as purchasers continued to use existing inventory, followed by growth the next two years that would exceed the forecasted gross domestic product.²⁹⁹

²⁹² 19 U.S.C. § 1675a(a)(4).

²⁹³ CR at I-23 – I-24; PR at I-19.

²⁹⁴ CR at II-16 to II-17; PR at II-10.

²⁹⁵ CR/PR at Tables I-7 & C-1.

²⁹⁶ CR at II-16 to II-17; PR at II-10. The *** purchasers that reported an increase in U.S. demand for SSWR cited *** and ***. *Id.*

²⁹⁷ Tr. at 36-37 (Blot).

²⁹⁸ CR at II-17; PR at II-10.

²⁹⁹ Tr. at 37 (Blot).

Contains Business Proprietary Information

2. Supply Conditions

As discussed above, domestic supply of SSWR changed substantially after the original investigations with the emergence of NAS, which is related through common ownership to Spanish SSWR producer Roldan. NAS is currently the dominant producer of SSWR in the United States, accounting for *** percent of domestic production during 2015, while Carpenter accounted for *** percent and Universal accounted for *** percent.³⁰⁰ During the period of review, the domestic industry's share of the U.S. SSWR market declined from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.³⁰¹

During the period of review, imports from subject sources had minimal to no presence in the U.S. market. *** each of SSWR from Japan and Spain were imported in 2015, while *** short tons of SSWR from Korea were imported in 2014. Only subject imports from Taiwan maintained a presence in the U.S. market during each year of the period of review, with *** short tons imported in 2013, *** short tons imported in 2014, and *** short tons imported in 2015.³⁰² Taiwan was the sole subject source whose subject imports had a greater than 0.05 percent share of the U.S. market during any year of the period. The market share of subject imports from Taiwan was *** percent in 2013 and *** percent in 2014.³⁰³

During the current review period, imports of SSWR manufactured by producers not subject to the orders and by producers in nonsubject countries increased their share of the U.S. market, from 22.3 percent in 2013 to 27.5 percent in 2014 and 33.3 percent in 2015.³⁰⁴ The largest sources of nonsubject imports during this time were ***, China, and the United Kingdom, which together accounted for *** percent of nonsubject imports in 2015. The single largest source of nonsubject imports during the period of review, accounting for *** percent of all nonsubject imports in 2015, was ***.³⁰⁵

³⁰⁰ CR/PR at Table I-6.

³⁰¹ CR/PR at Table I-8.

³⁰² CR/PR at Table I-7.

³⁰³ CR/PR at Table I-8.

³⁰⁴ CR/PR at Table I-8.

³⁰⁵ CR at II-13; PR at II-8. Since December 1, 1993, an antidumping duty order has been in place on SSWR from India, and the Commission completed its third five-year review of this order in January 2012 under section 751(c) of the Tariff Act. *Stainless Steel Wire Rod from India*, Inv. No. 731-TA-638 (Final), USITC Pub. 2704 (Nov. 1993) (original determination); 58 Fed. Reg. 6335 (Dec. 1, 1993) (antidumping duty order); *Stainless Steel Wire Rod from Brazil, India, France, and Spain*, Invs. Nos. 701-TA-178 and 731-TA-636 to 638 (Review), USITC Pub. 3321 (Jul. 2000) (affirmative five-year review determinations with respect to imports from Brazil, India, and France and negative determination with respect to imports from Spain, with Commissioners Okun, Askey, and Koplan dissenting with respect to imports from France); *Stainless Steel Wire Rod from Brazil, India, and France*, Invs. Nos. 731-TA-636 to 638 (Second Review), USITC Pub. 3866 (July 2006) (affirmative five-year review determination with respect to imports from India and negative determinations with respect to imports from Brazil and France, with Commissioner Lane dissenting with respect to imports from Brazil and France and Commissioner Koplan dissenting with respect to imports from Brazil); *Stainless Steel Wire Rod from India*, Inv. No. 731-TA-638 (Third Review), USITC Pub. 4300 (Jan. 2012).

Contains Business Proprietary Information

3. Substitutability

The record in the current reviews indicates that there would likely be a high degree of substitutability among subject imports from all five subject countries and the domestic like product, although the substitutability may be more limited between the domestic like product and SSWR from Japan as well as between the domestic like product and subject imports for some niche products.³⁰⁶ All three responding domestic producers reported that the domestic like product and imports from each subject source are always interchangeable, while both responding importers and most purchasers reported that SSWR is always or frequently interchangeable, regardless of source.³⁰⁷

The vast majority of responding purchasers reported that quality was the most important purchasing factor. Price, along with quality, were the most frequently cited top three factors considered in purchasing decisions, followed by delivery/lead time and availability.³⁰⁸ Because all responding purchasers reported that SSWR from the United States and each subject country always or usually met minimum quality specifications, price is likely to play an important role in purchasing decisions.³⁰⁹

4. Other Conditions

Raw material costs continue to make up a substantial portion of the final cost of SSWR. During the period of review, raw materials accounted for between *** and *** percent of the domestic industry's COGS.³¹⁰ Overall, the prices of raw materials decreased between January 2013 and December 2015.³¹¹ Regarding anticipated trends in raw material prices, one U.S. producer and one importer reported that they expect raw material prices to continue to decrease, while one U.S producer and one importer indicated that they expect raw material prices to fluctuate in the near future.³¹²

³⁰⁶ CR at II-19; PR at II-11 – II-12.

³⁰⁷ CR at II-29; PR at II-19, & CR/PR at Table II-11.

³⁰⁸ CR at II-21; PR at II-13; CR/PR at Table II-6.

³⁰⁹ CR at II-30 – II-31; PR at II-20; CR/PR at Table II-12.

³¹⁰ CR at III-7, V-1; PR at III-3, V-1.

³¹¹ CR/PR at V-1 & Figure V-1.

³¹² CR at V-2; PR at V-1.

Contains Business Proprietary Information

D. Revocation of the Antidumping Duty Orders on Subject Imports from Japan, Korea, and Taiwan Would Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports³¹³

Several factors support the conclusion that the volume of cumulated subject imports from Japan, Korea, and Taiwan is likely to be significant in the event of revocation.

There is substantial production capacity in the subject countries. Collectively, subject producers in these countries had an estimated production capacity of more than five times apparent U.S. consumption in 2014.³¹⁴

There is also significant unused capacity in the subject countries, although we are unable to quantify the level precisely due to the lack of participation in these reviews by subject producers in Japan and Taiwan. However, excess capacity for Korean producer SeAH alone was *** short tons in 2015, equivalent to approximately half of apparent U.S. consumption that year.³¹⁵ As discussed above, subject producers in Japan and Taiwan reported having excess capacity when they last submitted information on their operations in the original investigations and first reviews. As a result, the combined excess capacity in all three of these subject countries is likely to be significantly larger than the data reported by SeAH alone. This substantial excess capacity would likely provide a strong incentive for subject producers to increase shipments to export markets, including the United States, if the orders are revoked, particularly because the producers in each of these subject countries are highly export oriented.³¹⁶

³¹³ As discussed above, Commissioners Pinkert and Schmidlein have cumulated subject imports from Italy, Japan, Korea, and Taiwan. They join this section with respect to imports from Japan, Korea, and Taiwan and find that the conclusions reached herein are strengthened by their inclusion of subject imports from Italy in the analysis. Cogne's production capacity in Italy in 2015 was approximately *** short tons, and its excess production capacity that year was *** short tons, CR/PR at Table IV-6, which adds significantly to the available 2015 capacity in Japan, Korea, and Taiwan (as noted above, the precise unused capacities in these subject countries cannot be determined from the available record information).

³¹⁴ CR/PR Table C-1.

³¹⁵ Calculated from CR/PR at Tables at IV-8.

³¹⁶ As discussed above, SeAH exported a substantial proportion of its production in 2013 and 2014, but its volume of exports decreased in 2015 despite stable capacity and stable home market shipments. CR/PR at Table IV-8. This would indicate that SeAH would likely be inclined to expand export markets upon revocation. Indeed, the ***. SeAH Foreign Producer Questionnaire at Attachment 1. In addition, although we did not receive questionnaire responses from subject producers in Japan and Taiwan, global exports of SSWR from those countries, which include exports of nonsubject producers in Japan and Taiwan, increased during the period of review. CR/PR at Table IV-12. Moreover, Taiwan is the largest global exporter of SSWR, by volume, while Japan is the third largest global exporter. *Id.* These data are consistent with the Commission's findings in the original investigations and prior reviews that subject producers in these countries continue to be export oriented. We further (Continued...)

Contains Business Proprietary Information

Moreover, the United States is likely to be an attractive market for the subject producers. Data on the relative prices in the U.S. market and other regional markets are relatively limited, although AUV data suggest that the U.S. market generally has higher prices than other markets to which subject producers export SSWR.³¹⁷ Indeed, notwithstanding the presence of the orders, cumulated subject imports continued to maintain a presence in the U.S. market during the period of review.³¹⁸ We also observe that Taiwanese producer Yieh Hsing, which is excluded from the order, was the largest single source of nonsubject imports during the period of review, illustrating the continued attractiveness of the U.S. market to producers in Asia notwithstanding substantial transportation costs. Further, concerns about transportation costs did not preclude subject producers from selling in the U.S. market during the original investigations and first reviews, as discussed above.

Accordingly, based on subject producers' substantial production capacity, significant excess capacity, and export orientation, and the relative attractiveness of the U.S. market, we find that the likely volume of cumulated subject imports, in absolute terms and relative to both U.S. production and consumption, would be significant in the event of revocation.³¹⁹

2. Likely Price Effects³²⁰

As described above, the record in the current reviews indicates that there is generally a high degree of substitutability among subject imports from the cumulated subject countries

(...Continued)

observe that overproduction of SSWR in China was reported to be contributing to a global oversupply and creating pressure on other markets. *See, e.g.*, Tr. at 22 (Romans), 33 (Zimmer), 39 (Blot), 44 (Hudgens); SeAH Foreign Producer Questionnaire Response at Attachment 1.

³¹⁷ By way of example, the AUVs of SeAH's export markets ranged between \$*** per short ton and \$*** per short ton in 2015, compared to U.S. producers' AUV of \$*** per short ton that year. CR/PR at Tables IV-9 & C-1. In addition, the AUV of subject imports from Taiwan was \$*** per short ton that year. CR/PR at Table C-1.

³¹⁸ CR/PR at Table IV-I.

³¹⁹ There were no reported inventories of U.S. imports of SSWR from subject countries. CR/PR at IV-5. SeAH's inventories in Korea of subject merchandise were higher relative to production and total shipments in 2015 than they were in 2013. CR/PR at Table IV-8. There are no known antidumping or countervailing duty orders on SSWR in third-country markets. CR at IV-19; PR at IV-9. We have also considered the product shifting ability of subject producers. SeAH reported that ***. SeAH's Foreign Producer Questionnaire at II-5e.

³²⁰ Commissioners Pinkert and Schmidlein find that the analysis in this section is strengthened when subject imports from Italy are cumulated with those from Japan, Korea, and Taiwan. Although there is no available price comparison information for the period of review, subject imports from Italy were priced lower than domestic SSWR in 37 of 44 comparisons in the original investigations, CR/PR at Table V-6, and in 10 of 11 comparisons in the first five-year reviews, CR/PR at Table V-7. Consequently, Commissioners Pinkert and Schmidlein conclude that the significant cumulated volume of imports of the subject merchandise from Italy, Japan, Korea, and Taiwan, which would likely enter the United States at prices that would undersell the domestic product, would likely have significant depressing and/or suppressing effects on the prices of the domestic like product.

Contains Business Proprietary Information

and between these imports and the domestic like product and that price plays an important role in purchasing decisions.

No importers of subject merchandise produced pricing data in these reviews.³²¹ Based on the information available, we find that, in light of the factors motivating foreign producers of subject merchandise to increase shipments to the United States and the degree of substitutability between subject imports and the domestic like product, subject producers are likely to use underselling to increase market share in the United States, consistent with their behavior during the original investigations and first reviews. Indeed, the record in these reviews does not suggest that subject producers have changed their respective operations in a manner that would make different pricing patterns likely.³²² Thus, given the likely significant volume of cumulated subject imports, the degree of substitutability between subject imports and the domestic like product, the importance of price in purchasing decisions, and the adverse price effects of low-priced imports in the original investigations, we conclude that, if the orders were revoked, significant volumes of subject imports would likely undersell the domestic like product to gain market share and likely would have significant depressing and/or suppressing effects on prices of the domestic like product.

3. Likely Impact³²³

During the period of review, the domestic industry's condition deteriorated as demand for SSWR declined and the domestic industry lost market share to nonsubject imports. Apparent U.S. consumption initially increased from *** short tons in 2013 to *** short tons in 2014 before declining to *** short tons in 2015.³²⁴ The domestic industry's share of the U.S. market declined from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.³²⁵ The domestic industry's production capacity increased from *** short tons in 2013 to *** short tons in 2014 and *** short tons in 2015.³²⁶ Production, however, declined significantly from *** short tons in 2013 to *** short tons in 2014 and *** short tons in 2015.³²⁷ As a result, the

³²¹ CR at V-9; PR at V-6.

³²² Notwithstanding SeAH's contention that it intends to focus on high-quality products, ***, SeAH's Foreign Producer Questionnaire at Attachment 2. For example, ***, *Id.* In addition, ***, suggesting that it is not abandoning its production of commodity grade steel products in favor of high quality products. *Id.*

³²³ Based on the discussion in this section and their earlier findings with respect to likely volume and likely price effects, Commissioners Pinkert and Schmidlein find that imports of subject merchandise from Italy, Japan, Korea, and Taiwan are likely to have a significant adverse impact on the domestic industry if the orders were revoked. Thus, they conclude that, if the orders were revoked, cumulated imports of subject merchandise from Italy, Japan, Korea, and Taiwan would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

³²⁴ CR/PR at Table C-1.

³²⁵ CR/PR at Table C-1.

³²⁶ CR/PR at Table C-1.

³²⁷ CR/PR at Table C-1.

Contains Business Proprietary Information

domestic industry's capacity utilization declined, from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.³²⁸ The domestic industry's U.S. shipments also declined, from *** short tons in 2013 to *** short tons in 2014 and *** short tons in 2015.³²⁹ Ending inventory quantities were *** short tons in 2013, *** short tons in 2014, and *** short tons in 2015.³³⁰

Some of the domestic industry's employment-related indicators, including the number of production related workers and productivity, decreased steadily during the period of review. Other indicators, including hours worked and wages paid, initially improved from 2013 to 2014 but declined in 2015, resulting in declines overall.³³¹

The domestic industry's financial performance indicators also declined. Its ratio of COGS to net sales increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.³³² The domestic industry's operating margin decreased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.³³³ Capital expenditures declined from \$*** in 2013 to \$*** in 2014 and \$*** in 2015.³³⁴ We find, based on these data, that the domestic industry is in a weakened state and therefore vulnerable to material injury if the orders are revoked.

As discussed above, we conclude that revocation of the antidumping duty orders on imports of SSWR from Japan, Korea, and Taiwan would likely lead to a significant increase in the cumulated volume of subject imports that would likely undersell the domestic like product and significantly suppress or prices for the domestic like product. We find that the likely volume and price effects of cumulated subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These reductions would have a direct adverse impact on the domestic industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments. We conclude that, if the antidumping duty orders were revoked, subject imports from Japan, Korea, and Taiwan would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

We have also considered the likely role of nonsubject imports in the U.S. market. As described above, nonsubject imports' share of the U.S. market increased during the period of review. We find, however, that nonsubject imports are not likely to prevent SSWR from Japan, Korea, and Taiwan from reentering the U.S. market in the event of revocation, given the large amount of unused capacity in these subject countries and the relative attractiveness of the U.S. market. Because competition in the U.S. SSWR market is primarily based on price, additional subject imports would likely compete with both nonsubject imports and the domestic like

³²⁸ CR/PR at Table C-1.

³²⁹ CR/PR at Table C-1.

³³⁰ CR/PR at Table C-1.

³³¹ CR/PR at Table C-1.

³³² CR/PR at Table C-1.

³³³ CR/PR at Table C-1.

³³⁴ CR/PR at Table C-1.

Contains Business Proprietary Information

product for additional sales, which would likely drive down price levels and impair the domestic industry's revenues and financial performance.

We have also considered the likely future effects of demand for SSWR on the domestic industry. As described above, demand for SSWR in the U.S. market declined during the period of review, and it is unclear whether it will improve in the near future. Nonetheless, for the reasons described above, we find that significant volumes of cumulated subject imports would again likely enter the U.S. market and compete aggressively on price, taking market share. The lack of likely robust demand growth³³⁵ supports our finding that these additional subject imports would likely take sales from the domestic industry and have an adverse impact on the domestic industry.

Thus, we conclude that revocation of the antidumping duty orders on subject imports from Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

E. Revocation of the Antidumping Duty Order on Subject Imports from Spain Would Not Be Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

As discussed in section III.B. above, Spanish producer Roldan effectively ceased exports of the SSWR to the United States when its affiliate NAS began its U.S. operations. Moreover, nearly all of Spanish producer Olarra's production of SSWR is dedicated to the production of downstream products by being either internally consumed by Olarra or shipped to its affiliates. Consequently, we have concluded that neither subject Spanish producer is likely to export any appreciable volume of subject merchandise to the United States upon revocation. Therefore, we find that revocation of the order on SSWR from Spain is not likely to result in a significant volume of subject imports from Spain within a reasonably foreseeable future.³³⁶

³³⁵ As described above, most firms responding to the Commission's questionnaires reported that anticipated future demand would decrease or not change. CR/PR at Table II-4 (showing that *** firms reported that demand was likely to decrease or not change, compared to *** reporting it would increase and *** reporting it would fluctuate. *Id.*

³³⁶ There were no reported inventories of U.S. imports of SSWR from Spain. CR/PR at IV-5. Olarra's inventories in Spain of subject merchandise were higher relative to production or total shipments in 2015 than they were in 2013. CR/PR at Table IV-4. There are no known antidumping or countervailing duty orders on SSWR from Spain in third-country markets. CR at IV-19; PR at IV-9. We have also considered the product shifting ability of subject producers. Olarra reported that ***. Olarra's Foreign Producer Questionnaire at II-5e. Given that Olarra's production of SSWR is almost entirely dedicated to the production of downstream products, either its own or Rodacciai's, we do not find that its ability to shift production between SSWR and *** would likely affect its commercial export activities.

Contains Business Proprietary Information

2. Likely Price Effects

Based on our conclusion that revocation of the antidumping duty order on SSWR from Spain would not likely result in a significant volume of subject imports from Spain, we find that subject imports from Spain are unlikely to undersell the domestic like product significantly, or depress or suppress prices of the domestic like product to a significant degree, within a reasonably foreseeable time after revocation.³³⁷

3. Likely Impact

As detailed above, we find that the domestic industry is vulnerable and that its condition declined during the period of review. Having found that revocation of the antidumping duty order on SSWR from Spain is unlikely to result in a significant volume of subject imports from Spain or significant price effects after revocation, however, we further find that subject imports from Spain would not likely have a significant impact on the domestic industry. Consequently, we conclude that if the order were revoked, subject imports from Spain would not likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.³³⁸

F. Revocation of the Antidumping Duty Order on Subject Imports from Italy Would Not Be Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

We find that the record in these reviews indicates that the volume of subject imports from Italy would not likely be significant upon revocation. As discussed above, of the three producers of SSWR in Italy, Valbruna is excluded from the order and Rodacciai internally consumes all the SSWR it produces, leaving Cogne as the only producer of subject SSWR from Italy at all likely to export SSWR to the United States.

Although Cogne is “export oriented,” as described above, the record in these reviews indicates that this export orientation is not likely to result in significant volumes of subject imports of SSWR from Italy if the order were revoked. As discussed above, the vast majority of Cogne’s exports are characterized by corporate affiliation, long-standing customers, and/or close proximity. Moreover, Cogne’s focus on these customers and markets is well-established and stable, which is evidenced by the fact that they continue to account for a substantial majority of Cogne’s shipments. Accordingly, although Cogne is export-oriented, we do not find

³³⁷ Given the changes in the conditions of competition on the subject industry in Spain, described in section III.B. above, we do not believe that pricing data for subject imports from Spain from the original investigation and first reviews are indicative of likely pricing patterns upon revocation of the order.

³³⁸ Commissioners Pinkert and Schmidlein do not join the remainder of this opinion.

Contains Business Proprietary Information

that this export orientation is likely to result in Cogne exporting SSWR to the United States in appreciable quantities. At most, Cogne is likely to ship limited amounts of SSWR to the United States, particularly to an existing customer in the United States for which it is already an approved supplier.³³⁹

We also observe that, by focusing on these well-established export customers as well as increasing its home market shipments (home market shipments rose from 16.2 percent of total shipments in 2013 to 19.9 percent of total shipments in 2015), Cogne has increased its production and capacity utilization throughout the period of review, operating at a capacity utilization rate of *** percent in 2015.³⁴⁰ Although Cogne has some excess capacity, that fact alone does not make additional exports likely in light of its current and well-established shipping patterns. Rather, we find that, given Cogne's success in establishing long-standing customer relationships in other markets and its limited excess capacity, Cogne will likely lack the incentive to increase its exports to the United States to significant levels if the order were revoked.³⁴¹ We also do not find that the fact that Cogne Specialty Steel USA, Inc., Cogne's U.S. sales arm, has an established sales force and client base in the United States for products other than SSWR³⁴² indicates that Cogne is likely to ship significant volumes of SSWR if the order were revoked.³⁴³ Rather, we find that Cogne's limited excess SSWR capacity, coupled with the fact

³³⁹ Cogne's Posthearing Br., Responses to Commission Questions at 2, 4, 13, 19, 22.

³⁴⁰ CR at Table IV-6. As discussed earlier, Cogne reported its capacity in compliance with questionnaire instructions. Cogne also argues that its reported capacity utilization rate is conservative because it does not take into account *** heated products.

³⁴¹ With respect to the attractiveness of the U.S. market, we note that, although the AUVs for the domestic industry as a whole reflect prices that are higher than the AUVs of Cogne's exports, the AUVs of NAS, which is the dominant producer of SSWR in the United States ***, are lower than the AUVs of Cogne's exports. *Compare* CR/PR at Table III-8 *with* CR/PR at Table IV-6. We also recognize that comparisons of AUVs may be of limited probative value because they may reflect product mix differences rather than differences in price.

³⁴² *See, e.g.*, Domestic Producers' Posthearing Br., Responses to Commission Questions, Exhibit 4 (showing that one member of Cogne Specialty Steel USA, Inc.'s sales force handles wire while two other members handle stainless steel bar), Exhibit 7, Attachment 1 (showing that a former employee sold ingot and billet) and Attachment 3 (showing that a sales agent sells stainless steel bars for Cogne); Cogne's Posthearing Br., Responses to Commission Questions at 11-12, Attachments 5, 6 (showing that the individual who previously worked for Carpenter but was subsequently hired by Cogne Specialty Steel USA, Inc. had experience with respect to stainless steel bar not SSWR). Further, we do not find that the mention of SSWR on the website of Cogne Acciai Speciali, indicates that Cogne Specialty Steel USA, Inc.'s sales force currently offers SSWR products in the United States, particularly given that its U.S. sales force is identified as selling products other than SSWR. *See* Domestic Producers' Posthearing Br. at 8, Responses to Commission Questions at 4, Exhibit 4.

³⁴³ We also do not find that Cogne's shipments of stainless steel bar to the U.S. market following revocation of an antidumping duty order on that product indicate that Cogne is likely to ship significant volumes of SSWR upon revocation here. *See* Domestic Producers' Posthearing Br. at 5-6, Responses to Commission Questions at 8. Following revocation of the order on stainless steel bar from Italy, Cogne (Continued...)

Contains Business Proprietary Information

that its operations in the United States are involved primarily in handling other products, supports the conclusion that there will be a limited volume of subject imports upon revocation.³⁴⁴

For these reasons, and taking into consideration our findings above concerning the conditions of competition distinctive to this industry, we do not find it likely that the volume of subject imports from Italy would be significant, in absolute terms or relative to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation.³⁴⁵

2. Likely Price Effects

Given our findings that subject imports from Italy upon revocation are unlikely to be significant, the likely volume of subject imports from Italy upon revocation would be too small to have any significant effect on prices for the domestic like product.³⁴⁶ As previously discussed, Cogne's involvement in the U.S. market after revocation will likely be limited to supplying limited quantities of SSWR to existing customers for other products. Given these existing customer relationships, Cogne likely will not need to price SSWR aggressively to obtain these sales.³⁴⁷ In addition, the limited available excess capacity that Cogne has after serving its long-standing worldwide customers will give it little incentive to price SSWR aggressively in the U.S. market because it does not face significant pressure to find additional markets for large levels of excess capacity. Accordingly, we find that revocation of the antidumping duty order on SSWR from Italy would not be likely to lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

(...Continued)

shipped only minimal amounts of stainless steel bar to the U.S. market. Cogne's Posthearing Br., Responses to Commission Questions at 11 and Attachment 4.

³⁴⁴ We further observe that Valbruna, which was excluded from the antidumping duty order on SSWR from Italy, has not exported significant volumes of SSWR to the United States from Italy, CR/PR at Table C-1, although domestic producers attribute this largely to the fact that Valbruna purchased a U.S. mill following the original investigations. Domestic Producers' Posthearing Br., Responses to Commission Questions at 26.

³⁴⁵ Cogne's inventories, relative to production and total shipments, were at *** levels and declined from 2013 to 2015. *Id.* There were no reported inventories of subject merchandise from Italy in the United States. CR/PR at IV-5. There are no known antidumping or countervailing duty orders on SSWR from Italy in third-country markets. CR at IV-19; PR at IV-9. We have also considered the product shifting ability of subject producers. Cogne reported that ***. Cogne's Foreign Producer Questionnaire at II-5e. *See also* Cogne's Posthearing Br., Responses to Commission Questions at 20.

³⁴⁶ As previously stated, the record does not contain subject import pricing data for the period of review. CR at V-9; PR at V-6.

³⁴⁷ In light of our conclusions regarding Cogne's well-established sales patterns, we do not believe that pricing data for subject imports from Italy from the original investigation and first reviews are indicative of likely pricing patterns upon revocation of the order.

Contains Business Proprietary Information

3. Likely Impact

As detailed above, we find that the domestic industry is vulnerable and that its condition declined during the period of review. Nonetheless, in light of our findings regarding the likely lack of significant volumes of subject imports and the likely lack of significant price effects, we find that revocation of the order on SSWR from Italy is not likely to have a significant impact on the domestic industry within a reasonably foreseeable time.

Thus, we conclude that revocation of the antidumping duty order on subject imports from Italy would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

V. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping duty orders on SSWR from Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We further determine that revocation of the antidumping duty orders on SSWR from Italy and Spain would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.³⁴⁸

³⁴⁸ Commissioners Pinkert and Schmidlein determine that revocation of the antidumping duty orders on SSWR from Italy, Japan, Korea, and Taiwan would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. They further determine that revocation of the antidumping duty order on SSWR from Spain would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

PART I: INTRODUCTION

BACKGROUND

On May 1, 2015, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the antidumping duty orders on stainless steel wire rod (“SSWR”) from Italy, Japan, Korea, Spain, and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On August 4, 2015, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:⁵

¹ 19 U.S.C. 1675(c).

² *Stainless Steel Wire Rod From Italy, Japan, Korea, Spain, and Taiwan; Institution of Five-Year Reviews*, 80 FR 24970, May 1, 2015. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 24900, May 1, 2015.

⁴ *Stainless Steel Wire Rod From Italy, Japan, Korea, Spain, and Taiwan; Notice of Commission Determinations to Conduct Full Five-Year Reviews*, 80 FR 48336, August 12, 2015. Following adequate group responses by the domestic interested parties and the Italian, Korean, and Spanish interested parties, the Commission gave notice that it would proceed to determine whether revocation of the antidumping duty orders on SSWR from Italy, Japan, Korea, Spain, and Taiwan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

⁵ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B includes the witnesses that appeared at the Commission’s hearing.

Effective date	Action
June 17, 2010	Commerce's continuation of antidumping duty order on SSWR from Italy, Japan, Korea, Spain, and Taiwan (75 FR 34424, June 17, 2010)
May 1, 2015	Commission's institution of five-year reviews (80 FR 24970, May 1, 2015)
May 1, 2015	Commerce's initiation of five-year reviews (80 FR 24900, May 1, 2015)
August 4, 2015	Commission's determinations to conduct full five-year reviews (80 FR 48336, August 12, 2105)
October 2, 2015	Commerce's final results of expedited five-year reviews of the countervailing duty order (80 FR 59733, October 2, 2015)
January 6, 2016	Commission's scheduling of the reviews (81 FR 1642, January 13, 2016)
May 18, 2016	Commission's hearing
July 8, 2016	Scheduled date for the Commission's vote
July 25, 2016	Scheduled date for the Commission's determinations and views

The original investigations

On July 30, 1997, petitions were filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized imports of SSWR from Italy and less-than-fair-value (LTFV) imports of SSWR from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan.⁶ On July 29, 1998, Commerce made a final affirmative subsidy determination on imports from Italy and final affirmative dumping determinations for Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan. On September 1, 1998, the Commission made final affirmative determinations with respect to subject imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan, and a final negative determination with respect to subject imports from Germany.⁷ These determinations were transmitted to Commerce on September 8, 1998. Commerce issued a countervailing duty

⁶ The petition was filed by Al Tech Specialty Steel Corp., Dunkirk, New York ("Al Tech"); Carpenter Technology Corp., Reading, Pennsylvania ("Carpenter"); Republic Engineered Steels, Inc., Massillon, Ohio ("Republic"); Talley Metals Technology, Inc., Hartsville, South Carolina ("Talley"); and the United Steelworkers of America, AFL-CIO/CLC.

⁷ Commissioners Bragg, Miller, and Koplán made affirmative determinations with respect to subject imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan, with Commissioners Crawford and Askey dissenting and Commissioner Hillman not participating. Commissioners Miller, Koplán, and Askey made negative threat determinations with respect to subject imports from Germany, while Commissioner Crawford determined such imports to be negligible, Commissioner Bragg made an affirmative determination, and Commissioner Hillman did not participate.

order on imports from Italy and antidumping duty orders on imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan on September 15, 1998.⁸

The first reviews

On August 1, 2003, the Commission instituted five year reviews pursuant to section 751(c) of the Act, to determine whether revocation of the countervailing duty order on SSWR from Italy and the antidumping duty orders on SSWR from Italy, Japan, Korea, Spain, Sweden, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a foreseeable time.⁹ On June 29, 2004, Commerce notified the Commission of its negative final determination of the likelihood of continuation or occurrence of a countervailable subsidy in connection with the subject five-year review on SSWR from Italy. Effective July 2, 2004, Commerce revoked the countervailing duty order on imports of SSWR from Italy.¹⁰ Following affirmative determinations by Commerce and the Commission¹¹ in connection with the first five-year reviews of the antidumping duty orders, effective September 13, 2004, Commerce issued a continuation of the antidumping duty orders on imports of SSWR from Italy, Japan, Korea, Spain, Sweden, and Taiwan.¹² Subsequently, effective April 23, 2007, Commerce revoked the antidumping duty order on imports of SSWR from Sweden.¹³

⁸ The Commission's determination with respect to subject imports from Germany was appealed by the petitioning coalition. Judge Delissa A. Ridgeway of the U.S. Court of International Trade sustained the Commission's determination with respect to subject imports from Germany. *AL-Tech Specialty Steel Corp., et. al. v. United States*, 27 CIT 1791 (Dec. 16, 2003).

⁹ *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan*, 68 FR 45277, August 1, 2003.

¹⁰ Commerce found the net countervailing subsidy likely to prevail to be de minimus. *Notice of Final Results of Full Sunset Review of Countervailing Duty Order of Stainless Steel Wire Rod from Italy*, 69 FR 40354, July 2, 2004.

¹¹ Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting with respect to SSWR from Italy, Korea, Spain, and Sweden. Cogne appealed the Commission's decision to cumulate subject imports from Italy with other subject imports, particularly its finding that subject imports from Italy were not likely to have no discernable adverse impact upon revocation. The CIT affirmed the Commission's decision. *Cogne Acciai Speciali v. United States*, 29 CIT 1168 (2005).

¹² *Continuation of Antidumping Duty Orders: Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan*, 69 FR 50167, August 13, 2004.

¹³ *Implementation of the Findings of the WTO Panel in US--Zeroing (EC): Notice of Determinations Under Section 129 of the Uruguay Round Agreements Act and Revocations and Partial Revocations of Certain Antidumping Duty Orders*, 72 FR 25261, May 4, 2007.

The second reviews

On July 1, 2009, the Commission instituted five year reviews pursuant to section 751(c) of the Act, to determine whether revocation of the antidumping orders on SSWR from Italy, Japan, Korea, Spain, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁴ The Commission determined that revocation of the antidumping duty orders on SSWR from Italy, Japan, Korea, Spain, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁵

RELATED INVESTIGATIONS

Stainless steel wire rod

Since 1980, the Commission has conducted original investigations on SSWR from Brazil, France, India, and Spain (subsidy), as well as Germany and Sweden (discussed above) and the five countries subject to the current reviews. During 1999-2000, the Commission conducted five-year reviews of the 1983 transition countervailing duty order on Spain and the 1993-94 transition antidumping duty orders on SSWR from Brazil, France, and India. The Commission made affirmative determinations with respect to the antidumping orders on SSWR from Brazil, France, and India and a unanimous negative determination with respect to the countervailing duty order on SSWR from Spain.^{16 17} In July 2005, the Commission instituted second five-year reviews of the antidumping duty orders on SSWR from Brazil, France, and India. In July 2006, the Commission made an affirmative determination with respect to SSWR from India and negative determinations with respect to SSWR from France and Brazil.¹⁸ The Commission determined that revocation of the antidumping duty order on SSWR from India would be likely

¹⁴ Chairman Shara L. Aranoff, Vice Chairman Daniel R. Pearson, and Commissioner Deanna Tanner Okun dissenting with respect to Italy. Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun dissenting with respect to Korea and Spain.

¹⁵ Chairman Shara L. Aranoff, Vice Chairman Daniel R. Pearson, and Commissioner Deanna Tanner Okun dissenting with respect to Italy. Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun dissenting with respect to Korea and Spain.

¹⁶ Commissioners Koplán and Okun dissenting with respect to SSWR from France, and Commissioner Askey dissenting with respect to SSWR from Brazil, France, and India.

¹⁷ *Stainless Steel Wire Rod from Brazil, France, India, and Spain, Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review)*, USITC Publication 3321, July 2000. Following an appeal by French respondent interested parties, Senior Judge Richard W. Goldberg of the U.S. Court of International Trade sustained the Commission's determination. *Ugine-Savoie Imphy v. United States*, 248 F. Supp. 2d 1208 (Ct. Int'l Trade 2002).

¹⁸ Commissioners Koplán and Lane dissenting. *Stainless Steel Wire Rod from Brazil, France, and India, Inv. Nos. 731-TA-636-638 (Second Review)*, USITC Publication 3866, July 2006.

to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁹

Stainless steel bar

On December 30, 1993, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of stainless steel bar from Brazil, India, Italy, Japan, and Spain.²⁰ On December 28, 1994, Commerce made final affirmative dumping determinations with respect to imports from Brazil, India, Japan, and Spain, and a final negative dumping determination with respect to Italy.²¹ The Commission transmitted its final affirmative injury determinations to Commerce on February 14, 1995.²² On February 21, 1995, Commerce issued antidumping duty orders for Brazil, India, and Japan, and on March 2, 1995, for Spain.²³ The Commission previously conducted countervailing duty investigations on imports of stainless steel bar from Brazil and Spain. In 1982, the Commission made a negative determination with respect to imports from Spain.²⁴ In 1983, the Commission made an affirmative determination with respect to imports from Brazil.²⁵

On December 30, 1999, the Commission instituted five-year (sunset) reviews concerning the antidumping duty orders on imports of stainless steel bar from Brazil, India, Japan, and Spain,²⁶ and on April 6, 2000, the Commission determined to conduct full five-year reviews.²⁷ The Commission determined that revocation of the antidumping duty orders on stainless steel

¹⁹ *Stainless Steel Wire Rod from India Investigation No. 731-TA-638 (Third Review)*, USITC Publication 4300 January 2012.

²⁰ The petition was filed by AL Tech Specialty Steel Corp., Carpenter, Crucible, Electralloy, Republic Engineered Steels, Inc., Slater, Talley Metal Technology, Inc., and the United Steelworkers of America (AFL-CIO/CLC).

²¹ The Commission terminated its investigation (Inv. No. 731-TA-680 (Final)) concerning imports of stainless steel bar from Italy on January 23, 1995. 60 FR 6291, February 1, 1995.

²² 60 FR 9396, February 17, 1995. See also *Stainless Steel Bar from Brazil, India, Japan, and Spain, Investigation Nos. 731-TA-678, 679, 681, and 682 (Final)*, USITC Publication 2856, February 1995.

²³ 60 FR 9661, February 21, 1995, and 60 FR 11656, March 2, 1995.

²⁴ *Hot Rolled Stainless Steel Bar, Cold Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Investigation Nos. 701-TA-179-181 (Final)*, USITC Publication 1333, December 1982.

²⁵ *Hot Rolled Stainless Steel Bar, Cold Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Brazil, Investigation Nos. 701-TA-179-181 (Final)*, USITC Publication 1398, June 1983.

²⁶ *Institution of five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain, Investigations Nos. 731-TA-678, 679, 681, and 682 (Review)*, 64 FR 73579, December 30, 1999.

²⁷ *Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain, Investigations Nos. 731-TA-678, 679, 681, and 682 (Reviews)*, 65 FR 20834, April 18, 2000.

bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.²⁸ A second review was instituted in March 2006. In January 2007, the Commission made affirmative determinations.²⁹

On December 28, 2000, a petition was filed with Commerce and the Commission by Carpenter Technology Corp. (Wyomissing, Pennsylvania); Crucible Specialty Metals (Syracuse, New York); Electralloy Corp. (Oil City, Pennsylvania); Empire Specialty Steel, Inc. (Dunkirk, New York); Slater Steels Corp., Specialty Alloys Division (Fort Wayne, Indiana); and the United Steelworkers of America, AFL-CIO/CLC (Pittsburgh, Pennsylvania), alleging that an industry in the United States was materially injured and threatened with material injury by reason of imports of stainless steel bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom, that were alleged to be sold in the United States at less than fair value (LTFV), and by reason of imports of stainless steel bar from Italy that were alleged to be subsidized by the Government of Italy. The Commission transmitted its final affirmative injury determinations concerning LTFV stainless steel bar from France, Germany, Italy, Korea, and the United Kingdom and subsidized imports from Italy to Commerce on March 4, 2002.³⁰ Reviews of these orders were instituted in February 2007. In January 2008, the Commission made negative five-year review determinations.³¹

Stainless steel wire

On November 16, 1998, the Commission instituted investigation nos. 731-TA-781-786 following receipt of a petition filed with the Commission and the Department of Commerce by ACS Industries, Inc., Woonsocket, Rhode Island; Al Tech Specialty Steel Corp., Dunkirk, New York; Branford Wire & Manufacturing Co., Mountain Home, North Carolina; Carpenter Technology Corp., Reading, Pennsylvania; Handy & Harman Specialty Wire Group, Cockeysville, Maryland; Industrial Alloys, Inc., Pomona, California; Loos & Co., Inc., Pomfret, Connecticut; Sandvik Steel Co., Clarks Summit, Pennsylvania; Sumiden Wire Products Corp., Dickson, Tennessee; and Techalloy Co., Inc., Mahwah, New Jersey. In May 1999, the Commission

²⁸ Determinations, Investigations Nos. 731-TA-678-679 and 681-682 (Review), 66 FR 17928, April 4, 2001.

²⁹ Stainless Steel Bar from Brazil, India, Japan, and Spain, Invs. Nos. 731-TA-678,679, 681, and 682 (Second Review), USITC Publication 3895, January 2007.

³⁰ *Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Investigations Nos. 701-TA-413 and 731-TA-913-916 and 918 (Final)*, 67 FR 10756, March 8, 2002. Investigation No. 731-TA-917 (Final), concerning stainless steel bar from Taiwan, was terminated effective January 23, 2002, 67 FR 4745, January 31, 2002, following Commerce's final negative LTFV determination with respect to Taiwan, 67 FR 3152, January 23, 2002.

³¹ *Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Invs. Nos. 701-TA-413 and 731-TA-913-916 and 918 (Review)*, USITC Publication 3981, January 2008.

unanimously determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded by reason of imports from Canada, India, Japan, Korea, Spain, and Taiwan of stainless steel round wire that had been found by Commerce to be sold in the United States at LTFV.³²

Safeguard investigations

During 1982-83, the Commission conducted a safeguard investigation of stainless steel products (Inv. No. TA-201-48) that included the SSWR subject to these reviews. Following affirmative determinations of serious injury and remedy recommendations by the Commission, President Reagan proclaimed four-year global quotas limiting SSWR imports to 19,100 tons in the first year, increasing to 19,700 tons, 20,300 tons, and 20,900 tons in subsequent years.

In 2001, the Commission conducted a safeguard investigation of steel products (Inv. No. TA-201-73) that included the SSWR subject to these reviews (as well as downstream products such as stainless steel bar and stainless steel wire). Following affirmative determinations of serious injury and remedy recommendations by the Commission, President Bush issued a proclamation on March 5, 2002, imposing temporary import relief for a period not to exceed three years and one day. Import relief relating to SSWR consisted of an additional tariff of 15 percent ad valorem on imports in the first year, 12 percent in the second year, and 9 percent in the third year.³³ On December 4, 2003, President Bush terminated the steel safeguard tariffs.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews. The data presented in the following table contains data from four firms in the original investigations (AL Tech, Carpenter, Republic, and Talley), six firms in the first reviews (Allvac, Carpenter, Charter, Dunkirk, NAS, and Talley), four firms in the second reviews (Allvac, Carpenter, NAS, and Universal), and three firms in the current reviews (Carpenter, NAS, and Universal). The changes in the U.S. industry are further examined in Part III of this report.

³² *Stainless Steel Round Wire from Canada, India, Japan, Korea, Spain, and Taiwan, Investigations Nos. 731-TA-781-786 (Final)*, 64 FR 28510, May 26, 1999.

³³ Additional relief was provided for stainless steel bar and stainless steel wire. Additional tariffs on the former product were to decrease from 15 percent to 12 percent to 9 percent, and on the latter product from 8 percent to 7 percent to 6 percent.

Table I-1
SSWR: Comparative data from the original investigations and subsequent reviews, 1997, 2003,
2009, and 2015

Item	Original investigations	First reviews	Second reviews	Current reviews
	1997	2003	2009	2015
Quantity (short tons)				
U.S. consumption quantity	***	***	***	***
Share of quantity (percent)				
Share of U.S. consumption: U.S. producers' share	***	***	***	***
U.S. importers' share: Italy (excludes Valbruna after 1997)	***	***	***	***
Japan (excl. Hitachi)	***	***	***	***
Korea	***	***	***	***
Spain	***	***	***	***
Sweden (excludes Kanthal)	***	***	***	***
Taiwan (excludes Yieh Hsing)	***	***	***	***
Subtotal, subject sources	***	***	***	***
Italy/Valbruna	***	***	***	***
Japan/Hitachi	***	***	***	***
Sweden (Kanthal)	***	***	***	***
Taiwan/Yieh Hsing	***	***	***	***
All other sources	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***
Total imports	***	***	***	***
Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)				
U.S. importers' U.S. shipments of imports from Italy (excludes Valbruna after 1997): Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	***
Japan (excludes Hitachi): Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	***	\$***
Korea: Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	***	***
Spain: Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	***	\$***

Table continued on next page.

Table I-1--Continued

SSWR: Comparative data from the original investigations and subsequent reviews, 1997, 2003, 2009, and 2015

Item	Original investigations	First reviews	Second reviews	Current reviews
	1997	2003	2009	2015
Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)				
Sweden (excludes Kanthal):				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	***	***
Taiwan (excludes Yieh Hsing):				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	\$***
Subject sources:				
Quantity	***	***	***	30
Value	***	***	***	103
Unit value	\$***	\$***	\$***	\$3,460
Italy/ Valbruna:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	***	\$***	\$***	\$***
Japan/Hitachi:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	\$***
Sweden/ Kanthal):				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	***	***
Taiwan/ Yieh Hsing:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	\$***
Other sources:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	\$***

Table continued on next page.

Table I-1--Continued

SSWR: Comparative data from the original investigations and subsequent reviews, 1997, 2003, 2009, and 2015

Item	Original investigations	First reviews	Second reviews	Current reviews
	1997	2003	2009	2015
Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)				
Nonsubject sources:				
Quantity	***	***	***	40,795
Value	***	***	***	129,827
Unit value	\$***	\$***	\$***	\$3,182
All countries:				
Quantity	***	***	***	40,825
Value	***	***	***	129,930
Unit value	\$***	\$***	\$***	\$3,183
U.S. industry:				
Capacity (quantity)	***	***	***	***
Production (quantity)	***	***	***	***
Capacity utilization (percent)	***	***	***	***
U.S. shipments:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	\$***
Export shipments:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	***
Ending inventory	***	(¹)	***	***
Inventories/total shipments	***	(¹)	***	***
Production workers	***	***	***	***
Hours worked (1,000)	***	***	***	***
Wages paid (1,000 dollars)	***	(¹)	***	***
Hourly wages	***	***	***	***
Productivity (short tons per hour)	***	(¹)	***	***
Unit labor costs	(¹)	(¹)	\$***	***

Table continued on next page.

Table I-1--Continued

SSWR: Comparative data from the original investigations and subsequent reviews, 1997, 2003, 2009, and 2015

Item	Original investigations	First reviews	Second reviews	Current reviews
	1997	2003	2009	2015
Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)				
Financial data:				
Net sales:				
Quantity	***	***	***	***
Value	***	***	***	***
Unit value	\$***	\$***	\$***	\$***
Cost of goods sold	***	***	***	***
Gross profit or (loss)	***	***	***	***
SG&A expense	***	***	***	***
Operating income or (loss)	***	***	***	***
Unit COGS	***	***	***	***
Unit operating income	***	***	***	***
COGS/ Sales (percent)	***	***	***	***
Operating income or (loss)/Sales (percent)	***	***	***	***

¹ Not applicable.

Note:--Only data from the terminal year of the investigations and reviews are shown. Apparent consumption in 1997 is based on U.S. shipments of imports. Data for later years are based on imports. The data for Italy for 2003 in the second review did not break out Valbruna, so data from the third review are used for 2003. Sweden is after 2003.

Source: Compiled from previous reviews , data submitted in response to Commission questionnaires, and official Commerce statistics.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury—

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or

the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . .

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) 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.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

*(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for SSWR as collected in the reviews is presented in appendix C, followed by historical data from prior proceedings. U.S. industry data are based on the questionnaire responses of three U.S. producers of SSWR that are believed to have accounted for all domestic production of SSWR in 2015. U.S. import data and related information are based on Commerce’s official import statistics. Three foreign producers replied to the Commission’s questionnaire, and their data are presented in Part IV. ***.

COMMERCE’S REVIEWS

Administrative reviews

Italy

Commerce has not conducted any administrative reviews of the antidumping duty order with regard to SSWR from Italy.

Japan

Commerce has not conducted any administrative reviews of the antidumping duty order with regard to SSWR from Japan.

Korea

Commerce has conducted four administrative reviews of the antidumping duty order on SSWR from Korea and published the final results of the reviews as shown in table I-2.

Table I-2**SSWR: Administrative reviews of the antidumping duty order for Korea**

Date results published	Period of review	Producer or exporter	Margin (percent)
<i>February 13, 2002 (67 FR 6685), corrected March 12, 2002 (67 FR 11096)</i>	<i>09/01/99-08/31/00</i>	<i>POSCO/Changwon/Dongbang</i>	<i>5.61</i>
<i>April 12, 2004 (69 FR 19153)</i>	<i>09/01/01-08/31/02</i>	<i>POSCO/Changwon/Dongbang</i>	<i>1.67</i>
<i>February 12, 2007 (72 FR 6528)</i>	<i>09/01/04-08/31/05</i>	<i>Changwon/Dongbang</i>	<i>9.06</i>
<i>August 16, 2007 (72 FR 46035)</i>	<i>09/01/05-08/31/06</i>	<i>Changwon/Dongbang</i>	<i>28.44</i>

Source: Cited Federal Register notices.

Spain

Commerce has conducted one administrative review of the antidumping duty order on SSWR from Spain and published the final results of the review as shown in table I-3. On June 8, 2012, the U.S. Trade Representative gave notice of implementation of determination under Section 129 of the Uruguay Round Agreements Act regarding the recalculation of cash deposit rates for estimated antidumping duties currently in effect for certain companies, in a manner which renders them not inconsistent with the World Trade Organization ("WTO") dispute settlement findings in US-Zeroing (EC), US-Continued Zeroing (EC), and US-Zeroing (Japan). Commerce issued its determinations in the final results of its section 129 proceedings on June 6, 2012.

Table I-3**SSWR: Administrative reviews of the antidumping duty order for Spain**

Date results published	Period of review	Producer or exporter	Margin (percent)
<i>February 21, 2001 (66 FR 10988)</i>	<i>03/05/98-08/31/99</i>	<i>Roldan, S.A.</i>	<i>0.80</i>
<i>June 18, 2012 (77 FR 36257)</i>	<i>03/05/98-08/31/99</i>	<i>Roldan, S.A.</i>	<i>0.00</i>

Source: Cited Federal Register notice.

Taiwan

Commerce has conducted one administrative review of the antidumping duty order on SSWR from Taiwan and published the final results of the review as shown in table I-4.

Table I-4**SSWR: Administrative reviews of the antidumping duty order for Taiwan**

Date results published	Period of review	Producer or exporter	Margin (percent)
<i>October 15, 2001 (66 FR 52587)</i>	<i>09/01/99-08/31/00</i>	<i>Walsin Lihwa Corporation</i>	<i>4.75</i>

Source: Cited Federal Register notice.

Changed-circumstances reviews

Commerce has conducted a changed-circumstances review with respect to SSWR from Italy, where Commerce found that Acciaierie Valbruna S.p.A. was the successor-in-interest to Acciaierie Valbruna S.r.l, and its subsidiary, Acciaierie Bolzano S.p.A. Because Valbruna S.r.l./Acciaierie Bolzano S.p.A. was excluded from the antidumping duty order on SSWR from Italy, Commerce determined that effective, December 16, 1998, merchandise from Acciaierie Valbruna S.p.A. should be excluded from the antidumping order.³⁴

Scope inquiry reviews

Commerce has conducted a scope inquiry with respect to SSWR from Italy, Japan, Spain, and Taiwan, in which Commerce found that certain stainless steel bar that is manufactured in the United Arab Emirates from SSWR imported from multiple subject countries is excluded from the scope of the antidumping orders.³⁵

Five-year reviews

Commerce has issued the final results of its expedited reviews with respect to all subject countries.³⁶ Table I-5 presents the dumping margins calculated by Commerce in its original investigations and first two reviews. The third Commerce review has country-wide results only.

³⁴ *Stainless Steel Wire Rod from Italy: Notice of Final Results of Changed Circumstances Antidumping Duty Review*, 71 FR 24643 (April 26, 2006).

³⁵ *Notice of Scope Rulings*, 70 FR 41374 (July 19, 2005).

³⁶ *Stainless Steel Wire Rod From Italy, Japan, the Republic of Korea, Spain, and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 FR 59733, October 2, 2015.

Table I-5

SSWR: Commerce's original and five-year dumping margins for producers/exporters by subject country

Country Producer/exporter	Original margin (percent)	First five-year review margin (percent)	Second five- year review margin (percent)	Third five- year review margin (percent) ¹
Italy				
Cogne Acciai	12.73	12.73	11.25	(²)
All others	12.73	12.73	11.25	(²)
Country-wide	(²)	(²)	(²)	11.25
Japan				
Hitachi	0.0	(²)	(²)	(²)
Daido Steel Co., Ltd.	34.21	34.21	34.21	(²)
Nippon Steel Corp.	21.18	21.18	21.18	(²)
Sanyo Steel Co., Ltd.	34.21	34.21	34.21	(²)
Sumitomo Electric Industries, Ltd.	34.21	34.21	34.21	(²)
All others	25.26	25.26	25.26	(²)
Country-wide	(²)	(²)	(²)	33.58
Korea				
Dongbang Special Steel Co., Ltd.	3.18	5.77	5.77	(²)
Changwon Specialty Steel Co., Ltd.	3.18	5.77	5.77	(²)
Pohang Iron and Steel Co., Ltd.	3.18	5.77	5.77	(²)
Sammi Steel Co., Ltd.	28.44	28.44	28.44	(²)
All others	3.18	5.77	5.77	(²)
Country-wide	(²)	(²)	(²)	28.44
Spain				
Roldan	4.72	4.73	2.71	(²)
All others	4.72	4.73	2.71	(²)
Country-wide	(²)	(²)	(²)	2.71
Taiwan				
Yieh Hsing Corp., Ltd.	0.02	(²)	(²)	(²)
Walsin Cartech Specialty	8.29	8.29	8.29	(²)
All others	8.29	8.29	8.29	(²)
Country-wide	(²)	(²)	(²)	2.22

¹ Commerce had margins for country-wide only.² Not applicable.

Source: *Stainless Steel Wire Rod From Italy, Japan, the Republic of Korea, Spain, and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 FR 59733, October 2, 2015 and *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan Investigation Nos. 731-TA-770-773 and 775 (Second Review)*, USITC Publication 4154, May 2010, table I-5.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:

The merchandise covered by these orders is SSWR, which comprises products that are hot-rolled or hot-rolled annealed and/or pickled and/or descaled rounds, squares, octagons, hexagons or other shapes, in coils, that may also be coated with a lubricant containing copper, lime, or oxalate. SSWR is made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are manufactured only by hot-rolling or hot-rolling, annealing, and/or pickling and/or descaling, are normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States is round in cross-sectional shape, annealed and pickled, and later cold-finished into stainless steel wire or small-diameter bar.

*The most common size for such products is 5.5 millimeters or .217 inches in diameter, which represents the smallest size that normally is produced on a rolling mill and is the size that most wire-drawing machines are set up to draw. The range of SSWR sizes normally sold in the United States is between 0.20 inches and 1.312 inches diameter. Two stainless steel grades, SF20T and K-M35FL, are excluded from the scope of the orders. The chemical makeup for the excluded grades is as follows: **SF20T** (Carbon- 0.05 max; Chromium- 19.00/21.00; Manganese-2.00 max; Molybdenum-1.50/2.50; Phosphorous- 0.05 max; Lead-added (0.10/0.30); Sulfur-0.15 max; Tellurium-added (0.03 min); Silicon-1.00 max) and **K-M35FL** (Carbon-0.015 max; Nickel-0.30 max; Silicon- 0.70/1.00; Chromium-12.50/14.00; Manganese-0.40 max; Lead-0.10/0.30; Phosphorous-0.04 max; Aluminum-0.20/0.35; Sulfur-0.03 max.*

The products subject to these orders are currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.

Tariff treatment

The products subject to these orders are classified in heading 7221.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS) and imported under its statistical reporting numbers 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075. The general duty rate for this heading is free. Although the HTSUS statistical reporting numbers are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

THE PRODUCT

Description and applications

Stainless steels are alloys of iron containing at least 10.5 percent by weight of chromium. In comparison to carbon steel and other alloy steels, stainless steels offer superior resistance to corrosion or oxidation at ambient or elevated temperatures. There are 5 classes of stainless steel, each having different chemical compositions and physical properties: austenitic, martensitic, ferritic, duplex, and precipitation hardenable stainless steel alloys.

Austenitic stainless steels (200- and 300-series) are nonmagnetic, chromium-nickel alloys, such as American Iron and Steel Institute (“AISI”) grades 304 and 316. Austenitic alloys can be substantially hardened by cold working but not by heat treatment. Grade 304 is the most widely used steel of the austenitic class. It has a nominal composition of 18 percent chromium and 8 percent nickel. Martensitic stainless steels (400-series) are magnetic alloys containing chromium but little or no nickel, such as grade 410, which contains 11.5 percent chromium. Martensitic alloys are hardenable by heat treatment and are generally used in the hardened condition for applications subject to contact friction. Ferritic stainless steels (also 400-series) are magnetic, chromium alloys such as grade 430 (which contains 16 percent chromium) and type 409 (which contains 10.5 percent chromium.) Grade 409 SSWR is commonly used to produce wire for exhaust-system hangers. Grade 430 is a general-purpose grade that is less resistant to corrosion than the austenitic grades and is therefore used in applications that are not subject to corrosive conditions. Duplex stainless steels, such as 2205, are magnetic and not hardenable by heat treatment. Duplex stainless steels are a combination of austenitic and ferritic stainless steels with excellent corrosion resistance and have about twice the yield strength of common austenitic alloys. Grade 2205 contains 22 percent chromium, 4.5 percent nickel, and 3 percent molybdenum. Precipitation hardenable (PH) stainless steels combine high strength and hardness with corrosion resistance that is superior to that of the martensitic alloys. Alloy 17-7 PH is a typical PH alloy and contains 16 percent chromium, 6.5 percent nickel, and about 1 percent aluminum. The essential characteristics

imparted by physical structures and chemical compositions influence how the steel is melted, as well as its ladle treatment, hot-rolling, and heat treatment.³⁷

SSWR is an intermediate stainless steel product that is used primarily to produce stainless steel wire and stainless steel bar. SSWR is a long product produced in coiled form with no specific size limitation. SSWR is produced in diameters at least as large as 39 mm (1.54 inch), although the most common size is 5.5 mm (0.217 inch), circular cross-section. This is the smallest size normally produced on a hot-rolling mill and is the size most commonly used for wire drawing. SSWR may also be produced as a square, hexagon, octagon, or other shape.

There are three basic applications for SSWR; drawn wire, fasteners or cutlery, and conversion to bars.³⁸ Bars with a diameter between 5 and 20 mm are usually manufactured by straightening hot rolled, annealed and pickled wire rod.³⁹ About *** of U.S. SSWR shipments are consumed internally by producers. Of the U.S. firms that produce SSWR, *** reported internally consuming SSWR.⁴⁰

Manufacturing process

There are three basic steps involved in SSWR production, regardless of grade or final cross section: (1) the melting of steel and production of billets, (2) hot-rolling the billets and coiling the wire rod, and (3) finishing, which includes annealing and pickling. Inspection, packaging, and shipment follow these three stages of production. The production process employed by U.S. producers and by foreign manufacturers is generally the same.⁴¹

In the first stage, molten stainless steel is produced by melting stainless steel scrap and other raw materials (including chromium, nickel, and molybdenum) in an electric-arc furnace. Molten stainless steel typically is transferred to an argon-oxygen refining vessel, where its

³⁷ *Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Invs. Nos. 701-TA-373 (Final) and 731-TA-769-775 (Final)*, USITC Publication 3126, September 1998, p. I-4 and *Stainless Steels*, ASM International, Materials Park, OH, 1994, and *Steel Products Manual: Stainless Steels*, Iron & Steel Society, 1999.

³⁸ Bars with a diameter between 5 and 20 mm are usually manufactured by straightening hot rolled, annealed and pickled wire rod. International Stainless Steel Forum, *Applications for Stainless Steel Long Products: A Guide to Unlocking All the Properties of Stainless*, p. 3, 2009, http://www.worldstainless.org/publications/brochures_and_posters, retrieved May 2, 2016.

³⁹ Ibid.

⁴⁰ ATI Specialty Materials (formerly Allvac) did not complete a questionnaire response or respond to repeated inquiries. ATI produces SSWR for Outokumpu Stainless Bar under a tolling agreement. Outokumpu imports billets, a semifinished steel product, from a sister company in the United Kingdom. ATI converts the imported billets into SSWR and Outokumpu internally consumes the SSWR to produce stainless steel bar. All SSWR produced by ATI is converted into stainless steel bar by Outokumpu Stainless and Outokumpu does not make any SSWR in its own facilities. Hearing transcript, pp. 117-120 (Blot). ***, ***, Outokumpu Stainless Bar, LLC, email message to USITC staff, May 2, 2016.

⁴¹ Hearing transcript, p. 35 (Blot).

chemistry is refined and adjusted through further additions to produce steel with the required chemical composition. The steel is then processed through a continuous casting machine to produce billets, which are semifinished long products with a square cross section. Other types of melting equipment, such as a vacuum furnace or an electroslag remelting furnace, may be used to produce special quality SSWR, but these processes are uncommon. When continuous casting is not used, billets may be produced from ingots by rolling or forging.

In the second stage, the surface of the billets may be ground to remove defects, following which the billets are heated to rolling temperature (about 2,200 degrees Fahrenheit) prior to hot rolling. In the hot-rolling mill, the billet passes through a series of rolling operations until it has been reduced to its final diameter or shape, at which point it has the dimensions of wire rod. The wire rod is coiled and then is cooled either by forced air or by water-quenching. Each billet yields a single coil of wire-rod.

In the finishing stage, the coils may be annealed (heat-treated) and mechanically descaled (shot-blasted) and/or pickled (dipped in a series of acid baths) to improve surface quality. The coils of wire rod may also be coated with a lubricant containing copper, lime, or oxalate, which facilitates the drawing process.

DOMESTIC LIKE PRODUCT ISSUES

In the original investigations and first and second five-year sunset reviews, the Commission found the appropriate domestic like product to be all SSWR corresponding to the scope of Commerce's investigations.⁴² No party has advocated for an alternative domestic like product in these reviews.

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, five firms supplied the Commission with information on their U.S. operations with respect to SSWR. These firms accounted for virtually all U.S. production of SSWR in 1997.⁴³ In these current proceedings, the Commission issued U.S. producers' questionnaires to five firms. Two firms are believed to have accounted for the great

⁴² *Stainless Steel Wire Rod From Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan*, Investigations Nos. 701-TA-373 (Final) and 731-TA-769-775 (Final), USITC Publication 3126, September 1998. *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan*, Investigation Nos. 731-TA-770-775 (Review), USITC Publication 3707, July 2004.

⁴³ The five U.S. producers that supplied the Commission with usable questionnaire information during the original investigations were: Al Tech Specialty Steel Corp., Carpenter Technology Corp., Republic Engineered Steels, Inc., Talley Metals Technology, and ***.

majority of U.S. production of SSWR in 2015.⁴⁴ Presented in table I-6 is a list of current domestic producers of SSWR and each company's position on continuation of the orders, production locations(s), related and/or affiliated firms, and share of reported production of SSWR in 2015.

Table I-6
SSWR: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of 2015 reported U.S. production

Firm	Position on orders	Production location(s)	Share of production (percent)
Carpenter	Support	Reading, PA Latrobe, PA Orangeburg, SC Hartsville, SC	***
NAS ¹	Mixed/Partial	Ghent, KY	***
Universal	Support	Dunkirk, NY	***
Total			100.0

¹ NAS and its sister company Roldan S.A. in Spain (also a producer of SSWR) are owned by Acerinox SA (Spain). Acerinox S.A., "Acerinox S.A. and Its Subsidiaries Consolidated Annual Accounts," February 29, 2016. ***.

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

U.S. importers

In the original investigations, 18 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of SSWR. None of the responding U.S. importers was a domestic producer. In the current proceedings, the Commission issued U.S. importers' questionnaires to 10 firms believed to be importers of SSWR, as well as to all U.S. producers of SSWR. No questionnaire responses were received from firms importing subject product. *** were the only firms to respond.

⁴⁴ ATI Specialty Materials (formerly Allvac) did not complete a questionnaire response or respond to repeated inquiries. ATI produces SSWR for Outokumpu Stainless Bar under a tolling agreement. Outokumpu imports billets, a semifinished steel product, from a sister company in the United Kingdom. ATI converts the imported billets into SSWR and Outokumpu internally consumes the SSWR to produce stainless steel bar. All SSWR produced by ATI is converted into stainless steel bar by Outokumpu Stainless and Outokumpu does not make any SSWR in its own facilities. Hearing transcript, pp. 117-120 (Blot). ***. ***, email message to USITC staff, May 2, 2016.

U.S. purchasers

The Commission received 13 usable questionnaire responses from firms that bought SSWR during 2013-15.⁴⁵ Nine responding purchasers identified themselves as wire drawers, three as distributors, one as an end user, and two as “other.”⁴⁶ *** identified itself as ***, and *** identified itself as ***. The majority of responding U.S. purchasers were located in the Midwest (*** firms) or the Northeast (*** firms). One purchaser each was also located in the *** regions. The responding purchasers listed their customers as coming from a variety of domestic industries, including the medical, automotive, aerospace, and defense industries. The largest purchasers of SSWR in 2015 were ***. Together, these firms accounted for *** percent of reported purchases in 2015.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of SSWR are shown in table I-7 and figure I-1.

⁴⁵ Of the 13 responding purchasers, all 13 purchased domestic SSWR, seven purchased imports of subject SSWR from Italy, and two purchased imports of subject SSWR from Taiwan. No purchasers reported purchasing imports of subject SSWR from Japan, Korea, or Spain. Eleven firms reported purchasing imports of SSWR from other sources, including ***.

⁴⁶ *** listed themselves as both wire drawers and distributors.

Table I-7

SSWR: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
U.S. producers' U.S. shipments	***	***	***
U.S. imports from.--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	***	***	***
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	29,193	37,559	40,795
Total U.S. imports	29,306	37,783	40,825
Apparent U.S. consumption	***	***	***
Value (1,000 dollars)			
U.S. producers' U.S. shipments	***	***	***
U.S. imports from.--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	***	***	***
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	97,185	128,220	129,827
Total U.S. imports	97,620	128,769	129,930
Apparent U.S. consumption	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics.

Figure I-1

SSWR: Apparent consumption, 2013-15

* * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table I-8.

Table I-8
SSWR: U.S. consumption and market shares, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
Apparent U.S. consumption	***	***	***
	Share of quantity (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from.--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	0.1	0.2	0.0
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	22.2	27.4	33.3
Total U.S. imports	22.3	27.5	33.3
	Value (1,000 dollars)		
Apparent U.S. consumption	***	***	***
	Share of value (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. imports from.--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	0.1	0.1	0.0
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	18.5	23.2	28.7
Total U.S. imports	18.6	23.3	28.8

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics.

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

U.S. MARKET CHARACTERISTICS

Stainless steel wire rod is an intermediate product used primarily to produce stainless steel wire and stainless steel bar. It is used in a number of general industrial applications in many industries, including in the automotive, medical, marine, aerospace, food and beverage, and energy industries. Demand for SSWR is derived largely from these industries. Specific uses include various forms of wire (such as spring wire, antenna wire, welding wire, weaving wire, and medical and dental wire), automotive parts, nails, industrial fasteners, couplings, and welding electrodes. Apparent U.S. consumption of SSWR decreased irregularly during 2013-15. Overall, apparent U.S. consumption was 6.9 percentage points lower in 2015 than in 2013.

CHANNELS OF DISTRIBUTION

In the original investigations, the majority of both domestic and imported SSWR was sold to end users, such as wire drawers and fastener manufacturers.¹ During the most recent (second) five-year reviews, both U.S. producers and importers also sold mostly to end users, the majority of which were also wire drawers.²

During the current reviews, U.S. producers continued to sell the *** majority of their SSWR to end users (table II-1).³ No responding importer reported importing subject product during 2013-15. Importer *** reported selling *** to end users, however, and importers *** reported selling *** to end users.

¹ *Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 701-TA-373 (Final) and 701-TA-769-775 (Final)*, USITC publication 3126, September 1998, p. 11.

² *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan, Inv. Nos. 701-TA-770-773 and 775 (Second Review)*, USITC publication 4154, May 2010, p. II-1.

³ In the current reviews, U.S. producers' shipment data were not broken out by type of end user (see NAS', Universal's, and Carpenter's U.S. producer questionnaire responses, section II-6). In the Domestic Interested Parties' Response to the Notice of Institution, however, U.S. producers reported that "most stainless steel wire rod is drawn into stainless steel wire..." The Domestic Interested Parties' Response to the Notice of Institution, June 1, 2015, p. 13.

Table II-1

SSWR: U.S. producers' and nonsubject importers' share of reported U.S. commercial shipments (percent), by sources and channels of distribution, 2013-15

Item	Period		
	Calendar year		
	2013	2014	2015
Share of reported shipments (percent)			
U.S. producers' U.S. commercial shipments of SSWR:			
Distributors	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of SSWR from all other countries:			
Distributors	***	***	***
End users	***	***	***

Note.--No importer reported importing subject SSWR from Italy, Japan, Korea, Spain, or Taiwan.

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

GEOGRAPHIC DISTRIBUTION

All three U.S. producers reported selling SSWR to all regions in the contiguous United States except the Mountain region (table II-2).⁴ Importer *** reported selling *** to ***. For U.S. producers, 2.5 percent of sales were within 100 miles of their production facilities, 80.8 percent were between 101 and 1,000 miles, and 16.7 percent were over 1,000 miles. Importer *** sold *** percent *** within 100 miles of its U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

Table II-2

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

Region	U.S. producers	Importers				
		Italy	Japan	Korea	Spain	Taiwan
Northeast	3	***	***	***	***	***
Midwest	3	***	***	***	***	***
Southeast	3	***	***	***	***	***
Central Southwest	3	***	***	***	***	***
Mountain	1	***	***	***	***	***
Pacific Coast	3	***	***	***	***	***
Other ¹	0	***	***	***	***	***
All regions (except Other)	1	***	***	***	***	***
Reporting firms	3	***	***	***	***	***

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

⁴ Only one U.S. producer (***) reported selling to the Mountain region, which includes the states of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of SSWR have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced SSWR to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, some ability to produce alternate products, and to a lesser extent some inventories and some sales into alternate markets.

Industry capacity

Domestic production capacity increased by *** percent from 2013 to 2015, while overall production decreased by *** percent.⁵ These changes resulted in a decrease in capacity utilization from *** percent in 2013 to *** percent in 2015. This diminished level of capacity utilization suggests that U.S. producers may have a moderate-to-substantial ability to increase production of SSWR in response to an increase in prices.

Alternative markets

U.S. producers' exports as a percentage of total shipments decreased irregularly from 2013 to 2015, from *** percent to *** percent. U.S. producers' export shipments also declined by *** percent during this time, indicating that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

All three U.S. producers reported export constraints in various markets. NAS reported that ***. Universal reported that ***. Carpenter reported that ***. None of the U.S. producers reported tariff barriers to trade in other markets.

Inventory levels

U.S. producers' inventories relative to total shipments decreased from *** percent in 2013 to *** percent in 2015. U.S. producers' total inventories declined from *** short tons in 2013 to *** short tons in 2015. The comparatively smaller decrease in inventories to total shipments than the decrease in total inventories is largely the result of a *** percent decrease in total shipments. These inventory levels suggest that U.S. producers may have a somewhat limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

⁵ Only one of the three reporting U.S. producers, ***, reported an increase in production capacity.

Production alternatives

Two of the three responding U.S. producers stated that they could switch production from SSWR to other products. *** reported that it produces *** using the same equipment and/or labor, and *** reported manufacturing *** on the same machinery as SSWR. *** reported that ***, and that “***.”

Supply constraints

No U.S. producer reported refusing, denying, or being unable to supply SSWR since January 1, 2013.

Foreign producers’ supply

The main factors affecting the abilities of foreign producers in Italy, Japan, Korea, Spain, and Taiwan to increase or decrease shipments to the U.S. market are outlined in table II-3 and discussed below.⁶

**Table II-3
SSWR: Main factors that affect ability to increase shipments to the U.S. market**

* * * * *

Subject imports from Italy

Based on available information, producers of SSWR from Italy have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of SSWR to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the substantial sales to non-U.S. markets, though this is largely dependent on subject Italian producers’ abilities to shift shipments to the U.S. market.

The Commission received one questionnaire response from a foreign producer in Italy. Italian producer CAS reported an annual production capacity of *** and total SSWR production of ***, resulting in a capacity utilization rate of *** (see table II-3). CAS also reported that ***. CAS estimated that it represents approximately *** percent of total production of SSWR in Italy, that ***, and that ***.⁷ CAS’s inventories relative to of total shipments decreased *** from 2013 to 2015, from *** percent to *** percent. CAS reported that ***.

⁶ For data on the number of responding foreign firms and their share of U.S. imports from Italy, Japan, Korea, Spain, and Taiwan, please refer to Part I, “Summary Data and Data Sources.” For additional information on the SSWR industries in Italy, Japan, Korea, Spain, and Taiwan, please refer to Part IV.

⁷ CAS’s response to the Notice of Institution, May 29, 2015, p. 10.

CAS reported that its major export markets are ***.⁸ It reported that ***, and that although Rodacciai produces SSWR, it does not commercially sell it, but rather internally consumes all of the SSWR it produces.⁹ CAS stated that Rodacciai “does not produce enough SSWR to meet its needs for downstream seamless bar production, which is why Rodacciai’s affiliate Olarra {a Spanish producer} ships approximately half of its output to Rodacciai bar mills in Italy.”¹⁰

The domestic interested parties report that CAS expanded capacity by *** percent between 1998 and 2015, and that CAS had an excess capacity of *** short tons in 2015, equivalent to *** percent of apparent U.S. consumption.¹¹ The domestic interested parties also argue that CAS is highly export-oriented, stating that its exports accounted for between *** and *** percent of its total shipments in 2013-15.¹²

CAS states that it continues to sell the vast majority of its SSWR to the Italian market (including some for internal consumption as well as for commercial shipment), to other customers within the EU (including two large Swiss customers ***), or to its bar-making subsidiary in China, Dong Guan Cogne.¹³ CAS argues that “these ‘exports’ {are not} evidence of ‘export-orientation’... but rather evidence of CAS’s long-term commitments to nearby customers or to subsidiaries.” CAS argues that therefore it would be extremely difficult and there would be economic no incentive for it to shift exports from these sources to the U.S. market.¹⁴

Subject imports from Japan¹⁵

The Commission did not receive any questionnaire responses from a foreign producer in Japan. According to official import statistics, imports from Japan accounted for 0.4 percent of all imports of SSWR in 2015. Between 2013 and 2015, imports of SSWR from Japan increased by more than 200 percent. The *** majority of imports from Japan during 2013-15 were from ***.

The domestic interested parties report that Japanese producers’ capacity to produce SSWR increased by *** percent between 1998 and 2015.¹⁶ They note that based on ***, Nippon Steel and Daido had approximately *** short tons of excess capacity in 2013, which is

⁸ CAS’s foreign producer questionnaire response, section II-11; CAS’s prehearing brief, p. 7.

⁹ CAS’s foreign producer questionnaire response, section III-17; CAS’s prehearing brief, p. 17; Hearing transcript, pp 13 (Heffner); CAS’s Answers to Commissioners’ Questions, pp. 1-2.

¹⁰ Hearing transcript, pp. 13, 129 (Heffner).

¹¹ The Domestic Interested Parties’ prehearing brief, pp. 2-3, 10.

¹² The Domestic Interested Parties’ posthearing brief, p. 4, exh 1.

¹³ CAS’s prehearing brief, pp. 6-7; Hearing transcript, pp. 124-126 (Betemps), 129-130 (Heffner), 201 (Ferrin); CAS’s posthearing brief, pp. 6-9; CAS’s Answers to Commissioners’ Questions, pp. 13-16, exhs. 1-3.

¹⁴ CAS’s prehearing brief, p. 8; Hearing transcript, pp. 125-127 (Betemps), 130-131 (Heffner); CAS’s posthearing brief, p. 10.

¹⁵ For additional information on the SSWR industry in Japan, please refer to Part IV of this report.

¹⁶ The Domestic Interested Parties’ prehearing brief, pp. 2-3.

slightly less than the *** short tons of apparent U.S. consumption that year.¹⁷ The domestic interested parties also note that Japan's exports of SSWR increased from 85,390 short tons in 2013 to 92,035 in 2015, and that its exports to China, historically Japan's largest export market, decreased during this time.¹⁸

Subject imports from Korea

Based on available information, producers of SSWR from Korea have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of SSWR to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and sales into alternate markets.

The Commission received one questionnaire response from a foreign producer in Korea. Korean producer SeAH reported an annual production capacity of ***. It reported that its total production decreased *** from 2013 to 2015, from *** short tons to *** short tons. Its capacity utilization rate also decreased during 2013-15, from *** percent to *** percent (see table II-3). SeAH's inventories relative to total shipments increased from 2013 to 2015, from *** percent to *** percent. SeAH reported that ***.

SeAH reported that ***,¹⁹ it ***.²⁰ It listed its major export markets as ***, and reports that the U.S. market is comparatively less attractive due to upward demand trends in Asia and the lower transport costs associated with Asian markets. SeAH also reported that ***, the firm "****."

The domestic interested parties argue that while Korean producer SeAH's capacity remained unchanged from 2013-15 at *** short tons, its capacity utilization fell to *** percent, leading to an excess capacity of *** short tons in 2015.²¹ The domestic interested parties also state that "exports of SSWR from Korea to all major Asian markets, including China, declined sharply over the review period."²²

SeAH reports that "{t}he U.S. market simply does not feature in SeAH's business plan," which includes focusing on higher-value products in local Asian markets, and that "the United States is simply too far away, and the mature U.S. market for SSWR does not present opportunities for growth."²³

¹⁷ The Domestic Interested Parties' prehearing brief, p. 14.

¹⁸ The Domestic Interested Parties' prehearing brief, pp. 14-15.

¹⁹ SeAH reported that ***. SeAH's response to the Notice of Institution, June 1, 2015, p. 3.

²⁰ SeAH noted that in the previous (second) review, the Commission found that subject imports from Korea had higher prices than the domestic like product in seven of eight price comparisons. SeAH's response to the Notice of Institution, June 1, 2015, p. 6.

²¹ The Domestic Interested Parties' prehearing brief, p. 18; The Domestic Interested Parties' posthearing brief, pp. 8-9.

²² Hearing transcript, p. 27 (Wellock).

²³ SeAH's prehearing brief, pp. 2-3.

Subject imports from Spain

Based on available information, producers of SSWR from Spain have the ability to respond to changes in demand with moderate changes in the quantity of shipments of SSWR to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of some unused capacity and sales into alternate markets.

The Commission received one questionnaire response from a foreign producer in Spain. Spanish producer Olarra (a wholly-owned subsidiary of Italian producer Rodacciai) reported an annual production capacity of ***. Its total production remained relatively stable during 2013-15, ***. Olarra's capacity utilization rate increased ***, then decreased *** (see table II-3).

Olarra reported that ***, and that U.S. import data show no imports of SSWR from Spain since 2010.²⁴ It reported that ***, and identified its primary export market as ***.²⁵ Olarra stated that "****" of its commercial sales are to ***.²⁶ Olarra also reported that it ***. It estimated its share of Spanish SSWR production in 2015 to be *** percent, and that Roldán, an affiliate of U.S. producer NAS, accounted for the rest.

The domestic interested parties report that based on ***, *** produced *** short tons of SSWR in 2013, and that Spanish producers increased their capacity by *** percent between 1998 and 2015.²⁷ The domestic interested parties also state that "Olarra has '****' excess capacity to direct to the United States and it would not have to adjust its current sales pattern to have a negative impact on the U.S. industry."²⁸

Olarra reported that "because of the affiliation between NAS and Roldán, it is highly unlikely that imports from Roldán would compete in the U.S. market at all if the antidumping duty order is revoked..." Furthermore, Olarra stated, it would not be likely to compete in the U.S. market because "Olarra is committed to ***."²⁹

Subject imports from Taiwan³⁰

The Commission did not receive any questionnaire responses from a foreign producer in Taiwan. According to official import statistics, imports from Taiwan accounted for 28.9 percent of all imports of SSWR in 2015. Between 2013 and 2015, imports of SSWR from Taiwan increased by 16.6 percent. The *** majority of imports from Taiwan during 2013-15 were from ***.

The domestic interested parties report that based on ***, foreign producer from Taiwan Walsin is ***, with a production level in 2013 that was *** apparent U.S. consumption.³¹ The

²⁴ Olarra's response to the Notice of Institution, May 29, 2015, p. 3.

²⁵ According to data reported in Olarra's questionnaire response, the firm ***.

²⁶ Olarra's prehearing brief, p. 6; Olarra's posthearing brief, pp. 3-5.

²⁷ The Domestic Interested Parties' prehearing brief, pp. 2-3, 21.

²⁸ The Domestic Interested Parties' posthearing brief, exh. 1 at pp. 10-11, exh. 5.

²⁹ Olarra's prehearing brief, p. 7; Hearing transcript, pp. 137, 201-202 (Ferrin).

³⁰ For information on the SSWR industry in Taiwan, please refer to Part IV of this report.

³¹ The Domestic Interested Parties' prehearing brief, pp. 2-3, 24.

domestic interested parties also report that Walsin's capacity increased by *** percent from 1997 to 2015.³²

Nonsubject imports

Between 2013 and 2015, nonsubject imports' share of apparent U.S. consumption increased from *** percent to *** percent.³³ The largest sources of nonsubject imports during 2013-15 were ***, China, and the United Kingdom.³⁴ Combined, these countries accounted for *** percent of nonsubject imports in 2015. The single largest source of nonsubject imports during 2013-15 was ***, which accounted for *** percent of all nonsubject imports in 2015.

The domestic interested parties report that there is an increasing capacity in China to produce stainless steel products, including SSWR, and that this "massive overhang" of Chinese stainless steel capacity "is displacing subject country exports to China, forcing them to find new markets, is competing with subject producers for sales in their own home markets, and is also targeting the U.S. market with increasing exports."³⁵

According to import statistics, U.S. imports of SSWR from China increased from 3,405 short tons in 2013 to 9,576 short tons in 2015, increasing from approximately 11.6 percent of all SSWR imports in 2013 to 23.5 percent in 2015. Chinese producers' share of apparent U.S. consumption increased from *** percent in 2013 to *** percent in 2015. According to ***, China's capacity to produce SSWR is projected to increase an additional by *** percent between 2015 and 2018.³⁶

The domestic interested parties also report that imports from France, the fourth largest nonsubject import source, increased from 4,607 short tons in 2012 to 5,550 short tons in 2015, and that U.S. producer Universal had either lost sales or was forced to lower prices to compete with these imports.³⁷

New suppliers

Two of 13 purchasers indicated that new suppliers entered the U.S. market since January 2013, and three expect additional entrants. Purchaser *** reported that some Indian producers have entered the market since January 2013, and *** reported that numerous Chinese companies have entered the market. Purchaser *** also stated that "****."

³² The Domestic Interested Parties' posthearing brief, p. 10, exh. 1.

³³ See Table I-8 of this report.

³⁴ These data are based on HTS statistical reporting numbers 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075.

³⁵ The Domestic Interested Parties' prehearing brief, pp. 34-36, exs. 6-7; Hearing transcript, pp. 22 (Romans), 26-27 (Wellock), 31-33 (Zimmer).

³⁶ The Domestic Interested Parties' prehearing brief, p. 35, ex. 6.

³⁷ The Domestic Interested Parties' posthearing brief, exh. 1 at p. 24, exh. 8; Hearing transcript, pp. 116-117 (Zimmer).

*** reported that it expects additional entrants due to the strong U.S. economic growth and appreciation of the U.S. dollar; *** reported that it expects more Chinese producers to enter; and *** reported that the market will naturally incentivize new entrants.

U.S. demand

Based on available information, the overall demand for SSWR is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products and the variety of cost shares of SSWR in many of its end-use products.

End uses

U.S. demand for SSWR depends on the demand for U.S.-produced downstream products. Reported end uses include automotive parts, fasteners, home appliances, cable, wire (including spring wire, screen wire, EPQ (electro-polish quality) wire, CHQ (cold heading quality) wire, and medical wire), and bar (including strain-hardened bar, centerless ground bar, pitch diameter bar, nominal bar, and stainless bar). No firms reported any changes in end uses since January 1, 2013, and no firms anticipated any changes.

Three purchasers reported an increase in demand for end-use products containing SSWR, and two purchasers reported a decrease in the demand for such products. The purchasers reporting an increase were ***, ***, and ***. The purchasers reporting a decrease were ***, and ***.

Cost share

SSWR accounts for a relatively large share of the cost of the immediate downstream products into which it is usually incorporated, and a relatively smaller cost share of the final end-use products. Based on questionnaire responses, reported cost shares for some immediate downstream and final end-use products were as follows:

- Spring wire (67-92 percent)
- EPQ wire (82 percent)
- CHQ wire (78 percent)
- Stainless bar (77 percent)
- Fasteners (60-75 percent)
- Strain hardened bar (70 percent)
- Pitch diameter bar (70 percent)
- Nominal bar (70 percent)
- Auto parts (70 percent)
- Centerless ground bar (58 percent)
- Medical wire (55 percent)
- Home appliances (45 percent)
- Electrical (40 percent)
- Screen wire (35 percent)

Business cycles

No U.S. producers or importers indicated that the market was subject to business cycles or conditions of competition, while four of 13 responding purchasers reported that it was. Two purchasers reported that the SSWR market was subject to seasonal business cycles, with one firm indicating that demand is highest in the first quarter and lowest in the fourth quarter. Two purchasers reported that the SSWR market was subject to distinctive conditions of competition, with *** citing the lower import prices and *** citing the importance of short lead times. *** also listed the importance of short lead times and customers' desires to carry less inventory as changes since January 1, 2013.

Demand trends

*** U.S. producers and a plurality of purchasers reported that demand for SSWR in the United States had decreased since January 1, 2013 (table II-4). U.S. producer *** stated that an increase in low-cost imports of finished goods that use SSWR led to lower domestic consumption of SSWR. U.S. producer *** reported that there was modest growth in demand in 2014, but that in 2015 it returned to approximately the same level as in 2013. Among the purchasers reporting a decrease in U.S. demand for SSWR (5 of 12), *** cited import competition as a factor, *** cited a "bad world economy," and *** cited both import competition (***) and poor economic conditions.

The *** purchasers that reported an increase in U.S. demand for SSWR cited *** and ***.

Table II-4
SSWR: Firms' responses regarding U.S. demand

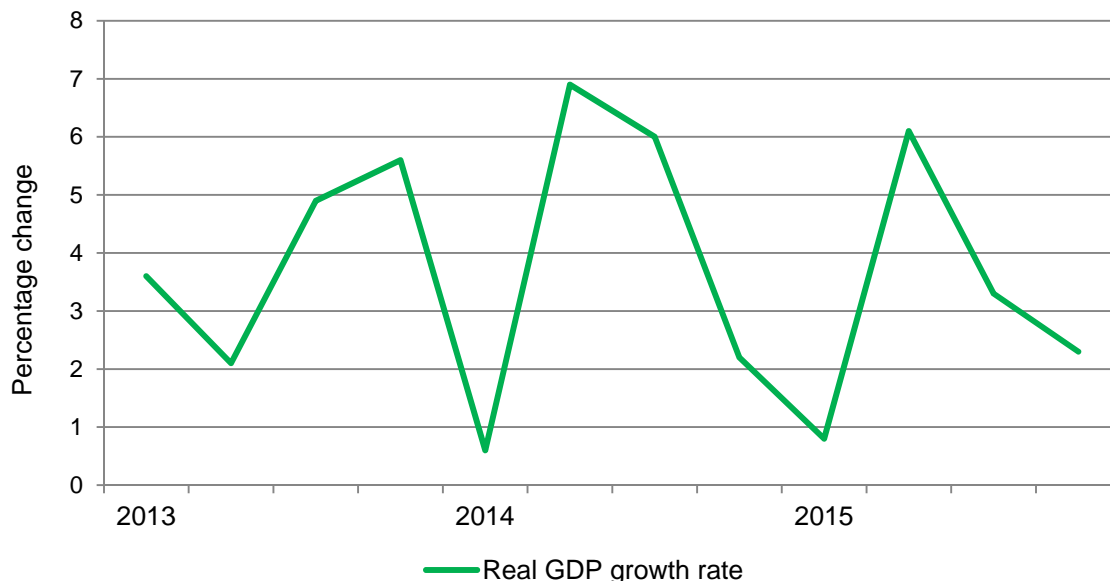
Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	***	***	***	***
Purchasers	***	***	***	***
Foreign producers	***	***	***	***
Anticipated future demand				
U.S. producers	***	***	***	***
Importers	***	***	***	***
Purchasers	***	***	***	***
Foreign producers	***	***	***	***
Demand for purchasers' final products since 2013				
Purchasers	***	***	***	***

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

Regarding anticipated future demand, half of purchasers reported that demand would decrease, while U.S. producers' responses were more varied. U.S. producer *** anticipated that demand would fluctuate, *** anticipated that it would not change, and *** anticipated that it would increase. Both *** also reported that changes in SSWR demand are aligned with changes in U.S. GDP.

The U.S. quarterly real GDP growth rate fluctuated between 0.6 percent (in the first quarter of 2014) and 6.9 percent (in the second quarter of 2014) (figure II-1). Real annual GDP growth is forecasted to increase from 1.9 percent in 2015 to 2.3 percent in both 2016 and 2017.³⁸

Figure II-1
Real U.S. GDP growth: Percentage change, quarterly, January 2013-December 2015



Source: Bureau of Economic Analysis, retrieved April 11, 2016.

Substitute products

All U.S. producers, importers, and 12 of 13 purchasers reported that there were no substitutes for SSWR. One purchaser, ***, reported that ***, and that “***.”³⁹ No U.S. producers or importers anticipated any future changes in substitutes, but two purchasers did. *** reported that it believes alternative materials are likely to be developed over time, and *** reported that it anticipates “more stainless tubing.”

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported SSWR depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there

³⁸ *Blue Chip Economic Indicators, Blue Chip Econometric Detail*, Vol. 32, No. 1, March 10, 2016. The average or “consensus” rate is derived from monthly interviews of leading business economists.

³⁹ Email from ***, March 30, 2016.

is a high degree of substitutability between U.S.-produced SSWR and SSWR imported from subject sources. However, the substitutability between domestic and imported SSWR from Japan and the substitutability between domestic and subject imports for some niche products may be more limited.

Lead times

For U.S. producers, SSWR is primarily produced-to-order. U.S. producers reported that *** percent of their commercial shipments were produced-to-order, with lead times ranging from 45-60 days.⁴⁰ The remaining *** percent of U.S. producers' commercial shipments came from inventories, with lead times ranging from 2-21 days.

Knowledge of country sources

All 13 responding purchasers indicated they had marketing/pricing knowledge of domestic product, eight of Italian product, three of product from Taiwan, one of Japanese product, none of Korean or Spanish product, and seven of product from nonsubject countries.⁴¹

As shown in table II-5, most purchasers either "always" or "usually" make purchasing decisions based on the producer or country of origin, while most purchasers' customers "sometimes" do. Of the purchasers that reported either "always" or "usually" making decisions based the manufacturer, one firm stated that quality was critical in certain applications, and one firm stated that quality and qualification process are important factors. Among the four firms that reported "sometimes" purchasing based on the manufacturer, three reported that only certain manufacturers are approved and/or that they purchase based on the quality characteristics of specific producers, and one cited Defense Federal Acquisition Regulation Supplement ("DFARS") regulations.⁴² Most of the remaining firms that listed a reason for purchasing SSWR from specific sources listed DFARS requirements as a reason.

⁴⁰ On an individual firm basis, NAS, which accounted for *** percent of U.S. commercial shipments in 2015, reported that ***; Carpenter, which accounted for *** percent of U.S. commercial shipments in 2015, reported that ***; and Universal, which accounted for *** percent of U.S. commercial shipments in 2015, reported that ***.

⁴¹ The nonsubject countries of which purchasers reported having pricing knowledge were the United Kingdom/England (six firms), China and France (three firms each), Sweden (two firms), and Canada and India (one firm each). One firm also reported having knowledge of prices from "continental Europe."

⁴² The Federal Acquisition Regulations System ("FAR") and Defense Federal Acquisition Regulation Supplement ("DFARS") are statutes set forth by the U.S. government that provide regulations related to the acquisition of goods and services by appropriated funds. The DFARS provides regulations specific to Department of Defense acquisitions. *Department of Defense webpage, Defense Procurement and Acquisition Policy*, <http://www.acq.osd.mil/dpap/dars/dfarspgi/current/>, retrieved April 14, 2016.

Table II-5**SSWR: Purchasing decisions based on producer and country of origin**

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	3	4	1
Purchaser's customers make decision based on producer	2	1	6	1
Purchaser makes decision based on country	4	3	4	1
Purchaser's customers make decision based on country	2	0	7	1

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

Factors affecting purchasing decisions

The vast majority of responding purchasers identified quality as the most important purchasing factor. Cumulatively, the most often cited top three factors firms consider in their purchasing decisions for SSWR were quality and price (11 firms each), delivery/lead time (8 firms), and availability (4 firms) (table II-6). Quality was the most frequently cited first-most important factor (cited by ten firms), followed by price (two firms); price and delivery/lead time were the most frequently reported second-most important factors (five firms each); and price was the most frequently reported third-most important factor (four firms).

Table II-6**SSWR: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor**

Factor	First	Second	Third	Total
Quality	10	0	1	11
Price	2	5	4	11
Delivery / lead time	0	5	3	8
Availability	0	1	3	4
Other ¹	0	1	1	2

¹ Other factors include payment terms, customer acceptance, reliability of supply, and distribution policies.

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

The majority of purchasers (9 of 13) reported that they only sometimes purchase the lowest-priced product. When asked if they purchased SSWR from one source although a comparable product was available at a lower price from another source, seven purchasers reported reasons, including quality considerations, DFARS compliance, a preference for domestic product, minimum quantity requirements, and lead times. Half of responding purchasers also reported that certain grades are only available from certain sources. *** reported that grades 321 and 347 are only available from suppliers in France and the United Kingdom; *** reported that 631 ESR melt in all diameters is only available from suppliers in Sweden and 304CON is only available from Japanese sources; *** reported that 301 wire rod is not available from domestic producers; *** reported that UNS S21800 is only available from domestic producers; and *** reported that "some unique lower volume grades like 440C" are only available from a single source, but did not identify the sources.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-7). The factors rated as “very important” by more than half of responding purchasers were product consistency and reliability of supply (12 firms each); availability and quality meets industry standard (11 firms each); and delivery time and price (10 firms each).

Table II-7

SSWR: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Availability	11	2	0
Delivery terms	5	6	2
Delivery time	10	2	1
Discounts offered	1	8	4
Extension of credit	4	2	7
Minimum quantity requirements	5	5	3
Packaging	2	9	2
Price	10	3	0
Product consistency	12	0	0
Product range	3	7	3
Quality exceeds industry standards	4	7	2
Quality meets industry standards	11	2	0
Reliability of supply	12	1	0
Technical support/service	5	6	1
U.S. transportation costs	3	5	5

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

When asked to describe the characteristics firms consider in determining the quality of SSWR, firms listed the following characteristics: surface conditions (such as shape (i.e. roundness), uniformity, and overall finish); ability to draw into wire; formability; conformity to ASTM, AWS, AISI, and individual firm specifications; chemical and mechanical/processing consistency; metallurgical properties; dimensional tolerances; internal characteristics for rod (i.e. grain structure); delivery performance (i.e. lead time, on-time delivery); and melt methods.

Supplier certification

All responding purchasers require their suppliers to become certified or qualified to sell SSWR to their firm. Purchasers reported that the time to qualify a new supplier ranged from ten days to one year, with most firms reporting between 30 and 120 days. Firms reported a number of certification methods, including sample trials, paperwork and documentation reviews, facility inspections, supplier interviews, and reviews of a supplier’s overall financial viability. Four purchasers reported that they either prefer or require ISO certification for their SSWR

purchases, with two specifying ISO 9001 certification.⁴³ One purchaser reported that an unnamed foreign supplier from China had failed in its attempt to qualify SSWR since January 1, 2013.

The domestic interested parties stated that the certification process “is simply qualifying {a} product to a particular downstream manufacturer and it is a process that... may take no more than two months...” and as such is not a significant barrier to entry.⁴⁴ Italian producer CAS reported that while “the supplier certification process in the United States is not very demanding and can take less than 6 months... for specialty products the supplier certification process is much more demanding {and} can take a year or two to complete.”⁴⁵

Changes in purchasing patterns

Purchasers were also asked about changes in their purchasing patterns from different sources since 2013 (table II-8). Most purchasers reported not purchasing SSWR from most subject countries. Three of 13 purchasers reported that they had changed suppliers since January 1, 2013. Specifically, *** added *** as a secondary source, and *** added “more off-shore imports.”

Table II-8
SSWR: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	4	2	7	0
Italy	5	0	1	5	1
Japan	11	0	0	0	0
Korea	11	0	0	0	0
Spain	11	0	0	0	0
Taiwan	8	0	0	2	2
Other	1	0	5	5	1

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

Two firms reported increasing domestic purchases of SSWR, and four firms reported decreasing domestic purchases. *** reported increasing domestic purchases due to growth in its business sales, and *** reported increasing domestic purchases because they offered “good product {at a} good price.” Among firms that reported decreasing domestic purchases, *** reported doing so “based on product needs;” *** reported that material was either not

⁴³ ISO 9001 standards are quality management standards published by the International Organization for Standardization (“ISO”). The standards “provide guidance and tools for companies and organizations ... to ensure that their products and services consistently meet customers’ requirements, and that quality is consistently improved.” *ISO webpage*, http://www.iso.org/iso/home/standards/management-standards/iso_9000.htm, retrieved April 12, 2016.

⁴⁴ Hearing transcript, pp. 194-195 (Lasoff).

⁴⁵ CAS’s Answers to Commissioners’ Questions, p. 12.

available in the United States or it had “special processing done for cost reasons;”⁴⁶ *** stated that domestic SSWR was “not competitive;” and *** reported decreasing domestic purchases due to poor quality and poor delivery.

Importance of purchasing domestic product

Seven of 13 purchasers reported that they or their customers specifically purchase U.S.-produced SSWR over other sources of supply for the following reasons: DFARS requirements, customers’ Buy America provisions, U.S. military or government contracts, and to eliminate potential country-of-origin issues.

Six purchasers reported that domestic product was required by law (for between 2 and 50 percent of their purchases), and ten reported it was required by their customers (for between 5 and 50 percent of their purchases for nine firms and 100 percent of its purchases for one firm).⁴⁷ Overall, 79.0 percent of SSWR did not require domestic purchases, 4.8 percent was required by law, 16.1 percent was required to be domestic product by firms’ customers, and 0.1 percent was required for “other” reasons.⁴⁸

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing SSWR produced in the United States, subject countries, and nonsubject countries. Purchasers were asked for a country-by-country comparison on the same 15 factors (tables II-9 and II-10), for which they were asked to rate the importance.

In comparing U.S. and Italian SSWR, most purchasers reported that they were comparable in nearly all areas except delivery time, in which they rated the U.S. as superior. Only one purchaser compared domestic SSWR to SSWR from Japan, Korea, and Spain, and two compared domestic SSWR to SSWR from Taiwan. ***⁴⁹ rated domestic, Korean, and Spanish product as comparable in most categories, but rated U.S. product as inferior to Japanese product in availability, product consistency, product range, quality exceeds industry standard, and quality meets industry standard. ***⁵⁰ both rated domestic SSWR as comparable to SSWR from Taiwan in eight of 15 categories, and one rated the U.S. product as superior in the other seven. Most purchasers reported that U.S. and nonsubject product were comparable in all categories.

⁴⁶ *** reported that it purchased ***.

⁴⁷ Purchaser *** reported that 100 percent of its purchasers are required by its customers to be domestic product.

⁴⁸ *** reported that *** percent of its product was required to be domestic product due to “size/diameter constraints.”

⁴⁹ *** identified itself as ***, and reported ***.

⁵⁰ *** identified itself as ***, and listed its customers as ***. ***.

Table II-9

SSWR: Purchasers' comparisons between U.S.-produced and imported product, by number of reporting firms

Factor	U.S. vs. Italy			U.S. vs. Japan			U.S. vs. Korea		
	S	C	I	S	C	I	S	C	I
Availability	2	4	0	0	0	1	0	1	0
Delivery terms	0	5	1	0	1	0	0	1	0
Delivery time	4	1	1	1	0	0	1	0	0
Discounts offered	0	4	2	1	0	0	0	1	0
Extension of credit	0	6	0	1	0	0	0	1	0
Minimum quantity requirements	0	5	1	0	1	0	0	1	0
Packaging	0	6	0	0	1	0	0	1	0
Price ¹	1	4	1	1	0	0	0	0	1
Product consistency	0	6	0	0	0	1	0	1	0
Product range	0	5	2	0	0	1	0	1	0
Quality exceeds industry standards	1	5	0	0	0	1	0	1	0
Quality meets industry standards	1	5	0	0	0	1	0	1	0
Reliability of supply	1	4	1	1	0	0	1	0	0
Technical support/service	1	5	0	0	1	0	0	1	0
U.S. transportation costs ¹	2	3	1	1	0	0	1	0	0
Factor	U.S. vs. Spain			U.S. vs. Taiwan			U.S. vs. other		
	S	C	I	S	C	I	S	C	I
Availability	1	0	0	1	1	0	2	6	0
Delivery terms	0	1	0	1	1	0	1	6	1
Delivery time	1	0	0	1	1	0	3	4	1
Discounts offered	0	1	0	1	1	0	1	6	1
Extension of credit	0	1	0	0	2	0	0	7	1
Minimum quantity requirements	0	1	0	1	1	0	2	5	1
Packaging	0	1	0	0	2	0	1	7	0
Price ¹	1	0	0	1	1	0	1	5	2
Product consistency	0	1	0	0	2	0	2	5	1
Product range	0	1	0	0	2	0	1	7	0
Quality exceeds industry standards	0	1	0	0	2	0	1	6	1
Quality meets industry standards	0	1	0	0	2	0	1	6	1
Reliability of supply	1	0	0	0	2	0	1	7	0
Technical support/service	1	0	0	0	2	0	1	7	0
U.S. transportation costs ¹	1	0	0	1	1	0	2	5	1

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

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

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

Table II-10
SSWR: Purchasers' comparisons between subject and nonsubject imported product, by number of reporting firms

Factor	Italy vs. other			Japan vs. other			Korea vs. other		
	S	C	I	S	C	I	S	C	I
Availability	2	1	0	1	0	0	1	0	0
Delivery terms	0	2	1	0	1	0	0	1	0
Delivery time	0	3	0	0	1	0	0	1	0
Discounts offered	0	3	0	0	0	1	0	1	0
Extension of credit	0	3	0	0	0	1	0	1	0
Minimum quantity requirements	0	3	0	0	1	0	0	1	0
Packaging	0	3	0	0	1	0	0	1	0
Price ¹	1	1	1	0	0	1	0	0	1
Product consistency	1	2	0	1	0	0	1	0	0
Product range	2	1	0	1	0	0	1	0	0
Quality exceeds industry standards	1	1	1	1	0	0	1	0	0
Quality meets industry standards	1	2	0	1	0	0	1	0	0
Reliability of supply	1	2	0	1	0	0	1	0	0
Technical support/service	1	2	0	1	0	0	1	0	0
U.S. transportation costs ¹	0	2	1	0	1	0	0	1	0
Factor	Spain vs. other			Taiwan vs. other					
	S	C	I	S	C	I			
Availability	0	1	0	0	2	0			
Delivery terms	0	1	0	0	2	0			
Delivery time	0	1	0	0	2	0			
Discounts offered	0	0	1	0	2	0			
Extension of credit	0	1	0	0	2	0			
Minimum quantity requirements	0	1	0	0	2	0			
Packaging	0	0	0	0	2	0			
Price ¹	0	0	1	0	2	1			
Product consistency	1	0	0	1	1	0			
Product range	1	0	0	1	0	1			
Quality exceeds industry standards	1	0	0	1	1	0			
Quality meets industry standards	1	0	0	1	1	0			
Reliability of supply	1	0	0	1	1	0			
Technical support/service	1	0	0	1	1	0			
U.S. transportation costs ¹	0	1	0	0	2	0			

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

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

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

Comparison of U.S.-produced and imported SSWR

In order to determine whether U.S.-produced SSWR can generally be used in the same applications as imports from Italy, Japan, Korea, Spain, and Taiwan, U.S. producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-11, most firms reported that SSWR from different sources is either “always” or “frequently” interchangeable. All three U.S. producers reported that domestic and imported SSWR is “always” interchangeable; both responding importers reported that domestic and subject SSWR was either “always” or “frequently” interchangeable; and most purchasers reported that SSWR is either “always” or “frequently” interchangeable, regardless of source.

Table II-11
SSWR: Interchangeability between SSWR produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Italy	3	0	0	0	1	1	0	0	5	4	2	0
U.S. vs. Japan	3	0	0	0	2	0	0	0	3	2	1	0
U.S. vs. Korea	3	0	0	0	2	0	0	0	4	1	1	0
U.S. vs. Spain	3	0	0	0	1	1	0	0	4	1	1	0
U.S. vs. Taiwan	3	0	0	0	2	0	0	0	4	2	1	0
Subject countries comparisons:												
Italy vs. Japan	3	0	0	0	1	1	0	0	3	1	0	0
Italy vs. Korea	3	0	0	0	1	1	0	0	3	1	0	0
Italy vs. Spain	3	0	0	0	1	1	0	0	3	1	0	0
Italy vs. Taiwan	3	0	0	0	2	0	0	0	3	2	0	0
Japan vs. Korea	3	0	0	0	2	0	0	0	3	1	0	0
Japan vs. Spain	3	0	0	0	1	1	0	0	3	1	0	0
Japan vs. Taiwan	3	0	0	0	2	0	0	0	3	1	0	0
Korea vs. Spain	3	0	0	0	1	1	0	0	4	0	0	0
Korea vs. Taiwan	3	0	0	0	2	0	0	0	4	0	0	0
Spain vs. Taiwan	3	0	0	0	1	1	0	0	4	0	0	0
Nonsubject countries comparisons:												
U.S. vs. nonsubject	3	0	0	0	1	1	0	0	5	3	2	0
Italy vs. nonsubject	3	0	0	0	1	1	0	0	3	3	0	0
Japan vs. nonsubject	3	0	0	0	1	1	0	0	3	0	1	0
Korea vs. nonsubject	3	0	0	0	1	1	0	0	3	1	0	0
Spain vs. nonsubject	3	0	0	0	2	0	0	0	3	1	0	0
Taiwan vs. nonsubject	3	0	0	0	1	1	0	0	3	2	0	0

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

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

As can be seen from table II-12, seven of 13 responding purchasers reported that U.S.-produced SSWR “always” met minimum quality specifications, while six reported that it “usually” did. Most purchasers also reported that SSWR from Italy, Korea, Spain, and Taiwan “usually” met minimum quality specifications, and one purchaser each reported that SSWR from Japan either “usually” or “always” did.

Table II-12
SSWR: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	7	6	0	0
Italy	2	5	0	0
Japan	1	1	0	0
Korea	0	2	0	0
Spain	0	2	0	0
Taiwan	0	3	0	0

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

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of SSWR from the United States, subject, or nonsubject countries. As seen in table II-13, most firms reported that differences other than price were either “sometimes” or “never” significant. All three U.S. producers reported that differences other than price were “never” significant for all country comparisons. Responding importers reported that differences other than price were either “never” or “sometimes” significant when comparing domestic and subject SSWR, and that differences other than price were “never” significant when comparing each of the subject countries. Most purchasers also reported that differences other than price were either “never” or “sometimes” significant, regardless of source. Purchaser *** reported that differences were “always” significant between U.S. and Italian SSWR, however, stating that “quality and customer requests for certain supply partners dictate the difference.” Purchaser *** also reported that differences were “always” significant when comparing SSWR from Japan to any other source except Italy, stating that SSWR from Japan is the best quality and that both Japan and Italy have some materials not available elsewhere.

Table II-13

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

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Italy	0	0	0	3	0	0	0	1	1	1	4	2
U.S. vs. Japan	0	0	0	3	0	0	1	1	1	0	1	2
U.S. vs. Korea	0	0	0	3	0	0	1	1	0	0	2	2
U.S. vs. Spain	0	0	0	3	0	0	0	1	0	0	1	3
U.S. vs. Taiwan	0	0	0	3	0	0	1	1	0	0	1	4
Subject countries comparisons:												
Italy vs. Japan	0	0	0	3	0	0	0	1	0	0	1	1
Italy vs. Korea	0	0	0	3	0	0	0	1	0	0	1	1
Italy vs. Spain	0	0	0	3	0	0	0	1	0	0	1	1
Italy vs. Taiwan	0	0	0	3	0	0	0	1	0	0	1	1
Japan vs. Korea	0	0	0	3	0	0	0	2	1	0	0	1
Japan vs. Spain	0	0	0	3	0	0	0	1	1	0	0	1
Japan vs. Taiwan	0	0	0	3	0	0	0	2	1	0	0	1
Korea vs. Spain	0	0	0	3	0	0	0	1	0	0	0	2
Korea vs. Taiwan	0	0	0	3	0	0	0	2	0	0	0	2
Spain vs. Taiwan	0	0	0	3	0	0	0	1	0	0	0	2
Nonsubject countries comparisons:												
U.S. vs. nonsubject	0	0	0	3	0	0	1	1	1	2	3	3
Italy vs. nonsubject	0	0	0	3	0	0	0	1	0	1	0	1
Japan vs. nonsubject	0	0	0	3	0	0	1	1	1	0	0	1
Korea vs. nonsubject	0	0	0	3	0	0	1	1	0	0	1	2
Spain vs. nonsubject	0	0	0	3	0	0	0	1	0	0	1	1
Taiwan vs. nonsubject	0	0	0	3	0	0	1	1	0	0	1	1

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties did not specifically comment on these estimates in their prehearing or posthearing briefs.

U.S. supply elasticity

The domestic supply elasticity⁵¹ for SSWR measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of SSWR. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced SSWR. Analysis of these factors, particularly the *** reduction in capacity utilization between 2013 and 2015, indicates that the U.S. industry may be able to substantially increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 8 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for SSWR measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of SSWR. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the SSWR in the production of any downstream products. Based on the available information, particularly the lack of substitute products, the aggregate demand for SSWR is likely to be fairly inelastic; a range of -0.2 to -0.5 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁵² Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced SSWR and imported SSWR is likely to be in the range of 3 to 6.

⁵¹ A supply function is not defined in the case of a non-competitive market.

⁵² The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. Three firms, which accounted for all U.S. production of SSWR during 2015, supplied information on their operations in these reviews.

Changes experienced by the industry

Since the Commission's last five-year reviews, the following developments have occurred in the SSWR industry:¹

- Latrobe Specialty Metals, a small U.S. producer identified during the Commission's second five-year reviews, was acquired by Carpenter in 2012.²
- In October 2012, Nippon Steel Corp. and Sumitomo Metal Industries Ltd. merged to form Nippon Steel & Sumitomo Metal Corp.³
- Following the March 2015 acquisition of Korean producer POSCO Special Steel by SeAH Besteel, POSCO Specialty Steel changed its name to SeAH CSS.⁴

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of SSWR since January 1, 2013. NAS reported "****." Universal reported that "****." Carpenter "****."

¹ ATI Specialty Materials (formerly Allvac) did not complete a questionnaire response or respond to repeated inquiries. ATI produces SSWR for Outokumpu Stainless Bar under a tolling agreement. Outokumpu imports billets, a semifinished steel product, from a sister company in the United Kingdom. ATI converts the imported billets into SSWR and Outokumpu internally consumes the SSWR to produce stainless steel bar. All SSWR produced by ATI is converted into stainless steel bar by Outokumpu who does not make any SSWR in its own facilities. Hearing transcript, pp. 117-120 (Blot).

² Carpenter, "Carpenter Completes Latrobe Acquisition; Full Integration to Begin Immediately," news release, February 29, 2012.

³ Nippon Steel & Sumitomo Metal Corp. is the parent company of Japanese SSWR producer Nippon Steel & Sumikin Stainless Steel Corp., which was created in October 2003 through the consolidation of the stainless steel divisions of Nippon Steel Corp. and Sumitomo Metal Industries, Ltd.

⁴ Respondent Korean interested party response to notice of institution, p. 2 n. 1.

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of SSWR. NAS reported “***.” Universal reported ***. Carpenter reported “***.”

The Commission asked domestic producers to report anticipated changes in the character of their operations in the event the orders are revoked. NAS reported “***.” Universal reported “***.” Carpenter reported “***.”

“***.”

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-1 presents U.S. producers' overall capacity and production of products on the same machinery as SSWR during 2013-15.

Table III-1
SSWR: U.S. producers' production, overall capacity, and capacity utilization on same machinery as SSWR, 2013-15

* * * * *

NAS based its capacity calculation on “***;” Universal stated “***;” and Carpenter stated “***.”

Table III-2 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Overall, U. S. production *** percent during the POI as capacity *** percent.

Table III-2
SSWR: U.S. producers' production, capacity, and capacity utilization, 2013-15

* * * * *

Figure III-1
SSWR: U.S. producers' production, capacity, and capacity utilization, 2013-15

* * * * *

Constraints on production

The Commission asked domestic producers to report any production constraints. NAS reported “***.” Universal reported “***.” Carpenter reported “***.”

Effects of the orders

The Commission asked domestic producers to report the significance of the orders and any anticipated effects if the orders were revoked. NAS reported “***.”

“***.” Universal reported “***.” Carpenter reported “***.”

U.S. PRODUCERS’ U.S. SHIPMENTS AND EXPORTS

Table III-3 presents U.S. producers’ U.S. shipments, export shipments, and total shipments.

Table III-3
SSWR: U.S. producers’ U.S. shipments, exports shipments, and total shipments, 2013-15

* * * * *

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.

Table III-4
SSWR: U.S. producers’ inventories, 2013-15

* * * * *

U.S. PRODUCERS’ IMPORTS AND PURCHASES

U.S. producers’ reported *** of SSWR during 2013-15.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 shows U.S. producers’ employment-related data.

Table III-5
SSWR: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15

* * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

This section of the report presents the SSWR financial results of Carpenter, NAS, and Universal.⁵ All U.S. producers reported their SSWR financial results to the Commission on the basis of U.S. generally accepted accounting principles (GAAP) and for calendar-year periods.⁶

As noted in a previous section of this report, U.S. producers reported down time and production curtailments during 2013-15. The *Cost of goods sold* and *Gross profit* sections below describe in general the extent to which the U.S. industry's SSWR financial results were impacted.

Operations on SSWR

Table III-6 presents the SSWR financial results of Carpenter, NAS, and Universal. Table III-7 presents a variance analysis of these financial results.⁷ Table III-8 presents selected company-specific financial information.

Table III-6
SSWR: Results of operations of U.S. producers, 2013-15

* * * * *

Table III-7
SSWR: Variance analysis on the operations of U.S. producers, 2013-15

* * * * *

⁵ Carpenter's SSWR operations are included in the company's Specialty Alloys Operations segment. NAS' SSWR operations are included in the Long Stainless Steel Products segment of Acerinox, its parent company. Universal maintains a single reportable segment (representing the entire business), which includes in SSWR operations. Carpenter 2015 10-K, p. 2. Acerinox 2015 Annual Report, p. 36. Universal 2015 10-K, p. 12.

⁶ Staff conducted an offsite verification of Carpenter's U.S. producer questionnaire on April 19, 2016. Data changes pursuant to verification are reflected in this and other relevant sections of the staff report. Verification report (Carpenter), p. 3. ***.

⁷ The Commission's variance analysis is calculated in three parts: sales variance, cost of goods sold (COGS) variance, and sales, general and administrative (SG&A) expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expenses variances) and a volume (quantity) variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of table III-7, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variances. The Commission's variance analysis is generally enhanced when product mix remains constant during the period.

Table III-8
SSWR: Results of operations of U.S. producers, by firm, 2013-15

* * * * *

Revenue

The U.S. industry's SSWR revenue consists of commercial sales and internal consumption. No transfers were reported.⁸ In terms of sales volume, internal consumption Represents the largest category of revenue (**% percent).⁹ **, account for the majority of total SSWR revenue.¹⁰ **, which represents a relatively small share of total SSWR revenue, reported both **.¹¹

Quantity

The revenue section of the table III-7 variance analysis shows that sales volume variances were negative throughout the period and were the primary cause of lower period-to-period SSWR revenue. While sales quantities of both categories of revenue (commercial sales and internal consumption) declined, the commercial sales category declined by the largest absolute amount (most notably in 2015). To the extent that ** accounted for ** percent of the U.S. industry's total commercial sales, a large share of the overall decline in 2015 sales quantity was attributable to **.

Notwithstanding similarities, company-specific changes in overall sales quantity were not uniform (see table III-8). ** sales volume declined in both 2014 and 2015 (** percent and ** percent, respectively), while ** reported an increase in sales volume in 2014 (** percent) followed by a sharp decline in 2015 (** percent).

Value

Table III-8 shows that ** consistently reported the highest average sales value followed by **. **. ¹² **, which consistently reported the lowest average sales value throughout the period, stated that the **. ¹³ As shown in table III-8, the average sales values reported by **.

⁸ **. April 1, 2016 e-mail with attachment from ** to USITC auditor. April 1, 2016 e-mail with attachment from ** to USITC auditor. **. April 4, 2016 e-mail with attachment from ** to USITC auditor.

⁹ When measured as a share of total sales quantity, ** accounted for the majority of total SSWR revenue (** percent), followed by ** (** percent), and ** (** percent). When measured as a share of sales value, ** accounted for the majority (** percent), followed by ** (** percent), and ** (** percent). USITC auditor notes (posthearing).

¹⁰ **. April 1, 2016 e-mail with attachment from ** to USITC auditor.

¹¹ **. April 4, 2016 e-mail with attachment from ** to USITC auditor.

¹² Ibid.

¹³ April 1, 2016 e-mail with attachment from ** to USITC auditor.

With regard to their operations in general, Carpenter, NAS, and Universal all reported that they use surcharges related to raw material costs as well as energy.¹⁴ As shown in table III-8 and on an overall basis, the spread between average sales value and average raw material cost (expressed as “metal margin” and presented in table III-8 as a ratio to corresponding sales value) remained within a relatively narrow range throughout 2013-15.¹⁵ On a company-specific basis, *** consistently reported the largest metal margin (as a ratio to sales), followed by ***.
***.¹⁶

Cost of goods sold

SSWR raw material cost primarily reflects steel scrap and the alloy inputs (e.g., chromium, nickel, and molybdenum) used to produce stainless steel billets (see Part I). As shown in table III-6, raw material cost is the single largest component of COGS (ranging from *** percent to *** percent of COGS), followed by other factory costs (*** percent to *** percent), and direct labor (*** percent to *** percent).

As shown in table III-6, average raw material cost was at its highest level in 2014 and declined to its lowest level in 2015. In general, this appears to be consistent with the pattern of primary input prices during the period.¹⁷

U.S. producers were not uniform in terms of the level or directional trend of average raw material costs (see table III-8). ***.¹⁸ ***.

Gross profit

The U.S. industry’s overall financial results show a pattern of consistent declines in gross profit. In contrast, the company-specific pattern was mixed; e.g., while *** reported lower gross profit in 2014, *** reported higher gross profit in that year (see table III-8).

¹⁴ With regard to its overall operations, Carpenter notes in its 2015 10-K that “{w}e, and others in our industry, generally have been able to pass cost increases on major raw materials through to our customers using surcharges that are structured to recover increases in raw material costs.” Carpenter 2015 10-K, p. 8. Acerinox (parent company of NAS) and Universal provided similar narrative descriptions regarding the use of surcharges. Acerinox 2015 Annual Report, p. 36. Universal 2015 10-K, p. 6.

¹⁵ As referenced here, metal margin is the difference between average sales value and average raw material cost divided by sales value.

¹⁶ ***. April 4, 2016 e-mail with attachment from *** to USITC auditor.

¹⁷ With regard to its overall operations, Universal’s 10-K noted that the average per pound cost of nickel, chrome, molybdenum, and carbon scrap were at their highest levels in 2014 and, with the exception of chrome which was at its lowest level in 2013, declined to their lowest levels in 2015. Universal 2015 10-K, p. 18. ***.

¹⁸ ***. April 4, 2016 e-mail with attachment from *** to USITC auditor. ***. USITC auditor notes.

The Commission’s current practice requires that relevant cost information associated with inputs purchased from related suppliers correspond to the manner in which this information is reported in the U.S. producer’s own accounting books and records. See *1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37.

With regard to the decline in *** gross profit in 2014, the company reported its highest average conversion cost (direct labor and other factory costs combined) in that year followed by a decline in average conversion cost in 2015. ***.¹⁹ ***.²⁰

In 2015, *** reported lower gross profit while *** reported a modest increase. ***, which reported the sharpest decline in sales volume in 2015, also reported the largest percentage increase in company-specific average conversion costs. As described by ***.²¹ ***.²²

SG&A expenses and operating income or loss

The U.S. industry's total SG&A expenses declined on an absolute basis throughout the period while corresponding SG&A expense ratios (total SG&A expenses divided by sales) remained about the same. While company-specific SG&A expense ratios varied, as shown in table III-8, they also remained within a relatively narrow range.²³ Given the absence of substantial positive or negative changes in corresponding SG&A expense ratios, the pattern of SSWR operating income, which declined throughout the period on an absolute basis and as a ratio to sales, was primarily determined by financial results at the gross level.

Interest expense, other income and expenses, and net income or loss

While *** both reported interest expense, *** accounted for the majority. As shown in table III-6, total interest expense increased modestly during 2013-15. *** reported some level of "other income." ***, accounting for the majority, reported somewhat higher amounts in 2014 and 2015.²⁴ While operating and net income followed the same directional trend, the combination of the above items yielded absolute net income amounts, which were somewhat lower than corresponding operating income.

Capital expenditures and research and development expenses

Table III-9 presents U.S. producers' SSWR capital expenditures and research and development (R&D) expenses by firm.

Table III-9

SSWR: Capital expenditures and research and development expenses of U.S. producers, 2013-15

* * * * *

¹⁹ ***. April 1, 2016 e-mail with attachment from *** to USITC auditor. ***. Verification report (Carpenter), p. 6.

²⁰ Ibid. ***. Ibid.

²¹ April 1, 2016 e-mail with attachment from *** to USITC auditor. ***. Ibid.

²² April 4, 2016 e-mail with attachment from *** to USITC auditor.

²³ ***. USITC auditor prehearing notes.

²⁴ ***. April 1, 2016 e-mail with attachment from *** to USITC auditor.

*** accounted for the majority of capital expenditures (**% percent of the total during 2013-15), followed by *** (**% percent), and *** (**% percent).

*** reported its highest level of annual capital expenditures in 2013, while *** reported their highest level of annual capital expenditures in 2014.²⁵

As shown in table III-9, *** was the *** U.S. producer to report R&D expenses. According to the company, ***.²⁶

Assets and return on investment

Table III-10 presents data on the U.S. producers' total assets, asset turnover (sales divided by total assets), and return on assets.²⁷

Table III-10
SSWR: U.S. producers' total assets, asset turnover, and return on assets, 2013-15

* * * * *

²⁵ ***. April 1, 2016 e-mail with attachment from *** to USITC auditor.

***. April 1, 2016 e-mail with attachment from *** to USITC auditor.

***. April 4, 2016 e-mail with attachment from *** to USITC auditor.

²⁶ April 1, 2016 e-mail with attachment *** to USITC auditor.

²⁷ With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of assets, which in many instances are not product specific. Accordingly and given that all U.S. SSWR producers manufacture other products in the relevant facilities, high-level allocation factors were presumably required in order to report a total asset value specific to their SSWR operations. As such, the pattern of asset values reported can reflect changes in underlying asset account balances, as well as period-to-period variations in relevant allocation factors. The ability of U.S. producers to assign total asset values to discrete product lines affects the meaningfulness of calculated asset turnover and corresponding return on assets; i.e., asset turnover ratio multiplied by corresponding profit ratio. For the Iron & Steel Industry in general, asset turnover ratios in 2015 ranged from a low of 1.08 in the fourth quarter of 2015 to a high of 1.26 in the first quarter of 2015. Iron & Steel Industry Information & Trends http://csimarket.com/Industry/industry_Efficiency.php?ind=107, retrieved April 11, 2016. ***.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 10 firms believed to import SSWR between 2013 to 2015. Two firms provided data and information on nonsubject SSWR in response to the questionnaires and one firm replied that they did not import SSWR. In light of the lack of data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics for SSWR.¹ Through the use of proprietary data compiled by U.S. Customs, official Commerce statistics have been adjusted to treat as nonsubject imports of SSWR from Valbruna of Italy, Hitachi of Japan, and Yieh Hsing of Taiwan.

Imports from subject and nonsubject countries

Table IV-1 present information on U.S. imports of SSWR from subject countries, both subject and nonsubject SSWR, and all other sources. Nearly all imports of SSWR during 2013-15 were from nonsubject sources. The leading nonsubject sources of SSWR (by quantity) include ***, China (23.5 percent), and collectively, the United Kingdom, Sweden, France, and India, accounted for 44.0 percent of total U.S. imports of SSWR in 2015. No importers reported entering or withdrawing SSWR from foreign trade zones or bonded warehouses. In addition, no importers reported imports of SSWR under the temporary importation under bond program.

¹ HTS statistical reporting numbers used to generate import data are as follows: 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, 7221.00.0075.

Table IV-1
SSWR: U.S. imports by source, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
U.S. imports from--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	113	224	30
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	29,193	37,559	40,795
Total U.S. imports	29,306	37,783	40,825
Value (1,000 dollars)			
U.S. imports from--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	435	549	103
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	97,185	128,220	129,827
Total U.S. imports	97,620	128,769	129,930

Table continued on next page.

Table IV-1--Continued
SSWR: U.S. imports by source, 2013-15

Item	Calendar year		
	2013	2014	2015
Unit value (dollars per short ton)			
U.S. imports from--			
Italy (excl. Valbruna)	\$***	\$***	\$***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	3,833	2,448	3,460
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	3,329	3,414	3,182
Total U.S. imports	3,331	3,408	3,183
Share of quantity (percent)			
U.S. imports from--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	0.4	0.6	0.1
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	99.6	99.4	99.9
Total U.S. imports	100.0	100.0	100.0

Table continued on next page.

Table IV-1--Continued
SSWR: U.S. imports by source, 2013-15

Item	Calendar year		
	2013	2014	2015
Share of value (percent)			
U.S. imports from--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	0.4	0.4	***
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	99.6	99.6	99.9
Total U.S. imports	100.0	100.0	100.0
Ratio to U.S. production (percent)			
U.S. imports from.--			
Italy (excl. Valbruna)	***	***	***
Japan (excl. Hitachi)	***	***	***
Korea	***	***	***
Spain	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***
Subtotal, subject sources	0.1	0.3	0.0
Italy/Valbruna	***	***	***
Japan/Hitachi	***	***	***
Taiwan /Yieh Hsing	***	***	***
All other sources	***	***	***
Subtotal, nonsubject sources	34.8	46.1	67.0
Total U.S. imports	34.9	46.4	67.1

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2015

The Commission requested importers to indicate whether they had imported or arranged for the importation of SSWR for delivery after December 31, 2015. Byram stated that it ***. Precision stated that it ***.

U.S. IMPORTERS' INVENTORIES

There were no reported inventories of U.S. imports of SSWR from subject countries. The data on inventories of SSWR from nonsubject sources provided by the two firms that responded to the Commission's questionnaire are in the following tabulation:

* * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like SSWR and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning geographical markets and simultaneous presence in the market is presented below.

Presence in the market

Table IV-2 presents the subject countries presence in the market.

Table IV-2
SSWR: Monthly imports, by source, January to December 2015

Item	Italy	Japan	Korea	Spain	Taiwan	Subject
<i>Quantity (short tons)</i>						
January	40	12	-	-	1,023	1,075
February	58	8	-	-	1,336	1,402
March	87	12	-	-	572	671
April	180	12	-	-	1,764	1,956
May	197	13	-	-	928	1,139
June	48	14	-	1	740	802
July	82	14	-	-	1,069	1,164
August	93	13	-	-	1,145	1,251
September	30	22	-	-	869	921
October	25	21	-	-	931	978
November	134	19	-	-	883	1,036
December	68	18	-	-	529	616
Total, 2015	1,043	178	-	1	11,790	13,011

Source: Official statistics of the U.S. Department of Commerce.

Geographical markets

Table IV-3 presents 2015 imports by customs district.

Table IV-3
SSWR: Imports, by source, by customs district, 2015

Item	Italy	Japan	Korea	Spain	Taiwan	Subject
Quantity (short tons)						
New York, NY	410	-	-	-	5,764	6,173
Savannah, GA	65	4	-	-	2,438	2,508
Chicago, IL	29	-	-	-	2,364	2,393
Los Angeles, CA	133	-	-	-	604	737
Cleveland, OH	6	1	-	-	318	325
Norfolk, VA	283	-	-	-	-	283
San Francisco, CA	-	-	-	-	247	247
Charleston, SC	1	173	-	-	-	174
Houston-Galveston, TX	115	-	-	-	19	134
Minneapolis, MN	-	-	-	-	36	36
St. Albans, VT	-	-	-	1	-	1
Total	1,043	178	-	1	11,790	13,011

Source: Official statistics of the U.S. Department of Commerce.

SUBJECT COUNTRY PRODUCERS

The Commission issued questionnaires to 15 foreign producers from the following subject countries: **ITALY: (***)**; **JAPAN: (***)**; **KOREA: (***)**; **SPAIN: (***)**; and **TAIWAN: (***)**. Three foreign producers replied to the Commission's questionnaire: Italian producer Cogne Acciai Speciali S.p.A. ("CAS"), Korean producer SeAH Changwon Integrated Special Steel Corporation ("SeAH"), and Spanish producer Aceros Inoxidables Olarra, S.A. ("Aceros"). ***. Tables IV-4 and IV-5 present the cumulated responses of the three responding firms.

Table IV-4
SSWR: Capacity, production, shipments, and inventories, 2013-15

* * * * *

Table IV-5
SSWR: Overall capacity and production of products on the same machinery, 2013-15

* * * * *

THE INDUSTRY IN ITALY

Overview

In Italy there are three SSWR producers: CAS, Acciaierie Valbruna and Rodacciai.² ***.³ Acciaierie Valbruna was excluded from the original antidumping duty order. Although Rodacciai produces SSWR, it does not commercially sell it, but rather internally consumes all of the SSWR it produces as an intermediate step to manufacturing stainless steel bars.⁴ Rodacciai is part of the Rodacciai Group which also owns Aceros, an SSWR producer in Spain.⁵ Tables IV-6 and IV-7 present CAS' (Italy) response to the Commission's questionnaire.

Table IV-6

SSWR: Italian producer CAS's capacity, production, shipments, and inventories, 2013-15

* * * * *

Table IV-7

SSWR: Italian producer CAS's overall capacity and production of products on the same machinery as SSWR, 2013-15

* * * * *

² Hearing transcript, p. 152 (Ferrin and Heffner).

³ CAS' foreign producer questionnaire response, section III-17.

⁴ Hearing transcript, p. 152 (Heffner). "Rodacciai has its own rolling mill for the processing of the steels necessary to meet internal demand." Rodacciai S.p.A., "The Group's Companies," <http://www.rodacciai.com/aziendedelgruppo.php>.

⁵ Rodacciai S.p.A., "The Group's Companies," <http://www.rodacciai.com/aziendedelgruppo.php>, accessed April 25, 2016.

THE INDUSTRY IN KOREA

Overview

SeAH “***.”⁶ SeAH reported that it “***.”⁷ “***.” Tables IV-8 and IV-9 presents SeAH’s (Korea) response to the Commission’s questionnaire.

Table IV-8:

SSWR: Korean producer SeAH’s capacity, production, shipments, and inventories, 2013-15

* * * * *

Table IV-9

SSWR: Korean producer SeAH’s overall capacity and production of products on the same machinery as SSWR, 2013-15

* * * * *

THE INDUSTRY IN SPAIN

Overview

Roldan and Aceros were identified as Spanish producers of SSWR during the original investigations as well as all subsequent reviews. The industry in Spain is dominated by one producer, Roldan, which is a subsidiary of Acerinox, the largest stainless steel producer in Spain. In the current reviews, the Commission did not receive a questionnaire response from Roldan. Aceros is a sister company of Rodacciai, an Italian producer of SSWR.⁸ A questionnaire response was received from Aceros Inoxidables Olarra, S.A. (“Aceros”) and its data are presented in Tables IV-10 and IV-11.

Table IV-10:

SSWR: Spanish producer Aceros’ capacity, production, shipments, and inventories, 2013-15

* * * * *

⁶ SeAH foreign producer questionnaire response to question III-17.

⁷ SeAH foreign producer questionnaire response to question III-8.

⁸ Rodacciai S.p.A., “The Group’s Companies,” <http://www.rodacciai.com/aziendedelgruppo.php>, accessed April 25, 2016.

Table IV-11

SSWR: Spanish producer Aceros' overall capacity and production of products on the same machinery as SSWR, 2013-15

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known actions on SSWR in third-country markets.

GLOBAL MARKET

Information on global exports of SSWR is presented in table IV-12. Total exports increased during 2013-15 by 12.3 percent. Taiwan and China were the largest global exporters during 2013-15; exports from Taiwan increased by 42.7 percent (42,347 short tons) and exports from China increased by 13.0 percent (12,155 short tons). Of the top global exporters during the same time period, Singapore had the largest increase in exports, with an increase of 86.2 percent (41,198 short tons). Exports from Korea decreased by 59.9 percent (47,764 short tons).

Table IV-12
SSWR: Global exports, by country, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
Taiwan	99,075	110,347	141,422
China	93,616	146,296	105,771
Japan	85,390	88,564	92,035
Singapore	47,772	43,443	88,971
France	75,194	77,469	80,518
Italy	69,002	72,073	73,918
India	44,490	61,294	62,715
Spain	48,592	51,699	50,750
Korea	79,702	81,082	31,938
Sweden	30,235	33,655	30,417
All others	57,853	73,784	62,641
Total	730,920	839,705	821,096
Value (1,000 dollars)			
Taiwan	244,982	278,969	292,366
China	194,577	303,325	190,205
Japan	259,518	271,025	248,891
Singapore	30,079	28,466	33,405
France	235,151	265,765	215,432
Italy	223,618	237,551	209,669
India	96,465	108,307	89,645
Spain	133,384	139,824	110,233
Korea	188,993	197,685	62,145
Sweden	127,241	145,357	104,088
All others	174,982	210,298	223,531
Total	1,908,990	2,186,571	1,779,610
Unit value (dollars per short ton)			
Taiwan	\$2,473	\$2,528	\$2,067
China	2,078	2,073	1,798
Japan	3,039	3,060	2,704
Singapore	630	655	375
France	3,127	3,431	2,676
Italy	3,241	3,296	2,837
India	2,168	1,767	1,429
Spain	2,745	2,705	2,172
Korea	2,371	2,438	1,946
Sweden	4,208	4,319	3,422
All others	3,025	2,850	3,568
Total	2,612	2,604	2,167

Source: IHS Inc., Global Trade Atlas, HTS subheading 7221.00

Five countries account for almost all nonsubject imports into the United States; Taiwan (from Yieh Hsing), the United Kingdom, China, France, and Sweden (in decreasing order of quantity). Information regarding the top global export markets of these countries and their exports to the United States is presented in tables IV-13 to IV-17. As noted earlier, exports from Taiwan increased by 42.7 percent (42,347 short tons) during 2013-15 (table IV-12). An increase in exports to Malaysia accounted for 10,287 short tons of the overall export increase in exports to countries other than the United States. Taiwan's major export markets accounted for 12,349 short tons of the overall export increase.

Table IV-13
SSWR: Global exports from Taiwan, by market, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
Korea	25,046	29,305	28,221
Thailand	14,953	14,647	23,172
Malaysia	3,321	3,656	13,608
China	8,758	7,501	11,673
United States	9,693	13,603	11,553
Vietnam	7,791	10,039	11,332
All others	29,513	31,596	41,862
Total	99,075	110,347	141,422

Note.—All exports from Taiwan are included in the data. Although Taiwan is a subject country in these investigations, U.S. imports from the Taiwan company Yieh Hsing are not subject to the antidumping order, which makes Taiwan the largest nonsubject source of U.S. SSWR imports.

Source: IHS Inc., Global Trade Atlas, HTS subheading 7221.00.

Exports from the United Kingdom remained relatively stable during 2013-15, with an increase of 2.8 percent (table IV-14). There was variability in its exports to its major markets, with exports to the United States increasing by 16.2 percent, exports to Germany increasing by 46.2 percent, and exports to France decreasing by 25.5 percent.

Table IV-14
SSWR: Global exports from the United Kingdom, by market, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
United States	5,036	6,183	5,853
Italy	5,543	5,544	5,284
Germany	2,707	4,405	3,958
France	1,696	770	1,262
All others	2,720	2,317	1,848
Total	17,702	19,219	18,206

Source: IHS Inc., Global Trade Atlas, HTS subheading 7221.00.

Exports from China irregularly increased by 13.0 percent during 2013-15, with exports increasing by 56.3 percent during 2013-14 and decreasing during 2014-15 by 27.7 percent (table IV-15).

Table IV-15
SSWR: Global exports from China, by market, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
Vietnam	16,465	26,288	27,974
Thailand	16,363	24,966	17,078
Korea	18,409	21,073	13,476
Malaysia	17,171	23,296	12,569
United States	3,164	7,163	9,612
Italy	5,506	9,023	8,109
All others	16,537	34,485	16,952
Total	93,616	146,296	105,771

Source: IHS Inc., Global Trade Atlas, HTS subheading 7221.00.

France's exports during 2013-15 increased by 7.1 percent, with wide variation in export destinations during this time period (table IV-16). Exports to Italy increased by 20.3 percent, while exports to Germany decreased by 17.8 percent. The United States was the third largest export market, accounting for 5,574 short tons (6.9 percent) of France's exports in 2015.

Table IV-16
SSWR: Global exports from France, by market, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
Italy	40,600	42,559	48,845
Germany	24,037	22,476	19,769
United States	4,793	5,481	5,574
All others	5,764	6,953	6,330
Total	75,194	77,469	80,518

Source: IHS Inc., Global Trade Atlas, HTS subheading 7221.00.

Total exports from Sweden were relatively stable during 2013-15, while exports to Germany and the United States decreased by 6.9 percent and 2.1 percent respectively (table IV-17). Exports to the Czech Republic increased by 62.4 percent (2,535 short tons) during 2013-15.

Table IV-17
SSWR: Global exports from Sweden by market, 2013-15

Item	Calendar year		
	2013	2014	2015
Quantity (short tons)			
Germany	10,044	10,595	9,353
Czech Republic	4,063	5,907	6,599
United States	5,143	5,679	5,037
All others	10,985	11,474	9,428
Total	30,235	33,655	30,417

Source: IHS Inc., Global Trade Atlas, HTS subheading 7221.00.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw material costs make up a substantial portion of the final cost of stainless steel wire rod. During 2013-15, raw materials accounted for between *** percent (in 2015) and *** percent (in 2014) of U.S. producers' costs of goods sold ("COGS"). While the amount of alloying elements used in SSWR varies by grade, the primary elements used in common grades sold in the United States include nickel, chrome, molybdenum, and scrap iron.¹

Overall, the prices of raw materials decreased between January 2013 and December 2015 (figure V-1). The prices of nickel, molybdenum, and iron scrap decreased by *** percent, *** percent, and *** percent, respectively, between January 2013 and December 2015, while the price of chromium increased by *** percent. Between December 2015 and May 2016 the price of chromium decreased by *** percent, while the prices of nickel, molybdenum, and iron scrap increased by *** percent, *** percent, and *** percent, respectively.

Between January 2013 and May 2016, the price of nickel was at its highest in May 2014 at \$*** per pound; the price of chromium was at its highest in September 2014 at *** cents per pound; the price of molybdenum was at its highest in June 2014 at \$*** per pound; and the price of iron scrap was at its highest in January 2014 at \$*** per short ton. The price of nickel was at its lowest in February 2016 at \$*** per pound; the price of chromium was at its lowest in May 2016 at *** cents per pound; and the prices of molybdenum and iron scrap were both at their lowest in December 2015 at \$*** per pound and \$*** per short ton, respectively.

Figure V-1
Raw materials: Alloy cost indices of nickel, chromium, molybdenum, and iron scrap, by month, January 2013-May 2016

* * * * *

All three U.S. producers and one of two responding importers reported that raw material prices decreased from January 2013 to December 2015. Regarding firms' anticipations of raw material prices, one U.S. producer and one importer reported that they expect raw material prices to decrease, and one U.S. producer and one importer reported that they expect raw material prices to fluctuate.

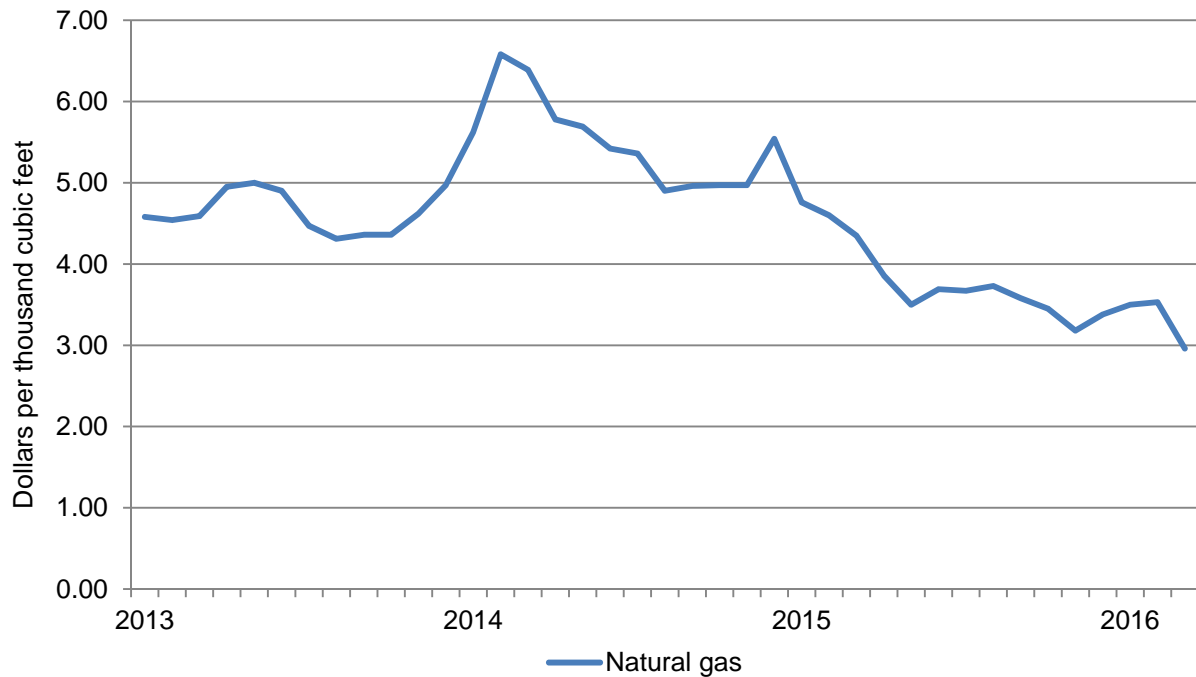
Importer *** stated that the primary raw material changes are due to the fluctuation in the price of nickel, and that the nickel value has increased and decreased several times since 2013.

¹ For more information on the grades of SSWR and their makeup, see Part I, "The Product."

Energy costs

Natural gas costs also affect in the price of SSWR. Overall, natural gas prices decreased 26.2 percent between January 2013 and December 2015 (figure V-2). Between December 2015 and March 2016, natural gas prices decreased an additional 12.4 percent. The average industrial price of natural gas was at its highest in February 2014 at \$6.58 per thousand cubic feet and lowest in March 2016 at \$2.96 per thousand cubic feet.

Figure V-2
Industrial natural gas: Monthly prices, January 2013-March 2016



Source: Short Term Energy Outlook, Energy Information Administration, retrieved April 14, 2016.

Surcharges

U.S. producers use surcharges as a mechanism to offset the cost of raw materials by passing them through to purchasers. These surcharges typically reflect the costs of the alloying elements used in SSWR, such as nickel, chromium, iron, molybdenum, manganese, copper, niobium, and titanium. The surcharge formula varies by grade, as different grades contain different amounts of each element.

All three U.S. producers use surcharges, and all three publish these surcharges. NAS lists specific elements by grade, and includes the specific costs of each element in each grade. NAS applies surcharges on nickel, chrome, molybdenum, iron, manganese, copper, niobium, and

energy on a monthly basis.² Universal applies an average element cost for key commodities, including manganese, scrap iron, molybdenum, and nickel, and also publishes new surcharges each month.³ Carpenter applies surcharges on nickel, chromium, and molybdenum, and lists flat surcharges by product, and also updates its surcharges monthly.⁴ U.S. producers reported obtaining prices for these products from American Metals Market (for steel scrap), the London Metal Exchange (for nickel), Platt's Metal Week (for nickel, chromium, and molybdenum), and the NYMEX (for natural gas).

Importers *** reported that they do not use surcharges, and quote fixed prices only.

Transportation costs to the U.S. market

Reported transportation costs for SSWR shipped from subject countries to the United States averaged 4.7 percent for Italy, 18.0 percent for Japan, 6.7 percent for Korea,⁵ 1.5 percent for Spain,⁶ and 4.7 percent for Taiwan during 2015.⁷

One of two responding importers and all three responding foreign producers reported that the exporter typically arranges international transportation. One importer reported that the cost of shipping SSWR to the United States from *** was \$*** per short ton.⁸ Foreign producers reported that the cost of shipping SSWR to the United States from *** was \$*** per short ton and from *** was \$*** per short ton.

U.S. inland transportation costs

Two of the three responding U.S. producers reported that they typically arrange transportation to their customers. The one responding importer reported that purchasers typically arrange transportation. U.S. producers reported that their U.S. inland transportation costs ranged from *** percent, while the one responding importer reported costs of *** percent.

² NAS webpage, http://www.northamericanstainless.com/NAS_App/Surcharge1?language=E&type=L, retrieved June 2, 2016.

³ Universal webpage, <http://www.univstainless.com/surcharges/>, retrieved June 2, 2016.

⁴ Carpenter webpage, <https://www.carttech.com/surcharges.html>, retrieved June 2, 2016.

⁵ As there were no reported imports from Korea during 2015, the data for 2014 are used.

⁶ This transportation cost may not be representative, as the value of imports from Spain were low in 2015 and no imports were reported in 2013 or 2014.

⁷ These estimates were derived from official import data and represent the transportation and other charges on imports. The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2015 and then dividing by the customs value based on the HTS subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075.

⁸ No importers reported transportation costs for SSWR from any other country.

PRICING PRACTICES

Pricing methods

U.S. producers reported using transaction-by-transaction negotiations and contracts to set prices, and responding importers reported using transaction-by-transaction negotiations (table V-1). *** also reported using set price lists.

Table V-1

SSWR: U.S. producers and importers reported price setting methods, by number of responding firms¹

Method	U.S. producers	Importers
Transaction-by-transaction	***	***
Contract	***	***
Set price list	***	***
Other	***	***

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

U.S. producers and the one responding importer reported selling most of their product in the spot market. As shown in table V-2, *** percent of U.S. producers' reported 2015 sales were spot sales, as were *** percent of importers' U.S. commercial shipments of SSWR.

Table V-2

SSWR: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2015

Type of sale	U.S. producers	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

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

One of the 13 responding purchasers reported that it purchases product daily, three purchase weekly, one purchases bi-weekly, seven purchase monthly, and one purchases quarterly. All 13 responding purchasers reported that they did not expect their purchasing patterns to change in the next two years. Most (9 of 12) purchasers reported contacting between one and three suppliers before making a purchase.

Sales terms and discounts

All responding U.S. producers and importers typically quote prices on an f.o.b. basis. U.S. producers *** and both responding importers reported no discount policy, while U.S. producer *** reported “***.” All three responding producers and the one responding importer reported sales terms of net 30 days.

Price leadership

All nine purchasers that reported a price leader listed NAS as the price leader; no other firms were mentioned. Reasons provided by purchasers included: NAS dominates the market because of its *** capacity; NAS “reacts to import pressures, short lead times, {and} quick order turnaround;” other firms follow NAS’ price changes; and NAS is “the low cost” producer. NAS reported that in order to remain competitive it has been forced to base its pricing policy on lower-cost competition from China and non-subject producer from Taiwan Yieh Hsing.⁹

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 SSWR products shipped to unrelated U.S. customers during 2013-15.

Product 1.-- Grade AISI 304 wire rod, 5.5 mm (0.217 inch) diameter, hot rolled, annealed and pickled, and/or descaled

Product 2.-- Grade AISI 302 wire rod, spring quality, 5.5 mm (0.217 inch) diameter, hot rolled, annealed and pickled, and/or descaled

Product 3.-- Grade AISI 308L wire rod, 5.5 mm (0.217 inch) diameter, hot rolled, annealed and pickled, and/or descaled

Product 4.— Grade AISI 430 wire rod, 5.5 mm (0.217 inch) diameter, hot rolled, annealed and pickled, and/or descaled

Product 5.— Grade AISI 302HQ (UNS S30430) wire rod, 5.5 mm (0.217 inch) diameter, hot rolled, annealed and pickled, and/or descaled

Product 6.— Grade AISI 410 wire rod, 5.5 mm (0.217 inch) diameter, hot rolled, annealed and pickled, and/or descaled

⁹ Hearing transcript, pp. 11 (Heffner), 21-22 (Romans), 47 (Hudgens).

Two U.S. producers provided usable pricing data for sales of the requested products, although both firms did not report pricing for all products for all quarters.¹⁰ Pricing data reported by these firms accounted for approximately 29.4 percent of U.S. producers' commercial shipments of SSWR in 2015. No importers provided pricing data for SSWR imported from Italy, Japan, Korea, Spain, or Taiwan.

Price data for products 1-6 are presented in tables V-3 to V-4 and figures V-3 to V-8.

Table V-3
SSWR: Weighted-average f.o.b. prices and quantities of domestic products 1,¹ 2,² and 3,³ by quarters, 2013-15

* * * * *

Table V-4
SSWR: Weighted-average f.o.b. prices and quantities of domestic product 4,¹ 5,² and 6,³ by quarters, 2013-15

* * * * *

Figure V-3
SSWR: Weighted-average prices and quantities of domestic and imported product 1, by quarters, 2013-15

* * * * *

Figure V-4
SSWR: Weighted-average prices and quantities of domestic and imported product 2, by quarters, 2013-15

* * * * *

Figure V-5
SSWR: Weighted-average prices and quantities of domestic and imported product 3, by quarters, 2013-15

* * * * *

¹⁰ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

U.S. producer *** initially reported ***, with the exception that "****..." Email from ***, April 4, 2016.

U.S. producer *** originally provided price data ***. Staff contacted ***, and *** responded that "****..." Email from ***, April 4, 2016. *** subsequently submitted revised price data, but its revisions did not substantially change from its original submission.

Figure V-6
SSWR: Weighted-average prices and quantities of domestic and imported product 4, by quarters, 2013-15

* * * * *

Figure V-7
SSWR: Weighted-average prices and quantities of domestic and imported product 5, by quarters, 2013-15

* * * * *

Figure V-8
SSWR: Weighted-average prices and quantities of domestic and imported product 6, by quarters, 2013-15

* * * * *

Price trends

Domestic prices decreased during 2013-15. Table V-5 summarizes the price trends by product. As shown in the table, domestic price decreases ranged from *** to *** percent during 2013-15.

Table V-5
SSWR: Summary of weighted-average f.o.b. prices for products 1-6 from the United States

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price ¹ (percent)
Product 1	***	***	***	***
Product 2	***	***	***	--- ²
Product 3	***	***	***	***
Product 4	***	***	***	***
Product 5	***	***	***	***
Product 6	***	***	***	--- ³

¹ Percentage change from the first quarter of 2013 to the fourth quarter of 2015.

² For product 2, the percentage between the first quarter of 2013 and the second quarter of 2014 was *** percent.

³ For product 6, the percentage between the first quarter of 2013 and the second quarter of 2015 was *** percent.

Note.--As no import price data was reported, no import price trends are included.

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

Price comparisons

As the Commission did not receive any import price data, there were no overselling or underselling comparisons during 2013-15.

In the original investigations, subject imports from Italy, Japan, Korea, Spain, and Taiwan were priced lower than domestic product in 126 of 149 comparisons, with average underselling margins of 8.7 to 13.6 percent (table V-6).¹¹ In the other 23 instances, subject imports were priced higher than domestic product, with average overselling margins of 2.4 to 7.8 percent.

Table V-6

SSWR: Instances of underselling/overselling and the range and average of margins for products 1-4¹ from Italy, Japan, Korea, Spain, and Taiwan, excluding raw material surcharges, January 1995-March 1998

Country	Total number of quarters	Underselling			Overselling		
		Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
Italy	44	37	0.4-16.5	8.7	7	(0.2)-(7.1)	(3.7)
Japan	32	26	0.6-25.2	11.0	6	(0.2)-(22.9)	(7.8)
Korea	37	34	2.3-26.8	13.6	3	(2.0)-(10.1)	(7.4)
Spain	16	14	2.6-19.9	11.7	2	(1.1)-(4.7)	(2.9)
Taiwan	20	15	0.7-24.1	9.9	5	(0.2)-(5.9)	(2.4)
Total	149	126	0.4-26.8	---	23	(0.2)-(22.9)	---

¹ Products 1-4 in the original investigations were essentially identical to products 1-4 in the current reviews.

Note.--This table does not include Germany or Sweden, which were part of the original investigations, but not the current five-year reviews.

Source: Excerpted from *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan, Inv. Nos. 731-770-773 and 775 (Second Review)*, USITC publication 4154, May 2012, p. V-8.

During the first five-year reviews, subject imports from Italy, Japan, Korea, Spain, and Taiwan were priced lower than domestic product in 81 of 109 comparisons, with average underselling margins of 5.9 to 46.8 percent (table V-7).¹² In the other 28 instances, subject imports were priced higher than domestic product, with average overselling margins of 0.7 to 23.9 percent.

¹¹ *Investigation Nos. 701-TA-373 (Final) and 731-TA-769-775 (Final), Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan—Staff Report*, July 11, 1998, p. V-25.

¹² *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 731-770-775 (Review)*, USITC publication 3707, July 2004, p. V-10.

Table V-7

SSWR: Instances of underselling/overselling and the range and average of margins for products 1-6¹ from Italy, Japan, Korea, Spain, and Taiwan, January 1998-December 2003

Country	Total number of quarters	Underselling			Overselling		
		Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
Italy	11	10	5.2-52.7	24.1	1	(0.7)	(0.7)
Japan	23	16	6.3-60.7	46.8	7	(7.5)-(46.4)	(23.5)
Korea	54	44	0.8-68.1	18.0	10	(1.2)-(14.6)	(5.9)
Spain	7	6	0.5-36.7	10.4	1	(23.9)	(23.9)
Taiwan	14	5	3.5-9.7	5.9	9	(2.8)-(25.7)	(8.7)
Total	109	81	0.5-68.1	---	28	(0.7)-(46.4)	---

¹ Products 1-4 and 6 in the first reviews were essentially identical to products 1-4 and 6 in the current reviews. Product 5 in the first five-year reviews was "Grade AISI 420 wire rod, 5.5 mm (0.217 inch) diameter, hot-rolled, annealed and pickled."

Note.--This table does not include Sweden, which was part of the first five-year review, but not the current five-year review.

Source: Excerpted from *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan, Inv. Nos. 731-770-773 and 775 (Second Review)*, USITC publication 4154, May 2012, p. V-7.

During the second five-year reviews, the relatively small quantity of subject imports resulted in a limited number of price comparisons. During January 2004-December 2009, subject imports from Korea and Taiwan were priced lower than domestic product in one of nine comparisons, with an average underselling margin of *** percent.¹³ In the other eight instances, subject imports were priced higher than domestic product, with average overselling margins of between (***) and (***) percent.

When asked to compare market prices of SSWR in the United States compared to non-U.S. markets, importer *** reported that "**** ..." and importer *** reported that ***.

Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of SSWR from the United States had changed relative to the prices of product from Italy, Japan, Korea, Spain and/or Taiwan since 2013. Four purchasers reported that the price of U.S.-produced SSWR was now higher than the price of SSWR from Italy, and one reported that it was lower. One purchaser reported that the price of U.S.-produced SSWR was now higher than the price of SSWR from Japan, and one reported that it was lower. One purchaser (***) also reported that the price of U.S.-produced SSWR was now higher than the prices of SSWR from Korea, Spain, and Taiwan, though this firm did not report having specific pricing knowledge for any of the subject countries. Three purchasers reported

¹³ *Investigation Nos. 731-TA-770-773 and 775 (Second Review), Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan—Staff Report*, May 3, 2010, p. V-21.

that there had been no change in the price of SSWR, and two reported that the price of U.S.-produced SSWR had changed by the same amount as SSWR from Italy, Japan, Korea, Spain, and/or Taiwan.

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
80 FR 24970 May 1, 2015	<i>Stainless Steel Wire Rod From Italy, Japan, Korea, Spain, and Taiwan; Institution of Five-Year Reviews</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-05-01/pdf/2015-10117.pdf
80 FR 24900 May 1, 2015	<i>Initiation of Five-Year ("Sunset") Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-05-01/pdf/2015-10244.pdf
80 FR 48336 August 12, 2015	<i>Stainless Steel Wire Rod From Italy, Japan, Korea, Spain, and Taiwan; Notice of Commission Determinations to Conduct Full Five-Year Reviews</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-08-12/pdf/2015-19752.pdf
80 FR 59733 October 2, 2015	<i>Stainless Steel Wire Rod From Italy, Japan, the Republic of Korea, Spain, and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders</i>	https://www.gpo.gov/fdsys/pkg/FR-2015-10-02/pdf/2015-25151.pdf
81 FR 1642, January 13, 2016	<i>Stainless Steel Wire Rod From Italy, Japan, Korea, Spain, and Taiwan; Scheduling of Full Five-Year Reviews</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-01-13/pdf/2016-00481.pdf

Note.—The press release announcing the Commission’s determinations concerning adequacy and the conduct of a full or expedited review can be found at https://www.usitc.gov/press_room/news_release/2015/er0804ll482.htm. A summary of the Commission’s votes concerning adequacy and the conduct of a full or expedited review can be found at <https://pubapps2.usitc.gov/sunset/caseProf/list?offset=1150&max=50&sort=caseTitle&order=asc>.

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

- Subject:** Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, and Taiwan
- Inv. Nos.:** 731-TA-770-773 and 775 (Third Review)
- Date and Time:** May 18, 2016 - 10:00 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room, 500 E Street (room 101), SW, Washington, DC.

**In Support of the Continuation of the
Antidumping Duty Orders:**

Kelley Drye & Warren LLP
Washington, DC
on behalf of

The Domestic Industry

William A. Wellock, Director – Strategic Customer
Development, Carpenter Technology

Brian Romans, National Sales Manager, North American Stainless

Christopher M. Zimmer, Executive Vice President *and* Chief Commercial
Officer, Universal Stainless & Alloy Products, Inc.

Ross Wilkin, Vice President of Financial; Chief Financial Officer; *and*
Treasurer, Universal Stainless & Alloy Products, Inc.

Tyler Sullivan, Long Products Marketing Representative,
North American Stainless

Edward J. Blot, President, Ed Blot and Associates

Brad Hudgens, Economist, Georgetown Economic Services

Laurence J. Lasoff)
) – OF COUNSEL
Grace W. Kim)

APPENDIX C
SUMMARY DATA

Table C-1
SSWR: Summary data concerning the U.S. market, 2013-15

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	2013	2014	2015	2013-15	2013-14	2014-15
U.S. consumption quantity:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
Italy (excl. Valbruna)	***	***	***	***	***	***
Japan (excl. Hitachi)	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Spain	***	***	***	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***	***	***	***
Subtotal, subject sources	0.1	0.2	0.0	(0.1)	0.1	(0.1)
Italy/Valbruna	***	***	***	***	***	***
Japan/Hitachi	***	***	***	***	***	***
Taiwan /Yieh Hsing	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Subtotal, nonsubject sources	22.2	27.4	33.3	11.1	5.2	5.9
Total imports.....	22.3	27.5	33.3	11.0	5.3	5.8
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
Italy (excl. Valbruna)	***	***	***	***	***	***
Japan (excl. Hitachi)	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Spain	***	***	***	***	***	***
Taiwan (excl. Yieh Hsing)	***	***	***	***	***	***
Subtotal, subject sources	0.1	0.1	0.0	(0.1)	0.0	(0.1)
Italy/Valbruna	***	***	***	***	***	***
Japan/Hitachi	***	***	***	***	***	***
Taiwan /Yieh Hsing	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Subtotal, nonsubject sources	18.5	23.2	28.7	10.3	4.7	5.5
Total imports.....	18.6	23.3	28.8	10.2	4.8	5.4
U.S. imports from:						
Italy (excl. Valbruna):						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity (3).....	***	***	***	***	***	***
Japan (excl. Hitachi):						
Quantity.....	***	***	***	[0.0]	[0.0]	[0.0]
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity (3).....	***	***	***	***	***	***
Korea:						
Quantity.....	***	***	***	[0.0]	[0.0]	[0.0]
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Spain:						
Quantity.....	***	***	***	[0.0]	[0.0]	[0.0]
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Taiwan (excl. Yieh Hsing):						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Subject sources:						
Quantity.....	113	224	30	(73.6)	97.6	(86.7)
Value.....	435	549	103	(76.2)	26.2	(81.2)
Unit value.....	\$3,833	\$2,448	\$3,460	(9.7)	(36.1)	41.3
Ending inventory quantity.....	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
SSWR: Summary data concerning the U.S. market, 2013-15

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2013	2014	2015	2013-15	2013-14	2014-15
Italy/Valbruna:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Japan/Hitachi:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Taiwan/Yieh Hsing:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Nonsubject sources:						
Quantity.....	29,193	37,559	40,795	39.7	28.7	8.6
Value.....	97,185	128,220	129,827	33.6	31.9	1.3
Unit value.....	\$3,329	\$3,414	\$3,182	(4.4)	2.5	(6.8)
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	29,306	37,783	40,825	39.3	28.9	8.1
Value.....	97,620	128,769	129,930	33.1	31.9	0.9
Unit value.....	\$3,331	\$3,408	\$3,183	(4.5)	2.3	(6.6)
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***
Hourly wages.....	***	***	***	***	***	***
Productivity (short tons per 1,000 hours).....	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***
Net Sales:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***
Gross profit of (loss).....	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Official statistics of the U.S. Department of Commerce and data compiled from questionnaires.

Table C-1

SSWR: Summary data concerning the U.S. market, 2004-09

* * * * *

Table C-1
SSWR: Summary data concerning the U.S. market, 2004-09

Item	Reported data						Period changes					
	2004	2005	2006	2007	2008	2009	2004-09	2004-05	2005-06	2006-07	2007-08	2008-09
(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent except where noted)												
U.S. imports from:												
Italy (other than Valbruna):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Japan (other than Hitachi):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Korea:												
Quantity	1,982	2,626	385	24	0	0	-100.0	32.5	-85.3	-93.7	-100.0	(2)
Value	3,858	6,226	960	132	0	0	-100.0	61.4	-84.6	-86.2	-100.0	(2)
Unit value	\$1,946	\$2,371	\$2,490	\$5,464	(2)	(2)	(2)	21.8	5.0	119.4	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Spain:												
Quantity	34	8	20	0	0	0	-100.0	-76.7	156.9	-100.0	(2)	(2)
Value	80	60	48	0	0	0	-100.0	-24.4	-20.7	-100.0	(2)	(2)
Unit value	\$2,360	\$7,652	\$2,363	(2)	(2)	(2)	(2)	224.2	-69.1	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (other than Yieh Hsing):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject):												
Quantity	2,230	3,044	636	150	61	35	-98.4	36.5	-79.1	-76.4	-59.5	-41.9
Value	4,464	7,476	1,844	783	276	111	-97.5	67.5	-75.3	-57.5	-64.8	-60.0
Unit value	\$2,002	\$2,456	\$2,898	\$5,205	\$4,528	\$3,122	56.0	22.7	18.0	79.6	-13.0	-31.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Italy (Valbruna):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Japan (Hitachi):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (Yieh Hsing):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:												
Quantity	29,350	20,789	19,447	19,257	21,191	8,888	-69.7	-29.2	-6.5	-1.0	10.0	-58.1
Value	69,503	61,073	63,277	91,427	95,963	29,236	-57.9	-12.1	3.6	44.5	5.0	-69.5
Unit value	\$2,368	\$2,938	\$3,254	\$4,748	\$4,528	\$3,290	38.9	24.1	10.8	45.9	-4.6	-27.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (nonsubject):												
Quantity	45,377	38,486	30,837	30,411	29,823	14,396	-68.3	-15.2	-19.9	-1.4	-1.9	-51.7
Value	107,256	109,029	96,341	142,371	131,031	43,351	-59.6	1.7	-11.6	47.8	-8.0	-66.9
Unit value	\$2,364	\$2,833	\$3,124	\$4,682	\$4,394	\$3,011	27.4	19.9	10.3	49.8	-6.1	-31.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	47,608	41,531	31,473	30,562	29,884	14,431	-69.7	-12.8	-24.2	-2.9	-2.2	-51.7
Value	111,720	116,505	98,185	143,154	131,307	43,461	-61.1	4.3	-15.7	45.8	-8.3	-66.9
Unit value	\$2,347	\$2,805	\$3,120	\$4,684	\$4,394	\$3,012	28.3	19.5	11.2	50.1	-6.2	-31.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***

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

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics, with additional detail provided by U.S. Customs data.

Table C-1--Continued

SSWR: Summary data concerning the U.S. market, 2004-09

* * * * *

Table C-1
SSWR: Summary data concerning the U.S. market, 1998-2003

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

Item	Reported data						Period changes					
	1998	1999	2000	2001	2002	2003	1998-2003	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
Italy	***	***	***	***	***	***	***	***	***	***	***	***
Japan (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***	***	***	***
Sweden (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Japan (Hitachi)	***	***	***	***	***	***	***	***	***	***	***	***
Sweden (Kanthal)	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (Yieh Hsing)	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
Italy	***	***	***	***	***	***	***	***	***	***	***	***
Japan (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***	***	***	***
Spain	***	***	***	***	***	***	***	***	***	***	***	***
Sweden (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***	***	***	***	***	***	***
Japan (Hitachi)	***	***	***	***	***	***	***	***	***	***	***	***
Sweden (Kanthal)	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (Yieh Hsing)	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:												
Italy:												
Quantity	5,885	6,064	13,598	7,638	7,401	4,526	-20.4	6.7	124.2	-43.8	-3.1	-38.8
Value	11,793	10,562	24,104	14,866	11,619	7,546	-36.0	-10.4	128.2	-38.3	-21.8	-35.1
Unit value	\$2,075	\$1,742	\$1,773	\$1,946	\$1,570	\$1,667	-19.6	-16.0	1.8	9.8	-19.3	6.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Japan (subject):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Korea:												
Quantity	12,984	10,570	9,058	5,593	4,482	1,437	-88.9	-18.6	-14.3	-38.2	-19.9	-67.9
Value	22,489	14,918	13,869	7,745	5,730	2,128	-90.5	-33.7	-7.0	-44.2	-26.0	-62.9
Unit value	\$1,732	\$1,411	\$1,531	\$1,385	\$1,278	\$1,481	-14.5	-18.5	8.5	-9.6	-7.7	15.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Spain:												
Quantity	1,932	4,732	3,881	4,783	5,885	4,158	115.2	144.9	-18.0	23.2	23.0	-29.3
Value	3,809	7,584	6,282	7,573	8,323	6,602	73.3	99.1	-17.2	20.6	9.9	-20.7
Unit value	\$1,972	\$1,603	\$1,618	\$1,583	\$1,414	\$1,588	-19.5	-18.7	1.0	-2.2	-10.7	12.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Sweden (subject):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (subject):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (subject):												
Quantity	35,445	30,632	35,464	25,794	24,274	14,693	-58.5	-13.6	15.8	-27.3	-5.9	-39.5
Value	68,558	50,049	62,482	44,509	38,004	26,617	-61.2	-27.0	24.8	-28.8	-14.6	-30.0
Unit value	\$1,934	\$1,634	\$1,762	\$1,726	\$1,566	\$1,812	-6.3	-15.5	7.8	-2.1	-9.3	15.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1—Continued
SSWR: Summary data concerning the U.S. market, 1998-2003

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

Item	Reported data						Period changes					
	1998	1999	2000	2001	2002	2003	1998-2003	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
U.S. imports from:												
Japan (Hitachi):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Sweden (Kanthal):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Taiwan (Yieh Hsing):												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal (nonsubject):												
Quantity	26,673	35,366	49,462	36,493	34,020	20,792	-22.0	32.6	39.9	-26.2	-6.8	-38.9
Value	60,786	63,710	95,518	67,895	61,974	37,185	-38.8	4.8	49.9	-28.9	-8.7	-40.0
Unit value	\$2,279	\$1,801	\$1,931	\$1,860	\$1,822	\$1,788	-21.5	-21.0	7.2	-3.7	-2.1	-1.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	62,118	65,999	84,926	62,287	58,294	35,485	-42.9	6.2	28.7	-26.7	-6.4	-39.1
Value	129,343	113,758	158,000	112,403	99,978	63,802	-50.7	-12.0	38.9	-28.9	-11.1	-36.2
Unit value	\$2,082	\$1,724	\$1,860	\$1,805	\$1,715	\$1,798	-13.7	-17.2	7.9	-3.0	-5.0	4.8
Ending inventory quantity	3,315	4,043	7,304	7,053	8,924	5,056	52.5	22.0	80.7	-3.4	26.5	-43.3
U.S. producers:												
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***	***	***	***

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

Note 1.—Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Note 2.—In June 2004, Commerce notified the Commission of its determination to revoke the countervailing duty order on Italy, effective September 15, 2003. Accordingly, for the remainder of 2003, subject imports of SSWR from Italy include only SSWR produced by Italian manufacturers other than Valbruna (and its subsidiary Bolzano)—in essence, those of Cogne Acciai. Based on questionnaire responses (1998) and adjusted official import statistics (1999-2003), imports of SSWR from Valbruna and Cogne Acciai are as follows:

	Valbruna	Other (Cogne Acciai)
1998:	*** short tons (\$**)	*** short tons (\$**)
1999:	*** short tons (\$**)	*** short tons (\$**)
2000:	*** short tons (\$**)	*** short tons (\$**)
2001:	*** short tons (\$**)	*** short tons (\$**)
2002:	*** short tons (\$**)	*** short tons (\$**)
2003:	*** short tons (\$**)	*** short tons (\$**)

Due to exports by third parties, imports attributed to Valbruna may be somewhat understated, and those attributed to other manufacturers may be somewhat overstated.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table A-1
Stainless steel wire rod: Summary data concerning the U.S. market, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

Table A-1--Continued

Stainless steel wire rod: Summary data concerning the U.S. market, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

Table A-1--Continued

Stainless steel wire rod: Summary data concerning the U.S. market, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

Figure A-1
Stainless steel Wire rod: U.S. shipments of U.S. producers and U.S. importers from subject and nonsubject sources, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

Table A-2
Stainless steel wire rod: Summary data concerning the U.S. commercial market, 1995-97, Jan.-
Mar. 1997, and Jan.-Mar. 1998

* * * * *

Table A-2--Continued

Stainless steel wire rod: Summary data concerning the U.S. commercial market, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

Table A-2--Continued

Stainless steel wire rod: Summary data concerning the U.S. commercial market, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

Figure A-2
Stainless steel wire rod: U.S. commercial shipments of U.S. producers and U.S. importers from subject and nonsubject sources, 1995-97, Jan.-Mar. 1997, and Jan.-Mar. 1998

* * * * *

