UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:)	
)	Investigation Nos.:
PRESTRESSED CONCRETE STEEL)	731-TA-1207-1209
RAIL TIE WIRE FROM CHINA,)	(Preliminary)
MEXICO, AND THAILAND)	-

Pages: 1 through 165

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THE UNITED STATES INTERNATIONAL TRADE COMMISSION

> Tuesday, May 14, 2013

Courtroom A
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C.

The preliminary conference commenced, pursuant to Notice, at 9:31 a.m., at the United States International Trade Commission, CATHERINE DeFILIPPO, Director of Investigations, presiding.

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In Support of the Imposition of Antidumping Duty Order:

On behalf of Davis Wire Corporation and Insteel Wire Products Company:

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

DONALD MEISER, Vice President, Sales, Davis Wire Corporation

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

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- <u>In Opposition to the Imposition of Antidumping Duty</u> Order:
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1	PROCEEDINGS
2	(9:31 a.m.)
3	MS. DeFILIPPO: Good morning and welcome to
4	the United States International Trade Commission's
5	conference in connection with the preliminary phase of
6	antidumping investigation Nos. 731-TA-1207-1209
7	concerning imports of <u>Prestressed Concrete Steel Rail</u>
8	Tie Wire From China, Mexico, and Thailand.
9	My name is Catherine DeFilippo. I am the
10	Director of the Office of Investigations, and I will
11	preside at this conference. Among those present from
12	the Commission staff are, from my far right, Douglas
13	Corkran, the supervisory investigator; Chris Cassise,
14	the investigator; to my left, David Fishberg, the
15	attorney/advisor; Courtney McNamara, attorney/advisor;
16	Samantha Day, economist; Alan Treat, industry analyst;
17	and Charles Yost the accountant/auditor.
18	I understand that parties are aware of the
19	time allocations. I would remind speakers not to
20	refer in your remarks to business proprietary
21	information and to speak directly into the
22	microphones. We also ask that you state your name and
23	affiliation for the record before beginning your
24	presentation or answering questions for the benefit of
25	the court reporter.

1	Finally, speakers will not be sworn in, but
2	are reminded of the applicability of 18 U.S.C. 1001
3	with regard to false or misleading statements and to
4	the fact that the record of this proceeding may be
5	subject to Court review if there is an appeal.
6	Are there any questions?
7	(No response.)
8	MS. DeFILIPPO: Hearing none, we will
9	proceed with the opening statements. Ms. Cannon,
10	welcome. Please join us, and when you're ready please
11	begin with your opening statement.
12	MS. CANNON: Thank you, Ms. DeFilippo. Good
13	morning. I am Kathleen Cannon of Kelley Drye &
14	Warren. I represent the Petitioners, the domestic
15	producers of prestressed concrete steel rail tie wire,
16	or PC tie wire, in this case.
17	PC tie wire has not been subject to a prior
18	Commission investigation. The information our
19	industry witnesses will provide you on the product
20	will demonstrate the unique nature of PC tie wire as
21	compared to other steel wire products. This case is
22	also somewhat unique, given the very small size of the
23	market involved.
24	Unfortunately, as Petitioners Davis Wire and
25	Insteel Wire Products have seen firsthand, small

1	markets are not insulated from dumped import
2	competition. In fact, when a market is relatively
3	small it does not take very long for unfairly priced
4	imports to drive a U.S. industry to the brink of
5	extinction.
6	The petitioning companies have brought this
7	case essentially as a last resort. As we detailed in
8	the petition and as the questionnaire responses you
9	have received corroborate, import volumes from the
10	subject countries have decimated the U.S. industry
11	over the past three years. Imports from China, Mexico
12	and Thailand have demonstrated an ability to quickly
13	penetrate the U.S. market, displacing U.S producer
14	sales.
15	As we indicated in the petition, no other
16	imports have been competing in the U.S. PC tie wire
17	market. Every pound of product the importers sell
18	displaces a pound of product that the U.S. producers
19	could be selling. Subject import market share growth
20	has been consistent and substantial over the 2010 to
21	2012 period and has continued to increase into the
22	first quarter of 2013. Domestic producer market

These import inroads have been accomplished by one means. Price. Subject imports consistently

share, meanwhile, has plummeted.

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1	undercut U.S. prices. When domestic producers attempt
2	to increase prices due to cost increases, they are
3	informed by purchasers that they must be competitive
4	with lower import pricing.
5	In trade cases you often see one of two
6	scenarios. Either U.S. producers do not reduce prices
7	to compete with imports and therefore they lose sales,
8	or U.S. producers cut their prices to retain the sales
9	and suffer financially. In this case, both scenarios
10	have occurred. Domestic producers here have suffered
11	a huge market share loss to imports. As a result,
12	U.S. production and shipments have plunged, and
13	substantial domestic capacity now sits idle. Domestic
14	producers have also been forced to price at
15	unreasonable levels to retain those few sales they
16	have kept, leading to a disastrous bottom line for the
17	industry.
18	It is not an exaggeration to say that the
19	domestic PC tie wire industry will not survive much
20	longer under these circumstances. Relief is badly
21	needed so that U.S. manufacturers are not forced to
22	cede yet another product and another manufacturing
23	base to unfairly traded imports. Thank you.
24	MS. DeFILIPPO: Thank you, Ms. Cannon.
25	We will now have opening statements for

- 1 Respondents. Welcome, Mr. Lebow and Ms. Levinson.
- 2 Please proceed when you're ready.
- 3 MR. LEBOW: Good morning, Ms. DeFilippo,
- 4 members of the Commission staff. My name is Edward
- 5 Lebow. I'm here from the law firm of Haynes and Boone
- 6 representing Respondent, the Siam Industrial Wire
- 7 Company and Tata Steel International (Americas), Inc.
- 8 Today we do not take issue with Petitioners'
- 9 reports of their business results. However, we do
- 10 dispute their contention that dumping is a reason that
- their businesses have done poorly. It's public
- 12 knowledge that two principal customers for PC steel
- rail tie wire are CXT Concrete Ties and Rocla Concrete
- 14 Tie. The parties to this investigation compete for
- 15 their business, and it is their increasing reliance on
- 16 foreign sources of PC tie wire that is at issue.
- 17 To determine what is happening in the U.S.
- 18 PCTW market, we urge the Commission staff to interview
- 19 both customers at length. While we cannot answer for
- 20 CXT and Rocla, we can suggest some of the questions
- 21 that we believe should be posed to them. We also ask
- that you keep these questions in mind when you listen
- 23 to the Petitioners this morning.
- 24 First and foremost, are Petitioners even
- able to supply PCTW that meets the customers' quality

1	specifications? One of the major customers has more
2	rigorous performance and testing requirements than
3	those found in ASTM A881. Please inquire which
4	suppliers can meet them and which cannot. Ask whether
5	either Petitioner is still attempting to qualify or
6	simply given up.
7	Please ask about the circumstances under
8	which one of the customers has been forced to waive
9	its quality specifications in order to use
10	domestically produced PCTW for a concrete rail tie
11	contract subject to Buy America restrictions. Please
12	ask whether either Petitioner has either had to import
13	PCTW in order to meet a customer's quality
14	specifications.
15	The qualification process at each customer
16	comprises many steps and is complex, as well as
17	lengthy, taking six months to a year to complete. Ask
18	also about the rigorous testing that must be performed
19	to gauge a sample's performance in an actual concrete
20	rail tie. Ask specifically about the exacting
21	standards that at least one U.S. PCTW customer imposes
22	on the wire rod used in the PCTW and how such
23	additional standards affect the PC tie wire producers'
24	chances of qualifying as an approved supplier.
25	Ask what can go wrong. Find out what

1 happens when the wire fails to adhere to the concrete 2 sufficiently close to the edge of the tie or, at the 3 other extreme, when it adheres right at the edge and causes deformation. Ask about the batch testing and 4 5 bin tests on the wire produced, and ask the customers to identify the suppliers from which they have had to 6 7 reject material. 8 Given the lengthy and complex qualification process, ask whether small price differences have any 9 10 impact on purchasing decisions. And more generally as to price, please carefully consider the full period of 11 investigation and ask whether any customers were or 12 are buying imported PCTW when import prices are 13 14 equivalent or higher and, if so, why. 15 Please ask when each of the Petitioners began producing PCTW and whether any customer 16 17 maintained preexisting relationships with any foreign suppliers prior to that time. Please explore the 18 19 customers' opinion of sole sourcing their PCTW and 20 about what happened to one customer when its U.S. PCTW supplier developed a major problem a few years ago. 21 22 Ask the customers about packaging, including 23 how the supply of PCTW coils on smaller reels

negatively affects the efficiency of the production

processes by being bound too tightly. Take a look at

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- 1 the relative pricing as between the two domestic
- 2 producers of PCTW and the impact prices had and not
- 3 had on purchasing decisions.
- 4 Finally, ask the U.S. PCTW customers why
- 5 they believe Petitioners filed their petition. Ask
- the same customers why they believe the Petitioners
- 7 charge the prices that they charge. Whatever you hear
- 8 today from Petitioners, we urge that you bear in mind
- 9 that what Petitioners describe is not the whole
- 10 picture, and this is not a simple story.
- Instead, we submit that a thorough
- investigation, one seeking input from all the key
- players in the U.S. market, will reveal the
- 14 Petitioners' business performance does not depend on
- 15 the behavior of foreign producers, but rather on their
- 16 own inability to serve the U.S. market for PC tie
- 17 wire.
- 18 MS. LEVINSON: Good morning to the
- 19 Commission staff. I'm Lizbeth Levinson of the law
- 20 firm of Kutak Rock. I'm here on behalf of WireCo
- 21 WorldGroup, Inc. a U.S. importer of the subject
- 22 merchandise manufactured in Mexico.
- 23 WireCo is affiliated to Camesa, the Mexican
- producer of the subject merchandise. Our sole U.S.
- 25 customer is Rocla. In order to sustain an affirmative

- injury determination, the Commission must find both
- 2 injury and causation. Although the financial
- 3 condition of the domestic industry during the period
- 4 of investigation may be poor, it should be clearly
- 5 evident after our testimony today that there is no
- 6 causation, and any injury sustained by the domestic
- 7 industry is entirely self-inflicted.
- 8 Our witness will describe the actual reasons
- 9 why U.S. producers have lost significant market share
- 10 in recent years. We will show that the shift from
- domestic to foreign sources is attributable to Davis'
- delivery of defective merchandise to CXT in 2010.
- 13 This delivery of defective merchandise resulted in
- 14 huge liabilities to CXT and Davis and has caused U.S.
- 15 purchasers to seek reliable alternative sources of
- 16 supply, including Camesa.
- 17 Consequently, the increase in foreign market
- share can be explained by reasons other than price.
- 19 In the absence of causation, the Commission must
- 20 render a negative preliminary determination. Thank
- 21 you very much.
- MS. DeFILIPPO: Thank you, Mr. Lebow and Ms.
- 23 Levinson.
- 24 We will now turn to direct testimony for
- 25 those in support of imposition of the antidumping duty

- orders. Ms. Cannon, if you and your panel will come
- 2 up?
- Just one announcement for myself. I will be
- 4 stepping out for a portion of the conference. We have
- 5 a technical exchange with Canadian Government
- officials that I agreed to months ago. In my absence,
- 7 Mr. Corkran will be in charge of running the
- 8 conference, and for the portions that I'm not able to
- 9 be here for I will most definitely read the
- 10 transcript. I will be out, but back.
- 11 Ms. Cannon, welcome to you and your panel,
- and please proceed when you're ready.
- MS. CANNON: Thank you very much, Ms.
- 14 DeFilippo. Our first witness this morning will be Mr.
- 15 Woltz.
- 16 MR. WOLTZ: Good morning. My name is H.O.
- 17 Woltz, III. I'm the president and chief executive
- 18 officer of Insteel Industries. I've served in this
- 19 capacity for 24 years and have been involved in the
- 20 steel wire industry for over 30 years. My work has
- 21 spanned all aspects of the wire business, including
- investment justification, facility construction and
- 23 startup, production and marketing.
- Insteel is the nation's largest manufacturer
- of steel wire reinforcing products for concrete

- construction applications. We are one of two U.S.
- 2 manufacturers of prestressed concrete steel railroad
- 3 tie wire, commonly referred to as PC tie wire. PC tie
- 4 wire is specifically designed to be used as tendons in
- 5 concrete railroad ties. It is produced to the ASTM
- 6 A881 specification or to proprietary specifications
- 7 based on the ASTM standard.
- 8 The specifications articulate the stringent
- 9 physical and mechanical properties of PC tie wire. PC
- 10 tie wire is cold-drawn from high carbon steel wire
- 11 rods, typically a 1080 grade. The wire is drawn to
- the appropriate diameter through a series of cold
- reductions, and in a continuous process negative
- 14 deformations are rolled into the surface of the wire
- for purposes of improving its steel-to-concrete
- 16 bonding properties. We brought a sample of PC tie
- 17 wire for your inspection so you can see it and the
- 18 indentations.
- The manufacturing process causes the steel
- 20 to gain tensile strength and lose ductility, and
- 21 residual stress is built up in the material. Those
- residual stresses are relieved and creep, or the
- tendency for the wire to stretch under load, is
- 24 eliminated using a heat-treating process that is
- 25 performed while the material is under tension. The

- resulting wire is referred to as stabilized or low relaxation.
- The same process is used to impart low
- 4 relaxation properties into PC strand. Virtually all
- 5 PC tie wire sold in the domestic market is the
- 6 indented, low relaxation wire between 4.95 and 6
- 7 millimeters in diameter that the Commission has
- 8 defined in its questionnaire for the pricing data.
- 9 PC tie wire is used for the production of
- 10 concrete railroad ties. There is no other commercial
- 11 market for it. To produce the railroad tie, several
- 12 coils of PC tie wire are strung continuously through a
- series of railroad tie forms that are laid end-to-end.
- 14 The individual strands of wire are spaced throughout
- 15 the form and tensioned to their elastic limits. Each
- wire is then anchored to the steel form which bears
- the stress forces created by the tensioning.
- 18 Concrete is then poured in the forms and
- 19 allowed to cure. When the curing is complete, the
- 20 wire anchorages on the steel forms are released, which
- transfers the stress from the forms into the concrete
- 22 ties. The transfer of stress creates a significant
- compressive force in the concrete ties, making them
- 24 strong and durable.
- The PC tie wire market is relatively new for

- Insteel, with our first commercial shipments going
 back to only 2009. Entry into the market seemed like
 a logical move for Insteel in view of our experience
 as a leading producer of concrete reinforcement
- 5 products, particularly prestressed concrete seven-wire 6 strand or PC strand.

7 With only one other domestic producer in the market, Davis Wire, we felt our entry would be 8 welcomed by the relatively concentrated group of 9 10 purchasers. Our attraction to the market was enhanced by the potential for significant growth given the 11 12 priorities set by many governmental units with respect to the future development of high speed rail corridors 13 14 that would require many tens of thousands of concrete 15 ties.

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The limited amount of competition from unfairly traded imports at the time of our entry also affected our decision to pursue this market since we believe we could compete on a level playing field. As the Commission is aware, Insteel has had considerable experience with unfair competition from dumped and subsidized imports of PC strand. Having lived through the devastating impact on our PC strand operations, I am all too aware of the injury that dumped imports can quickly inflict on the U.S. market.

1	Ultimately, we decided to pursue the market
2	and we quickly developed a reputation for producing a
3	quality product and providing excellent service.
4	Shortly after we had established Insteel as a credible
5	supplier of PC tie wire with the major tie producers,
6	we started to experience the same problems with
7	unfairly traded imports of PC tie wire that we had
8	experience with PC strand.
9	In fact, several of the same producers in
10	the same countries Mexico, Thailand and China
11	that had injured our PC strand business with dumped
12	imports were now repeating the process using identical
13	tactics in the PC tie wire market. Underselling to
14	our primary customers became rampant, and these
15	purchasers acted swiftly to move their orders offshore
16	to take advantage of much lower pricing.
17	The shift in sourcing strategy has largely
18	closed Insteel out of the market. I'm sure you can
19	understand that with so few purchasers of PC tie wire
20	in a highly concentrated, small market it was not
21	difficult for low-priced imports to quickly rise to a
22	dominant position in the market with the predictable
23	adverse impact on our operations.
24	The PC tie wire market is only about 5
25	percent the size of the PC strand market. We had to

- decide whether to give up a promising market where we had carved out a meaningful position or undertake yet
- another extensive effort by pursuing a trade case to
- 4 defend our industry from unfairly traded imports. In
- 5 the end, we decided that Insteel would not concede the
- 6 market for PC tie wire to unfairly traded imports just
- 7 because the industry is relatively small by steel
- 8 industry standards.
- 9 The PC tie wire market is important to
- 10 Insteel, and our company has the people, the know-how
- and the facilities to be a successful, long-term
- 12 competitor. The actions of our overseas competitors
- during the last year and a half or so have made it
- 14 clear that any such success is contingent on relief
- from the dumping-driven underselling by Thai, Chinese
- 16 and Mexican producers of PC tie wire. Thank you.
- 17 MS. LEVINSON: Our next witness will be Mr.
- 18 Ouirk.
- 19 MR. QUIRK: Good morning. My name is Mike
- 20 Quirk. I am the senior vice president of Davis Wire
- 21 Corporation. Davis Wire is a domestic producer of PC
- tie wire and a Petitioner in this case. I have worked
- 23 at Davis Wire for more than 30 years and am involved
- 24 and been involved in the production and sale of PC tie
- 25 wire since 1987.

1 Davis Wire spearheaded domestic production of PC tie wire in the United States back in the mid 2 We produce PC tie wire at our manufacturing 3 facility in Kent, Washington. We have two lines at 4 5 the Kent facility dedicated to the production of PC tie wire and have state-of-the-art production 6 7 equipment and processes to produce the product. 8 In recent years, however, we have been unable to operate our manufacturing lines at anywhere 9 10 near its capacity due to competition from unfairly traded imports. Imports from China, Thailand and 11 12 Mexico have surged into the United States, capturing sales on the basis of very low and aggressive pricing. 13 14 These imports have seriously hurt our ability to sell 15 PC tie wire in our home market. It has been amazing how quickly these import 16 17 volumes have displaced our sales. Imports have been able to make this rapid inroads by selling at very 18 low, dumped prices. As we will document in our brief, 19 20 import pricing is often at or below our manufacturing 21 The low prices of these imported products have been very attractive to U.S. purchasers. Since 2010, 22 23 we have seen customers shift increasingly away from 24 Davis and toward the imports because of the lower 25 prices they offer.

1	As a result, our production and shipments
2	have fallen substantially over the last three years.
3	Davis has curtailed production of PC tie wire several
4	times in the recent years at our Kent facility for
5	varying lengths of time due to the reduced sales
6	volumes. Davis has a large amount of unused capacity
7	that we would like to put to use to manufacture PC tie
8	wire. Instead, we have idle capacity.
9	As Mr. Woltz described, PC tie wire is a
10	high carbon wire product that is produced to ASTM
11	specifications. Davis, like Insteel and foreign
12	producers, manufactures PC tie wire to this ASTM
13	specification. If the customers request that the
14	product be produced to a proprietary specification,
15	Davis Wire can do that as well.
16	The bottom line to the purchasers, however,
17	is price. Even when our customers buy PC tie wire
18	from us, they use the prices of imports to leverage
19	down our prices. As a result, we've had to cut prices
20	to compete with import pricing at the expense of our
21	bottom line. One particularly frustrating effect of
22	the imports was that they prevented us from increasing
23	our prices when our input costs increased.
24	In 2011, the price of wire rod increased
25	significantly. When we attempted to increase our PC

1 tie wire prices to reflect the increased cost, our customers told us we were not priced competitively 2 with imports. Apparently the foreign producers are so 3 intent on gaining sales in the United States at our 4 5 expense that they have not increased their prices to a level that will cover their cost. 6 7 Any sales Davis has been able to retain has been kept by reducing our prices to compete with low 8 prices of dumped imports. The result has been a 9 10 cost/price squeeze and dismal financial results for my company. Davis had tried to remain cost competitive 11 12 with imports, but has struggled to compete with their low prices. If we try to increase prices to a 13 14 reasonable level, we lose sales and market share. Ιf 15 we cut our prices to try to get a sale, our bottom line suffers. 16 The market for PC tie wire is very small in 17 terms of demand and participants. The import sources, 18 19 to my knowledge, are limited to three countries

terms of demand and participants. The import sources
to my knowledge, are limited to three countries
targeted by this case. The foreign producer selling
into our market from Mexico is Camesa, a company that
our customers routinely tell us is undercutting our
price. In China, we are aware of two PC tie wire
producers that have exported to the United States,
Wuxi and the Silvery Dragon.

1 Siam Industrial Wire is the Thai producer who we see in the market. Over the last three years, 2 Tata Americas has operated as the importer for both 3 Wuxi and Siam Industrial Wire. In my experience, Tata 4 5 has offered to sell both products from Thailand and 6 China interchangeably at the same price. 7 Purchasers know the prices of all these import sources and use them to force down domestic 8 We cannot remain in this business for long if 9 prices. 10 we have to sell at below cost prices. Given the import situation, our options are limited. 11 12 either cede this market to unfairly traded imports or we can try to remedy this problem so that imports are 13 14 required to compete fairly in the United States. Because of the small size of the market and 15 the unique nature of the product, we debated whether 16 17 pursuing a trade remedy case was worth it, but we feel we have no choice absent stopping production or 18 19 selling at unprofitable prices, neither of which is a 20 good alternative. 21 Although we don't see a significant change in demand for PC tie wire in the immediate future, we 22 23 are hopeful that demand in the long run will increase. PC tie wire is sold for concrete rail ties, which are 24 25 used in heavy load and high speed rail, among other

1	railroad uses. Should the decision be made to expand
2	the infrastructure for high speed rail in the United
3	States, Davis would like to be in a position to supply
4	the wire for the concrete railroad ties that would be
5	needed.
6	Davis would hate to see the product we
7	developed and supplied throughout the United States
8	just a few years ago become supplied instead only by
9	imports, yet we clearly are headed that way at Davis.
10	If these dumped imports continue to sell at the price
11	levels we have seen in recent years, we will continue
12	to lose sales and will be forced to shut down our
13	operations.
13 14	operations. As Mr. Woltz has testified, his company has
14	As Mr. Woltz has testified, his company has
14 15	As Mr. Woltz has testified, his company has experienced similar sales displacement and facing
14 15 16	As Mr. Woltz has testified, his company has experienced similar sales displacement and facing similar bleak options. We hope the Commission agrees
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14 15 16 17 18 19	As Mr. Woltz has testified, his company has experienced similar sales displacement and facing similar bleak options. We hope the Commission agrees that another U.S. manufacturing base should not be eliminated due to unfair import competition. We feel particularly vulnerable being a very small industry that might be deemed not worth
14 15 16 17 18 19 20 21	As Mr. Woltz has testified, his company has experienced similar sales displacement and facing similar bleak options. We hope the Commission agrees that another U.S. manufacturing base should not be eliminated due to unfair import competition. We feel particularly vulnerable being a very small industry that might be deemed not worth bothering to save. We may be a small industry, but we

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be Mr. Wagner.

1	MR. WAGNER: Good morning. My name is
2	Richard Wagner, and I'm currently vice president of
3	Insteel Wire Products Company. I've been in the wire
4	business for over 35 years in sales, marketing and
5	manufacturing. I joined Insteel in 1992. I've been
6	very involved in Insteel's efforts to produce and sell
7	PC tie wire to the concrete railroad tie industry.
8	As Mr. Woltz testified, Insteel has had a
9	strong interest in the PC railroad tie wire market for
10	a number of years. This industry is a natural fit for
11	Insteel, given our reputation for quality and our vast
12	experience in steel wire for prestressing concrete
13	such as PC strand.
14	PC tie wire is a fairly technical product to
15	make and a market unto itself with a small number of
16	large customers. Our efforts to break into the PC tie
17	wire market bore fruit in early 2009 when we began
18	supplying PC tie wire to one of the major railroad
19	concrete tie manufacturers. By the end of 2009, we
20	also had inquiries from the other major customer and
21	began supplying that customer in 2010. In fact, we
22	were able to supply that customer with significant
23	amounts of PC tie wire in a matter of weeks after they
24	agreed to take us on as a supplier.
25	We work closely with all of our customers to

1 make sure that we provide them with exactly what they need. Our customers had no issues with quality or 2 delivery, and we were able to keep up with the orders 3 we received. As you can see from our questionnaire 4 5 response, we have plenty of excess capacity to produce PC tie wire. 6 7 In short, we had a very successful entrance into the market, and by 2011 the market appeared to be 8 developing well for us. Unfortunately, dumped imports 9 10 of PC tie wire from China, Thailand and Mexico reversed these successes almost as quickly as they 11 12 began. 13 By far, the most important factor in the 14 purchasing decisions of PC tie wire customers is 15 price. On any product we sell, Insteel expects to be able to cover our cost of production and to make a 16 reasonable return on our investment dollars. 17 Wire rod represents the largest element of these costs. 18 19 price of rod increases, Insteel has to be able to 20 raise its prices to reflect those rising costs. 21 markets not undermined by dumped imports, Insteel has been able to do that. 22 23 After our successful entrance into the 24 market from 2009 to early 2011, we tried to price

Insteel's PC tie wire in a manner that reflected our

- 1 cost of production, particularly the cost of wire rod.
- 2 As the price of high carbon wire rod increased, we
- 3 tried to reflect those increases in our prices.
- 4 Despite our efforts to price competitively, by early
- 5 2011 we began hearing from customers that our prices
- 6 were not competitive with imports.
- 7 Since then, we have consistently heard that
- 8 the imported PC tie wire from Thailand, China and
- 9 Mexico was priced at levels much lower than Insteel's
- 10 prices. In our experience, the import prices that
- 11 were being quoted were generally about the same
- 12 regardless of the import source. The customers were
- well aware of the prices at which PC tie wire from
- 14 China, Thailand and Mexico were being sold.
- This makes sense because we know, for
- 16 example, that the Chinese product was marketed pretty
- 17 aggressively at both of our major customers. The
- lowest import prices set the bar for all of the
- imports and for the domestic producers. The customers
- 20 made it clear that the price they were willing to pay
- 21 for PC tie wire was going to be based on the price of
- imported PC tie wire, not on the cost of high carbon
- wire rods to the domestic PC tie wire industry.
- 24 Insteel has faced this dilemma before. We
- had the same problems with dumped PC strand from

1 Thailand, China and Mexico. The price of imports is leverage that the purchasers use to force domestic 2 prices down. In response, we can either lower the 3 prices to meet the price of the dumped imports or 4 5 forego the sales. We tried initially to continue to 6 quote rational prices based on the cost of wire rod, 7 but the pricing pressure kept our prices depressed, hurting our financial results. 8 9 When Insteel was unwilling to meet the price 10 of the dumped imports from China, Thailand and Mexico, we steadily lost orders from the customers over the 11 12 course of 2011. By 2012, the dumped imports dominated 13 the U.S. market. Insteel proved itself to be a 14 reliable source of PC tie wire with significant 15 capacity and a reputation for quality. Nonetheless, the purchasers are now relying on dumped imports as 16 17 their primary source of PC tie wire and turned to Insteel to fill in between import shipments. 18 19 This shift in sourcing away from Insteel has 20 not been based on quality concerns or availability. 21 It has been based completely on low prices set by the 22 dumped imports. Insteel has largely been forced out 23 of the domestic market as a result. It is extremely frustrating to be forced out of the PC tie wire market 24

when we make a quality product and have met our

- 1 customers' needs. Insteel should not be required to
- 2 sell at a loss in this market to compete with the
- 3 dumped prices of the subject imports.
- 4 Without relief, Insteel will be forced to
- 5 exit entirely from a market that we successfully
- 6 cultivated in 2010 and 2011. Dumped imports should
- 7 not be permitted to displace our sales and force us
- 8 out of this business with unfair pricing practices.
- 9 Thank you.
- 10 MS. CANNON: For the record, I am Kathleen
- 11 Cannon, and I will conclude our presentation today by
- addressing briefly two legal issues. First, the
- 13 domestic like product.
- 14 As set forth in the petition, we believe
- 15 that the domestic like product should mirror the scope
- 16 of the case and be defined as PC tie wire. As the
- 17 testimony you have heard today demonstrates, PC tie
- wire is a discrete product made to a unique
- 19 specification based on an ASTM standard. It has a
- 20 specific end use for concrete rail ties that
- 21 differentiates it from other types of wire.
- Based on these unique characteristics, PC
- tie wire is interchangeable regardless of source, but
- is not interchangeable with other types of wire.
- Other types of wire cannot be used to produce concrete

1 rail ties. All PC tie wire is sold through the same channel of distribution direct to end users and is 2 3 manufactured on the same production equipment using the same manufacturing process. The prices of all 4 5 domestically produced PC tie wire are in a similar range and support a single like product definition 6 7 defined as PC tie wire. 8 A second legal issue facing the Commission here is cumulation. The statutory factors supporting 9 10 a cumulative analysis are met in this case. against all three subject countries were 11 12 simultaneously filed, and there is a reasonable 13 overlap of competition among imports from all three 14 countries and the domestic product. Regardless of the 15 producer, PC tie wire is a fungible commodity product. It is sold through the same distribution channel by 16 both the U.S. and subject producers and in the same 17 18 qeographic areas. 19 PC tie wire from each of the subject 20 countries and from the U.S. industry were 21 simultaneously present in the U.S. market in each year 22 of the period of investigation. Given that each of 23 these factors is met and a reasonable overlap of 24 competition exists, cumulation is mandatory in this

25

case.

1	Before turning to questions, I would like to
2	introduce a few additional members of our panel. To
3	my left, Mr. Don Meiser, the vice president of Sales
4	at Davis Wire; to my far right, Mr. Randy Plitt, the
5	national sales manager for Insteel Wire Products; also
6	to my left, Brad Hudgens, our economist with
7	Georgetown Economic Services; and my colleagues, Paul
8	Rosenthal and Alan Luberda with Kelley Drye.
9	That concludes our presentation. We will be
10	happy to answer your questions.
11	MS. DeFILIPPO: Thank you. Excuse me.
12	Thank you, Ms. Cannon, and thank you very much to the
13	industry witnesses. That is the most fun part of my
14	job is learning about products I don't know about, and
15	having you gentlemen come today and explain it to us
16	is very helpful.
17	I know it's difficult to get away from your
18	business, but it really helps the staff do a better
19	job of understanding the product and writing a good
20	staff report. So with that I will toss the mic to Mr.
21	Cassise for questions.
22	MR. CASSISE: Good morning. My name is
23	Chris Cassise. First I'd like to thank everyone for

I'd like to start the questions with basic

their testimony. It was very helpful.

24

definitional issues, and I'd like to begin that by 1 just going through the scope definition. 2 The way I parse the language, I mean, I see five requirements in 3 the scope language to define what a PC tie wire is, 4 5 and I will briefly read them over. 6 You know, it's a high carbon steel wire 7 which is defined in the scope as a .6 percent of carbon by weight. Number two is it's stress relieved 8 or low relaxation, which one of the witnesses had 9 10 discussed. The third requirement is it's indented or otherwise deformed. The fourth requirement is it's 11 12 meeting a minimum of the ASTM 881 spec. I'm assuming 13 that's a floor, a minimum floor. And then the last 14 requirement is that it's suitable for use as a 15 prestressed tendon in a concrete railroad tie. Now, going through those and then also 16 17 looking at some of the marketing literature, I see that there are other products that are wire products 18 19 that are used for prestressed concrete, and I'd like 20 to hear from the witnesses to distinguish some of these other products from the tie wire. 21 22 So looking at some of the marketing 23 literature, the first example would be prestressed wire that's used for concrete piping systems. 24

could, we'll start with that. What is the difference

- between tie wire and the wire used for the big
- concrete piping systems?
- MR. WAGNER: We have some experience in
- 4 that. On the concrete pipe systems, the similarity
- between the products would be that a wire, a single
- 6 wire, is used. Its diameter is within these ranges
- 7 often. Some of them are smaller. And it is not
- 8 indented. It's smooth. It's not stress relieved nor
- 9 stabilized.
- 10 And this product is used only in a moderate
- amount of tension to put a circumferential force on
- 12 the concrete pipe that they then finish casting over
- the top of that, so it makes more of a pressure pipe
- than a typical standard reinforced concrete pipe.
- 15 MR. CASSISE: Okay. So where in the
- 16 production process do you decide that this wire is
- 17 going to be tie wire or this wire is going to be
- another type of wire? If you could just briefly go
- through the production process? When is the product
- 20 impugned with the characteristic that makes it a tie
- 21 wire?
- MR. WAGNER: Once prepared in terms of the
- 23 rod, which is a cleaning operation, those would be the
- 24 same. Then the wire drawing equipment we would use to
- 25 reduce the cross-sectional area of the rod to become

1	that wire diameter is the same in the two processes.
2	At the end of the wire drawing equipment for
3	PC tie wire would be a machine which imparts the
4	indents on the wire that you see there. That would
5	not exist when you make the pressure pipe type of
6	reinforcement wire. You would package the pressure
7	pipe reinforcement wire on a reel or other package
8	that may be specified and then from there is it a
9	finished good. It would deliver to the customer.
10	Whereas with PC tie wire you would impart
11	the indents. Then the wire goes on to a heating and
12	tensioning operation, which is a substantial
13	investment to do, and then it's packaged at the end of
14	that. So you need that entire final process to give
15	the customer a device that they could tension to its
16	elastic limit, which you would not do with a pressure
17	pipe reinforcement wire.
18	MR. CASSISE: So that's the stress relieved
19	and relaxation process and we'll call it the
20	deformation process. Those two processes would be
21	unique to PC wire or tie wire and would not be
22	characteristic that would be for the pipe wire?
23	MR. WAGNER: That's very well put.
24	MR. CASSISE: Okay. Again, going through
25	the marketing literature it may be the same answer,

- but there's reinforced tank wire is another product
- 2 that's in the marketing material.
- MR. WAGNER: Essentially the same as the
- 4 wire to wrap for pressure pipe.
- 5 MR. WOLTZ: Could I make one clarifying
- 6 point?
- 7 MR. CASSISE: Absolutely.
- 8 MR. WOLTZ: If we received an order from a
- 9 customer for pressure pipe wire and an order for PC
- 10 tie wire, the first point of distinction in how we
- 11 would go about satisfying that requirement is at the
- very rod ordering and rod application process because
- the grades could very well be different.
- 14 We would never start with the process and
- think if it didn't work for one application it would
- 16 likely work for the other. These are discrete
- 17 manufacturing processes with discrete, specific
- 18 manufacturing practices that are aimed at resulting in
- 19 the finished product.
- 20 So if we were to attempt to produce PC tie
- 21 wire and let's say an error was made or something went
- 22 wrong, it would never be suitable for tank wrap or
- 23 pipe wrap application. The products are very unique
- and they're very discrete.
- MR. CASSISE: If I understand, you would

- 1 never keep drawn wire in an inventory and then take
- that out of the inventory and say we're going to make
- 3 PC tie wire out of this, but we could make say a PC
- 4 pipe reinforcement wire?
- 5 MR. WOLTZ: That would never happen.
- 6 MR. CASSISE: That would never happen. You
- 7 would get a purchase order and you would order the rod
- 8 from that point and you manufacture the product?
- 9 MR. WOLTZ: That's exactly right.
- 10 MR. CASSISE: Okay. Is PC tie wire the only
- 11 product that has the deformations in it, or are there
- other wire products that have those in there? So, for
- instance, PC strand, a case in which I've never worked
- on so I'm coming at this new.
- 15 MR. WAGNER: There are some indented
- 16 strands, and there may be other deformed wire that's
- in the industry, but not for this use. So there is
- some seven-wire PC strand that has indents.
- 19 MR. CASSISE: But there isn't any other
- 20 single wire deformed with the deformations,
- 21 reinforcing wires?
- MR. WOLTZ: Not high carbon.
- 23 MALE VOICE: Not high carbon.
- MR. CASSISE: Not high carbon.
- MR. QUIRK: We produce a low carbon product

- that is deformed and it's used to reinforce concrete,
- 2 but it's not for this sort of application at all.
- MR. WOLTZ: Insteel also produces those
- 4 products, but they're produced in different plants
- from plants that produce PC tie wire.
- 6 MR. CASSISE: Okay.
- 7 MR. WOLTZ: They are used in mesh, grids,
- 8 welded low carbon products.
- 9 MR. CASSISE: Okay. That was very helpful.
- 10 Oh, another instruction to the witnesses. If you
- 11 could just say your name before you speak just for the
- 12 transcript? Thank you.
- I guess the next thing is just some more
- 14 general information. Mr. Wagner, you had started this
- 15 and, Mr. Woltz, you had started this already. If you
- 16 could just walk us through a typical transaction? How
- is the wire ordered from -- and let's face it, it's a
- 18 very small market. The number of customers is very
- 19 small.
- 20 If you could walk us through the typical
- 21 transaction? Do you negotiate every year? Is it just
- a short-term purchase order that you may get at any
- 23 moment? If you could just walk us through the customs
- of the industry?
- MR. WAGNER: Typically what would happen

- 1 is -- Richard Wagner with Insteel -- the customer would define a need for some period of time, usually 2 with a shipping schedule that he anticipates. 3 experience, you know, those are two to six months in 4 5 duration, and most likely three or so. 6 They would check our pricing, we would give 7 it to them, they may give us some feedback on what price we need to meet or not, but ultimately you get a 8 purchase order, and from there we would fulfill that 9 10 purchase order to the shipping schedule that was provided with it. 11 12 MR. CASSISE: Okay. Mr. Woltz, anything 13 you'd like to add? 14 MR. WOLTZ: I'd only say that the subsequent 15 negotiations about shipping schedule and delivery and
- MR. WOLTZ: I'd only say that the subsequent
 negotiations about shipping schedule and delivery and
 the duration would only take place if our price was
 sufficient to warrant the interest of the customer.

 If the price isn't sufficient, then there's no
 discussion about the schedule or further issues.

MR. CASSISE: So basically a short-term

horizon we're talking about. A purchase order. Three

months. Okay. Proprietary specs were mentioned. Is

there any prequalification or certification process

that these customers require to supply them? Do you

need to be certified by the customers before they'll

- 1 even call you?
- MR. WAGNER: Well, I think the answer to
- 3 that is yes. On one customer's part it would simply
- 4 the submission of a sample, and when they see what
- 5 looks like the product, they would consider you
- 6 approved and begin ordering. On the other customer,
- 7 they seem, in our experience, to require a visit.
- 8 They wanted to see the operations and then deem
- 9 whether it was appropriate that we be approved.
- 10 MR. CASSISE: So if you get a call and I say
- 11 here's some specifications, we'd like a sample, how
- 12 long does that process occur before you're able to --
- if everything goes smoothly, how guickly can you have
- 14 product to the customer?
- 15 MR. WAGNER: This is Richard Wagner again.
- 16 It would depend on our availability of the rod for the
- 17 product. If we had the rod available as an inventory,
- we'd be able to create a sample for the customer
- 19 probably within a week or two to fit it in our
- 20 schedules and then proceed from there. If we do not
- 21 have the rod available, we'd order it, and usually
- that's a two to three month process.
- 23 MR. OUIRK: I'd like to make a comment.
- 24 Mike Quirk with Davis Wire. Our experience is similar
- to Insteel, however I would comment that prior to any

- of this inspection, or samples, or trials, or visits
- 2 to the facility, the price has always been agreed upon
- 3 prior to that.
- 4 They won't call and say give us a sample and
- then we'll let you know whether or not we're going to
- 6 buy from you because you have to establish what the
- 7 selling value is going to be before they will do that.
- 8 MR. CASSISE: So price even before
- 9 inspection.
- MR. QUIRK: Yes. Yes.
- 11 MR. CASSISE: Mr. Quirk, I mean could you
- explain then, I mean Davis Steel's, their experience
- is the same, that you send a sample and/or a customer
- inspects the plan? That's been your experience as
- 15 well?
- 16 MR. QUIRK: Well, yes. Mike Quirk again.
- 17 You've got to remember we started doing this in 1986
- 18 with these same two customers and the product evolved
- 19 over the years. There are various specifications and
- they changed. They changed processes. We added new
- 21 equipment, going from one product to another to
- 22 enhance their concrete tie by making a better product.
- During this process we would not have normal
- 24 inspections. They would ask us -- one customer in
- 25 particular would want to know who our rod supplier

- 1 was. They, upon occasion, have visited our rod
- supplier, and they would send quality people into our
- 3 facility occasionally to audit our plant, our ISO
- 4 program and our quality program and inspect our
- facility. The other customer did not at all. They
- 6 just took the wire and used it.
- 7 MR. CASSISE: During the period of our
- 8 investigation, which would be 2010 to March of 2013,
- 9 have you had any difficulties with those
- 10 certifications from the --
- MR. QUIRK: Not during that period.
- 12 MR. CASSISE: Not during that period. Your
- 13 statement brought up another question, though, which
- is these proprietary specs that are sent to you, how
- often do they change?
- 16 MR. QUIRK: Mike Quirk. They really haven't
- 17 changed that much over probably the last five years,
- seven years. The specification, the proprietary
- 19 specification of one customer is just a tighter
- 20 specification of the ASTM-881 which other customers
- use, and we manufacture to that. They have just come
- 22 up with a more rigid specification within the
- 23 parameters of that specification.
- 24 MR. CASSISE: These changes wouldn't affect
- your production process in a great way.

1	MR. QUIRK: They would affect our raw
2	material source.
3	MR. CASSISE: Your raw material source.
4	Okay. I will ask the question to the Respondent panel
5	later this afternoon but is it your experience that
6	the foreign product has any different specification?
7	I mean is there a different deformation? Is it a
8	different diameter? Is there any difference that you
9	have noticed in the marketplace?
10	MR. QUIRK: Mike Quirk. Not really. The
11	specification is pretty clear how you make it. There
12	may be some differences in the deformation, the
13	pattern of the deformation, but it's covered in the
14	specification as to different patterns that are
15	MR. CASSISE: I did notice that in the
16	marketing material, that there are different
17	deformations. What would be the difference between
18	these deformations?
19	MR. QUIRK: Mike Quirk. Just a matter of
20	the type of equipment you purchase through, the
21	rolling equipment that you put the deformation in.
22	Some of them are indented, some of them are spiral,
23	some of them are wishbone or hash mark, and it really
24	is just almost a proprietary thing for how you feel

you want to make your product. Long as it meets the

- 1 specifications, they --
- 2 MR. CASSISE: One deformation is not better
- at adhering to the concrete than another deformation.
- 4 MR. QUIRK: Mike Quirk. Not in our opinion.
- 5 No.
- 6 MR. CASSISE: Also, just, again, going
- 7 through the marketing material I noticed that there
- 8 were different end use markets, I mean market
- 9 segments. There's the light rail, there's the heavy
- 10 freight rail, and then the high speed rail were the
- 11 three market segments that I picked up in the
- 12 marketing material. Is there different wire that you
- need to produce for those three, these market
- segments, or are all of those ties using the same
- 15 wire?
- 16 MR. OUIRK: Mike Ouirk. The ties all use
- 17 the same wire. The manufacturer of the tie may vary
- the amount of wires he puts in the tie for a light
- 19 rail application versus a heavy rail application.
- 20 MR. CASSISE: Okay. They don't come to you
- 21 and say we're going to be making some heavy rails and
- here's a different spec.
- MR. QUIRK: No.
- 24 MR. CASSISE: Okay. This is, again, more of
- a general question on demand, but, Mr. Woltz, you said

1	that your company got into this business in 2009. I
2	mean we've had, that was pretty much the start, or at
3	least the middle, of an economic downturn in this
4	country. Why did your company decide that was a good
5	time to get into this market?
6	MR. WOLTZ: For exactly the reason that you
7	state, that we had seen some of our other businesses
8	turn down, we had the opportunity, the time to develop
9	the product. We had been knowledgeable of the market
10	for years but had had other interests and other core
11	businesses and we now had the time to pursue this. It
12	is a natural fit. All of the processes are very
13	similar to other processes that we use, and it just
14	made a lot of economic sense for us to pursue it at
15	that point in time.
16	MR. CASSISE: You believe this market, I
17	mean of course this is speculation, somewhat, on your
18	part, but you believe that the demand, there's a
19	future demand for this product, an increase in demand.
20	MR. WOLTZ: Well, I think you have to
21	subscribe to whatever your view is on the likelihood
22	of continued private rail investments, which have been
23	pretty substantial, and what is going to happen to
24	light rail development, and high speed rail
25	development certainly has been a governmental

- 1 priority. Whether it's ultimately funded or whether
- it's not, it's hard to say. Absent that, the market
- 3 has been pretty stable and static, and I'll
- 4 characterize it as slow growth, not no growth.
- 5 Most of the markets Insteel serves would be
- 6 characterized exactly the same way, so that's not a
- 7 real deterrent to us.
- 8 MR. CASSISE: Okay. Because I mean, again,
- 9 if you're talking about something like light rail, or
- 10 even the freight, I suppose, there's a replacement
- 11 market, I'm assuming, and then there's new
- 12 construction. Is there, do you -- you wouldn't. This
- would be more of your customers' issue, but I mean is
- there a big market for replacement ties that your
- 15 customers have to buy wire for?
- 16 MR. WOLTZ: I would defer to someone more
- 17 knowledgeable.
- 18 MR. CASSISE: Right. That's probably more
- 19 for the, your customer.
- 20 MR. OUIRK: I think I can answer that. If
- 21 you are taking a wood tie out of a railroad line or a
- 22 series of them, you would most likely replace them
- 23 with wood because it's very difficult to mix a
- concrete tie and a wood tie in a rail line. They're
- 25 usually one or the other.

1	Now, if they rip a whole line out, the
2	railroad will make the determination do they want to
3	replace that line with ties that are made, that are
4	concrete versus wood. That's what we're seeing most
5	of now is that they're doing large expansion.
6	As an example, there's a rail line running
7	from Los Angeles through El Paso up to Chicago and
8	that is all concrete. If they were just going to take
9	a spur from Washington, D.C. to Baltimore, they might
LO	leave it in wood. The railroad is the one that makes
L1	that ultimate decision.
L2	MR. CASSISE: Yes. You wouldn't know
L3	whether that's something that the railroads have made
L4	it a policy, that they there's not a major
L5	expansion in wood replacements going on, is there?
L6	MR. QUIRK: Well, I think the concrete
L7	railroad tie industry is pushing for that because for
L8	environmental reasons they, you know, you don't have
L9	to get rid of a creosote tie, which you have to with a
20	wood tie if you replace it, the life span of a
21	concrete tie is much longer than a wood tie, and
22	they're much more efficient. The concrete tie is much
23	more efficient as far as fuel economy for the
24	railroads. They can run faster on the rail and they
25	use less fuel in their diesel engines.

- 1 So there's some cost advantages, but the
- 2 concrete tie does cost more initially, but they last
- 3 longer.
- 4 MR. LUBERDA: Mr. Cassise, this is Alan
- 5 Luberda. We can provide you with some information on
- demand for concrete ties looking forward a little bit.
- 7 We do have some that we can provide.
- 8 MR. CASSISE: Okay. That would be very
- 9 helpful. Thank you.
- 10 I'd like to address a few of the questions
- 11 that Respondents mentioned in their opening.
- 12 You know, Mr. Quirk, I don't know if you
- want to discuss this in a public forum, but I mean is
- 14 your company, has product produced by your company
- been rejected by one of the two major customers?
- 16 MR. OUIRK: We'll address that in the
- 17 posthearing brief.
- 18 MR. CASSISE: Okay. Fair enough. Okay. I
- 19 think that's all I have for right now. Thank you very
- 20 much.
- 21 MR. CORKRAN: Thank you very much, Mr.
- 22 Cassise.
- We'll turn now to our economist, Ms.
- 24 Samantha Day.
- MS. DAY: Good morning. I'm Samantha Day

1	with the Office of Economics. Thank you all for
2	coming this morning. It's been very interesting and
3	very helpful to understanding the industry. I do have
4	a couple of questions.
5	Chris had talked about the, and you've
6	testified about the differences. Sometimes you
7	product the ASTM to, you produce the PC tie wire to an
8	ASTM standard or to a proprietary standard based on
9	the ASTM. When you're making those two and selling
LO	those two to your customers is there a price
L1	difference between the two products, whether it's the
L2	PC tie wire that's produced to ASTM or to proprietary
L3	standards?
L4	MR. QUIRK: Mike Quirk. There's a cost
L5	difference, significant cost difference, for our
L6	company in the modified specification over the ASTM
L7	specification, and therefore, we would try to price it
L8	accordingly, but unfortunately we have not been able
L9	to do that because the dumped prices from Thailand,
20	China and Mexico are significantly lower, and so if we
21	go to a higher price rod, it just compounds their
22	problem.
23	MS. CANNON: Ms. Day, let me supplement that
24	by saying in our petition, as you know, we had
25	recommended that there be one price descriptor that

1	was, combined this ASTM spec and anything produced to
2	a proprietary spec. I think that's fine. It's not an
3	unreasonable way to make the price comparisons based
4	on the data you have.
5	I think that from the additional data that's
6	become available to us subsequent to filing the
7	petition, it would also be maybe even more reasonable
8	to break out the proprietary specification from just
9	the one that's ASTM-881.
LO	Our clients refer to the proprietary spec as
L1	ASTM-881 plus, which has got a few more little bells
L2	and whistles, and therefore, as Mr. Quirk testified,
L3	costs a bit more to make and tends to be priced,
L4	should be priced by anybody producing it at somewhat
L5	higher level, and we are seeing some of that as well.
L6	So I think that would maybe differentiate the pricing
L7	analysis a little bit more in a more refined way.
L8	So it's not that we think it's not
L9	reasonable to do it the way you've done it, but we
20	think that it would be more, even more appropriate
21	comparisons to do that breakout. We will be trying to
22	do that breakouts from our clients' data for purposes
23	of our posthearing submission.
24	MS. DAY: Okay. Earlier you had mentioned

the difference is in the raw materials. Is there any

1	other specification that the customers might request
2	other than the difference in the raw materials that go
3	into producing the wire? Do they ever ask for any
4	kind of different, anything else that would cause the
5	price to change?
6	MR. QUIRK: Mike Quirk. No. I think really
7	the specification change is what backs into the rod
8	issue, the raw material issue.
9	Mike Quirk again. I guess I don't want to
LO	make it sound like it's just the same particular
L1	product. We have to do a much more extensive testing
L2	and certification to ensure that we're meeting the
L3	higher spec. It's not one of these products that you
L4	can say, well, we'll just go ahead and run it without
L5	any certifications, or testing, or extra inspection to
L6	make sure that you're meeting the specifications that
L7	they require, so we do have to do more testing.
L8	How you identify that cost is pretty
L9	difficult because it's in a manufacturing environment.
20	Maybe you add another guy on a shift or maybe you
21	have an extra quality guy at a certain period of time
22	when you're running the material. We don't break the
23	cost down that far, but we know it does cost more.
24	MS. DAY: Thank you. In trying to
25	understand order of magnitude here, which do you ship

- 1 more of, the PC tie wire that's produced just to the
- 2 ASTM standard versus the PC tie wire that's produced
- 3 to your proprietary standards based on the ASTM
- 4 certification.
- 5 MR. QUIRK: Mike Quirk. In our case it's
- 6 mostly the ASTM specification.
- 7 MR. WAGNER: This is Richard Wagner. That's
- 8 the same for Insteel.
- 9 MS. DAY: Just looking to see my questions.
- 10 Think most of them have already been answered. In
- addition to the wire rod, when we're talking about raw
- materials is there any other, any things that are
- significant besides the wire rod that go into the cost
- of making the product? Energy perhaps?
- 15 MR. WAGNER: Yes, there are other
- 16 significant costs besides the wire rod, but I would
- 17 say, you know, in our industry probably wire rod is,
- 18 you know, 70 to 80 percent of your cost, but
- 19 electricity is significant and, you know, the
- 20 preparation of the rod is a cost. So there are others
- but they pale in comparison to the wire rod.
- MR. QUIRK: Mike Quirk. There's also a
- 23 freight factor involved.
- MS. DAY: I'm sorry?
- MR. QUIRK: There's also a freight factor

- involved which can be significant depending on where
- 2 you ship.
- MS. DAY: Thank you. Let's see. We've
- 4 talked a lot about price as far as what your
- 5 purchasers consider, and you said that price is
- determined before anything else when you receive a
- quote. Is there anything else that your purchasers
- 8 look for in addition to price? Any other factors that
- 9 are important to them?
- 10 MR. WOLTZ: This is H. Woltz with Insteel.
- 11 The customers expect the product to perform
- 12 flawlessly, and generally, it does. That's sort of
- 13 the standard of the application, and then price gets
- 14 you in the door.
- 15 MR. WAGNER: Yes. I will say in the course
- 16 of conducting the business, though, when issues that
- 17 you want to bring as a manufacturer that you feel are
- nonprice, like how well your product performed or
- 19 those kind of things to try to compare it with
- 20 anything else, those issues are immediately reduced to
- 21 price only by the purchasers.
- MS. DAY: Thank you. Lastly, earlier you
- 23 talked a little bit about demand but what types of
- 24 data do you look at as demand indicators for the PC
- 25 tie wire industry? Things that -- maybe what factors

- influence demand. Does it tend to follow any overall
- 2 economy or markets?
- MR. QUIRK: This is Mike Quirk. We rely
- 4 heavily on our customers to indicate what they see
- 5 going forward. They're the ones that are selling the
- 6 railroads, they're the ones that are promoting the
- 7 product to the light rail industry or whatever they're
- 8 doing, and so we will request, you know, a sales
- 9 forecast or some kind of idea of what their usage
- 10 would be when we do our business plan say for the
- 11 following year.
- We don't necessarily get involved with the
- railroads on a direct basis; however, there are trade
- shows where the railroads attend and through casual
- 15 conversations you can get a sense of, you know, what
- their cap X is going to be and so on.
- But as far as this other indicators, we
- really rely heavily on the customers to tell us.
- 19 MR. WAGNER: Richard Wagner. That's the
- 20 same for Insteel.
- 21 MS. DAY: Okay. Thank you very much. Those
- 22 are all my questions for now. Thank you.
- 23 MR. CORKRAN: Thank you very much, Ms. Day.
- 24 We will now turn to Mr. Alan Treat, our
- 25 industry analyst.

1	MR. TREAT: Hi. Good morning. I'm Alan
2	treat with the Office of Industries. Thank you very
3	much for your time this morning. I have a few
4	product-related questions.
5	First question. Again, I know you mentioned
6	this this morning, but can you please explain what
7	exactly stress-relieved and low relaxation is and what
8	those processes are, and if there's a difference
9	between those two terms. Thank you.
10	MR. WOLTZ: This is H. Woltz with Insteel.
11	I think I covered that in my testimony. When you cold
12	draw a product it becomes increasingly brittle as the
13	cross-sectional area is reduced and residual stresses
14	build up in the steel that are not helpful to its
15	physical and mechanical properties. When you roll the
16	surface you even impart additional undesirable forces
17	and continue to reduce the ductility of the product.
18	So stress-relieved and stabilized are
19	actually two different, they're two different things.
20	A stress-relieving operation is generally conducted
21	with heat, and a combination of the proper temperature
22	and the proper time the steel is subjected to the
23	proper temperature and proper time, those residual
24	stresses are relieved and the elongation properties of
25	the product improve and the ductility improves.

1	In the case of stabilizing, it is a process
2	that both addresses the stress relief that is
3	required, but it also imparts into the product, or
4	let's say it removes the tendency of the product to
5	creep. Just C-R-E-E-P. Creep is the tendency of the
6	product to stretch when it is held under load over
7	time, and that, the whole nature of this prestressing
8	operation is that the wire is to impart compressive
9	forces into the railroad tie.
LO	So if you can imagine the tendons running
L1	through it, they're all pulling toward the center of
L2	the tie to keep that concrete in compression, which is
L3	where concrete has its most desirable properties. It
L4	has no tensile strength, so the wire is to produce the
L5	tensile strength that holds the tie together.
L6	If over time that wire stretches inside the
L7	concrete railroad tie, then it loses its compressive
L8	forces and the railroad tie will break. So
L9	stabilizing is the process where the wire is heated
20	while it is under tension, and that doesn't eliminate,
21	but it practically eliminates the tendency of the
22	product to stretch over time while it is under load.
23	MR. TREAT: Great. Thank you.
24	Mr. Quirk, you had mentioned that the
25	proprietary specs are, "tighter", and I'd like to know

- if you can please explain some of the principal
- differences in terms of maybe stabilization, or stress
- 3 relief, or tensile strength, or yield strength, or
- 4 maybe even steel composition.
- 5 MR. QUIRK: The difference in the
- 6 specification really has more to do with break
- 7 strength and the load and the depth of the
- 8 deformation. It has to do with the break strength of
- 9 the material. It's a tighter, it's a higher break
- 10 strength than regular ASTM specification, and the
- deformation depth is deeper, which, in theory,
- 12 according to the customer, improves the bond. Those
- are the two major differences.
- In order to, if you are going to deform
- 15 something and it has higher break strength and a
- 16 deeper deformation, it requires a higher quality raw
- 17 material, in our operation anyway. That's the reason
- we call it a plus spec.
- 19 Those are the two major differences. As far
- as the relaxation point or stress-relieving, they're
- 21 basically the same.
- MR. TREAT: Okay. Thank you. Just an
- 23 additional question. Have either of your companies
- 24 had any technical difficulties in achieving those
- 25 properties in those proprietary specs?

- 1 MR. QUIRK: I think we'll address that in
- 2 our brief.
- 3 MR. TREAT: Okay. Maybe along the same
- 4 lines, in your posthearing brief, if you could maybe
- 5 document or describe those instances in which you
- 6 could not --
- 7 MR. QUIRK: Yes.
- 8 MR. TREAT: Thank you. My next question is
- 9 is PC strand, the seven wire PC strand, is that used
- in railroad ties, concrete railroad ties?
- 11 MR. WAGNER: There is one small manufacturer
- of railroad ties that uses a three-eighths diameter,
- 13 seven wire indented PC strand.
- 14 MR. TREAT: But none of the PC strand that
- 15 you produce is used in concrete railroad ties?
- 16 MR. WAGNER: We make that strand.
- MR. TREAT: Okay.
- 18 MR. WAGNER: This is Richard Wagner. Sorry.
- 19 MR. WOLTZ: This is H. Woltz. Just like to
- 20 clarify one thing. There's no substitutability
- 21 between PC tie wire and indented PC seven wire strand
- for railroad ties. A company or a producer is set up
- 23 to either use one or the other and can't change his
- 24 mind on Wednesday and say I think I'll use wire on
- 25 Friday instead of strand.

- 1 MR. TREAT: Okay. Thank you. Great. Thank
- 2 you very much. Those are all the questions I have.
- 3 Thank you.
- 4 MR. CORKRAN: Thank you very much, Mr.
- 5 Treat.
- 6 We'll next to turn to Mr. Charles Yost, our
- 7 accountant.
- 8 MR. YOST: Hi. Good morning, and welcome to
- 9 the panel. I've found your testimony very helpful
- this morning. I have a couple of follow-up questions.
- 11 That's one of the advantages of coming last is most
- of the people have already asked the questions that I
- have, but nonetheless, I'll try to struggle on.
- 14 I think Mr. Ouirk indicated that the number
- 15 of wires, or perhaps the amount of steel I think was
- 16 the term you used, might differ if a concrete rail tie
- manufacturer is making say ties for light rail as
- opposed to heavy rail or transit rail. What do you
- mean by the amount of steel? Is it the number of
- 20 wires, or the placement of the wires?
- 21 MR. QUIRK: Mike Quirk. It's the amount of
- 22 wire they put in, the number of wires that are strung
- in the casting bin will vary depending on the type of
- 24 tie they make. The heavy tie -- Don Meiser could
- 25 probably give you more explanation.

1	Don, why don't you
2	MR. MEISER: Don Meiser from Burton Meiser.
3	I'm losing my voice. On the heavy load we call it
4	the heavy load tie there are many, many more wires
5	or a much greater steel area for reinforcing a larger
6	tie versus a lightweight tie.
7	MR. CORKRAN: Mr. Meiser, I'm very sorry to
8	interrupt but can I ask you to speak up just a little
9	bit more or speak a little direct into the microphone.
10	MR. MEISER: Somehow I'm losing my voice
11	this morning. Anyway, there are two types of ties
12	that typically are used in the industry. The light
13	tie for a rapid transit, light rail, versus heavy
14	load, Class 1 heavy freight rail use.
15	The design of the ties is a function of what
16	the industry calls steel area, the amount of steel per
17	square foot of reinforcing, and the larger ties, they
18	use many more wires, for example, maybe 20 wires in a
19	large, heavy load tie, and as a light tie, maybe
20	eight, or 10, or 12.
21	I mean that's in simple terms, the
22	difference: Using the same low relaxation wire, the
23	same indent, the same ASTM specification, only less

wires, less steel area for reinforcing for the lighter

versus heavier. Okay?

24

- 1 MR. YOST: Okay. That was helpful. Thank
- 2 you. Can wire that might have been destined for PC
- 3 strand be used for PC tie wire?
- 4 MR. WAGNER: This is Richard Wagner with
- 5 Insteel. No. Definitely not.
- 6 MR. YOST: Why is that?
- 7 MR. WAGNER: You would not make that same
- 8 diameter of wire. The individual wires for PC strand
- 9 are smaller, in general. The other thing is that they
- 10 just don't mix. They're different products. You
- 11 wouldn't use the same steel chemistry in the strand as
- 12 well.
- MR. YOST: So it differs by chemistry, and
- 14 presumably, going back to the rod, it might differ by
- 15 chemistry there as well?
- MR. WAGNER: Right. Exactly.
- 17 MR. YOST: Do you only purchase a 1080 wire
- 18 rod of the appropriate metallurgical quality?
- 19 MR. WAGNER: For which?
- 20 MR. YOST: For PC tie wire. I'm sorry.
- MR. WAGNER: Yes.
- MR. YOST: And that differs from the rod
- 23 purchased for PC strand?
- 24 MR. WAGNER: I think what's different is
- 25 the, some of the other elements in the chemistry, and

- I don't really have this in my head right now, but we
- 2 could address that in a postconference brief. But
- 3 they are different rod.
- 4 MR. YOST: Okay. That would be helpful. I
- 5 thank you. Now, I think Mr. Wagner indicated that the
- 6 production line that is specific to PC tie wire is the
- 7 area of the production line where the wire is
- 8 indented, and then following by stress relief and the
- 9 heat treatment. Mr. Quirk indicated that you have two
- 10 dedicated lines.
- 11 Would Davis agree with Insteel that the
- dedication of the lines depends on the indentation and
- 13 the heat treatment? Is that what distinguishes your
- two dedicated lines from say other lines that can't?
- 15 MR. OUIRK: Those two lines are dedicated
- only for PC tie wire. That's all they make. They
- 17 don't make anything else. We have designed them to
- make that product, and they're practically identical
- 19 lines. There's a slight difference in the design but
- they both have stress-relieving capability, they both
- 21 have deformation capability, and they both have the
- low relaxation capability.
- 23 MR. YOST: Okay. But what I'm getting at is
- 24 what distinguishes those lines from your other lines
- 25 that you might have at Kent. For example, can you put

- the wire that's going to be used in PC tie wires
- through the same drawing lines?
- MR. OUIRK: Mike Ouirk. We would draw other
- 4 wire on our wire drawing machine, but that's the end
- of any commonality between the products.
- 6 MR. YOST: Okay. Could you give us in
- 7 postconference brief a price series for the wire rod
- 8 you purchase specifically for PC tie wire by company
- 9 for the period of investigation? Okay.
- 10 Question for Davis. I see that one of your
- 11 sister companies is Ivaco, common ownership through
- 12 Heico.
- 13 MR. QUIRK: Mike Quirk. That's correct.
- MR. YOST: Do you purchase, or do you, is
- 15 rod ever transferred from Ivaco to your facility in
- 16 Kent?
- 17 MR. QUIRK: Mike Quirk. Not really. The
- 18 distance from their facility in Canada to Kent,
- 19 Washington is significant and so we don't bring much,
- or we've never, to my knowledge, brought any
- 21 significant quantity.
- We've had a few trials that we've brought in
- 23 of various chemistries and various applications but we
- haven't applied any great effort in bringing material
- 25 in from Ivaco.

- 1 MR. YOST: Okay. Most of your rod purchases
- 2 are offshore?
- 3 MR. QUIRK: Mike Quirk. No. Our purchases
- 4 of this product are domestic.
- 5 MR. YOST: I see. Okay. I go back some
- 6 ways as my former life as an industry analyst and
- 7 having worked on the wire rod cases way back when and
- 8 annual steel where I remember Davis had come in
- 9 several times asking for exemptions, and I think
- 10 Insteel did as well, from the steel VRAs that covered
- 11 wire rod.
- 12 MR. QUIRK: Mike Quirk. I recall that.
- 13 MR. YOST: Question on Buy America policies,
- or are there buy domestic preferences out there that
- 15 might extend to PC tie wire?
- 16 MR. QUIRK: Mike Quirk. They could, but
- 17 it's a very small portion of the industry at this
- 18 point.
- 19 MR. YOST: Does it affect your customers'
- 20 purchasing preferences?
- 21 MR. QUIRK: More one than the other.
- MR. YOST: More one. Okay. In the
- 23 postconference would you provide, just let us know
- 24 what the focus is of your capital expenditures over
- 25 the period of investigation?

- 1 MR. QUIRK: Mike Quirk. Yes.
- MR. YOST: We don't need to know, you know,
- 3 that you bought X piece of equipment or you installed
- 4 X piece of equipment, but just a general focus.
- 5 One last question. Two last questions,
- 6 actually. The wire itself, do you ever plastic or
- 7 epoxy coat it?
- 8 MR. QUIRK: Mike Quirk. No, we don't.
- 9 MR. WAGNER: Richard Wagner. No, we don't.
- 10 MR. YOST: Do the customers at all prior to,
- 11 you know, embedding it in the concrete?
- 12 MR. WAGNER: We've not been asked for this
- application that I know of ever.
- MR. YOST: Okay. Something that's come up
- 15 before in steel investigations is are sales made on an
- 16 actual weight or a theoretical weight?
- 17 MR. QUIRK: Mike Quirk. In rail tie, it's
- 18 actual weight.
- 19 MR. YOST: Actual weight. Okay. Is that
- the same for Insteel?
- MR. WAGNER: Richard Wagner. That's the
- 22 same for Insteel.
- MR. YOST: Okay. Thank you very much.
- 24 That's all my questions.
- MR. CORKRAN: Thank you very much, Mr. Yost.

1	I'm Doug Corkran, the supervisory
2	investigator on this case, and I'll be the next to ask
3	questions, but I'd like to preface this first with
4	saying thank you once again for coming to testify here
5	today. It's been extremely helpful.
6	My questions will probably cover a variety
7	of different issues because many of the topics have
8	already been discussed here today, but the first is
9	when we talk about proprietary specifications, is that
10	a single specification, like company X specification,
11	or does that cover a wide variety of different
12	specifications?
13	MR. QUIRK: Mike Quirk. It's one particular
14	customer's specification.
15	MR. CORKRAN: Okay. So when you are being
16	asked to provide product, if I understand correctly,
17	you are being asked to provide either ASTM spec
18	product or customer X proprietary spec product.
19	MR. QUIRK: Mike Quirk. That's correct.
20	MR. CORKRAN: Do you have a similar
21	experience?
22	MR. WAGNER: Yes. Richard Wagner. It's the
23	same for Insteel.
24	MR. CORKRAN: With multiple customers in the
25	market, to the extent that you can discuss this, do

- different customers have different proprietary
- 2 specifications or is it limited to one customer?
- 3 MR. QUIRK: Mike Quirk. Just one.
- 4 MR. WAGNER: Yes. Richard Wagner. That's
- 5 the same. We see it the same way.
- 6 MR. CORKRAN: Thank you very much. Next
- question. Wire rod. To the extent that you use --
- 8 well, first let me ask this question. Do you use a
- 9 published price series for wire rod, and, if so, is
- 10 that typically explicitly referenced in your price
- 11 negotiations with your customers?
- 12 MR. QUIRK: Mike Quirk. There isn't a
- published price on rod. It's a negotiated number, at
- least in our case. The negotiations with our
- 15 customers are based on our rod costs from the various
- 16 mills depending on the quality of the rod that we have
- 17 to buy. But there's not, per se, like there used to
- be 25 or 30 years ago, a published price list and all
- 19 that. Those days are gone.
- 20 MR. WOLTZ: H. Woltz, Insteel. It's the
- 21 same for us, that there's no published price. Wire
- 22 rod is procured on a transaction by transaction basis
- and the customers really are very uninterested in what
- we pay.
- 25 MR. CORKRAN: Okay. Several times this

- 1 morning we've heard that the PC tie wire producers are
- informed that they must be competitive with imports.
- 3 There's been the implication that import prices are
- 4 explicitly referenced in your negotiations with your
- 5 own customers.
- 6 Can you give me a little more insight in how
- 7 the price negotiation process goes and how you are
- 8 informed about competitors' prices, and, for that
- 9 matter, does it extend to your own domestic
- 10 competitors? Do your customers refer you to your
- 11 domestic competition?
- 12 MR. QUIRK: Mike Quirk. It's pretty simple.
- They'll call and say what is the price of X for X
- period of time, or X amount of tons, or whatever
- 15 criteria that customer is basing his request on.
- 16 What's your price?
- 17 We give them a price based on our cost and
- they will say either, very good, you have an order, or
- 19 no, you're not competitive with Thailand, Camesa, or
- 20 Silver Dragon, or Wuxi, and in some cases, they'll
- 21 tell us the price of what it is and we have an
- 22 opportunity to meet that price.
- 23 If we try to negotiate a different number,
- at times we've had some success between our original
- 25 quotation and perhaps the import quotation. They

- 1 might give us a little break. But in the last year or
- so we haven't had that benefit. It's been right down
- 3 to the here's the number, this is the price, it comes
- 4 from this supplier.
- In most of the cases the price discussion
- 6 revolves around the imports versus our price
- 7 structure, not necessarily our price structure versus
- 8 Insteel's price structure, as an example, because the
- 9 major competitors are, or the people setting the
- 10 price, in effect, are either Camesa, or the two
- 11 Chinese companies, or the Thai company.
- MR. WAGNER: In terms of those negotiations,
- they're essentially the same in our experience at
- 14 Insteel. This is Richard Wagner.
- 15 MR. CORKRAN: Okay. I wonder. I know this,
- 16 for Insteel, your first commercial shipments began in
- 17 2009. That was what we've heard this morning. Can
- 18 you tell me a little bit more about how you entered
- 19 the market.
- 20 When you were entering the market in 2009
- 21 and building up and growing your customer base going
- into 2010 were you hearing about other price quotes
- from your domestic competitor? Were you hearing about
- 24 the prospect of imported product? At what point did
- you start seeing imported product? Tell me how things

1 transitioned, please, from 2009 to 2010.

MR. WAGNER: We had been talking to the

customers for some time before that and we were

approved with one customer based on sampling, the

other one we were not approved with, and we weren't

really clear as to why at the time, but we began

getting shipments with one customer very soon

thereafter.

You know, through some price information they had given us at the other customer, we had tried to become more competitive, and then they then called us and told us that they wanted to approve us, quickly sent somebody out at the same time we had purchase orders, and so we began with them. We very soon thereafter raised our prices to something that was a little more close to our costs, and we continued on for a little while with that.

As soon as we had a substantial rod increase and mentioned it to the customers, what was responded to us was that they really wouldn't and did not want to pay it and that they were, you know, basically using Chinese material as the leverage, and Mexican at the time, and then it became Chinese, Thailand and Mexico very quickly after that that were the lower priced products that would keep us from recovering our

1 costs.

2 MR. CORKRAN: Thank you. That's very 3 helpful. I'd like to continue on that line of I'm using my own term to describe what I 4 questioning. 5 understood you to testify to, but in 2009 it sounds like you were offering what I might call as a layman 6 7 an introductory price and, because you mentioned that it would take time to raise your prices to be close to 8 Am I characterizing that in a fair way? 9 10 MR. WAGNER: I think the determination of our price back at that time came from, you know, some 11 12 of the competitive information that we had, you know, from the first customer that we had and we believed 13 14 that we were meeting prices that were available at the 15 time, you know, from other suppliers, but they weren't really designated as to exactly which ones they were. 16 17 MR. CORKRAN: And again, I'm repeating your testimony, but it sounded like when you expanded your 18 19 customer base from one to two, your initial follow-ups 20 with that second customer, I believe you indicated 21 they were primarily revolved around price rather than technical or other product issues. 22 23 MR. WAGNER: With that second customer, 24 that's where the proprietary spec came in. 25 for product was high at the time and the availability

- of the exact rod to conform to their spec took some
- 2 ramp up time on our part and so there were a lot of
- 3 technical issues back and forth to get their needs
- 4 satisfied, which we ultimately were able to do in a
- 5 very brief period of time.
- 6 Other than that, after getting up and
- 7 running for a little while, it was pretty much price
- 8 only discussions on the product.
- 9 MR. CORKRAN: First off, I'll apologize.
- 10 One of the reasons why I'm focusing a lot of my
- 11 questions on Insteel's experience is because you were
- 12 entering the market about the time period that we're
- 13 looking at.
- Can you give me a sense for how long it took
- 15 to get qualified at your first customer, which it
- 16 sounds like was focusing largely on ASTM spec product,
- 17 and your second customer, which may have had a broader
- 18 range of product that it was looking to source. What
- 19 was the timeframe for getting qualified as a new
- 20 supplier?
- 21 MR. WAGNER: With the first customer, from
- our impression, it was immediate. With the second
- supplier it took approximately a year and a half from
- 24 the time that we began talking to them seriously about
- 25 making product for them. We had had discussions with

- them in years prior where they had little interest
- because we sold them other products in a different
- 3 part of their business.
- So I would have to say, by memory, about a
- 5 year and a half. That approval, though, was very, it
- 6 was almost instantaneous. It was as if they needed
- 7 product and approved us and then came to look. You
- 8 know, purchase orders were already in place,
- 9 production was on. So it was very quick once they
- 10 made that decision. The process itself was not long
- 11 at all. It was just their decision that they needed
- the product from us made us approved very quickly.
- MS. CANNON: if I could just supplement, Mr.
- 14 Corkran. As I understand this, and Mr. Wagner can
- 15 correct me, the year and a half he's referring to was
- 16 while they were trying to negotiate to actually supply
- 17 the customer and not the certification process,
- 18 correct?
- 19 MR. WAGNER: Richard Wagner. That is
- 20 correct.
- 21 MS. CANNON: The certification process
- itself, as you said, was virtually instantaneous once
- 23 the customer decided to go to Insteel for the product.
- MR. WAGNER: This is Richard Wagner. Of
- course that supports, you know, this whole point that,

- 1 you know, price is everything first and then approval,
- 2 was our experience.
- 3 MR. CORKRAN: Okay. I think maybe one more
- 4 question in this line of questioning. For either of
- those two customers, when you were looking to begin
- 6 selling a new product to them, did you have a pre-
- 7 existing relationship with those companies in other
- 8 products, and do you feel that had any influence over
- 9 the amount of time that it took you to become
- 10 qualified with those two companies?
- MR. WAGNER: With the first customer, no.
- 12 This would be the only product that we talked to them
- about. With the second one, they're in other
- businesses, and through that we've sold them other
- 15 completely unrelated products. Those had absolutely
- 16 no impact whatsoever on their interest in PC rail tie
- 17 wire.
- 18 MR. CORKRAN: Did your second customer
- 19 indicate why it had an intense demand, that its -- I'm
- 20 sorry -- that its need was high at the time it
- 21 approved you to supply it?
- MR. WAGNER: This is Richard Wagner. You
- 23 know, we inquired on that, and we had relatively vaque
- 24 replies in that area.
- 25 MR. CORKRAN: Okay. Now let's move back to

1 some more general questions. In terms of the wire rod that is used to produce both the ASTM specification 2 product and the proprietary product, can you give me a 3 general sense of the price differential that we're 4 5 talking about? I clearly understand that anything specific could only be done confidentially, but just 6 7 in general. 8 MR. OUIRK: I think we'd prefer to answer that in our brief, if that's okay. Mike Ouirk. 9 10 MR. CORKRAN: Okay. No, that's -- I can certainly understand that. 11 Mr. Quirk, let me go back to Davis' 12 experience because, as you've testified, Davis has 13 14 been selling this product since 1986. In your 15 experience, how frequent is it for customers to revisit the issue of qualification? 16 Is being qualified a conditional experience that tends to 17 change a lot from time to time, or once qualified, do 18 19 you tend to stay qualified? 20 MR. OUIRK: Mike Ouirk. Well, once we were qualified -- and as I mentioned earlier, the process 21 22 has changed over a period of years. There wasn't, in 23 the early stages and for many years, there was not a

big concern over qualification, up until probably

seven, eight years ago. Then one particular customer

24

- 1 would want to audit us occasionally. The other
- 2 customer never has.
- 3 MR. CORKRAN: Okay. And from your longer
- 4 experience, how long have proprietary products been an
- issue in this market? Is this something new or has
- 6 that been a feature of the market?
- 7 MR. QUIRK: Mike Quirk. No, it's been
- 8 recently. I would say five years, six years,
- 9 something in that range.
- 10 MR. CORKRAN: Have you seen any developments
- in demand for this product that link into the use of
- 12 proprietary products? Is this tied to, we talked a
- 13 little bit about high rail use, high speed rail use.
- 14 Have you seen any market conditions that have linked
- up with the use of proprietary products?
- 16 MR. QUIRK: Mike Quirk. Not really. It's
- 17 that particular customer has decided that's what they
- 18 want and that's what they use.
- 19 MR. CORKRAN: In terms of demand, is there a
- 20 particular type of rail usage that uses concrete ties
- 21 more intensively than other types? I think high speed
- 22 was mentioned as a hopeful market in future
- development, but is there a particular rail use for
- 24 concrete ties?
- MR. QUIRK: Mike Quirk. Well, the Class A

railroads are the largest consumer of the ties. You
know, the UP, and the BN, and those folks. I would
generally say that if you saw a light rail system in
any of the communities around that they're putting
them in, most all of those are concrete, lightweight
concrete ties.
We haven't seen a great deal of the high
speed rail. There's a lot of discussion about it,
particularly in California, and we assume that those
would be concrete ties because that's what other parts
of the world use for their high speed rail, like
China, and Japan and Europe, but there hasn't been
that much of it used. So as far as a breakout is
concerned, we really haven't ever focused on it.
MR. CORKRAN: Mr. Wagner, I'm going to turn
back to you one more time, but in Mr. Lebow's opening
there was a discussion of sole sourcing as a
consideration. When you were looking to break into
the U.S. market for this product, is that one of the
areas where you found customers particularly
receptive, the issue of having multiple sources of
supply for this product?
MR. WAGNER: You need to clarify the
question because on are you asking did the

customers have a preference to multiple sources?

1	MR. CORKRAN: Well, I'm sorry. I guess I
2	was implying that because Davis had been a very long-
3	established supplier in the U.S. market, once Insteel
4	looked to supply some of the same customers with this
5	product did they appear receptive to you in part
6	because of a desire to move to multiple sourcing, as
7	opposed to sole sourcing?
8	MR. WAGNER: They didn't really indicate to
9	us anything specific in those areas as far as their
10	intention of how many sources they wanted.
11	MR. CORKRAN: Okay. Well, I thank you all
12	very much for your patience as I've jumped around
13	quite a bit and sometimes focused on one company and
14	sometimes on the other, but I found all of your
15	responses to be very, very helpful.
16	What I would like to do next is to turn to
17	Ms. Courtney McNamara who is one of our attorney
18	advisors to direct questions next.
19	MS. MCNAMARA: Thank you. I want to thank
20	everyone for being here today. We find your
21	presentations very helpful. Most of my questions will
22	be addressed to Ms. Cannon, but any of the panel
23	members should feel free to jump in as they see fit.
24	First, I know that you said that the
25	domestic like product should mirror the scope and that

- 1 you addressed the factors that the Commission
- 2 traditionally examines, but if you could just be sure
- in your postconference brief to address any arguments
- 4 that the Respondents would make, that would be
- 5 helpful, too.
- 6 MS. CANNON: We will certainly do so.
- 7 MS. MCNAMARA: Now, on page 41 of the
- 8 petition you contend that PC tie wire comprises a
- 9 continuum of a single domestic like product. Could
- 10 you expand upon that and explain the differences that
- 11 make up that spectrum?
- 12 MS. CANNON: There are very few differences,
- as you see from the price descriptor we've given to
- 14 you which covers, you know, most of the product that's
- 15 produced here. Most of it is very similar technical
- 16 characteristics, but frankly, I think your question is
- 17 better addressed to the industry witnesses to explain
- to you what might be slight differences within the
- 19 product range here.
- 20 MR. ROSENTHAL: Could you repeat the
- 21 question for the industry witnesses, please?
- MS. MCNAMARA: Sure. In the petition it
- 23 says that you all contend that the PC tie wire
- 24 comprises a continuum of a single domestic like
- 25 product and I'm just trying to make sure that I

- 1 understand what the spectrum of the differences are
- that make up that continuum.
- MR. WAGNER: This is Richard Wagner. So
- 4 that continuum would be basically the chemistry of the
- 5 steel that's used in the rod, the wire diameter
- itself, the geometry of the indentations, the
- 7 requirement to heat treat to the point of
- 8 stabilization. That would be pretty much the ones I
- 9 think of right off.
- 10 MS. MCNAMARA: Now, you claim that PC tie
- wire is fungible so I assume that it's your position
- that there's no products mix issues that would call
- into question the use of AUV data.
- 14 MS. CANNON: That's correct. There really
- 15 are not a lot of product mix issues here. As Mr.
- 16 Wagner described, this product is virtually all
- 17 produced to the same basic specification, so other
- than the proprietary specification that we mentioned
- which has slightly different, you know, ASTM, AM-881
- 20 plus, as I described it, some slightly different
- 21 tolerance specifications for that one, but not very
- 22 different as the type you might see in other product
- 23 ranges which would comprise a wide variety of
- 24 different grades, and diameters, and thicknesses, and
- 25 that type of thing.

1	MS.	MCNAMARA:	Thank you.	Now, I know that
2	in the postco	nference brie	ef you'll be	e addressing

issues with respect to quality and technical issues

- 4 that may have affected your ability to supply
- 5 purchasers with PC tie wire, but if you could also
- 6 make sure to address any other instances in which
- you've been unable to supply producers with the tie
- 8 wire, such as supply shortages or anything like that,
- 9 that would be helpful, too.
- MS. CANNON: We'll do that, but if you look
- 11 at our unused capacity, I think you'll find that was
- not a cause of our inability to supply anyone during
- the period of investigation.
- MS. MCNAMARA: I also just want to confirm
- 15 that Davis Wire and Insteel are the only domestic
- 16 producers and that there's no related party issues in
- 17 this.

- 18 MS. CANNON: That's correct. To our best
- 19 knowledge, they're the only domestic producers and
- there are no related party issues here.
- 21 MS. MCNAMARA: If I understood, in the
- 22 Respondents' opening, they had mentioned something
- 23 about Petitioners importing. Do you know what that
- 24 reference related to?
- MS. CANNON: I do not. We'll be happy to

- look at the data, but I'm not familiar with any
- 2 imports.
- MS. MCNAMARA: Thanks. You had also
- 4 mentioned that you're asking the Commission to
- 5 cumulate, and I know that you had addressed the
- factors, but again, if you could be sure to respond to
- 7 any arguments that the Respondents raised, that would
- 8 be helpful, too.
- 9 MS. CANNON: We will do that.
- 10 MS. MCNAMARA: You talked about the capacity
- 11 utilization, so if you could, what does the domestic
- industry view as its full practical capacity
- 13 utilization rates?
- MS. CANNON: Let me turn to Mr. Hudgens to
- 15 address that because he's focused more on the data.
- 16 MR. HUDGENS: Well, I think it may be
- something we want to ask, address in the
- 18 postconference brief, but as Ms. Cannon noted, the
- 19 capacity utilization rates are extremely low in this
- 20 industry and there's an enormous amount of excess
- 21 capacity to produce PCT wire.
- MS. MCNAMARA: If you could also be sure to
- 23 address if there's anything in particular about the
- 24 nature of this industry that would require higher
- 25 capacity utilization rates as well.

- 1 MR. HUDGENS: Will do.
- MS. MCNAMARA: Great. Thank you. On page
- 3 48 of the petition you contend that the number of
- 4 production-related workers declined over the period of
- 5 investigation. Was there anything specific that
- 6 caused this?
- 7 MR. HUDGENS: The decline in employment is
- 8 also in line with the decline in production and
- 9 decline in shipments.
- 10 MS. MCNAMARA: Is there any seasonality to
- 11 the product?
- MR. QUIRK: Mike Quirk. Not really. If you
- had severe weather for a period of time they might
- shut a plant down but it pretty much runs year round.
- 15 MR. WAGNER: Richard Wagner with Insteel.
- 16 We noticed the same. There seemed to be no
- seasonality to it, from our perspective.
- MS. MCNAMARA: What about are there any
- 19 geographic constraints to the areas that you all can
- 20 serve?
- 21 MR. QUIRK: Mike Quirk. What do you mean --
- 22 pardon me -- by geographic constraints? In what --
- 23 MS. MCNAMARA: Well, are there any
- 24 limitations on how far you can, like areas of the
- 25 country that you can serve? Anything --

- 1 MR. QUIRK: No. No. Mike Quirk. We ship
- 2 to all of the plants that would buy from us.
- 3 MS. MCNAMARA: Do you find that the subject
- 4 imports are doing the same thing that you, competing
- 5 across the country?
- 6 MR. QUIRK: Yes.
- 7 MR. WAGNER: This is Richard Wagner for
- 8 Insteel. That's the same. We demonstrated that we
- 9 could serve anywhere in the country.
- 10 MS. MCNAMARA: Do you believe that the
- 11 subject imports have any role in the U.S. market?
- 12 MR. QUIRK: Mike Quirk. Well, they
- obviously would have a role. Our complaint is that
- 14 they're dumping. Every -- you know, this is a free
- 15 country and if the purchaser prefers to buy from
- 16 somebody else at a fairly traded price, I quess that's
- 17 their option, but if it turns into just a pure dumping
- 18 situation, I don't know if it has a role or not.
- 19 MS. MCNAMARA: Well, can the domestic
- 20 producers, would they be able to supply the entire
- 21 U.S. market?
- MR. QUIRK: Yes. Mike Quirk. Yes. Easily.
- 23 MR. WAGNER: Richard Wagner with Insteel.
- 24 Most definitely.
- MS. MCNAMARA: So also in the postconference

- 1 brief, if you could be sure to just address the
- 2 factors the Commission traditionally considers in
- determining threat of material injury, that would be
- 4 helpful as well.
- 5 MS. CANNON: We'll do that.
- 6 MS. MCNAMARA: Finally, Mr. Lebow had
- 7 mentioned something -- if I understood in his opening,
- 8 he said something about packaging negatively affecting
- 9 price. I'm not sure if that's what he was referring
- 10 to, but he mentioned packaging. Do you know what he
- 11 was referring to and what that related to?
- 12 MR. PLITT: Randy Plitt with Insteel. There
- are packaging requirements from the customers based on
- 14 how they use the product. You know, the wire is
- 15 coiled so that, you know, there's certain
- 16 requirements, like the size of the package, the size
- of the internal diameter that would reduce the
- 18 likelihood of tangling issues, the way they want to
- 19 pay it out into their system.
- 20 So some of those requirements exist, but I
- 21 don't believe there's any issues. From Insteel's
- side, there's been no, our ability to service that has
- 23 not been an issue at all.
- 24 MS. MCNAMARA: The same for Davis? The
- 25 packaging has never been an issue for you all as well?

- 1 MR. QUIRK: Up to this point we're satisfied
- 2 that we can comply with what they want.
- 3 MS. MCNAMARA: I don't have anything
- 4 further. Thank you.
- 5 MR. CORKRAN: Thank you very much, Ms.
- 6 McNamara.
- 7 We will next turn to Mr. David Fishberg, our
- 8 attorney advisor.
- 9 MR. FISHBERG: Thank you. Thanks to the
- 10 panel for your testimony. Truly going last, I really
- 11 have only a couple of questions so I appreciate your
- 12 testimony.
- 13 First of all, I'd just like to ask I guess
- from Davis' perspective, back in 2009 when Insteel
- 15 entered the market, how did you react to that? What
- 16 effect did that have on your business initially?
- 17 MR. QUIRK: Mike Quirk. I think we can
- 18 address that more accurately in our brief. I think
- that would be the proper place to do that.
- 20 MR. FISHBERG: Okay. That would be helpful.
- 21 Thank you. I see from the petition your allegations
- that subject imports have increased during the period
- 23 of investigation. Historically, you know, what role
- 24 have subject imports played in the market prior to the
- 25 period of investigation? How long have they been in

- the market? Have they had a relatively stable market
- share up until recently, or what have been your
- 3 experiences?
- 4 MR. QUIRK: Mike Quirk. We've seen the
- 5 surge in the last three years or so. Prior to that,
- 6 there wasn't any significant import. There
- 7 occasionally would be some trials that would come in
- 8 but nothing of major consequence.
- 9 MR. FISHBERG: So you're saying as of the
- 10 period of investigation, 2010 is where subject imports
- first entered the market and have only increased since
- then, or they weren't really in the market prior to
- 13 2010?
- MR. QUIRK: We really were not affected
- 15 prior to that at Davis.
- 16 MR. HUDGENS: Excuse me. This is Brad
- 17 Hudgens from Georgetown Economic Services. I think
- that the imports began to enter the market in 2009 of
- 19 any substance.
- 20 MR. FISHBERG: Okay. So when Insteel
- 21 entered the market, obviously you were increasing
- volumes. I guess maybe this might be more appropriate
- for the postconference brief, but were you taking
- 24 market share and volumes from Davis' customers, were
- you taking volumes from subject imports, from pre-

- 1 existing relationships?
- MR. WAGNER: Yeah, this is Richard Wagner.
- We'll cover that in the postconference brief.
- 4 MR. FISHBERG: Okay. That would be helpful.
- 5 Thank you. In the opening today, Respondents said
- that customers have waived quality concerns to comply
- 7 with Buy American. Are you aware of any of those
- 8 issues?
- 9 MR. QUIRK: Mike Quirk. Not to my
- 10 knowledge.
- 11 MR. WAGNER: This is Richard Wagner with
- 12 Insteel. Very early in our production with the second
- customer that we had which used the spec within the
- spec, until we were able to get the right rod we asked
- for a waiver of some of those requirements and got
- that for a brief period of time.
- 17 MR. FISHBERG: Thank you. Do domestic
- suppliers, do they receive any sort of price premium
- 19 because they are domestic suppliers, or is it really
- 20 everyone's on an even playing field here?
- 21 MR. QUIRK: Mike Quirk. There's not at this
- 22 point in time any preference. A few years ago we may
- 23 have gotten a little bit of a preference from one
- 24 particular customer, but that has long since ceased.
- MR. WAGNER: That's exactly the experience

- we've had at Insteel. This is Richard Wagner.
- 2 MR. FISHBERG: Okay. In terms of
- nonsubject, you know, I understand the testimony to be
- 4 that 100 percent of the imports are coming in from the
- 5 three subject countries. Are you aware of any other
- 6 countries that produce PC tie wire and just aren't,
- 7 they're not being imported to the United States, or,
- 8 you know, is the production only in the subject
- 9 countries as far as you're aware?
- 10 MR. QUIRK: Mike Quirk. No, it's produced
- in other countries in the world.
- MR. FISHBERG: Do you have any comment about
- why you don't think there are any imports coming in
- 14 from those countries?
- 15 MR. OUIRK: Mike Ouirk. You'd have to ask
- 16 the customers or the suppliers that question. I don't
- 17 have an answer for that.
- 18 MR. FISHBERG: Okay. There's nothing
- 19 specific to the EU's countries that would allow them
- 20 for some reason to be in a better position to import
- 21 than the other countries that are producing?
- MR. QUIRK: Mike Quirk. Well, perhaps they
- 23 didn't want to compete at the price levels that the
- 24 Chinese, and the Mexicans and the Thais are shipping
- 25 to the United States at. That could be a very good

- 1 reason for them not to compete.
- MR. FISHBERG: Just to sort of sum up, I
- 3 believe that the testimony that I'm hearing is that
- 4 once a producer is qualified, it pretty much comes
- down to price and that's really the sole factor in
- 6 terms of purchasing decisions. Am I correct in that
- 7 statement?
- 8 MR. QUIRK: Mike Quirk. I think you have to
- 9 take the price issue first and then you go to the
- 10 qualification status, particularly with one customer.
- 11 It's a price discussion, and then, if you agree upon
- 12 a number, one customer will just take the steel, the
- other one goes through the qualification process.
- MR. FISHBERG: Okay. All right. Thank you
- 15 for that testimony. I appreciate it. I will turn it
- 16 back over to Doug. Thank you.
- 17 MR. CORKRAN: Thank you very much, Mr.
- 18 Fishberg.
- 19 I have one follow-up question and then I'll
- 20 turn to my colleagues for any final questions they
- 21 might have, and that question goes to Davis Wire. I
- 22 believe the testimony this morning was that there are
- 23 two dedicated production lines for this product. Are
- 24 you currently running both lines, and if you are not
- currently running both lines, how long has it been

- since both lines were active?
- MR. QUIRK: I think we'll answer that in our
- 3 brief, if that's all right.
- 4 MR. CORKRAN: The related aspect of that
- 5 question had to do with labor. Do you have sufficient
- 6 workforce? Do you have a labor contract in place that
- 7 allows you to run both production lines? You can
- 8 answer that either here or in your postconference
- 9 brief.
- 10 MR. QUIRK: Mike Quirk. We'll answer it in
- 11 a brief in one.
- 12 MR. CORKRAN: Thank you. It's been
- 13 tremendously helpful.
- I will take a look among my colleagues to
- see if there are additional questions.
- 16 MR. CASSISE: Chris Cassise. Mr. Quirk,
- this is a follow-up to Doug's question. It was in the
- 18 press last year that you had some labor disputes at
- 19 your plant. You can discuss it here or you can
- 20 discuss it in the brief, but could you discuss how
- 21 that affected your production of PC tie wire during
- 22 our period of investigation.
- MR. QUIRK: We'll discuss that in a brief.
- 24 We'll be able to handle that in the brief better, I
- 25 think.

- 1 MR. CASSISE: Okay. Thank you.
- MR. QUIRK: You're welcome.
- 3 MR. CASSISE: That's all I have.
- 4 MS. DAY: Samantha Day. I have one follow-
- 5 up question. You may wish to address this in your
- 6 briefs. Regarding your raw materials, how are you
- 7 purchasing your wire rod? Is it spot sales or spot
- 8 purchases? Contracts? If it's contracts, if you
- 9 could provide a little information, long-term, short-
- 10 term, and do those contracts fix the price, and how
- long do they fix the price for? That would be really
- 12 helpful.
- 13 Then, also, if you could discuss any
- 14 expected trends in raw material costs over the next
- one to two years.
- 16 MR. QUIRK: Mike Quirk. We'll address that
- in the brief.
- 18 MS. DAY: Thank you. And if both Insteel
- 19 and Davis could address that. Thank you. That's all.
- 20 MR. CORKRAN: Thank you. Seeing no further
- 21 questions, I would like to thank the panel very much
- for your testimony. It's been tremendously helpful.
- I hope you enjoy the remainder of your stay here, in
- 24 Washington. Thank you very much.
- While we're waiting for the second panel I

- think we will take a 10-minute break and then we'll
- 2 readjourn. Thank you very much.
- 3 (Whereupon, a short recess was taken.)
- 4 MR. CORKRAN: Okay. Welcome back. Ms.
- 5 DeFilippo has indicated that the panel discussions are
- 6 going on a lot longer than anticipated. So at least
- for the time being, I will continue to preside over
- 8 the conference.
- 9 Mr. Lebow, Ms. Levinson, when you are ready,
- 10 you may begin your panel.
- 11 MR. LEBOW: Thank you. I'm going to
- 12 introduce the folks from the Tata side, and then Mr.
- Bhandari will speak first; and then Ms. Levinson will
- introduce her witness, who will then speak.
- 15 So I'm, for the record, Ed Lebow, from the
- 16 law firm of Haynes and Boone. I'm here with my
- 17 associate, Nora Whitehead. We are representing the
- 18 Siam Industrial Wire Co., Limited, and its related
- 19 U.S. importer, Tata Steel International Americas, Inc.
- 20 We're also here with our company witness, Mr. Anil
- 21 Bhandari, who is sales manager responsible for the
- 22 subject merchandise. And also sitting at the table
- 23 with us, who will not be making a direct statement but
- is available to answer questions, is Stephen Wilkes
- from Tata Steel, who is responsible for regulatory and

- 1 government affairs.
- 2 Mr. Bhandari, would you please begin.
- 3 MR. BHANDARI: Thank you so much. Good
- 4 morning, members of the Commission staff. My name is
- 5 Anil Bhandari, and I am sales manager at Tata Steel
- 6 International Americas, Inc., and we refer to it as
- 7 TSIA. Please do not hesitate to interrupt and ask me
- 8 to repeat myself if you have any difficulty
- 9 distinguishing anything I say.
- 10 TSIA and Siam Industrial Wire, referred to
- as SIW, are part of Tata Steel Group, which in turn is
- part of larger Tata family of companies. I would like
- to begin therefore by saying a few words about Tata
- 14 Steel and our business philosophy. We are one of
- 15 India's oldest and most respected companies. That
- 16 respect has been earned not only by our business
- 17 successes, but also by our reputation for conducting
- our businesses in line with the highest ethical
- 19 standards.
- 20 We do not dump our production. We are a
- 21 proudly capitalist, for-profit entity, and our
- objective is to make money, consistent with high
- 23 standards associated with the Tata Group for over 100
- 24 years.
- 25 SIW, headquartered in Bangkok and with a

1	factory located in Rayong, Thailand, is one of the
2	largest manufacturers of pre-stressed concrete wire
3	products in the ASEAN region. It has an annual
4	production capacity of 200,000 tons, and its products
5	include pre-stressed concrete strand, PE unbounded
6	strand, pre-stressed concrete steel tie wire, cold-
7	drawn wire, hard-drawn wire, and welded wire mesh.
8	SIW's distribution spans Europe, Oceania,
9	Middle East, America, Africa, and Asia. SIW and TSIA
10	do not supply PC tie wire to any of these markets
11	without regard to profitability. Indeed, one of the
12	reasons why Tata closed its plant in Wuxi, China was
13	that in its view it was not able to generate
14	sustainable profits. And that is why I can tell you
15	with confidence that the Department of Commerce will
16	find little or not net pricing differences among the
17	markets of PC tie wire produced by SIW.
18	I can also tell you that our principal
19	selling point to our largest U.S. customer, CXT
20	Concrete Ties, has been our high and consistent
21	quality. SIW products are manufactured in accordance
22	with major international standards. They have been
23	tested and accepted by accreditation institutes and
24	laboratories worldwide.

In order to explain further SIW's

- 1 relationship with CXT, I would like to take the
- 2 opportunity to tell you about the steps that SIW
- 3 undertook to be qualified to supply PC tie wire to
- 4 CXT.
- 5 After SIW submitted to CXT a sample of its
- 6 PC tire wire product in June 2009, the following CXT
- 7 visited SIW's state-of-art plant in Rayong, Thailand,
- 8 and conducted a comprehensive on-site audit in
- 9 accordance with ISO 9000 quality standards, which set
- 10 out strict criteria for quality management systems.
- 11 CXT spent several days carefully reviewing SIW's
- 12 records and paperwork to check the consistency of its
- 13 recordkeeping with these ISO quality standards. Up to
- this point, CXT's goal was to confirm that SIW is in
- 15 fact a first-class business and suitable partner for
- 16 CXT.
- 17 After its July 2009 plant visit, CXT spent
- 18 multiple additional days reviewing its PC tie wire
- 19 specifications with SIW in order to confirm that SIW
- 20 is capable of producing PC tire wire that conforms to
- 21 CXT's specifications.
- 22 Subsequently, CXT began its initial
- 23 inspection and analysis of the sample submitted by SIW
- in June 2009, as well as additional samples sent at
- 25 the request of CXT. Once the samples passed the

initial sampling and testing, CXT produced a sample 1 concrete rail tie using SIW's PC tie wire to test the 2 performance of its wire in its production process and 3 to evaluate such qualities as proper strength, 4 5 hardening, tensioning, adherence, and transmission length. An outside testing laboratory then performed 6 7 a 5 million-cycle test on the rail tie to stimulate a full cycle of concrete rail tie and the stresses of 8 the compression and relaxation to which it would be 9 10 subjected to time and time and time again. Not surprisingly, this qualification 11 12 process, an iterative process requiring several rounds of production and testing, was an expensive, and it 13 was not until December 2009 that SIW earned CXT's 14 15 qualified approval. Indeed, the two companies continued to work together well into 2010 to adjust 16 SIW's manufacturing and packaging process to conform 17 to CXT's standards. 18 Even though SIW has qualified as an approved 19 20 supplier to CXT, SIW nonetheless has to provide test 21 data and sent to CXT a wire sample for each and every 22 coil sold before that coil can be shipped. I will 23 repeat, the CXT -- that Tata was sending a sample of 24 each and every coil to CXT before it can be shipped. 25 You can understand that PC tie wire is not a commodity

1	product that can be sourced from any other supplier.
2	CXT also sends inspectors to our plant twice
3	each year both to audit our mill and to meet our
4	production team to discuss revisions in
5	specifications. That is because CXT specifications
6	are not static. They are modified and tightened on an
7	ongoing basis. SIW's ability to respond quickly and
8	efficiently to these customer-driven changes in
9	production specifications is yet another reason why we
LO	are a favored supplier.
L1	By the way, CXT also looks closely at the
L2	quality of the steel wire rod used by SIW and other
L3	producers of PC tie wire, and the problems with the
L4	quality of the input rod may be another problem for
L5	the domestic producers.
L6	CXT had originally approached us and asked
L7	us to supply them with PC tie wire because it wanted a
L8	second source of supply in a market that at the time
L9	contained only one U.S. supplier. That decision was
20	validated not long after CXT accepted SIW as an
21	approved supplier when there was a major quality
22	problem at the domestic supplier, and because of its
23	second sourcing from TSIA, CXT was able to avoid
24	shutting down its operations.

25

We understand that same domestic supplier

1	has in recent years been unable to meet CXT's
2	proprietary, quality, and testing standards, which are
3	more demanding than those set forth in ASTM A881. And
4	for this reason, CXT has been relying more heavily on
5	SIW. For the limited number of rail tie projects
6	subject to Buy America rules, where SIW is of course
7	unable to qualify as an authorized supplier, CXT must
8	waive its own higher standard and buy domestic
9	products at the ASTM specifications level rather than
10	its own more rigorous proprietary level. In other
11	words, the two largest domestic customers of PC tie
12	wire buys only small amounts from one of the two
13	Petitioners because that Petitioner has not been able
14	to supply a product of sufficiently high quality.
15	As far as other domestic producers, you will
16	have to ask the customers directly and in confidence
17	about their reasons for limiting their purchases. One
18	factor of which we are aware, however, is the
19	inability of the Petitioners to provide PC tie wire in
20	coils that are large enough to minimize the curvature
21	set caused by the small-diameter reels. This
22	excessive bending greatly slows production run cycle
23	time, and is therefore disfavored by at least one U.S.
24	tie wire customer because of the negative impact on
25	production efficiency.

1	We understand that CXT's larger facility
2	located in Spokane, Washington can only operate
3	efficiently using PC tie wire spooled on the large
4	coils of the type supplied by SIW, but by neither of
5	the domestic producers.
6	Finally, I would like to say something about
7	our pricing practices. As I said earlier, we are a
8	proudly for-profit company, and we are making good
9	money on our PC tie wire sales to the U.S. customer.
10	We resist customer's demand for price reduction. In
11	fact, we are usually asking for price increases. The
12	small decreases seen during the past year or so are a
13	reflection of decreasing rod prices, and are not
14	linked to reduced profitability or dumping on our
15	part. We base our price on our cost and
16	profitability.
17	In short, we believe that Petitioners have
18	not told the Commission the entire story regarding the
19	PC tie wire market in the United States. Instead, we
20	submit that a thorough investigation, one seeking
21	input from all of the key players in the U.S. market,
22	will reveal that Petitioners' business performances
23	does not hinge on the behavior of the foreign
24	producers, but upon their inability to serve the U.S.
25	market for PC tie wire.

1	Conversely, the success of PC tie wire
2	produced by the Siam Industrial Wire and sold by the
3	Tata Steel International America is predicated on our
4	quality and services, not on underpricing the domestic
5	producers. Thank you.
6	MR. LEBOW: Ms. Levinson.
7	MS. LEVINSON: I think I can say good
8	morning for another five minutes. I am Lizbeth
9	Levinson with Kutak Rock. I represent WireCo
10	WorldGroup, an importer of PC tie wires located in
11	Kansas City, or headquartered in Kansas City, and its
12	affiliated Mexican producer, Camesa.
13	I'd like to introduce my witness to my
14	immediate left, Joaquin Barrios. He's the senior vice
15	president of global supply chain for the WireCo
16	WorldGroup. And to his left is Michelle Torline, who
17	is the general counsel to WireCo WorldGroup. She is
18	available for questions, and Joaquin can commence his
19	testimony.
20	MR. BARRIOS: Thank you. Good morning. I
21	want to thank the Commission staff for the opportunity
22	to present this testimony. My name is Joaquin
23	Barrios, and I am senior vice president of global
24	supply chain for WireCo WorldGroup, Inc. I am
25	providing this testimony on behalf of WireCo, the U.S.

1	importer of prestressed concrete wire rail ties
2	manufactured in Mexico, and Aceros Camesa S.A. de
3	C.V., the Mexican manufacturer of the subject
4	merchandise and an affiliate of WireCo. WireCo and
5	Camesa share a common holding company.
6	WireCo is one of the world's largest
7	manufacturers of steel and synthetic lifting products
8	servicing a diverse range of end markets, geographies
9	and customers with multiple product offerings. In
10	addition to steel wire and specialty steel wire
11	products, we manufacture high performance steel and
12	synthetic rope, electromechanical cable, fabricated
13	products, steel wire, synthetic yarns, and engineering
14	products.
15	Our global manufacturing footprint of 25
16	facilities, which include six U.S. facilities, is
17	supplemented by a global network of company-owned
18	distribution facilities, consignment centers, and
19	distributor partnerships and sales offices worldwide.
20	We are vertically integrated and manufacture the
21	majority of the wire fibers and cores we used in our
22	products.
23	I have over 30 years of experience in the
24	wire industry. The last 20 of those 30 years of

experience have been devoted to concrete tie wire and

- other products. I have previously worked for Camesa
- in the sales, technical, and quality control
- departments, and finally as its general manager.
- 4 Camesa was founded in 1958 and was acquired by WireCo
- 5 in 2005.
- I came to WireCo to assume my present
- 7 position in October 2011. I am here today to discuss
- 8 the various conditions of competition in this industry
- 9 that the staff should take into account when
- 10 presenting its report to the Commission. As you know,
- there are only two principal U.S. customers, CXT and
- 12 Rocla. Rocla is WireCo's principal U.S. customer and
- has been since 2008.
- 14 Until recently, Insteel and Davis Wire had a
- 15 virtual monopoly in the tie wire industry in the
- 16 United States. However, public sources show a
- 17 significant event occurring in 2010 that impacted the
- 18 business relationship between Petitioner Davis and
- 19 CXT. Union Pacific, an end user of rail ties,
- 20 experienced unprecedented quality problems with rail
- 21 ties that it purchased from CXT.
- Union Pacific filed warranty claims stating
- that CXT rail ties did not meet specification, had
- 24 defects, and failed tests. After extensive
- investigation, L.B. Foster, the parent company of CXT,

- determined that the quality issues were caused by the loss of bond between the pre-stressed wire and
- 3 concrete.

The failure of the CXT rail ties was so

severe that CXT was forced to close its plant in Grand

Island Nebraska. Furthermore, the product warranty

claims by Union Pacific led L.B. Foster to record a 22

million product warranty charge in its 2012 financial

9 statements.

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We have been informed that CXT rail ties
incorporated tie wire manufactured by Davis. On
January 11, 2012, CXT received a subpoena from the
Inspector General of the U.S. Department of
Transportation requesting records related to its
manufacturer of concrete railroad ties in Grand
Island, Nebraska.

We encourage the ITC staff to contact the Department of Transportation for the details of the subpoena on the investigation. We have been informed that CXT has in turn filed claims against Davis for the shipment of defective tie wires. This dispute has understandably led to a significant loss of Davis business with CXT.

These events changed the landscape of the domestic tie wire industry. The Commission should

1 carefully scrutinize Davis' financial statements for any extraordinary items related to quality claims that 2 could have contributed to their financial conditions. 3 Rocla, our major customer, and Nortrak, a 4 5 smaller U.S. consumer, became very concerned about the quality of their purchases from Davis and sought 6 7 alternative sources of supply. This created an opportunity for other high quality producers like our 8 company to fill the self-inflicted void created by the 9 10 U.S. industry. Rocla, which was already familiar with 11 Camesa's quality product, chose to shift a significant 12 portion of its supply from Davis to Camesa in order to 13 14 avoid the quality problems that CXT has experienced. As a direct result, Camesa's U.S. sales doubled 15 between 2010 and 2011. Rocla was eager to buy from 16 17 Camesa because Davis was perceived as an unreliable supplier and not because of prices. 18 19 Rocla has continued to purchase tie wire 20 from Camesa because of the high quality product that it receives from us. In particular, Rocla has told us 21 that our product has significantly less breakage than 22 23 product that it buys from domestic producers. obviously very important because a breakage can hurt 24

equipment and employees and negatively impacts

1 productivity.

25

Rocla has explained to us that Camesa's 2 products are superior because Davis produces tie wire 3 from steel rod that has high scrap content, whereas 4 5 Camesa produces tie wire from higher quality steel rod. Rocla has further advised us that the manner in 6 7 which Camesa delivered its product is also a key factor in its decision to purchase from Camesa. 8 Camesa's product is delivered in a user-friendly 9 10 manner in larger diameter coils that are wound less tightly than the product received from domestic 11 12 sources. 13 This greatly facilitates the loading and use 14 of the wire to the production length and results in 15 less breakage and down time. In contrast, the manner in which Davis delivered its product is markedly 16 The tie wire is delivered in a manner that 17 inferior. places greater stress on the production lines. 18 19 results in greater breakage and increased down time, 20 and reduces their efficiency. As a final point, even if an antidumping 21 duty order is imposed, it is unlikely that Petitioners 22 23 could regain any significant market share that they lost during the period of investigation. 24

customers have expressed a need for alternative

- 1 quality suppliers. U.S. purchasers have already told
- 2 us they will seek supply from other foreign producers,
- including Teaks (ph) in Spain, Belguminay (ph) of
- 4 Brazil, Faberchel (ph) of Portugal, amongst others.
- I thank you once again for this opportunity
- to testify before you, and I will be pleased to
- 7 respond to any of your questions. Thank you very much
- 8 indeed.
- 9 MS. LEVINSON: That concludes our direct
- 10 case.
- 11 MR. CORKRAN: Thank you very much for your
- 12 testimony and for your appearance today. It has been
- 13 tremendously helpful. I'd like to turn first to Mr.
- 14 Chris Cassise, our investigator.
- 15 MR. CASSISE: Good afternoon, everyone.
- 16 Thank you for your direct testimony. I do have a few
- 17 questions. From your direct testimony, I take that
- 18 Tata supplies CXT, and Camesa supplies Rocla. But
- 19 there is no -- neither one of your supply both. Is
- that correct? Is that a correct inference from the
- 21 testimony?
- MR. BARRIOS: In our case, we have been in
- the process of being qualified by CXT. We have had
- supplied some samples already.
- MR. CASSISE: Okay. Mr. Bhandari?

- 1 MR. BHANDARI: We have plans also with CXT.
- 2 MR. CASSISE: Okay. Mr. Barrios, that
- actually is a good segue into my next question. If
- 4 you would go through and describe what your
- 5 certification or qualification process is like. Mr.
- 6 Bhandari described his. Also, when you describe it, I
- mean, would you describe it the way Petitioners did,
- 8 where the customer wants to talk about price before
- 9 they even talk about qualifications?
- 10 MR. BARRIOS: Our personal experience is
- 11 that they are interested obviously in price, but they
- 12 are more interested in quality.
- 13 MR. CASSISE: In your experience, for
- 14 example, with Rocla, do they want to discuss price
- 15 before they come and see your plant or receive a
- 16 sample from your production line?
- MR. BARRIOS: Actually, both things go at
- 18 the same time. They ask for pricing, they ask for
- 19 samples.
- 20 MR. CASSISE: Okay. And how long did the
- 21 Rocla certification process take?
- MR. BARRIOS: This goes back to 2006, 2008,
- if I remember correctly. I mean, they normally do buy
- 24 a sample. They want to have a sample, which is
- qualified, which in the other case, which I think it

- was your previous question, they go through a process
- described earlier by some of the Petitioners, and for
- 3 our gentleman here from Tata.
- 4 MR. CASSISE: So they did a site audit, I
- 5 believe is how Mr. Bhandari --
- 6 MR. BARRIOS: They do. And actually, we did
- 7 also have an audit from Rocla.
- 8 MR. CASSISE: Okay.
- 9 MR. BARRIOS: Which, by the way, I think
- that all of the plants who are familiar with a quality
- 11 system that complies with ISO 9001, that's something
- that they are used to. We receive in our facilities,
- not only in Mexico, but in all of our facilities
- 14 worldwide, which all of are marked certified quality
- 15 standards, ISO 9001 -- we received numerous of audits
- 16 from not only the auditors that qualified the system,
- 17 but for a lot of different customers.
- 18 MR. CASSISE: When they have the site
- 19 audits, are they looking at the ISO qualifications, or
- 20 are they looking more at whether or not you can handle
- 21 the specs of the product?
- MR. BARRIOS: All depends of the customers.
- 23 I could say that generally speaking they want to know
- 24 that you have a basic quality system in place related
- to ISO 9001, and probably in the case of the customers

- of this case they would like to make sure that we
- 2 fully comply with all the technical specifications of
- 3 the product.
- 4 MR. CASSISE: And I guess this is probably
- 5 more for Ms. Levinson, but I'm sure you'll do this,
- 6 but I'll just put it on the record. If you could give
- 7 us anything that you have on this Union Pacific
- 8 warranty claims and all of the issues that stem from
- 9 that, that would be helpful.
- 10 MS. LEVINSON: I will certainly do that.
- 11 MR. CASSISE: I'm sure you will.
- 12 Mr. Bhandari, there is just a few things in
- 13 your testimony I wanted to clarify. You had mentioned
- a China subsidiary that had produced this product, and
- 15 you also mentioned that that subsidiary Tata had
- decided to shut it down.
- 17 MR. BHANDARI: Correct.
- 18 MR. CASSISE: And you used -- I believe you
- 19 said it wasn't making substantial profits. Could you
- 20 tell us a little bit more about the Chinese
- 21 subsidiary, when it did produce the product, when it
- ceased production of the product, whether it exported
- 23 the product to the United States, to which companies?
- 24 And again, maybe expand on why it was decided to shut
- it down. And was the shutdown related to any ramp-up

- in production in Thailand?
- MR. BHANDARI: We hear they have shipped
- 3 some quantities to CXT, L.B. Foster. There was some
- 4 antidumping duties on PC tie wire also coming from the
- same mill, and I believe that management decided that
- they do not have more sales, so company must not doing
- 7 good might be the reason. I'm not completely aware of
- 8 the full details.
- 9 MR. CASSISE: Okay. Well, if you could --
- in your brief, if any additional information on the
- 11 circumstances of the Chinese subsidiary, that would be
- 12 helpful.
- 13 MR. LEBOW: If I could just add one small
- 14 point to that, which is that that plant -- as with
- 15 many of these other wire plants, PC tie wire was only
- 16 a very small portion of their business and was not, I
- don't believe, the controlling factor in the overall
- 18 decision to close the plant.
- MR. CASSISE: Okay.
- 20 MR. LEBOW: We'll get that in the --
- MR. CASSISE: Thank you. Also, Mr.
- Bhandari, if I understood your testimony correctly, it
- 23 was June 2009 that actual certification was completed
- for you to sell product to CXT.
- MR. BHANDARI: I can again recheck and

- 1 verify this.
- 2 MR. CASSISE: Okay. You had also mentioned
- 3 that when -- and you were in discussions with CXT,
- 4 that they -- and again, if I categorize -- if I
- 5 characterize your testimony improperly, let me know --
- but that they had specifically mentioned that they
- 7 were looking for a second source of supply.
- 8 MR. BHANDARI: Correct.
- 9 MR. CASSISE: So that was your experience,
- 10 that they were interested in having -- in specifically
- 11 getting a second source of supply.
- MR. BHANDARI: Quite so.
- MR. CASSISE: Did they also mention to you
- in that same conversation that they were having
- 15 quality issues with one of the U.S. producers?
- 16 MR. BHANDARI: I am not aware of it, sir.
- 17 MR. CASSISE: Okay. They didn't mention
- 18 that in the call. You also had mentioned that CXT
- 19 required you to send a sample from each coil before
- 20 you send the coil so they can test the quality of the
- 21 product. Well, how big is one of these coils? How
- 22 many -- for how long can that coil supply CXT for
- their production needs?
- 24 MR. BHANDARI: One coil is almost 2 to 2.5
- 25 metric ton each, and from each coil we send 16 sample

- 1 to their lab for testing. And once they're tested,
- they approve it. They give us confirmation, yes, this
- 3 coil meets specification. You can ship those coils.
- If it does not, they advise us, do not ship these
- 5 coils, so we reject those coils.
- 6 MR. CASSISE: Okay. And so you've been
- 7 supplying CXT for a number of years. Have you ever --
- 8 well, how often do you have to send them a sample from
- 9 a coil then?
- 10 MR. BHANDARI: We are regularly samples for
- 11 every shipment, for every coil.
- MR. CASSISE: Well, how often are the
- shipments on a yearly basis?
- MR. BHANDARI: I can say it can be two times
- in a month, partial shipments, like 100 tons, 200
- 16 tons.
- 17 MR. CASSISE: Okay. So just to use the
- rough numbers, I mean, if you're sending them 24
- samples in a year, have any of those ever come back
- and they've said don't ship that shipment?
- MR. BHANDARI: Yes, sir.
- MR. CASSISE: And how many times out of
- those 24 times would that happen on average?
- MR. BHANDARI: It happens regularly too, but
- shipment to shipment, sometimes it is two coils

- 1 rejected, sometimes four coils rejected, sometimes all
- 2 passed, all approved. It happens.
- MR. CASSISE: Okay. But you can't give me
- 4 kind of a rough number of how often that happens in a
- 5 year?
- 6 MR. BHANDARI: It was frequently happening
- with our plant in China, but it's not happening with
- 8 the plant in Thailand.
- 9 MR. CASSISE: Okay.
- 10 MR. WILKES: Mr. Cassise, this is Stephen
- 11 Wilkes for Tata Steel. Perhaps we might be able to
- add a little more detail upon further research in our
- post-conference brief, if that will be helpful.
- 14 MR. CASSISE: That would be very helpful.
- 15 Thank you, Mr. Wilkes.
- 16 And would it be fair to say that one of the
- 17 factors for the close of the Chinese facilities were
- 18 quality control issues?
- 19 MR. BHANDARI: I don't think so, sir.
- MR. CASSISE: No? Okay.
- I had asked -- one last thing on, Mr.
- Barrios, clarifying your testimony. You mentioned
- there was a big difference between the packaging of
- 24 your firm and how some of the domestics packaged their
- 25 wire, and how yours was superior. If you could expand

- on that and give us some more detail, that would be
- 2 helpful.
- 3 MR. BARRIOS: It looks like one of our
- 4 customers prefers our packaging because the way that
- it uncurls and feeds their line, it's better than our
- 6 domestic competitors.
- 7 MR. CASSISE: So is that a tighter coil or a
- 8 different spool?
- 9 MR. BARRIOS: I think it's the opposite.
- 10 It's kind of the right tension inside the coil. So
- when it pays off, it fits the line, the production
- line, of our customer better than our domestic
- 13 competitors.
- 14 MR. CASSISE: Okay. So it's the tension
- 15 that the wire has on the spool that you would consider
- 16 superior.
- MR. BARRIOS: Uh-huh.
- 18 MR. CASSISE: Is there any difference with
- 19 the spool itself or the size of the coil?
- 20 MR. BARRIOS: Probably it's the size and
- 21 probably it's the tension where the wire is produced.
- MR. CASSISE: Okay.
- 23 MS. LEVINSON: Mr. Cassise, just so you
- 24 understand, it's actually less tightly wounded. Our
- 25 product is less tightly wounded than the domestics.

1	MR.	CASSISE:	Okay.
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- MS. LEVINSON: So it's larger in diameter.
- 3 MR. BARRIOS: And I am sure that the
- 4 consumers of the product will give you much better
- 5 details than we can.
- 6 MR. CASSISE: Okay. That's helpful. I had
- 7 discussed with the panel this morning about the
- 8 product itself and different market segments, and
- 9 whether or not these products could be used for any
- 10 different end uses. After listening to that
- discussion, I mean, do you agree with the Petitioners
- that this is a product that the physical
- characteristics are only applied to this PC tie wire,
- can only be used in the manufacture of rail ties?
- 15 Mr. Bhandari, has that been your experience?
- 16 MR. BHANDARI: I'm not aware of it. I
- 17 cannot comment on this.
- MR. CASSISE: Okay.
- 19 MR. BARRIOS: We are aware that similar
- 20 wires with similar properties can be used in different
- 21 construction segments, like T beams in some cases.
- 22 Probably they are not that popular here in the United
- 23 States. But they certainly are in the south of Mexico
- 24 and Central America.
- MR. CASSISE: And what was the product

1 segment	?
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- MR. BARRIOS: Tie elements. I mean T beams.
- 3 MR. CASSISE: T beams?
- 4 MR. BARRIOS: T beams.
- 5 MR. CASSISE: Okay.
- 6 MR. BARRIOS: Structural elements.
- 7 MR. CASSISE: So does Camesa sell what we
- 8 are defining as PC tie wire? Are they selling that to
- 9 other end users besides the rail manufacturers?
- 10 MR. BARRIOS: No. I mean in the scope of
- 11 the case, it is pretty clear that PC tie wires should
- 12 be completely attached to ASTM A881. These are
- similar products that are PC wires, but different than
- 14 tie wire.
- 15 MR. CASSISE: Okay. So similar but not the
- 16 same.
- 17 MR. BARRIOS: Correct.
- 18 MR. CASSISE: And your experience, both Mr.
- 19 Bhandari and Mr. Barrios -- we heard that the
- 20 manufacturing process, at the very beginning, even
- 21 when you choose the rod, you know it's going to be PC
- tie wire in order to meet the proprietary specs, or
- 23 even the ASTM specs. So you would agree with that
- testimony, and you would agree that that's how your
- 25 production process looks.

- 1 MR. BARRIOS: I would agree.
- MS. LEVINSON: Mr. Cassise, if I may add --
- and I'm going to ask Mr. Barrios to correct me if I'm
- 4 wrong. But it's my understanding that there may be
- 5 products that meet the 881 specs, but they're not
- indented, and therefore they're not suitable for use
- 7 in the railroads. Is that correct?
- 8 MR. BARRIOS: Yeah, that's correct. I
- 9 mean --
- 10 MR. CASSISE: My understanding of the ASTM
- 11 spec is that it includes the requirement of the
- 12 indentation.
- MR. BARRIOS: That's correct. But, I mean,
- 14 there are some other applications where indentation is
- 15 also helpful. At the end of the day, it's fostering
- 16 the bonding between the wire or the steel and the
- 17 concrete. There are some other uses in civil -- in
- 18 engineering, construction engineering, that they may
- 19 use indented. Actually, if you figure out rebar,
- 20 rebar have kind of indentations. And I think that the
- 21 purpose is exactly the same, to foster the bonding
- between the steel element and the concrete.
- 23 MR. CASSISE: Right. And I had mentioned
- the other market segments that I had seen in the
- 25 marketing materials, which were, at least from what I

- 1 had looked at on the materials, it looked like single-
- 2 drawn wire that was used to reinforce concrete. And
- 3 that's -- I tried to find out what the distinction was
- 4 this morning, and I believe that we did do that with
- 5 the relaxation and the deformation requirements.
- 6 But if you disagree with anything that was
- 7 said this morning, please let me know and put it in
- 8 your post-conference brief. I mean, ultimately, you
- 9 know, Ms. Levinson and Mr. Lebow, I mean, do you plan
- on making any like-product arguments in your post-
- 11 conference brief?
- 12 MS. LEVINSON: I don't at this stage. At
- least for purposes of my preliminary, I won't make any
- 14 like-product.
- 15 MR. CASSISE: So for the purposes of the
- 16 preliminary, no, but you reserve the right to do that
- in any final.
- 18 MS. LEVINSON: Right.
- MR. CASSISE: Mr. Lebow, is that your
- 20 position?
- MR. LEBOW: Right.
- MR. CASSISE: You concur.
- 23 MR. LEBOW: That's our position at this
- 24 stage.
- MR. CASSISE: Okay. Is there anything, Mr.

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- 1 Bhandari and Mr. Barrios, is there anything about
- 2 product that comes from Thailand or product that comes
- from Mexico physically that would distinguish it from
- 4 what you believe is the domestic product? I mean,
- 5 things like within the definition, within the specs,
- 6 is there any difference in the physical
- 7 characteristics of your product than there is the
- 8 domestics?
- 9 I mean, for example, are the deformations
- 10 the same, things of that nature?
- 11 MR. BARRIOS: Joaquin Barrios, for the
- 12 record, sorry. I think that we all have very similar
- processes, and I think that each of us have our own,
- so to speak, technical details to make the product
- 15 better. As I said in my statement, it looks like one
- of the customers prefers our product, even though both
- 17 products, the domestic U.S. producer and our product,
- 18 both meet the specification ASTM 881. And I think
- that that's something that all the producers do in
- 20 most of their products, try to find the fine-tuning
- 21 that the customer prefers.
- 22 And even though you cannot tell from a
- 23 specification point of view that there is a big
- 24 difference because both products comply, at the end of
- 25 the day, the customer prefers one product from the

- other, not only based in price.
- 2 MR. CASSISE: And what would be an example
- of one of those little tweaks that you could do to
- 4 impress the customer?
- 5 MR. BARRIOS: We already discussed about the
- 6 conditions of the packaging. I also said in my
- 7 statement that according to some of our customers, our
- 8 product has a lower breakage ratio than the U.S.
- 9 producers. The percentage of deformation, I'm not
- 10 sure how the gentlemen from Tata or from Thai or our
- 11 domestic producers make their product. I think that
- they are very similar, but not exactly the same.
- MR. CASSISE: Okay, no. That's helpful.
- 14 Mr. Bhandari, do you have any insight on little tweaks
- 15 to the product that your customer finds superior to
- 16 your product?
- 17 MR. BHANDARI: The main thing, the CXT
- specifications ask for much higher breaking strength
- of 9,200 pounds. It is not mentioned as per ASTM. So
- that's a major difference. And secondly, the customer
- 21 is asking for three times bend test, sometimes six
- 22 times bend test. So there are some different
- variations between these two.
- MR. CASSISE: Okay. Thank you.
- MS. LEVINSON: Mr. Cassise, I just want to

- 1 illuminate what perhaps seems confusing. It was a
- little confusing to me, so I want to clarify, and that
- 3 is the T beams that Mr. Barrios referred to before as
- 4 being a similar product. Those are not used for
- 5 railroad use.
- 6 MR. CASSISE: Correct. T beams, would that
- 7 be the beams in construction, correct?
- 8 MR. BARRIOS: Absolutely.
- 9 MR. CASSISE: Right, right. I understood
- 10 that. Thank you, thank you.
- 11 (Pause.)
- 12 MR. CASSISE: I believe that's all I have
- 13 for right now. Thank you very much.
- MR. CORKRAN: Thank you, Mr. Cassise. We
- 15 will next turn to Ms. Samantha Day, our economist.
- 16 MS. DAY: Good afternoon. Samantha Day,
- 17 Office of Economics. Thank you very much for coming
- 18 today. It has been very helpful and very interesting
- 19 to hear your testimony.
- 20 First I'd like to go back to talking about
- 21 PC tie wire that's produced to the ASTM standard
- versus the PC tie wire that's produced to proprietary
- 23 standards based on ASTM.
- 24 Earlier this morning Petitioners mentioned
- 25 that the difference that they're receiving requests

- from their customers are in the raw materials that go
- 2 into producing the PC tie wire, and that's where those
- 3 proprietary specifications are coming from. Are you
- 4 also receiving similar proprietary specification
- 5 requests from your customers, or are your proprietary
- 6 specifications from your customers different?
- 7 MR. BHANDARI: The CXT has separate
- 8 specifications than ASTM standards. So we are using
- 9 those specifications, and there are three to four
- 10 revisions in those specifications in the last three
- 11 years.
- 12 MS. DAY: So can you tell me what is
- different, what they are asking for in addition to the
- 14 ASTM specifications?
- MR. BHANDARI: The breaking strength is a
- 16 main. Earlier it was 7,000 pounds, which has been now
- increased to over 9,000 pounds. Then bend test,
- indent inclination, those are some of the major ones.
- 19 MS. DAY: And to meet those, you make
- 20 changes in the raw materials? Is that how you meet
- 21 those?
- MR. BHANDARI: Raw material is the same.
- 23 MS. DAY: Okay. Raw materials are the same
- for the proprietary standard as they are for the ASTM
- 25 standard?

- 1 MR. BHANDARI: Right, right.
- MR. BARRIOS: Same in our case. We use the
- 3 same raw material for both.
- 4 MS. DAY: Okay.
- 5 MS. LEVINSON: And we can submit in our
- 6 post-conference brief a copy of recent specifications
- 7 received from CXT.
- 8 MS. DAY: Okay. That would be helpful. And
- 9 how much do you ship of the PC tie wire produced to
- 10 just ASTM standards versus how much do you ship that's
- 11 proprietary standards? What is the difference? I'm
- just looking for like an order of magnitude, just
- which one is more than the other.
- MR. BARRIOS: In our case, it's 99.9 one
- 15 customer ASTM, and .1 percent, just to put a number,
- on the other.
- MS. DAY: Okay.
- 18 MS. LEVINSON: And I just want to make sure
- 19 you understand that it's CXT that has the
- 20 specifications. So Rocla does not have. So there is
- 21 only two customers, and all the proprietary goes to
- 22 CXT.
- MS. DAY: Okay. And, Mr. Bhandari?
- 24 MR. BHANDARI: Correct. And CXT sends their
- own specifications to us.

- 1 MS. DAY: And are you shipping mostly
- proprietary standard?
- MR. BHANDARI: Correct.
- 4 MS. DAY: Is there a price difference
- between the product that's produced to the proprietary
- 6 standard versus just to ASTM standard?
- 7 MR. BHANDARI: I don't want to comment at
- 8 this time.
- 9 MS. DAY: If you could include that in your
- 10 post-conference brief.
- 11 And also, Petitioner has mentioned this
- morning that they plan to break out their pricing
- data. Originally, our pricing product included both
- PC tie wire produced to ASTM 881, or PC tie wire
- 15 produced to proprietary standards. Would you mind
- 16 breaking out your pricing data as well between the
- 17 two?
- 18 MR. LEBOW: We certainly wouldn't mind if in
- 19 the short period of time we are able to, you know,
- 20 separate it. As you know, the CXT is CXT. So that
- 21 shouldn't be hard. But we'll just have to take a
- look, and we'll give you the best we can between now
- 23 and Friday.
- MS. DAY: Thank you.
- MS. LEVINSON: We can certainly do that

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- 1 because again Rocla does not have the proprietary
- specs, and we have only recently been qualified with
- 3 CXT.
- 4 MS. DAY: Okay. Thank you. That would be
- 5 very helpful in your post-conference brief.
- So earlier this afternoon, Mr. Barrios, you
- 7 mentioned several similar wire products, I believe.
- 8 Can these products be used interchangeably with PC tie
- 9 wire as a substitute?
- MR. BARRIOS: No, they cannot.
- 11 MS. DAY: Okay. In your experience with
- your customers, there are no other substitutes, no
- other products that could be used interchangeably with
- 14 PC tie wire.
- 15 MR. BARRIOS: Not that I am aware of.
- MR. BHANDARI: No.
- MS. DAY: Okay. And we've talked about
- 18 qualification processes and certifications that your
- 19 customers have. What factors are they looking for?
- 20 And we've talked about price as well. What factors
- 21 are your purchasers looking for that are important to
- them when they're qualifying their suppliers and
- 23 making purchases of PC tire wire?
- 24 MR. BHANDARI: That all the wire should meet
- 25 the dual specification that they are mentioning in

- 1 their proprietary instructions, and they are testing
- 2 each and every coil before it is being shipped.
- 3 MR. BARRIOS: I could say that they want to
- 4 know, and they want to make sure, that the company
- 5 they are dealing and making business with has a
- 6 process that since the other entry, the process -- the
- 7 way that they manufacture, the way that they test, the
- 8 way that they deliver, and the way that they ship
- 9 complies with their expectations. I think that's all
- 10 what a quality system is all about, and they want to
- 11 make sure that the company that they are dealing with
- 12 fully comply with it.
- MS. DAY: Thank you. And one of my last
- 14 couple of questions, regarding demand, what do you
- 15 look at as demand indicators in the U.S. market?
- 16 MR. BHANDARI: I understand from my customer
- 17 that the demand has gone down from last year to this
- year, and they're expecting to go down further.
- 19 MR. BARRIOS: I could say the same. I mean,
- we mentioned in my statement a big change that we
- 21 experienced in 2010. But from there, I think that we
- rely on our customer's information, and they have a
- 23 better knowledge how this industry and the consumption
- of our product will come.
- 25 MS. DAY: Thank you very much. I have no

- 1 further questions.
- MR. CORKRAN: Thank you very much, Ms. Day.
- 3 Our next questioner will be Alan Treat, our industry
- 4 analyst.
- 5 MR. TREAT: Good afternoon. Thank you very
- 6 much for your testimony this afternoon. I really
- 7 appreciate your time. I'm Alan Treat from the Office
- 8 of Industries.
- 9 And I have my first question for you, Mr.
- 10 Bhandari. You mentioned that your company supplies
- 11 CXT and sends a sample of PC tie wire for each coil
- that it produces to be tested by CXT, and you also
- 13 kind of gave an indication of what your rejection
- rates are on maybe a monthly basis. It was an example
- that you provided to Mr. Cassise.
- 16 And my question is, it seems to me it's more
- 17 difficult to produce to the CXT proprietary standard,
- and it requires more processing discipline with
- 19 respect to meeting that breaking point. And you
- 20 mentioned the indent inclination and the bend test.
- 21 Is that fair to say?
- MR. BHANDARI: Correct, sir.
- MR. TREAT: Okay. For Mr. Barrios, you
- 24 mentioned that you supply Rocla, your company supplies
- 25 Rocla, and that you've sent samples of the proprietary

- spec to CXT. How successful has your company been at
- 2 meeting that spec?
- MR. BARRIOS: We would prefer to respond
- 4 this in the briefing.
- 5 MR. TREAT: Okay. Thank you. And then just
- one final question, Mr. Barrios. Perhaps I didn't
- 7 understand correctly, but in your testimony you had
- 8 mentioned something about the quality of wire rod
- 9 produced from scrap versus the quality of wire rod
- 10 produced from integrated process. Can you please
- 11 clarify that comment?
- MR. BARRIOS: Sure. I mean, that's a
- perception, and I would say that that generally
- speaking in the industry, when you make steel out from
- 15 iron ore, you tend to have a cleaner steel with better
- 16 properties rather than if you use a scrap. Obviously,
- 17 this will depend on the control of the company which
- is making the steel. But generally speaking, high
- 19 scrap -- rod made out from high scrap tends to have
- 20 more failures than rod which is made with iron ore,
- 21 pig iron, or a different process.
- MR. TREAT: But if that wire rod is produced
- 23 to the same spec, it doesn't matter whether it's
- 24 scrap-based or ore-based, correct?
- MR. BARRIOS: You're right. But I think

- that it's exactly the case that we're experiencing
- 2 right now with the case. I mean, the tie wire.
- 3 Samples can comply with specification, but at the end
- 4 one is better than the other. And in the case of rod
- 5 -- and if I'm not mistaken, I heard you this morning,
- 6 that you've been on related -- some rod cases. You
- 7 should understand that the quality of the steel made
- 8 out from iron ore normally tends to be better than the
- 9 steel which is made out from scrap. And again, it
- 10 will depend of the company that processed that steel.
- 11 MR. TREAT: Okay, great. Thank you very
- 12 much. I have no further questions.
- MS. LEVINSON: Mr. Treat, I'd like just to
- 14 add that in a conversation with our customer, they
- 15 specifically noted that one of the factors that they
- 16 like about the Camesa product is the fact that it's
- 17 not made primarily from scrap.
- MR. CORKRAN: Thank you, Mr. Treat. We'll
- 19 next turn to Mr. Charles Yost, our accountant.
- 20 MR. YOST: Thank you very much for your
- 21 testimony this afternoon. I'm following it with great
- interesting, having previously -- well, in a previous
- 23 life been a steel industry analyst. So I know a
- 24 little bit about steel-making.
- So do you attribute your success, I mean

- 1 relative success, for both of the companies to your
- 2 source of wire rod? I mean a metallurgically cleaner
- 3 steel. Mr. Bhandari?
- 4 MR. BHANDARI: I need to check with the
- 5 mills.
- 6 MR. YOST: Okay. I mean, my question really
- 7 is what is the source of your wire rod. Is it from,
- 8 you know, an iron ore or HPI, DRI type producer, or
- 9 from a scrap-based producer?
- 10 MR. LEBOW: We'll check that with the
- 11 factory and put in our post-conference brief. Mr.
- 12 Bhandari is in sales and not in technical production
- 13 matters.
- MR. YOST: I understand. Thank you. I look
- 15 forward to reading that.
- 16 MR. BARRIOS: In our case, the great
- 17 majority of the rod that we use is coming from the
- 18 good part of iron ore.
- MR. YOST: Okay.
- MR. BARRIOS: It's much higher.
- 21 MR. YOST: I think you heard the description
- of the production process this morning, starting with
- sourcing the rod, cleaning the rod, preparation for
- drawing, the drawing process, then the heat, the
- 25 deformation and subsequent heat treatment. Is that

- 1 the same for both of your companies? Is there any
- difference between the production process used by the
- 3 domestic industry and your companies?
- 4 MR. BHANDARI: I believe the process is the
- 5 same for every mill.
- 6 MR. BARRIOS: I could say the same.
- 7 However, it was not clear to me if they have the wire
- 8 drawing machine in line with the stress-relieving
- 9 process. I never seen it, but it wasn't that clear to
- 10 me. In our case, we have the wire drawing process,
- and then completely different process could be the
- 12 stress relieving.
- MR. YOST: I see, okay. So you're saying
- 14 your stress relief is not in line with --
- 15 MR. BARRIOS: With the wire drawing process.
- 16 And we do the indentation at the same time and in the
- 17 same process where we do the stress relieving.
- 18 MR. YOST: I see, okay. I have no further
- 19 questions. Again, thank you very much for your
- 20 testimony this afternoon.
- 21 MR. CORKRAN: Thank you, Mr. Yost. Just to
- keep things interesting, we're going to use a little
- 23 bit different order than we used this morning. So I
- 24 would next like to turn to Ms. Courtney McNamara, one
- of our attorney advisers.

1	MR. McNAMARA: Thank you. And thank you all
2	again for coming. We appreciate your presentations
3	and your testimony.
4	So the first thing I'd like to ask is do you
5	agree with the Petitioner's characterization of PC tie
6	wire as a fungible product?
7	MR. LEBOW: Are you talking fungible in
8	terms of a like product definition, or are you saying
9	fungible in terms of being a commodity product with no
10	difference in quality among manufacturers? Because
11	the answers are different, obviously, from our point
12	of view.
13	MR. McNAMARA: Right, right. I guess I'm
14	trying to understand if there is a difference among
15	the product between manufacturers.
16	MS. LEVINSON: I don't know that any of us
17	are familiar with the other manufacturers' products
18	sufficiently to answer that question. Is that right?
19	MR. BARRIOS: Yeah. I mean, we don't use
20	our competitors' product. I mean, we just based our
21	criteria on the feedback that we received from the
22	users. And obviously we try to improve and make a
23	differentiation between our product than the

MR. McNAMARA: Are there any product mix

competitors.

24

25

- 1 issues that would cause AUV data for PC tie wire to be
- 2 unreliable?
- MS. LEVINSON: No, I don't believe so.
- 4 MR. LEBOW: Not that we're aware of.
- 5 MR. McNAMARA: Now, do you agree with
- 6 Petitioner's assertions on pages 4 and 5 of the
- 7 petition that PC tire wire has been classified under
- 8 the HTSUS?
- 9 MS. LEVINSON: That's something I'll have to
- deal with in the post-conference brief.
- 11 MR. McNAMARA: If you could also just
- 12 provide all the evidence you have about the different
- 13 categories under which it has been classified,
- including the frequency and volume of the different
- 15 categories, and also please explain why the product
- has been classified under different headings,
- 17 particularly if you contend that it was correctly
- 18 classified. Thank you.
- Now, do you agree with Petitioner's
- 20 methodology for calculating the imports for PC tie
- 21 wire?
- MS. LEVINSON: Well, I think that you have
- the questionnaire responses now, so that I would hope
- 24 you would rely on the questionnaire responses rather
- 25 than on Customs statistics that in some cases are

- basket categories.
- 2 MR. LEBOW: And I concur with that
- 3 completely. Especially given the small number of
- 4 sources and the small number of takers, you should be
- 5 able to get a pretty clean data set.
- 6 MS. LEVINSON: Yes.
- 7 MR. McNAMARA: Are you aware of any
- 8 publications that would track import data or export
- 9 data separately?
- MR. LEBOW: No.
- 11 MR. BARRIOS: Not in our case.
- MS. LEVINSON: I'm not aware.
- 13 MR. McNAMARA: Do you agree with the
- 14 Petitioners that Davis Wire and Insteel are the only
- domestic producers of PC tie wire?
- 16 MR. BARRIOS: As far as we are aware.
- 17 MR. McNAMARA: So you're not aware of any
- related-party issues that you'll be raising?
- MR. LEBOW: No, we're not.
- MS. LEVINSON: No.
- MR. McNAMARA: In your post-conference
- briefs, could you please be sure to respond to the
- 23 Petitioner's lost sales and lost revenues and
- 24 underselling allegations? And could you please also
- 25 be sure to address what you believe to be the full

- 1 practical capacity utilization rates of Petitioners,
- 2 including addressing whether you believe the nature of
- 3 the industry requires high capacity utilization rates?
- 4 MR. LEBOW: Could I ask you a question about
- 5 responding to lost sales and lost revenues? A lot of
- 6 that data is going to be -- is proprietary.
- 7 MR. McNAMARA: Right.
- 8 MR. LEBOW: And so we are not in a position
- 9 to discuss it with our clients to verify Petitioner's
- 10 allegations, and we attorneys don't have any
- independent basis with which to judge the allegations.
- 12 So I'm not quite sure what you're getting at in your
- 13 question.
- MR. McNAMARA: Well, if you can respond to
- it to the best of your ability.
- 16 MS. LEVINSON: I might mention also that at
- 17 least one customer has mentioned to us that they have
- 18 received a lost sale questionnaire from the
- 19 Commission, and I assume we'll be getting a copy of
- 20 those responses. We haven't received them yet. But I
- 21 expect under APO we will get those.
- MR. McNAMARA: Thank you. Do you agree with
- 23 the Petitioners that there is no real seasonality to
- this product?
- MS. LEVINSON: Yes, we agree with that.

1	MR.	LEBOW:	We	agree,	yes.
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- MR. McNAMARA: Are there any geographic
- 3 constraints to the areas that you can serve, or do you
- 4 compete consistently throughout the country?
- 5 MS. LEVINSON: Well, in speaking with one of
- our customers yesterday, they mentioned that Insteel
- 7 is based in northern Florida, and some freight charges
- 8 can make it unprofitable or make it less likely that a
- 9 customer is going to want to buy their product in the
- 10 West or the Midwest. And if you look at our
- 11 questionnaire, I think you'll see that we are very
- 12 focused in the states that surround the Mexican
- border, as well as the Rocky Mountain states.
- 14 Insteel and Davis testified this morning
- 15 that they sell throughout the country. But I think
- 16 that they tend to focus more on the East Coast than we
- do. We have very little -- we've specified in our
- 18 questionnaire what portion of our production goes to
- 19 the East Coast.
- MS. McNAMARA: Thank you.
- 21 What's your position on cumulation for the
- 22 purposes of this preliminary phase?
- 23 MS. LEVINSON: We would have to concede
- cumulation for purposes of the preliminary phase.
- MS. McNAMARA: Thank you.

- 1 MR. LEBOW: We would, as well, but I should
- 2 say that the distance issue while not being I think
- determinative in our favor on cumulation, may have a
- 4 bearing on causation, lost sales, relative pricing,
- 5 customer choices.
- 6 MS. LEVINSON: And attenuated competition.
- 7 MS. McNAMARA: Do you agree with the
- 8 Petitioners that there are no non-subject imports in
- 9 the U.S. market?
- 10 MS. LEVINSON: We certainly know of other
- 11 sources. Mr. Barrios mentioned it in his testimony.
- 12 I don't think we know whether they have actually
- 13 exported to the United States or not.
- MR. BARRIOS: Who? The other --
- MS. LEVINSON: Uh-huh.
- 16 MR. BARRIOS: We do know that we have a
- 17 competitor. Actually the people who is related to
- this industry is the Aceros. They do produce PC wire
- 19 products, but we don't have a clue, we don't know if
- they supply something to the U.S. or no.
- 21 MS. LEVINSON: What about the Spanish,
- 22 Brazilian? You don't know?
- MR. BARRIOS: People in the prestressed
- 24 concrete industry know that there are big players
- around the world. I don't know if they have come to

- 1 the United States. They certainly have gone to
- 2 Mexico, Central and South America.
- 3 MS. McNAMARA: Could you, I believe you may
- 4 have touched on this, but could you explain what the
- 5 major exports are for PC tie wire from China, Mexico
- and Thailand? Is it just the U.S. or what are the
- 7 other major export --
- 8 MR. BARRIOS: We have exported some to
- 9 Brazil. Same specification.
- 10 MR. LEBOW: Our proprietary questionnaire
- 11 response has the largest non-U.S. export markets
- 12 listed in there, so you can find it there.
- 13 MS. McNAMARA: Would you agree with
- 14 Petitioner's statement on page 49 of the petition that
- the subject producers are export oriented?
- 16 MS. LEVINSON: Well we certainly have a
- 17 domestic market that is voluminous. I don't know
- 18 whether -- Certainly the United States market is an
- important market, but so is the Mexican market.
- 20 MS. McNAMARA: How would you characterize
- the home markets in China and Thailand as well?
- MR. LEBOW: We don't have a home market in
- 23 China. The Thai market is an important market for the
- 24 company, but Thailand is a smaller country than
- 25 Mexico.

1	MS. McNAMARA: So would you agree with the
2	characterization that you're export oriented?
3	MR. LEBOW: The word oriented carries
4	written connotations with it. The company exports,
5	sells domestically, it tries to satisfy its customers
6	in all markets, but since Thailand is the home market
7	there are more export markets than there are home
8	market.
9	MS. McNAMARA: Do you agree with Petitioners
10	that the subject imports have increased during the
11	period of investigation? And if you could just
12	explain the basis for the reasons why you believe that
13	increase occurred?
14	MR. BARRIOS: I think I was clear in my
15	statement. In 2010 we doubled, actually a little bit
16	more than doubled our sales into the U.S. and it looks
17	like one of the customers were looking for quality
18	suppliers and we came to fill that void.
19	MS. McNAMARA: And for Tata?
20	MS. LEVINSON: (Mike off.)
21	MR. LEBOW: The same thing from us too.
22	MS. LEVINSON: I'm sorry, I mentioned that
23	our questionnaire response shows that our imports
24	doubled in 2011 over what they had been in 2010, and
25	we attributed that in large part to purchasers

- abandoning Davis as a supplier and coming to Camesa.
- 2 MR. BHANDARI: I can say that from Thailand
- 3 it has gone down from 2010 to 2011. And increase in
- 4 2012.
- 5 MS. McNAMARA: Do you have any explanation
- for the reasons of why those trends occurred?
- 7 MR. BHANDARI: I am not aware of it.
- 8 MS. McNAMARA: Do either of you have any
- 9 comments on the pricing product proposed by the
- 10 Petitioners?
- MS. LEVINSON: Are you asking about the
- 12 particular product they selected?
- MS. McNAMARA: Yes.
- MS. LEVINSON: I think we would agree that
- 15 that is a common product and is a reliable tester of
- 16 pricing comparisons.
- 17 MR. BHANDARI: We are not dumping. There
- has been a profitable business for us.
- MS. McNAMARA: I'm sorry?
- 20 MR. BHANDARI: There's been, this product is
- 21 very profitable business for us and we aren't dumping
- 22 it.
- MR. LEBOW: Her question is are we happy
- 24 with the product that we're using for the price, the
- 25 quarterly pricing, is that a representative product?

- 1 It's the only product, right?
- MR. BHANDARI: Yes. It's the only product.
- 3 MS. McNAMARA: Thank you.
- If you could just in your post-conference
- 5 brief be sure to address the factors the Commission
- 6 traditionally considers in determining threat of
- 7 material injury as well.
- 8 Thank you very much. I have nothing
- 9 further.
- 10 MR. CORKRAN: Thank you very much, Ms.
- 11 McNamara.
- We will next turn to Mr. David Fishberg, our
- 13 attorney advisor.
- 14 MR. FISHBERG: Thank you. David Fishberg,
- 15 General Counsel's Office. Thank you to this panel for
- 16 your testimony this late morning.
- 17 I just have a few questions.
- 18 First for Mr. Bhandari, can you provide a
- 19 little more detail, I know you discussed in 2009 was
- 20 when I quess you first became qualified and started,
- 21 and brought in CXT as a customer. Can you provide a
- little more color? Who approached whom? Why did
- they, if it was them that approached you, why did they
- 24 come to Thailand, why did they want imports from
- 25 Thailand? Was there anything in particular why they

- 1 wanted to do business? If you can just provide some
- 2 more detail about those initial discussions.
- 3 MR. BHANDARI: One of my other colleague was
- 4 handling CXT business and once he left in 2009 then I
- 5 started handling that business. So he was basically
- 6 sourcing that material from a mill in China, in Wuxi,
- 7 China. That mill has closed down now. And they were
- 8 pretty happy with the quality from China. Later on
- 9 they were aware that we have another plant in Thailand
- and they asked us to get some transfers (ph) from
- 11 Thailand plant, too. That's how the business started
- 12 from Thailand.
- 13 MR. FISHBERG: So the Thai part of it
- 14 replaced the China part of it when the China part kind
- 15 of --
- 16 MR. BHANDARI: CXT is aware that Tata has
- 17 two plants at that time. One was in China and second
- 18 was in Thailand. So they wanted to buy from both the
- 19 plants just to make sure that Wu supplies a better
- 20 quality.
- 21 MR. FISHBERG: Mr. Barrios, a question about
- I guess Rocla and the fact that they became concerned
- 23 with Davis after these allegations about what happened
- in 2010, and you say that's one of the main reasons
- 25 why your imports increased.

1	Did Rocla itself experience any issues with
2	Davis? Are you aware of
3	MR. BARRIOS: I am not aware of it.
4	MR. FISHBERG: So just in your conversation
5	with them they alluded to CXT's issues with Davis or
6	whatever was in the press about what was going on and
7	said that was one of the reasons they were coming to
8	you?
9	MS. LEVINSON: They specifically mentioned
10	it and said that after they saw the problems that CXT
11	CXT had to actually close down one of its plants
12	and was subject to a federal investigation and Rocla
13	specifically said to us that it wanted to avoid those
14	kind of problems.
15	By the way, Rocla was not able to be here
16	today but they asked me to please let you know that
17	they are more than happy to talk to you on the
18	telephone, expand on some of these themes that we have
19	presented here today, and you can get more details
20	from them. We'll be happy to provide the name and
21	telephone number of the person you should contact.
22	MR. FISHBERG: Thank you. We appreciate
23	that.
24	I have heard a lot of discussion about
25	issues with Davis. Have you heard of any issues with

- 1 Insteel in terms of their supply to these purchasers?
- 2 Have you heard anything --
- MS. LEVINSON: Rocla told us they had very
- 4 little experience with Insteel. Also because they're
- on the West Coast. The Midwest. I don't want to go
- so far as to say they didn't buy any, because I don't
- 7 recall them saying that, but I do recall them saying
- 8 that they had very little experience with Insteel.
- 9 MR. FISHBERG: Mr. Bhandari, have you --
- 10 MR. BHANDARI: I am not aware of it.
- MR. FISHBERG: Thank you.
- 12 I think you said, Ms. Levinson, in your
- opening, you mentioned issues about customers waiving
- 14 quality concerns to comply with Buy American, and Mr.
- 15 Lebow, I think you, or Ms. Levinson, one of you, could
- 16 you expand a little bit upon that? Do you have any
- 17 examples or --
- 18 MR. BHANDARI: Sorry, go ahead and finish
- 19 first.
- 20 MR. FISHBERG: Please go right ahead if you
- 21 have anything you want to further elaborate in terms
- of that statement. The floor is yours.
- 23 MR. BHANDARI: I understand from the
- 24 testimony that one of the domestic producers is not
- able to produce some as per their specifications so

1	for Buy America jobs they have to accept the material
2	from domestic mills from the ASTM standards, not as
3	per ASTHMA (ph) specifications.
4	MR. FISHBERG: I think we asked this morning
5	about preexisting relationships. Do those serve any
6	purpose in this industry, I guess? Is there a degree
7	of trust? Are purchasers just willing to switch out
8	I guess how long would it take for a purchaser to
9	find an additional supplier in your experience? Is it
10	a few month process? Years? Days? Weeks? How long
11	would it take to switch suppliers potentially?
12	MR. BHANDARI: For CXT I can say that it
13	takes a minimum of one year to approve a supplier.
14	It's not that they can go and buy from any mill.
15	First of all they check the samples, the
16	sample meets their specification, then they go and
17	visit the mill, check ISO standards, all the
18	qualifications. Then their production and
19	coordinations manager will go to the plant, discuss
20	with the production team how they are going to produce
21	the material. He will check the samples there. Then
22	a sample is sent to the U.S. and it goes through
23	different kinds of tests.
24	Even the tests are passed, only small
25	quantities again imported to make sure that supply

- 1 continue on the material. It's not that they have
- changed it or anything. So they will ask for two or
- 3 three shipments which takes at least one year time to
- 4 approve the new supplier.
- 5 MR. FISHBERG: And then that occurred in
- 6 2009? So you're approved --
- 7 MR. BHANDARI: It took a lot of time. Yeah.
- 8 MR. FISHBERG: Mr. Barrios, do you have
- 9 anything to add?
- 10 MR. BARRIOS: I think that that varies from
- 11 customer to customer. In the case that we are talking
- mainly about two users here in the United States, it
- looks like one does the process much faster than the
- 14 other one.
- 15 I think that obviously they are better
- qualified to give you a precise answer. I would say
- 17 they want to make sure that the product that they are
- 18 getting is reliable in quality of the product itself,
- 19 but also the entire process. At the end, like any
- other industry, obviously on the day you have some
- 21 inventory which is only sitting, and they need to make
- 22 sure they are filling their production line in a
- 23 productive way and they are delivering the product.
- 24 But again, I do not pretend to know how they want to
- 25 arrange their business.

1	So back to your question, it looks like some
2	company, probably because of previous experience they
3	want, they are too strict in the qualification process
4	than the other one.
5	MR. FISHBERG: Just a couple more questions.
6	Mr. Bhandari, I think again it was CXT that
7	were having issues with Davis in 2010. I think the
8	data you were looking at showed imports from Thailand,
9	declining from 2010 to 2011. So how do you I guess
10	explain that? It would seem to me that I guess
11	imports from Rocla who weren't directly affected but
12	had heard about it was the cause of imports from
13	Mexico increasing according to the testimony yet from
14	CXT who was actually experiencing the issues, I would
15	think one would have, was there any discussion there?
16	Did they already occur? I'm trying to figure out
17	from the purchaser that was actually allegedly having
18	issues, I can understand, if that was the case I would
19	think imports from Thailand then would, you would get
20	more business out of it, imports from Thailand would
21	increase. So I'm a little bit confused that they
22	would decline.
23	MR. BHANDARI: There are two reasons. One
24	was that there was some flooding in Thailand and
25	because of that both of the plants were closed.

- 1 Secondly, bar quantity was also imported
- 2 from our plant in China during that time.
- 3 MR. LEBOW: Did you get the first word?
- 4 Flooding.
- 5 MR. FISHBERG: There was flooding --
- 6 MR. LEBOW: Flooding in Thailand. Major
- 7 industrial problems in Thailand.
- 8 MR. FISHBERG: So the increase in imports
- 9 came from the China side of Tata at that time as
- 10 opposed to the Thai side?
- 11 MR. BHANDARI: I believe so.
- 12 Mr. FISHBERG: A final question, again in
- terms of non-subject countries, I think it was
- 14 mentioned that even if we were to go affirmative in
- 15 this case it really wouldn't have an effect because
- 16 purchasers would just look to non-subject countries.
- 17 And I think we heard this morning that other countries
- 18 potentially have the capability to produce this
- 19 product but for some reason they haven't been imported
- into the U.S.
- 21 Do you have any thoughts on why we're not
- seeing imports from these other countries, and why
- from only the three? Do you have any thoughts on why
- 24 that is?
- MR. BHANDARI: I think the U.S. customers

- can reply to these questions. I understand that Tycsa
- 2 Steel might be selling some quantity in U.S.
- MR. FISHBERG: The argument is this case
- 4 won't have any effect and purchasers will just go to
- 5 those other countries. I guess the rebuttal to that
- is why wouldn't they have already gone to those other
- 7 countries if they can just switch?
- Is there anything you can provide us,
- 9 anything in particular that would be helpful?
- 10 MS. LEVINSON: I can respond in part based
- on my conversation with a representative from Rocla to
- whom I'm going to refer you as well, but my impression
- is he's satisfied with his supply right now, but he
- 14 very clearly said to us that if Camesa imports were to
- 15 be limited due to very high duties, that he would seek
- out these other suppliers that we've mentioned.
- 17 MR. FISHBERG: Although again, seeking them
- out potentially would take some time for them to be
- 19 qualified, so even if they were to seek them out
- 20 tomorrow we're talking potentially up to a year to
- 21 meet the purchaser's quality requirements. Is that
- 22 correct?
- 23 MS. LEVINSON: I think with CXT the
- testimony is that it takes about a year to qualify,
- but again, for Rocla I think it's a more rapid

- 1 process.
- 2 MR. LEBOW: You might in your conversations
- 3 with Rocla and CXT ask them. They may be, since they
- 4 read the press and they get your questionnaires, they
- 5 may be doing that now.
- 6 MR. FISHBERG: Understood.
- 7 I appreciate your responses to the questions
- 8 and I thank you for taking time out of your businesses
- 9 and for appearing before us today. Thank you.
- MR. BHANDARI: Thank you.
- MR. CORKRAN: Thank you, Mr. Fishberg.
- 12 I'll finish up with the last questions of
- the afternoon. I'll preface it by saying thank you
- 14 again very much for appearing on our panel. The
- 15 testimony today has been extremely helpful and very
- 16 enlightening.
- 17 My first question seeks to expand a little
- 18 bit on the description of the production process in
- 19 the various subject countries. With respect to Tata's
- 20 production operations in both Thailand and the Wuxi
- 21 facility in China, can you give me a description of
- 22 how the production process works going back to the
- 23 wire rod? Are your facilities or former facilities
- 24 integrated back to the wire rod production stage? And
- do you use a scrap-based production process for that

1	wire rod or an integrated production process?
2	MR. BHANDARI: Sir, I am not in a position
3	to reply to that question because I am mostly handling
4	sales. Production answers can be I think better
5	answered by those people. We can reply in our post-
6	hearing.
7	MR. CORKRAN: Mr. Barrios, I think you
8	touched on this already in your testimony, but just to
9	sort of tie it up for good, can you go through once
LO	again where your production process starts for this
L1	product?
L2	MR. BARRIOS: We buy rod, steel wire rod.
L3	The process was described earlier this morning. Let
L4	me say that you have three main steps. One would be,
L5	we call it cleaning which is either chemical or
L6	mechanical descaling. I would say that all of the
L7	wire rod products needs to go through this process.
L8	Then you have the wire drawing which is
L9	mainly draw the rod that we purchased, that any of the
20	wire producers purchase, to straighten damages, to
21	give some properties. That could be the second stage,
22	so to speak.
23	And then that wire goes to the stress
24	relieving process, and at the same time that we are

making the stress relieving, we are making the

25

- 1 indentation to the product.
- I would say those are the three basic steps
- 3 of the Thai wire production process.
- 4 MR. CORKRAN: Thank you. That's very
- 5 helpful. And just so I'm clear on this, with respect
- to Camesa, since you are buying the wire rod rather
- than manufacturing it yourself, the choice between a
- 8 wire rod produced using a scrap-based process versus
- 9 an integrated process is simply a matter of the mill
- from whom you are purchasing the wire rod.
- MR. BARRIOS: We would prefer to use rod
- coming from iron or sponge (ph) iron rather than from
- 13 scrap.
- 14 MR. WILKES: Mr. Corkran, Stephen Wilkes for
- Tata Steel. We will, as my colleague suggested,
- 16 address your question in our posthearing brief, but I
- 17 think we can say quite clearly right now that neither
- 18 the facility in China, now closed, nor the facility in
- 19 Thailand is integrated at the rod stage. So like
- 20 Camesa and I believe like the domestic producers here
- in the U.S., our raw material is wire rod which is
- 22 purchased from outside of the wire production
- 23 facility.
- 24 MR. CORKRAN: Thank you. I appreciate it.
- I just wanted to try to get all that information

- 1 together in one place, and I very much appreciate the
- 2 testimony.
- Mr. Bhandari, I wanted to go back to the
- 4 qualification process. As I understood it, and please
- 5 correct me if I misunderstood, the Thai facility began
- the qualification process in the summer of 2009 and
- 7 had achieved qualified approval by December of 2009?
- 8 Is that correct?
- 9 MR. BHANDARI: I need to recheck those
- 10 dates, sir. And I can say that I don't have the exact
- 11 dates because my other colleague was handling it. The
- 12 samples might have been sent a little earlier than --
- whatever the emails I could get from my previous
- 14 access I could get it within a short time. But
- 15 definitely it was a lot of time to get approval from
- 16 CXT.
- 17 MR. CORKRAN: Thank you, I appreciate that.
- 18 And let me ask next, in terms of qualified
- 19 approval, what did that term signify? Did that mean
- that you were able to supply ASTM specifications but
- 21 that full approval for proprietary specifications came
- later? Or did that mean something else?
- MR. BHANDARI: CXT has made some changes on
- 24 ASTM standards and they have sent ASTM standards to us
- with the changes made on them. And they made a new

- 1 specification with CXT specifications. It has almost
- I believe more than 15 products (ph) of qualification,
- 3 how to make that wire. It has separate details on
- 4 each and every product, what kind of raw material we
- 5 need to use, the indenticlivation (ph), the breaking
- 6 strand, these are the major parts that they have
- 7 mentioned in their specifications. They have revised
- 8 this specification at least three to four times in the
- 9 last three years.
- 10 MR. CORKRAN: In your sales to CXT, and
- 11 please feel free to address this in your post-
- 12 conference brief to the extent that it's proprietary,
- in your sales to CXT do you sell both product that is
- 14 proprietary to CXT and product that meets the ASTM
- 15 specification only? Or are all of your sales to a
- 16 proprietary CXT specification?
- 17 MR. BHANDARI: I believe all of the sales
- 18 are to CXT specifications.
- 19 MR. CORKRAN: To your knowledge, did that
- 20 apply to the Wuxi facility as well?
- MR. BHANDARI: Correct.
- MR. CORKRAN: One of the issues that we
- 23 heard discussed this morning was the potential for
- linking prices for the different Tata facilities. To
- 25 your knowledge did the product coming from China and

1	the product coming from Thailand have the same prices?
2	And for that matter, were they bundled in terms of
3	selling to your customers in the United States?
4	MR. BHANDARI: We would like to reply in our
5	post-hearing, sir.
6	MR. CORKRAN: I guess one of the questions
7	that I have is, having heard about some of the
8	challenges that faced the relationship between one of
9	the U.S. purchasers and one of the U.S. suppliers, how
10	extensively do you feel you compete with the two
11	domestic producers? There are two domestic producers
12	in the market, and I seem to have heard a lot this
13	morning about issues that one of the producers had to
14	face, but how much do you compete with each of the two
15	domestic producers in the market?
16	MR. BARRIOS: I think that we compete with
17	everybody who comes to this marketplace. Quality
18	first. I think that with experience that this
19	industry has suffered, I think that quality takes more
20	relevance than ever and obviously price will be a very
21	important driver to make a final decision to which
22	producer buy or not.
23	I could imagine that's kind of the rationale
24	behind the consumer's final decision in purchasing.
25	MR. BHANDARI: I think major part is the

- 1 quality for CXT. They believe in better quality. And
- they are happy that Thailand is producing the material
- as per their specifications. Pricing comes later.
- 4 The first is the quality issue.
- 5 MR. CORKRAN: Linked into that we heard this
- 6 morning that in negotiations between producers and
- 7 purchasers sometimes there would be discussions about
- 8 relative price. In your experience with the U.S.
- 9 purchasers for this product do you recall getting
- 10 feedback to the extent that your price was more or
- less competitive with that of another supplier? And
- 12 specifically who that supplier would be? Have you
- 13 gotten that type of specific feedback?
- 14 MR. BHANDARI: Not that often. Once in a
- 15 blue moon we talk about it, but generally we don't
- 16 talk about it.
- 17 MR. BARRIOS: I don't personally deal with
- the customer, but I think that it's part of the
- 19 business environment. When I was thinking about this,
- 20 for instance part of my responsibilities in the supply
- 21 chain is also to source, to purchase the rod. For
- instance, we do buy from Sibacko (ph) rod and we buy
- comparably more expensive than some U.S. producers,
- 24 but we decide to do so because the quality that they
- 25 gave us is what we are looking for. At the end of the

- day the market is willing to pay for that price.
- I think that's the economics rationale
- 3 behind all this demand and offer. Personal point of
- 4 view.
- 5 MR. CORKRAN: I very much appreciate your
- 6 testimony today. Let me check with my colleagues to
- 7 see if there are any additional questions.
- Yes, Mr. Fishberg?
- 9 MR. FISHBERG: Thank you. David Fishberg,
- 10 Office of the General Counsel.
- I just had one question I think for Ms.
- 12 Levinson. I think in the opening you made the comment
- that any injury to the domestic industry has been
- 14 self-inflicted. I think you cited the Davis issues
- 15 with CXT. I'm sure you'll probably expand upon this
- in any briefs. But are there any other specific
- issues that you can refer to in terms of the domestics
- 18 potentially injuring themselves? Is there anything
- 19 beyond that that you'd like to point us to?
- 20 MS. LEVINSON: That's something I think
- we'll address in our post-conference brief.
- MR. FISHBERG: That would be great. Thank
- you very much. Thank you for your testimony.
- MR. BHANDARI: Thank you very much.
- MR. CORKRAN: With that I would very much

- 1 like to thank the panel. I appreciate your time here
- 2 today. The testimony you provided has been very
- 3 valuable to us. I hope you enjoy the remainder of
- 4 your time here in Washington.
- With that we will dismiss this panel, we
- 6 will take five minutes, and then begin rebuttals.
- 7 (Whereupon, a short recess was taken.)
- 8 MR. CORKRAN: Thank you very much. Welcome
- 9 back, Ms. Cannon. With this, we will now begin the
- 10 rebuttal phase. Thank you.
- 11 MS. CANNON: Thank you, Mr. Corkran. My
- 12 rebuttal will be brief. We will be addressing most of
- the points that were raised by Respondents in our
- 14 post-conference brief.
- The big issues, obviously the focus of their
- 16 testimony, is about alleged defects. We've told you
- that we will be providing more details post-hearing.
- I will say a couple of things about that for the
- 19 record now.
- 20 First, those allegations and that entire
- 21 allegation affects really preceded this period of
- investigation. It affected one and only one of the
- U.S. producers were those allegations evolving.
- 24 There's been no discussion at all as to any
- 25 allegations as to the Insteel product or any quality

1	problems with that whatsoever. And you will find when
2	you see our brief and you see the specifics behind all
3	these allegations, that the tremendous U.S. market
4	share displacement that occurred over this period with
5	the imports surging into this market and the U.S.
6	losing market shares, had nothing to do with this
7	allegation of a defect. That's a red herring.
8	The whole focus on quality and the need to
9	have a quality product, we have a quality product.
10	U.S. producers manufacture that. I would encourage
11	you to look at the pricing data you've received. If
12	this case is really all about quality as the importers
13	suggest, why are they undercutting our prices? They
14	should be selling at a premium with this wonderful
15	quality product they have.
16	To the extent that you wonder whether price
17	is key, look at the testimony of Mr. Barrios. You
18	asked whether in the qualification product they first
19	had to be qualified and then they looked at price and
20	he conceded they looked at both at the same time. The
21	purchasers want to know what your price is before they
22	ever really care whether you're qualified to produce
23	the product. Price is paramount here.
24	The other thing I would encourage you to
25	look at is that they said that the customers will go

- off-shore if there is anti-dumping duties imposed
- 2 here. Why? Because then the prices would go up for
- 3 their product.
- 4 Again, if the customers need their product
- because of some magical quality they wouldn't go off-
- 6 shore. They'd buy their product. It goes back to
- 7 price.
- 8 This case constantly goes back to price.
- 9 It's not very different than anything you've seen in
- 10 other steel cases involving a basic steel wire
- 11 commodity product that's sold on the basis of price
- and the huge shifts that you've seen and the
- 13 resultant, tremendously devastating financial and
- trade consequences to our industry that Respondents
- 15 concede are because of the unfair prices and large
- volumes of the dumped imports.
- 17 Thank you very much.
- 18 MR. CORKRAN: Thank you very much, Ms.
- 19 Cannon.
- 20 Mr. Lebow, Ms. Levinson, whenever you are
- 21 ready you may begin your rebuttal.
- MR. LEBOW: Thank you. For the record,
- 23 again, I'm Edward Lebow.
- 24 We already have the advantage of going
- second so we've responded to much of what the

- 1 Petitioner had to say in our case in chief. Just 2 three very brief points.
- One, Petitioners have come to you with a 3 dumping complaint in an industry in which the two 4 5 major customers are really turned off on one of the 6 two domestic producers. One says it can't meet its 7 proprietary spec and the other one reacted to a very 8 bad legal incident just prior to the period of investigation. So there's a certain degree of 9 10 disingenuous there, I think -- disingenuousness, excuse me, there I think, to come to you with a case 11

and not tell you that.

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The other domestic producers in the eastern part of the United States, most of the users are in the west and apparently has difficulty delivering its product to the west on a reasonable basis. Again, that's a question of price to the extent that freight plays into it, but still it's so much more of an addition trucking across the United States that it makes a big difference apparently to the customers.

So you have two domestic suppliers and neither of which is particularly attractive to the two buyers.

I think it's really important that you speak to the two buyers. They're the people that can tell

- 1 you what's going on in this industry.
- 2 Finally, there's been kind of an assumption
- 3 that there's been consistent underpricing. Look at
- 4 the data closely. That is not necessarily the case in
- 5 all circumstances.
- 6 MS. LEVINSON: Hi. I'm Elizabeth Levinson,
- 7 for the record.
- 8 Ms. Cannon characterizes this case as about
- 9 price. I characterize it as about causation.
- 10 I had an opportunity to speak with Rocla
- 11 yesterday. They told me that what they like about the
- 12 Camesa product is the fact that it's user friendly.
- 13 That's their words. That's a quote. User friendly.
- 14 The packaging is attractive to them. The packaging
- 15 allows them to produce a better product. This
- 16 customer did not mention price at all in our
- 17 discussions.
- 18 Ms. Cannon also said that the defective
- 19 allegations against Davis predated the period of
- 20 investigation. I'm going to be submitting in my post-
- 21 conference brief, but you can also see on the internet
- for yourself that the claims against Union Pacific
- came in 2011, 2010-2011 which is within the period.
- 24 And I remind you, it was \$22 million. We're
- 25 not talking about one small shipment that was

- 1 problematic. Sufficiently great that the Inspector
- 2 General of the Department of Transportation issued a
- 3 subpoena to CXT which I'm hoping to get a copy of
- 4 before our post-conference brief.
- 5 So to try to dismiss these quality problems
- 6 as minimal I think is, it's contrary to the factual
- 7 record that can easily be established through publicly
- 8 available documents. And again, we invite you, as Mr.
- 9 Lebow said, to contact both customers. I can speak
- 10 mostly on behalf of Rocla. They specifically said to
- 11 me please have the ITC call us.
- 12 Thank you.
- MR. CORKRAN: Thank you both very much.
- 14 On behalf of the Commission and the
- 15 Commission staff I'd like to thank the witnesses who
- 16 came here today as well as counsel for helping us to
- 17 gain a better understanding of the product and the
- 18 conditions of competition in the prestressed concrete
- 19 steel rail tie wire industry.
- 20 Before concluding please let me mention a
- 21 few dates to keep in mind.
- The deadline for submission of corrections
- to the transcript and for submission of post-
- conference briefs is Friday, May 17th.
- 25 If briefs contain business proprietary

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       information a public version is due on Monday, May
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       20th.
 3
                 The Commission has tentatively scheduled its
       vote on this investigation for Thursday, June 6th --
4
5
       Actually, that's Friday, June 7th and it will report
       its determinations to the Department of Commerce on
 6
       that same date.
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                 The Commission's opinions will be
9
       transmitted to the Department of Commerce on Friday,
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       June 14th.
                 Thank you all for coming. This conference
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12
       is adjourned.
                  (Whereupon, at 1:27 p.m., the preliminary
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       conference in the above-entitled matter was
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       adjourned.)
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CERTIFICATION OF TRANSCRIPTION

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

INVESTIGATION NO.: 731-TA-1207-1209

HEARING DATE: May 14, 2013

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary Conference

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: May 14, 2013

SIGNED: <u>LaShonne Robinson</u>

Signature of the Contractor or the Authorized Contractor's Representative

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I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceeding(s) of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker-identification, and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceeding(s).

SIGNED: Rebecca McCrary

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SIGNED: <u>Gabriel Gheorghiu</u>

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