

1 THE UNITED STATES INTERNATIONAL TRADE COMMISSION

2

3 In the Matter of: ) Investigation Nos.:

4 ) 701-TA-498 and

5 CERTAIN STEEL THREADED ) 731-TA-1213-1214 (Final)

6 ROD FROM INDIA AND THAILAND)

7 Thursday, March 20, 2014

8 Main Hearing Room (Room 101)

9 U.S. International

10 Trade Commission

11 500 E Street, S.W.

12 Washington, D.C.

13 The meeting, commenced, pursuant to notice, at

14 9:32 a.m., before the Commissioners of the United States

15 International Trade Commission, the Honorable IRVING A.

16 WILLIAMSON, Chairman, presiding.

17 APPEARANCES:

18 On behalf of the International Trade Commission:

19 Commissioners:

20 CHAIRMAN IRVING A. WILLIAMSON (presiding)

21 COMMISSIONER DEAN A. PINKERT

22 COMMISSIONER DAVID S. JOHANSON

23 COMMISSIONER MEREDITH M. BROADBENT

24

25

1 Staff Present:

2 WILLIAM R. BISHOP, SUPERVISORY HEARINGS AND  
3 INFORMATION OFFICER

4 SHARON BELLAMY, PROGRAM SUPPORT SPECIALIST

5 MIKAYLA KELLEY, INTERN

6

7 NATHANAEL COMLY, INVESTIGATOR

8 MICHELLE BREAU, INVESTIGATOR

9 KAREN TAYLOR, INTERNATIONAL TRADE ANALYST

10 MARY KLIR, ACCOUNTANT/AUDITOR

11 COURTNEY MCNAMARA, ATTORNEY

12 JAMES MCCLURE, SUPERVISORY INVESTIGATOR

13 DOUGLAS CORKRAN, SUPERVISORY INVESTIGATOR

14

15

16

17

18

19

20

21

22

23

24

25

1 PANEL 1

2 FREDERICK P. WAITE, VORYS, SATER, SEYMOUR AND

3 PEASE LLP

4 WILLIAM D. UPTON, JR., PRESIDENT, VULCAN THREADED

5 PRODUCTS INC.

6 ALAN D. LOGAN, VICE PRESIDENT, OPERATIONS, VULCAN

7 THREADED PRODUCTS INC.

8 BRENT JENKINS, SALES AND MARKETING ANALYST,

9 VULCAN THREADED PRODUCTS INC.

10 TIMOTHY P. BRODERICK, SENIOR VICE PRESIDENT, ALL

11 AMERICA THREADED PRODUCTS INC.

12 GREG IVERSON, PRESIDENT, BAY STANDARD

13 MANUFACTURING INC.

14 ROBERT RODGERS, NATIONAL ACCOUNT SALES MANAGER,

15 BAY STANDARD MANUFACTURING INC.

16 DR. PATRICK MAGRATH, PRESIDENT, MAGRATH & OTIS,

17 LLC.

18 KIMBERLY R. YOUNG, Vorys, Sater, Seymour and

19 Pease LLP

20

21

22

23

24

25

# INDEX

## PAGE

3	Opening Remarks of Frederick P. Waite, Vorys,	
4	Sater, Seymour and Pease LLP	6
5	Testimony of William D. Upton, Jr., President,	
6	Vulcan Threaded Products Inc.	10
7	Testimony of Alan D. Logan, Vice President, Operations,	
8	Vulcan Threaded Products Inc.	13
9	Testimony of Timothy P. Broderick, Senior Vice President,	
10	All America Threaded Products Inc.	19
11	Testimony of Greg Iverson, President, Bay Standard	
12	Manufacturing Inc.	25
13	Testimony of Dr. Patrick Magrath, President, Magrath & Otis,	
14	LLC	27
15	Closing Remarks of Frederick P. Waite, Vorys,	
16	Sater, Seymour and Pease LLP	91

1 P R O C E E D I N G S

2 (9:32 a.m.)

3 CHAIRMAN WILLIAMSON: Will the room please come  
4 to order?

5 Good morning. On behalf of the U.S.  
6 International Trade Commission, I welcome you to this  
7 hearing on Investigations No. 701-TA-498 and  
8 731-TA-1213-1214 (Final) involving Certain Steel Threaded  
9 Rod from India and Thailand.

10 The purpose of these investigations is to  
11 determine whether an industry in the United States is  
12 materially injured or threatened with material injury or the  
13 establishment of an industry in the U.S. is materially  
14 retarded by reason of subsidized imports from India and  
15 Thailand of certain steel threaded rod from India and  
16 Thailand.

17 The schedule setting forth the presentation of  
18 this hearing, notices of investigation and transcript order  
19 forms are available at the public distribution table.

20 All prepared testimony should be given to the  
21 Secretary. Please do not place testimony directly on the  
22 public distribution table. All witnesses must be sworn in  
23 by the Secretary before presenting testimony.

24 I understand the parties are aware of the time  
25 allocations. Any questions regarding the time allocation

1       should be directed to the Secretary.

2               Speakers are reminded not to refer to business  
3       proprietary information in their remarks or answers to  
4       questions. Please speak clearly into the microphone and  
5       state your name for the record for the benefit of the court  
6       reporter.

7               Finally, if you will be submitting documents that  
8       contain information you wish classified as business  
9       confidential, your request should comply with Commission  
10      Rule 201.6.

11              Mr. Secretary, are there any preliminary matters?

12              MR. BISHOP: Mr. Chairman, I would note that all  
13      witnesses for today's hearing have been sworn in. There are  
14      no other preliminary matters.

15              CHAIRMAN WILLIAMSON: Thank you. Very well. Let  
16      us begin with opening remarks.

17              MR. BISHOP: Opening remarks on behalf of  
18      Petitioners will be by Frederick P. Waite, Vorys, Sater,  
19      Seymour and Pease.

20              CHAIRMAN WILLIAMSON: Welcome, Mr. Waite, you may  
21      begin. Proceed.

22      OPENING REMARKS ON BEHALF OF THE PETITIONERS

23              MR. WAITE: Thank you. Thank you, Mr. Chairman.  
24      Good morning to you and to the other Commissioners as well.

25              My name is Fred Waite and I am with the law firm

1 of Vorys, Sater, Seymour and Pease.

2 I am here on behalf of the Petitioners  
3 representing the U.S. Steel Threaded Rod Industry.

4 This is a product known to the Commission as the  
5 result of its investigation of threaded rod from China which  
6 resulted in an antidumping order five years ago.

7 Threaded rod is a commodity product that is used  
8 for various application in commercial construction and  
9 related markets. Threaded rod is sold primarily on the  
10 basis of price, and there are no significant quality  
11 differences between threaded rod made by one manufacturer  
12 versus another. Our witnesses this morning will address  
13 these factors in much greater detail.

14 In a very short time after the order on China was  
15 issued in 2009, imports of threaded rod from India and  
16 Thailand flooded into the U.S. market. Prior to 2009, there  
17 were only limited imports from India and virtually none from  
18 Thailand. However, during the period of investigation  
19 subject imports have increased and they have captured a  
20 growing share of the U.S. market.

21 At the same time that the volume of imports from  
22 India and Thailand were increasing, their prices were the  
23 lowest in the market -- lower than China, lower than other  
24 foreign suppliers, and far below the prices of U.S.  
25 producers. This price disparity is evident by comparing the

1 the average unit values -- or AUVs -- of subject imports  
2 with those of the domestic industry and other imports. In  
3 fact, the AUVs of imports from India and Thailand are 35  
4 percent lower than those from China. Petitioners have  
5 submitted numerous examples of lost sales and lost revenues,  
6 which also demonstrate this price disparity between subject  
7 threaded rod and domestically produced threaded rod.

8 Because of the large volumes of unfairly priced  
9 imports from India and Thailand, U.S. producers suffered  
10 losses throughout the period of investigation. These  
11 negative financial results rippled through the industry's  
12 operations -- capacity utilization rates were abysmal,  
13 market share declined, employment was stagnant, and U.S.  
14 producers lost money. All of this occurred at the same time  
15 that apparent U.S. consumption of threaded rod improved  
16 significantly.

17 The U.S. producers of threaded rod can compete  
18 successfully when all suppliers to the market are playing by  
19 the same rules. However, they cannot withstand the impact  
20 of rapidly increasing imports sold at dumped or subsidized  
21 prices that are the lowest in the market and far below the  
22 prices of the domestic industry. With the timely  
23 application of our trade laws, unfairly priced imports from  
24 India and Thailand will continue to flood into the market,  
25 and the U.S. threaded rod industry will continue to lose



1 sales and market share and face further operating losses.

2 This embattled industry needs relief now.

3 Thank you, Mr. Chairman.

4 CHAIRMAN WILLIAMSON: Thank you. Okay.

5 MR. UPTON: Good morning. My name is --

6 CHAIRMAN WILLIAMSON: Just a moment.

7 MR. WAITE: Would you like us to proceed now with  
8 our presentation or were you waiting for the Secretary, Mr.  
9 Chairman?

10 CHAIRMAN WILLIAMSON: I was actually waiting for  
11 the Secretary. But I think you can go ahead.

12 MR. BISHOP: Mr. Chairman, the first panel, those  
13 in support of the imposition of antidumping and  
14 countervailing duty orders have been seated.

15 MR. WAITE: Thank you, again, Mr. Chairman and  
16 members of the Commission.

17 Again, my name is Fred Waite on behalf of the  
18 Domestic Threaded Rod Industry. I would like to just  
19 introduce the panel to you very briefly and they will then  
20 make their presentations to you and describe to you their  
21 companies, their operations, and the impact of imports.

22 At this first table on my right is is Tim  
23 Broderick from All America Threaded Products; on my  
24 immediate left is Alan Logan from Vulcan Threaded Products;  
25 and on the far left geographically, not politically, is Bill

1 Upton who is President of Vulcan Threaded Products.

2 In the second row from your left to right are Kim  
3 Young, my colleague from Vorys, Sater; Rob Rogers from Bay  
4 Standard Manufacturing in California; Greg Iverson who is  
5 President of Bay Standard; Dr. Pat Magrath who is our  
6 economic consultant and Brent Jenkins who is also from  
7 Vulcan Threaded Products.

8 Bill Upton will begin our presentation this  
9 morning, Mr. Chairman.

10 TESTIMONY OF WILLIAM D. UPTON, JR.

11 MR. UPTON: Good morning. My name is Bill Upton.  
12 I am the President and cofounder of Vulcan Threaded  
13 Products, one of the Petitioners in this case.

14 Vulcan Threaded Products is the nation's largest  
15 domestic manufacturer and supplier of low-carbon threaded  
16 rod. Our company was founded in 1978, and we have been a  
17 U.S. manufacturer of all types of threaded -- steel threaded  
18 rod since that time.

19 From our headquarters facility in Pelham,  
20 Alabama, we serve customers throughout North America. We  
21 also maintain warehouses and sales representatives  
22 nationwide in order to meet the needs of our customers.  
23 Vulcan's warehouses are located in eight states from Florida  
24 to Minnesota and from New York to Texas. We pride ourselves  
25 on providing quality products, prompt and responsive

1 service.

2           Vulcan Threaded Products is one of our company's  
3 three product divisions, all located in Pelham. The other  
4 divisions are Vulcan Heat Treating and Vulcan Cold Finished.  
5 Our Heat Treating Division is a state-of-the-art facility  
6 that specializes in induction, quenching, and tempering of  
7 bars. Our Cold Finished Division began as a wire producer,  
8 but is now a producer of cold drawn bar in rounds, squares,  
9 hexagons, and flats. Both of these divisions were started  
10 in 1997. These products are not covered by the  
11 investigations of threaded rod.

12           Over the past three decades, Vulcan has built its  
13 reputation on our ability to provide a superior product and  
14 exceptional customer service. Vulcan's goal has always been  
15 to help our customers succeed.

16           The reason that we are here -- along with our  
17 friends from All America Threaded Products and Bay Standard  
18 Manufacturing -- is to tell you about the American steel  
19 threaded rod business.

20           Low-carbon threaded rod is used primarily in  
21 commercial construction. Fortunately, just before the U.S.  
22 economy tanked in 2008 and '09, we were successful in our  
23 efforts to have antidumping duties imposed on threaded rod  
24 products from China. You may recall from that earlier case  
25 that imports from China exploded into the U.S. market in

1       2006 and 2007 at unbelievably low prices. As a direct  
2       result of that case against China, which led to a dumping  
3       order, imports from China fell by 100 million pounds in  
4       2009. And as I said, it was fortunate that this happened  
5       before the recession hit us, and the domestic market  
6       contracted.

7               However, with every silver lining, there are gray  
8       clouds. Unfortunately for the U.S. threaded rod industry,  
9       those clouds were the millions of pounds of dumped and  
10      subsidized imports from India and Thailand. From literally  
11      out of nowhere, imports from these two countries surged into  
12      the U.S. market, taking sales from us and forcing us to  
13      lower our prices in order to keep our customers.

14             By 2012 and '13, imports of threaded rod from  
15      India and Thailand accounted for more than half of all  
16      imports. It was really disappointing that it was India and  
17      Thailand, not the United States threaded rod industry, who  
18      benefitted most from the dumping order against China.

19             As I mentioned, the amount of threaded rod from  
20      India and Thailand in our market has increased substantially  
21      over the last few years. When we filed our case against  
22      China, India and Thailand accounted for very little of the  
23      U.S. market. In fact, we did not even see threaded from  
24      from Thailand in the U.S. market until after the dumping  
25      order on China was issued in 2009. But then shipments from

1 both of these countries increased dramatically. Total  
2 imports from India and Thailand jumped from 27 million  
3 pounds in 2010 and continued to increase year after year  
4 until they reached 46 million pounds in 2013.

5 This massive increase in import levels, as well  
6 as the unfair pricing for India and Thai threaded rod in the  
7 U.S. market, has had an extremely destructive impact on our  
8 company's operations. Low-priced Indian and Thai imports  
9 took away from sales, forced us to drop our prices and to  
10 keep the customers we have. We have submitted many specific  
11 examples of where we lost sales and revenues due to imports  
12 from these countries. Although we were able to increase our  
13 prices somewhat, we still lost money, and we have been  
14 forced to operate at capacity utilization rates that are not  
15 sustainable.

16 As I have already mentioned, Vulcan has been  
17 producing threaded rod in Alabama for 35 years, and we want  
18 to continue to produce threaded rod in America for at least  
19 another 35 years. However, unless fairness is restored to  
20 the market, dumped and subsidized imports of threaded rod  
21 from India and Thailand will continue to injure our company,  
22 as well as the other U.S. producers.

23 Thank you.

24 TESTIMONY OF ALAN LOGAN

25 MR. LOGAN: Good morning. My name is Alan Logan

1       and I am Vice President of Operations for Vulcan Threaded  
2       Products in Pelham, Alabama.

3               I have been employed by Vulcan since 1985, and I  
4       have worked in threaded rod sales and operations for over 25  
5       years.

6               At Vulcan, we produce and inventory threaded rod  
7       in a wide variety of materials, threads, and finishes. We  
8       produce diameters under one-quarter of an inch, which are  
9       called machine screw sizes, and up to two and one-half  
10      inches in diameter. We produce all of the standard lengths  
11      of threaded rod -- two foot, three foot, six foot, 10 foot,  
12      and 12 foot -- and we also produce nonstandard lengths,  
13      which are commonly referred to as studs. Threaded studs are  
14      likewise covered by the scope of the investigations of India  
15      and Thailand.

16              Today I want to explain how threaded rod is made  
17      and how it is used.

18              Let me start with our production process. Our  
19      primary raw material is steel wire rod. We buy low-carbon  
20      grades between 1006 and 1018 to produce our products. For  
21      some larger diameter products we use steel bar, rather than  
22      wire rod as our input, but the production process is the  
23      same either way.

24              We begin by descaling the wire rod to remove the  
25      surface scale and then cold draw the rod, straighten it, and

1 cut it to length. Cold drawing and straightening the wire  
2 rod ensure that it is round and properly sized in terms of  
3 the desired diameter.

4 Next, the steel is fed through the threading  
5 machine, which forms the threaded grooves along the length.  
6 We use a process known as thread rolling which pushes the  
7 steel out of the valleys and into peaks, forming the  
8 threaded grooves. This process does not involve cutting the  
9 steel, so there is very little scrap or waste.

10 Finally, the threaded rod is either coated with  
11 plain oil finish in the threading process or is galvanized  
12 using either zinc plating or a hot-dip galvanizing process.  
13 Vulcan does not have it's own zinc line. Instead, we  
14 outsource this function to two companies that provide zinc  
15 plating and galvanizing services. Although both of these  
16 finishes involve coating the threaded rod with zinc, the  
17 process and results are very different.

18 In the U.S. market, most threaded rod is zinc  
19 plated. The process of zinc plating involves tanks and  
20 rinses and different chemicals and, of course, an electrical  
21 charge that causes the zinc to adhere to the surface of the  
22 threaded rod. You can think of this like the candy coating  
23 on an M&M. The coating does not blend into the underlying  
24 material.

25 On the other hand, hot dipping is a process by

1     which the steel is dipped into molten zinc, and the zinc  
2     actually bonds chemically with the steel. In other words,  
3     the zinc penetrates the steel, and this physical bond  
4     between the zinc and the steel provides a lot of corrosion  
5     resistance for the product.

6             I have brought some samples of threaded rod with  
7     various diameters and finishes. These samples are fully  
8     threaded rod. As you can see, the threads run along the  
9     full length of the product. And please note that most  
10    threaded rod is made and sold in lengths from two feet to  
11    twelve feet, but we cut these samples into one-foot lengths  
12    so that you can handle them more easily. And I'll describe  
13    them just very briefly.

14            This is a quarter-inch diameter which is zinc  
15    plated. This is a three-eighths diameter which is also zinc  
16    plated. This is a half-inch diameter which is zinc plated.  
17    This is a five-eighths diameter which is hot-dipped  
18    galvanized. And this is a three-quarter finished threaded  
19    rod which is plain oil finished. And we'll be leaving these  
20    with Mr. Bishop for your examination later.

21            The three-eighths inch product which comes in  
22    various lengths accounts for approximately 60 percent of the  
23    U.S. market for low-carbon threaded rod.

24            Now that you know how threaded rod is made and  
25    what it looks like, I would like to talk about some of the



1 common uses of the product. Low-carbon threaded rod is used  
2 primarily in commercial construction. The most common  
3 applications are to suspend electrical conduit, pipes for  
4 plumbing, HVAC ductwork, and sprinkler systems for fire  
5 protection. Normally one end of the threaded rod is  
6 fastened to the ceiling and the other end is fastened to the  
7 support that is holding the pipes or ductwork or sprinkler  
8 system. You can often see threaded rod used in this way in  
9 warehousing, manufacturing plants, and other buildings with  
10 exposed ceilings.

11 Fully threaded rod -- that is, rod which is  
12 threaded along its full length -- is a very versatile  
13 product. It can be purchased in any length, and because it  
14 is made from low-carbon steel, the rod can be cut on site to  
15 the required length for the specific application. For  
16 example, if the building has a sloping roof, the contractor  
17 may need to cut threaded rod to different lengths to ensure  
18 that whatever is being suspended is actually level.

19 The ability to cut to length on site is one of  
20 the great advantages of low-carbon steel. A threaded rod  
21 made from higher carbon or stainless steel is much more  
22 difficult to cut. It can damage the contractor's cutting  
23 blades. Carbon steel is also more flexible than higher  
24 carbon alloy or stainless material. It can be bent in some  
25 applications.

1           Low-carbon threaded rod is also used for  
2   structural tie-downs in earthquake and hurricane restraint  
3   systems for roofing, as headless screws and general fastener  
4   applications and for bolting together pipe joints in the  
5   waterworks industry. The product is also used for basic  
6   industrial repairs. Again, the ability to cut the product  
7   to any length on site makes it very versatile product for  
8   these applications.

9           Not all threaded rod is fully threaded like the  
10   samples that I have shown you. Vulcan produces single ends  
11   and double ends, which are threaded on one end or both ends,  
12   but not in the middle. These products are also within the  
13   scope of these investigations if the threads cover 25  
14   percent or more of the length of the rod.

15           Partially threaded rod is usually ordered for  
16   specific applications where the customer knows the exact  
17   length that is required for the intended use. It is not  
18   usually cut to length on the jobsite because the threads are  
19   only located on the ends, so if you cut the rod, then the  
20   threads may not be where you need them to be. These  
21   products account for a very small percentage of threaded  
22   production and they also are a very small portion of the  
23   overall threaded rod market in the United States.

24           Vulcan sells all of our threaded rod products to  
25   distributor customers. In fact, threaded rod sales in the

1 United States are almost exclusively through distributors,  
2 including master distributors -- companies like Porteous,  
3 Brighton-Best, PrimeSource, and Elite Components -- that  
4 sell primarily to other distributors. Some of these  
5 companies were domestic customers of Vulcan. Now they are  
6 importers of threaded rod from countries like India and  
7 Thailand, and they base their purchasing decision on the  
8 lowest price available.

9 Thank you for the opportunity to tell you about  
10 my company and about how steel threaded rod is made and  
11 used.

12 I look forward to responding to any questions  
13 that you may have.

14 TESTIMONY OF TIM BRODERICK

15 MR. BRODERICK: Good morning. My name is Tim  
16 Broderick and I am the Serious Vice President of Sales and  
17 Marketing and of the owners of All America Threaded  
18 Products. All America is a subsidiary of Acme Manufacturing  
19 Company, Incorporated of Denver, Colorado.

20 All America was formed in June 2010 by combining  
21 the operations of several acquisitions which occurred  
22 between 2008 and 2010. These acquisitions included the  
23 Threaded Rod Company, Rods Indiana, and J&D Industrial  
24 Supply -- all three in Indiana; Watson Metal Products in New  
25 Jersey; and Lancaster Threaded Products in Lancaster,

1 Pennsylvania. Threaded Rod Company, Watson, and Lancaster  
2 were domestic producers of threaded rod, but all were  
3 seriously impacted by the flood of imports from China that  
4 devastated the United States threaded rod industry several  
5 years ago.

6 In 2010, we consolidated all of our threading  
7 operations into three facilities and established All America  
8 Threaded Products. Our mid-Atlantic division is located in  
9 Lancaster, Pennsylvania, and it consists of the merger of  
10 Lancaster and Watson. Our Midwest Division is located in  
11 Indianapolis, Indiana, and it consists of the merger of the  
12 Threaded Rod Company, Rods Indiana, and J&D Industrial  
13 Supply. The headquarters of our company is located in our  
14 Rocky Mountain Division in Denver, Colorado.

15 We carry stock products at all three of our  
16 manufacturing locations, and we pride ourselves on providing  
17 fast and reliable delivery to our customers. We also have  
18 two stocking warehouses located in Illinois and Florida, and  
19 we are able to supply our customers from inventories at  
20 these location as well. In total, we have five shipping  
21 locations throughout the United States which allows us to  
22 supply our products nationwide. We also have company-owned  
23 delivery trucks in order to better serve our customers.

24 All American produces threaded rod at all three  
25 of our manufacturing facilities, and we also have our own

1       zinc-plating line at our Indianapolis plant which allows us  
2       to do in-house plating of our products.

3               We also supply hot-dipped galvanized threaded rod  
4       which we have toll-produced by third party galvanizers, but  
5       hot-dipped threaded rod only accounts for about 5 to 10  
6       percent of the market.

7               In addition to threaded rod, we also produce  
8       other quality threaded products, including anchor bolts,  
9       u-bolts, and specials. "Specials" refer to threaded  
10      products which are not carried in stock and are thus made to  
11      customer's specification for a specific application. These  
12      include products made from esoteric metals or with highly  
13      specialized threading, finishes, sizes, and configurations,  
14      bends, welds, et cetera.

15              In addition to carrying an inventory of a wide  
16      range of in-stock products, All America also designs and  
17      builds custom parts for customers. We have a broad range of  
18      capabilities to draw, straighten, cut, thread, bend, weld,  
19      assemble, and package in order to produce the precise size,  
20      shape, and specification required by our customers.

21              You may have seen on our website that we also  
22      manufacture products called "studs." This is just another  
23      term in our industry for a straight threaded rod product.  
24      Some in our industry refer to studs as threaded rods in  
25      nonstandard lengths -- that is, lengths other than two,

1       three, six, 10, or 12 feet. Our company uses the term  
2       "stud" to refer to threaded rod that are less than 12 inches  
3       in length. Either way, a stud is still a threaded rod.

4               All America produces and sells the full range of  
5       threaded rod and stud products in terms of diameter, length,  
6       finish and threading. Much of what we produce is low-carbon  
7       steel, but we also produce threaded rod made from stainless  
8       steel, brass, aluminum and silicon bronze. The most common  
9       diameter of threaded rod in the United States market is  
10      three-eighths inch. I would say that this diameter -- in  
11      all different lengths -- accounts for well over half of all  
12      threaded rod used in the United States. Most of our  
13      threaded rod is supplied in ten-foot lengths which is one of  
14      the standard sizes in the market.

15             All America produces fully threaded rod -- also  
16      known as "all-thread" rod -- which means that the product is  
17      threaded along its entire length. We also produce  
18      partially-threaded rod which is known as single-end or  
19      double-ended threaded Rodelio. These products are not  
20      threaded along their entire length, but rather on just the  
21      ends or only on one end, depending on how the customer  
22      intends to use the product. Basically, we can produce  
23      whatever our customers require.

24             Our threaded rod products are used in a variety  
25      of applications and industries ranging from plumbing,

1       electrical, HVAC, and fire sprinkler to heavy construction,  
2       automotive, and telecom. Most of our customers are  
3       distributors who sell to the trades, although we also sell  
4       threaded rod to some OEMs. Our distributor customers do no  
5       further processing of our threaded rod; they just sell the  
6       threaded rod to their customers. Larger distributor may  
7       sell to hundreds of end customers. Our OEM customers use  
8       the threaded rod to produce other products that they sell.

9               In our industry, there are also what is known as  
10       master distributors. These companies are distributors who  
11       sell to other, smaller distributors. Companies like  
12       Porteous, Brighton-Best, and PrimeSource are all master  
13       distributors in the United States threaded rod market.  
14       These companies -- and others -- are importing huge  
15       quantities of threaded rod from India and Thailand and at  
16       very low prices, and these dumped and subsidized prices have  
17       caused us to lose sales and forced us to lower our prices to  
18       maintain sales volumes.

19               When we started our acquisition phase, there were  
20       virtually no imports of threaded rod from Thailand in the  
21       United States market, and there were only limited volumes  
22       from India. Now, these two countries account for more than  
23       half of all imports of threaded rod into the United States.  
24       In 2013, imports from India and Thailand accounted for  
25       nearly 60 percent of total imports of threaded rod.

1           Not only have their volumes grown dramatically,  
2   but the prices at which these imports are sold are  
3   ridiculously low and causing real harm to All America.  
4   Based on our experience, the reason that customers buy these  
5   imports is entirely because they are priced so cheaply.  
6   With the exception of price, the threaded rod products  
7   shipped from India and Thailand are comparable to the  
8   products that we produce.

9           These imports are focused on the high-volume  
10   products that we need to be able to produce and sell;  
11   otherwise our sales decline, our capacity utilization  
12   suffers, our costs are affected, and we lose money. All  
13   America has experienced many lost sales and has been forced  
14   to reduce our prices in an attempt to compete with dumped  
15   and subsidized prices from these countries. We have  
16   provided the Commission with numerous examples of lost sales  
17   and lost revenues as a result of imports from India and  
18   Thailand.

19           If India and Thailand are allowed to continue  
20   expanding their share of the U.S. market through unfair  
21   pricing, I am concerned that we will have to begin closing  
22   facilities and terminating our employees.

23           On behalf of my company and the rest of the U.S.  
24   threaded rod producers, I urge the Commission to find that  
25   imports from India and Thailand are causing material injury



1 to our industry.

2 Thank you, and I look forward to responding to  
3 your questions.

4 TESTIMONY OF GREG IVERSON

5 MR. IVERSON: Good morning. My name is Greg  
6 Iverson and I am President of Bay Standard Manufacturing in  
7 Brentwood, California. With me today is Robert Rodgers, who  
8 situation a national account sales manager for our company.

9 Bay Standard was founded in 1959 by Gerhardt  
10 Landgraf and his son. They started the business out of  
11 their garage. At that time, the company was producing  
12 bumper reinforcements and luggage racks for Volkswagen. Mr.  
13 Landgraf went on to design car-top carriers for surfboards,  
14 and Bay Standard became that largest manufacturer of these  
15 car racks in the United States.

16 In 1974, Bay Standard began producing steel  
17 threaded rod. Threaded rod is one of our main products, and  
18 it continues to account for the largest portion of our steel  
19 consumption each year. We make many types, sizes, and  
20 finishes of threaded rod. We also operate our own  
21 zinc-plating facility. Through years of environmental  
22 changes, our plating plant has been transformed into a  
23 state-of-the-art closed loop facility.

24 We also produce foundation bolts, plate washers,  
25 formed wire, and thousands of other cold-formed fasteners

1       and related items.

2               We distribute our threaded rod products from over  
3       100,000 square feet of warehouse space throughout the  
4       western half of the United States -- in California, Oregon,  
5       Nevada, Utah, Arizona, and Hawaii.

6               We have seen demand for our domestic products  
7       steadily decline because customers wanted the cheaper  
8       imported products -- first from China and more recently from  
9       India and Thailand. The market for threaded rod is all  
10      about price. It is always has been and always will be.

11              We have tried to compete with threaded rod  
12      imports from India and Thailand. WE have focused more on  
13      specialized products. We have adopted traceability  
14      standards that some of our customers find to be important.  
15      We've tried to be more efficient by eliminating small runs  
16      and maximizing long run jobs instead. We have reduced our  
17      prices to try to meet the import price. For several key  
18      customers, we had to drop our prices dramatically to hold  
19      onto their business. We even imported some of the threaded  
20      rod because the import prices were so low we could not  
21      compete against them, especially in the hot-dipped  
22      galvanized product. Must of the Indian imports are  
23      hot-dipped. We did this to try to keep our accounts from  
24      completely turning away from us.

25              Importers of threaded rod from India and Thailand

1 and have expanded their product line to include the full  
2 range of common sizes. These are the bread-and-butter large  
3 volume products that Bay Standard has made and wants to  
4 make. Although we can make some different products on our  
5 threaded rod equipment, our primary interest is to produce  
6 threaded rod. If it were not for the dumped and subsidized  
7 imports from India and Thailand, we would use all of our  
8 capacity to make threaded rod because that's who we are and  
9 what we built our business around.

10 Now that I've talked about the impact that the  
11 imports for India and Thailand have on our company, I want  
12 to briefly mention the positive impact that this case is  
13 having. Even before the dumping margins were announced on  
14 Thailand last December, imports from Thailand had virtually  
15 disappeared from the American market. We have seen a  
16 decline in imports from India as subsidies and dumping  
17 duties have been imposed. As a result, we have been able to  
18 regain some of the business and we hope this trend  
19 continues.

20 Thank you.

21 Both Rob Rodgers and I are available to respond  
22 to your questions.

23 TESTIMONY OF PATRICK MAGRATH

24 MR. MAGRATH: Good morning, Commissioners and  
25 ladies and gentlemen. My name is Patrick Magrath and I'm

1 here on behalf of the Petitioners.

2           The Prehearing Staff Report noted that steel  
3 threaded rod or threaded rod is used primarily in commercial  
4 construction applications, such as suspending or anchoring  
5 pipes, HVAC-and-sprinkler systems in commercial buildings,  
6 and other construction-related purposes. Data developed in  
7 this case also indicate that a great majority of threaded  
8 rod shipments to the distribution channel. Further, as  
9 Petitioners have emphasized, the distribution side of the  
10 market is dominated by several large distributors -- known  
11 as "master distributors" -- who buy domestic and imported  
12 threaded rod for resale to smaller distributors, who in turn  
13 sell to end users. With both foreign and domestic producers  
14 selling to a relatively small number of master distributors  
15 in very large quantities, market power can accrue to these  
16 large buyers, prices in the market become well known, prices  
17 flatten out, and price competition becomes intense.

18           Notably, following the deep recession of  
19 2008-2009, apparent consumption of threaded rod increased  
20 solidly over the period of investigation. And that is, if  
21 you refer to Chart One as an illustrative picture of that  
22 increase. Despite this robust recovery in total demand,  
23 U.S. producers continued to be profitless in their steel  
24 threaded rod businesses, registering losses on an operating  
25 basis in each year of the period. Clearly the substantially

1 increased demand evidenced over the POI did not result in  
2 any profits for the domestic industry.

3 Moreover, despite the rising demand for threaded  
4 rod capacity utilization rates for U.S. facilities remained  
5 at very low, injurious levels.

6 In the Preliminary Determination, the Commission  
7 noted that despite the variety of threaded rod products,  
8 producers and importers agreed that threaded rod from  
9 various sources is highly interchangeable. The Prehearing  
10 Staff Report also noted that domestic producers, importers,  
11 and purchasers all reported a high degree of  
12 substitutability among threaded rod produced in the United  
13 States, Thailand, and India.

14 Additional information gained in this final  
15 investigation confirms that domestically produced and  
16 subject imports are substitutable for one another and both  
17 compete directly for sales in the United States.

18 Finally, the Commission and staff should note the  
19 diminished but still lingering imports of threaded rod from  
20 China. Imports from China nosedived after the issuance of  
21 the antidumping order in 2009, and they have remained at a  
22 low level relative to India and Thailand since then.

23 The reason is that China has not, and more likely  
24 cannot, resort to the aggressive pricing tactics which have  
25 been displayed by the current subject imports during the

1       POI. They are restrained by the antidumping order.

2               A comparison of subject imports and nonsubject  
3       AUVs are as follows. And you can see the wide spread there  
4       between the Chinese and the subject imports AUVs. China is  
5       not in the picture as an alternate cause.

6               As for volume considerations cumulated threaded  
7       rod from India and Thailand increased from 34.8 million  
8       pounds in 2011 to 46.4 million pounds in 2013 -- a stout  
9       increase of 33 percent. At the same time, imports from  
10      India and Thailand grew from 51.4 percent of total imports  
11      in 2011 to almost 57 percent in 2013.

12              And may I refer you to Chart 3 which is the  
13      growth and subject imports.

14              Compare these -- compare these data on subject  
15      imports to U.S. producers' shipments which are confidential.  
16      You'll have to look at that in your confidential versions to  
17      see who has absorbed the growing market for threaded rod in  
18      the POI.

19              As I mentioned previously, apparent consumption  
20      increased between 2011 and 2012, and further in 2013, for a  
21      total linear increase in consumption over the POI.

22              Imports from India and Thailand accounted for an  
23      increasing share of that consumption in 2012 and 2013,  
24      again, a linear, straight-up type increase. The subject  
25      imports seized an increasing share of the U.S. market during

1 the POI. Clearly, the U.S. industry did not benefit from  
2 the significant growth in demand.

3 As for price, the AUVs displayed on Chart 2 --  
4 for both subject imports as well as nonsubject imports --  
5 show unit values of imports from India and Thailand that are  
6 substantially lower than the unit values of all other import  
7 sources in every year of the POI.

8 This is further evidence of price suppression.  
9 For the largest selling products, Products 1, 2, and 3, the  
10 highest AUVs for the domestic producers were at the  
11 beginning of the period of investigation. In each case they  
12 were the highest in the second quarter of 2011. But prices  
13 steadily declined to the lowest quality value in 2013.  
14 These domestic price declines occurred at the same time that  
15 the volume of subject imports increased by 33 percent and  
16 apparent consumption also grew. The record continues to  
17 support the Commission's preliminary finding that subject  
18 imports prevented price increases that otherwise would have  
19 occurred, and thereby suppressed domestic prices.

20 Finally, based on the immense number -- and I  
21 don't use that term lightly, or in error -- the immense  
22 number of customers' responses to the Commission's  
23 lost-sales and lost-revenue inquiries, the record clearly  
24 shows Petitioners' claims concerning low price -- low prices  
25 from India and Thailand to be true.

1           In the preliminary phase, U.S. producers  
2       submitted a great number of examples of lost sales and lost  
3       revenues to imports from India and Thailand, and a majority  
4       of responding purchasers confirmed these examples.

5           In the final phase, Petitioners submitted  
6       additional examples of lost sales and revenue, in which the  
7       domestic industry continued to lose sales and revenue due to  
8       unfair competition from imports. Again, responding  
9       purchasers largely confirmed these examples. Moreover, the  
10      record shows that six customers specifically reported that  
11      price was the reason that they shifted their purchases of  
12      threaded rod from U.S. producers to suppliers of threaded  
13      rod from India and Thailand. You rarely get such admissions  
14      from purchasers.

15           Also, 11 purchasers reported that the U.S.  
16      producers had reduced their prices -- and therefore lost  
17      revenue -- in order to compete with subject imports. That  
18      -- those kinds of admissions are also rare.

19           The negative impact of imports. Throughout the  
20      POI, domestic producers utilized much less than half of --  
21      much less than one-half of their capacity to produce  
22      threaded rod. This rate of utilization by the domestic  
23      industry as a whole is unsustainable for a commodity  
24      product.

25           U.S. producers' inventories increased greatly



1 over the POI. So, too, the inventory-to-sales ratio  
2 increased linearly from 2012 to 2013, reflecting the fact  
3 that inventories increased significantly faster than U.S.  
4 shipments.

5 Finally, the effect of large unused capacity,  
6 underselling of domestic products and lost sales has led  
7 directly to complete non-profitability in each year of the  
8 period. And this is subject four. Again, we cannot publish  
9 the numbers going up the vertical axis, but one can see from  
10 this chart are the results that incongruous with the healthy  
11 demand displayed throughout the POI.

12 Subject imports also are a threat to material  
13 injury caused by imports of threaded rod and they will  
14 continue to be a further injury to the U.S. industry in the  
15 future.

16 First, the threaded rod industries in India and  
17 Thailand have large and expansive production capacity and  
18 both countries possess significant unused capacity. In  
19 fact, the figures for India in the Prehearing Report -- as  
20 significant and alarming as they are -- are understated  
21 because they are based on only six responding U.S.  
22 producers. During the preliminary phase of these  
23 investigations, 14 Indian producers submitted responses to  
24 the Commission's questionnaires, and a comparison of the  
25 data that both phases show a great discrepancy in the

1 capacity figures.

2           Nevertheless, the responses from just a portion  
3 of the Indian industry in this final phase show that India  
4 has developed large productive capacity during the POI and  
5 is continuing to add to it. This growth of capacity has  
6 created a significant overhang of unused capacity. Because  
7 most of the Indian industry's production of threaded rod is  
8 destined for the United States, this unused capacity poses a  
9 real and imminent threat of injury to the domestic industry.

10           Although the Thai industry has provided no  
11 information to the Commission during the course of these  
12 investigations, zero information on the public record --  
13 primarily from the largest Thai producer -- shows that  
14 Thailand has a huge capacity to produce threaded rod and  
15 that its threaded rod industry is export-oriented. In fact,  
16 the capacity of just the one Thai producer is twice  
17 instruction annual shipments of threaded rod to the United  
18 States.

19           During the POI, imports from India and Thailand  
20 increased dramatically, again demonstrating their ability to  
21 seize market share at the expense of the U.S. industry.

22           As I have noted, the threaded rod producers in  
23 India and Thailand are export-oriented -- and the record  
24 shows that the vast majority of their shipments are destined  
25 for the United States. There are no alternative markets

1       that could absorb even a fraction of these countries'  
2       enormous capacity and production.

3               Imports of threaded rod from India and Thailand  
4       have had a sharply negative effect on domestic prices and  
5       will continue to do so as long as their products are  
6       unfairly traded. Otherwise, the long list of lost sales and  
7       lost revenue -- a very long list in this investigation --  
8       for American producers will continue to grow.

9               To summarize, the threaded rod industries in  
10       India and Thailand have substantial unused capacity which  
11       can quickly be directed to the United States, which is the  
12       largest market for this merchandise. Producers in India and  
13       Thailand have shown that they rapidly increase their  
14       shipments to the U.S. market as they developed even greater  
15       capacity to make and export the subject merchandise.  
16       Without the restrain of antidumping and countervailing duty  
17       orders, imports of threaded rod from India and Thailand will  
18       continue to expand their presence in the U.S. market -- at  
19       the expense of the domestic industry.

20               Thank you very much for your attention.

21               MR. WAITE: Mr. Chairman that completes our  
22       prepared presentation for the Commission, thank you.

23               CHAIRMAN WILLIAMSON: Thank you very much. I  
24       want to express the Commissions appreciation to all of the  
25       witnesses for coming today, especially those who have come

1 from out of town, taking time away from your businesses to  
2 be here to present your testimony. This round will begin  
3 with I will begin the questioning.

4 Mr. Broderick you had mentioned a number of  
5 acquisitions that your firm has made recently and I was  
6 wondering to what extent do these acquisitions affect the  
7 financial record that we are looking at in these  
8 investigations and have they affected your costs?

9 MR. BRODERICK: Pardon me. Have they affected  
10 our cost the acquisitions?

11 CHAIRMAN WILLIAMSON: Yeah.

12 MR. BRODERICK: Yeah I mean there was a big  
13 capital outlay between 2008 and 2010 to acquire these  
14 different companies and we acquired them because we thought  
15 that by bringing in effective management and strong  
16 leadership as well as having a well-capitalized company  
17 behind these entities that we would be able to return them  
18 to profitability and we have brought in strong management  
19 and we have not been able to return them to profitability  
20 because of the low pricing that we are facing from imports  
21 in Thailand and India so it's been a -- yeah it's been a  
22 significant expense for us.

23 CHAIRMAN WILLIAMSON: Okay good, so it has  
24 affected the financial record but you would say --

25 MR. BRODERICK: Absolutely it's affected, yes.

1                   MR. WAITE: Mr. Chairman, Fred Waite, when you  
2 say it has affected -- the acquisitions have affected or the  
3 unfairly traded imports have affected their operations? I  
4 understood your question being directed to whether the  
5 acquisitions themselves created additional costs that could  
6 have caused -- could have been reflected rather, in the  
7 financial records of the company.

8                   CHAIRMAN WILLIAMSON: Yes that could always be,  
9 because your attribution to the low earnings, if you want to  
10 do it post hearing you can.

11                  MR. WAITE: We will, we can address that in the  
12 post hearing.

13                  CHAIRMAN WILLIAMSON: Good, thank you. So during  
14 those preliminary investigations and previous U.S. importer  
15 say that U.S. producers still make threaded rod in less than  
16 three-eighth of an inch. In the final phases have U.S.  
17 producers reported domestic sales well in the fourth  
18 quarter, quarter-inch diameter, a couple I think made  
19 reference to those today and so I was just wondering which  
20 of the U.S. marketable thread and threaded rod is less than  
21 three-eighths inch and are they certain threaded rod below  
22 three-eighths of an inch that are not made in the U.S.

23                  MR. LOGAN: I'll take a shot, this is Alan Logan  
24 we will take a shot at that one. The vast majority of the  
25 threaded rod is three-eighths and above. Below

1       three-eighths, we can actually run the numbers. I think our  
2       company is probably pretty suggestive of the entire market.  
3       We would be glad to supply that to you post conference but  
4       it is small, I would say probably less than ten percent but  
5       also the allegation that we the domestic market doesn't make  
6       all sizes is incorrect.

7               The domestic market manufacturers and supplies  
8       below a quarter inch which I mentioned, we will just call  
9       them machines grade, all the way up to two and a half inch.  
10      We supply full range.

11             CHAIRMAN WILLIAMSON: There is nothing in that  
12      smaller size that is only being supplied from outside of the  
13      U.S.

14             MR. LOGAN: There is nothing in the smaller sizes  
15      that can't be manufactured or is not manufactured in the  
16      U.S. and the quantities - demand quantities for those sizes  
17      are extremely small, especially below a quarter inch. I  
18      would say probably less than one percent of the market.

19             CHAIRMAN WILLIAMSON: Okay.

20             MR. WAITE: I'm not in the industry but the  
21      Commission staff did include a question in the questionnaire  
22      for purchasers about the availability of threaded rod with  
23      diameters less than three-eighths of an inch and the vast  
24      majority, in fact, almost all purchasers responded that the  
25      United States industry was either superior to or comparable

1 to imports in supplying products in those smaller diameters  
2 so the record clearly demonstrates during this final phase  
3 that the U.S. purchasing sector recognizes, despite what  
4 Porteous may allege, recognizes that the U.S. industry can  
5 supply and does supply these smaller diameters.

6 CHAIRMAN WILLIAMSON: Okay, thank you for that  
7 clarification. See the record claims different processions  
8 of demand during the POI and in your brief you state the  
9 demand was increasing by many producers, employers and  
10 purchasers. Reported that the demand has neither fluctuated  
11 and has not changed since 2011, could the increase in the  
12 apparent construction be explained by lower prices for  
13 threaded rod as a cost input -- as the cost of input such as  
14 steel wire rod declined or import competition increased?

15 In other words is it your input costs that have  
16 gone down that lowered prices?

17 MR. MAGRATH: I think that it is certainly true  
18 about the good or beneficial effect declining raw materials  
19 prices had on the industry and I think it was after working  
20 with those questionnaires from case to case, I think people  
21 are just on those qualitative questions just write in their  
22 what's happening to them and more than that what happened to  
23 them last week and this week. There are a couple of markets  
24 going pretty good but they have a couple that turned down so  
25 maybe that week, or the salesman didn't have much luck and

1       so they will see it's decreasing or it is fluctuating. It's  
2       impressionistic in short what I am trying to say.

3               COMMISSIONER WILLIAMSON: And you would say that  
4       the numbers show what?

5               MR. MAGRATH: The long-term trends. Well the  
6       long-term trends are for the last three years are up and I  
7       think with commercial construction continuing to increase  
8       and get better I think the future is rosy for this industry  
9       if we can reinstitute fair-market prices in this market.

10              You have to remember that this industry should  
11      have had some healthy days here after this recession. The  
12      price of the chief raw material went down, they got rid of  
13      their principal international rival in China and the demand  
14      for the product has grown and yet here we are today and we  
15      have chart flow showing once again a bleeding industry in  
16      red. It's a fact to be noted.

17              CHAIRMAN WILLIAMSON: Okay thank you.

18              MR. MAGRATH: I think if you compare the average  
19      values of subject reinforcement and domestic product as  
20      evidence of adverse price effects.

21              CHAIRMAN WILLIAMSON: Interesting. Most of the  
22      time we hear people say individuals don't know anything  
23      because of the mix issues, different levels of trade and we  
24      try to put so much emphasis on the AUVs and argue that they  
25      prove a better indication of overselling the price



1 comparisons that appear in section 5 of the staff report.

2 Anybody want to explain that to me?

3 MR. WAITE: If I may address that question first  
4 Mr. Chairman, it's Fred Waite and I would agree with you in  
5 many cases because of the product mix within a specific  
6 tariff classification number or several tariff  
7 classification numbers which may embrace the scope of the  
8 product you do get those issues, but in this case as we have  
9 pointed out in the preliminary phase and again in our  
10 pre-hearing brief, there is a unique harmonized tariff  
11 schedule which is almost a perfect proxy for subject  
12 merchandise and that is 73, 18, 15, 50, 56 which is  
13 continuously threaded carbon steel threaded rod.

14 There are some products that may fall outside of  
15 that category as you know the scope of our product includes  
16 what is called the carbon quality, a mechanism adopted by  
17 the U.S. Commerce Department quite frankly, to try to deal  
18 with evasion when the order is issued against a carbon steel  
19 product and then foreign producers begin tweaking with minor  
20 amounts of irrelevant alloys that have no practice effect,  
21 either on the performance or the application of the product  
22 and we also have the partially threaded product which the  
23 industry members eluded when they were describing their  
24 production and their sales but the vast majority of subject  
25 merchandise would fall under the 50-56 subheading which is

1 continuously threaded carbon steel threaded rod.

2           We believe and in conversations with officials at  
3 customers and border protection have confirmed that  
4 everything is classified under that sub-heading as subject  
5 merchandise and that there are no non-subject products that  
6 would be classified under that sub-heading, so it's really a  
7 perfect proxy for subject merchandise. Obviously there are  
8 differences in diameters and finishes but all in all you  
9 don't have the issues of product mix, you may have other  
10 products where you may have a much higher value product or  
11 quantities of various products included so that's why we  
12 place so much emphasis on this and indeed that's why customs  
13 places so much emphasis on this HTS sub-heading for its  
14 enforcement purposes, because it is a virtual perfect proxy.

15           Then to continue, we don't denigrate obviously  
16 the Commission's methodologies in collecting pricing  
17 products, we do have some real questions about the results  
18 that you see and the pricing products in this investigation  
19 and we would be happy to discuss those. Much of that though  
20 is going to be in a confidential record just because of the  
21 nature of it but if you look at the AUVs and you see that  
22 the AUVs of product from Thailand and India are between  
23 twenty-seven cents a pound and thirty cents a pound below  
24 those of China and therefore significantly below the  
25 reported prices of the U.S. industry in its questionnaire

1 responses.

2           There is something happening here that we just  
3 quite don't understand when we look at the pricing data that  
4 is submitted by the importers.

5           CHAIRMAN WILLIAMSON: Okay thank you. I have  
6 gone over my time so I will come back to this and  
7 Commissioner Pinkert.

8           COMMISSIONER PINKERT: Thank you Mr. Chairman and  
9 I join the Chairman in thanking all of you for being here  
10 today and helping us to understand these issues. I heard  
11 Mr. -- Dr. Magrath say that the industry should have been  
12 doing a lot better coming out of the trough of the recession  
13 and that that shows there is a present injury here. I am  
14 trying to get my arms around that idea because I look at the  
15 domestic industry in market share over the period. It seems  
16 to be reasonably steady, I look at the operating income  
17 which I saw the chart, it is certainly the industry is not  
18 doing well but it is not doing worse than it was doing at  
19 the beginning of the period so I am trying to get some sort  
20 of idea of how I grapple with this idea that you are talking  
21 about that the industry should have been doing a lot better.

22

23           How can I find a benchmark for that? Is there  
24 some natural experiment where we don't see the presence of  
25 the subject imports in a different market and that industry

1 is going gangbusters but in this market we do see the  
2 presence of the subject imports and the industry is not  
3 going gangbusters, do you understand my concern?

4 MR. MAGRATH: I think so. This natural mark that  
5 you are talking about, very simply domestic shipments are up  
6 and the profitability is down. These guys are selling more,  
7 their costs are going down, that should also contribute to  
8 the bottom line and the one rate import source it had that  
9 was low-balling the market and also dragging things down,  
10 they have disappeared or they are at much higher prices so  
11 why is there some anchor here on this boat of the domestic  
12 industry keeping it down.

13 I mean there you know you could say they are only  
14 losing a little bit in operating profit, that kind of thing  
15 but whether you are drowning in twenty feet of water or  
16 whether you are drowning in two or three feet of water you  
17 are still drowning and these guys do not have a long-term  
18 future, especially making this commodity product if  
19 something doesn't happen here and this conundrum isn't  
20 explained so we think we looked at those three factors,  
21 those salutary factors and the question is why haven't they  
22 improved, why haven't they improved a lot?

23 And the one thing that sticks out there is the  
24 volume and the prices of the subject imports who have gone  
25 up -- who have gone up more than domestic shipments and the

1 prices who have stayed low and might add to domestic  
2 shipment levels, that's the obvious reason for obvious loss,  
3 excuse me you have to make that decision, hopefully it will  
4 be obvious to you in the end.

5 COMMISSIONER PINKERT: Mr. Waite do you want to  
6 add anything to that?

7 MR. WAITE: Thank you Commissioner Pinkert.  
8 There are a few things that I would like to comment on that.  
9 First of all in looking at the market share of the domestic  
10 industry you are correct it has been essentially stable,  
11 maybe it ticked down a little bit over the period of  
12 investigation, but it is not through a graph and the  
13 industry witnesses have pointed out the market has  
14 increased. They were not able to take advantage of that and  
15 when you look at the capacity utilization rates of this  
16 industry, not being able to increase their production has  
17 many horrific implications across their cost structure.

18 Mr. Iverson referred to the standard threaded rod  
19 products as his bread and butter and I think the other  
20 members of the industry would agree with that. They need to  
21 make these products at much higher rates in order to cover  
22 their costs as Mr. Broderick pointed out, you know they have  
23 had a great deal of difficulty with their new operations  
24 despite you know aggressive leadership and proper  
25 capitalization for these companies because they can't

1       operate at the capacity utilization levels and not being  
2       able to reach those levels because increase in market is  
3       being absorbed or seized by unfairly traded imports has I  
4       believe, a direct impact on their performance and indicates  
5       an injurious effect.

6               I would also suggest that the 2013 data is always  
7       going to be interesting for all of us, for you on the  
8       Commission, for the industry and for those of us who are  
9       working with the industry because our case was filed  
10      mid-year, almost exactly mid-year and you have seen in the  
11      staff report how imports from India and Thailand, well from  
12      India have fluctuated and imports from Thailand fluctuated  
13      by increasing dramatically and then falling over to  
14      practically zero is the day of reckoning approach when the  
15      Commerce Department issued its preliminary dumping  
16      determination.

17             Whether that is having an effect on the domestic  
18      industry's ability to stay in the market but at the same  
19      time facing not only these increasing imports during 2013,  
20      but also the overhang in inventory of these imports which  
21      again the staff report has confirmed. I think all of these  
22      are indications or evidence of injurious effect of these  
23      imports but I know you are struggling with some of these  
24      data points and I wish we had a perfect case. I'm not sure  
25      you ever see a perfect case in this body but we think that

1 the overwhelming evidence, and in particular and I'm sure  
2 you will be asking more questions about this, on the pricing  
3 data, lost sales and lost revenue data, average unit value  
4 data, how all of that plays out in order to make that  
5 connection as these companies have seen in the market place  
6 between low-priced imports and their inability to sell their  
7 product at a profitable level.

8 COMMISSIONER PINKERT: Thank you. I recall the  
9 testimony that non-subject imports are not a significant  
10 causal factor for the condition of the domestic industry but  
11 I want you to think of this question also in a kind of  
12 inverted way and that is if the subject imports had not  
13 played a role in the U.S. market during the period of  
14 investigation, would the non-subject imports have filled in  
15 for them in an injurious manner? I know that Mr. Waite, you  
16 are an expert on that topic, generally so, maybe you can  
17 address it in this case.

18 MR. WAITE: That's very kind of you Commissioner  
19 Pinkert, and it is a very kind characterization. Some of  
20 your colleagues in the general counsel's office  
21 characterized my participation in Gerald Medals and Brask in  
22 a slightly different light.

23 Again if you look at the harmonized tariff  
24 schedule number as we say is almost an exact proxy for  
25 subject merchandise, you will see that one of the prongs of

1 Gerald Medals and Brask is not met by non-subject imports,  
2 that is non-subject imports available in the market at  
3 prices comparable to the subject imports and Dr. Magrath and  
4 his table chart two and in our pre-hearing brief and indeed  
5 in the pre-hearing staff report by the Commission from which  
6 all of this information is derived, you can see a dramatic  
7 disparity between the averaging the values and thus derived  
8 pricing of the non-subject imports compared to the subject  
9 imports.

10 I can't speak specifically on how those compare  
11 with the pricing of the domestic industry but again that can  
12 be seen in the confidential version of the staff report and  
13 will also be seen at non-subject imports again and are not  
14 underselling and certainly not underselling to the same  
15 extent as the domestic industry.

16 Another prong of Gerald Medals of course if the  
17 ability of the non-subject imports to come in to the market,  
18 I would ask particularly if Mr. Long and Mr. Jenkins this  
19 because two years ago they went on an extensive field trip  
20 into Asia, visiting many of the Asian threaded rod producers  
21 which appeared in the import statistics and it is not our  
22 impression that the capacity is there again to come in and  
23 not supplant but if subject imports have not been in the  
24 market would they have expanded to fill the market? From  
25 what I understand probably not because they didn't have the



1 capacity to do so, but if you would like Mr. Logan to  
2 address that either now or in your next round I'm sure he  
3 would be happy to share with you what his on the ground  
4 experience is with these threaded rod producers, both in  
5 subject countries and non-subject countries.

6 COMMISSIONER PINKERT: Briefly Mr. Logan you can  
7 continue the answer, I'm past the end of my round of  
8 questions, but if you want to just briefly comment on that  
9 that would be helpful.

10 MR. LOGAN: How brief is brief Mr. Pinkert? I'm  
11 not sure where to start. Very quickly, Brent and I two  
12 years ago prior to decision whether to file this case as we  
13 were seeing a lot of imports starting to come in from India  
14 and Thailand, we actually travelled to Taiwan, Thailand,  
15 Malaysia and India on a two week trip and we visited many of  
16 the manufacturers that were selling subject merchandise into  
17 our country.

18 It is my impression we also, by the way I've also  
19 travelled to China back in 2007 prior to our filing the case  
20 in China. It is my impression that Taiwan has been in the  
21 threaded rod market for several years but the cause of their  
22 internal cost would probably never be able to compete at the  
23 AUV levels that Thailand and India are presently selling  
24 material in their marketplace just because their internal  
25 cost structure, but it was very evident that when we visited

1 Thailand and India that they had geared up in a substantial  
2 manner to service the low carbon threaded rod market and  
3 almost exclusively to sell that product into the United  
4 States.

5 We were told repeatedly by each manufacturer that  
6 they sold almost exclusively into the United States and in  
7 fact the folks from Thailand were not in the market at all  
8 prior to our trade case with China and once we got a ruling,  
9 a positive ruling from ITC on China, they geared up  
10 specifically to sell into the United States and they were  
11 actually a wire rod mill and threaded rod is only a small  
12 portion of what they do and they certainly have the capacity  
13 to continue to ship product into the United States subject  
14 to this trade case.

15 COMMISSIONER PINKERT: Thank you I am going to  
16 stop you right there, I may pick up with this issue on the  
17 next round, thank you.

18 CHAIRMAN WILLIAMSON: Mr. Johanson.

19 COMMISSIONER JOHANSON: Thank you Mr. Chairman  
20 and Mr. Logan I would like to follow up on that. I have  
21 looked at the brief you all submitted at pages 31 and 32 you  
22 are right on how as you stated so much production in India  
23 and Thailand are being destined for the U.S. market. I know  
24 that you have traveled, but you have not traveled to India  
25 or Thailand is that correct?

1 MR. LOGAN: I have traveled to both.

2 COMMISSIONER JOHANSON: I'm sorry I just heard  
3 Taiwan.

4 MR. LOGAN: We went to Taiwan, Thailand, India  
5 and Malaysia.

6 COMMISSIONER JOHANSON: Okay you went to all  
7 those. Why is there not, as far as you know, why is there  
8 not being sold in those domestic markets, more being sold in  
9 those domestic market?

10 MR. LOGAN: We asked that.

11 COMMISSIONER JOHANSON: Because those are large  
12 countries with large economies.

13 MR. LOGAN: For whatever reason and I can't  
14 explain this, threaded rod is not used in a lot of those  
15 markets, I don't know if it is a third world country  
16 building code issue, threaded rod is used extensively in the  
17 United States and throughout Europe for whatever reason and  
18 I believe it's probably used in Japan, I am not sure about  
19 Taiwan but we specifically asked that question to each  
20 producer that we talked to. Did you sell material  
21 domestically and across the board the answer was no and we  
22 asked a couple of follow-up questions as to why is that and  
23 the answer was well we just, there's just not really a  
24 market here for it. As to why, I really can't explain that.

25 COMMISSIONER JOHANSON: Okay thank you and I can

1 kind of, I've been to Taiwan, I could maybe see why there is  
2 not more use there, my brother used to live there so I spent  
3 a fair amount of time there and the building standards are  
4 maybe I would say a bit different than here.

5 MR. LOGAN: If you think they are a bit different  
6 in Taiwan, please go to Calcutta.

7 COMMISSIONER JOHANSON: Okay I'll remember that  
8 if I ever go. All right thank you for your response. And I  
9 wanted to thank all of you also for being here today, some  
10 of you came a long way and Mr. Iverson and your colleague,  
11 I'm sorry, your name I cannot see, Mr. Rodgers came a long  
12 way, all the way from California and Mr. Iverson when you  
13 first tried speaking you mentioned that you are in  
14 Brentwood, California and I was thinking oh my goodness,  
15 that is between Westwood and Pacific Palisades, how can you  
16 possibly manufacture in West LA?

17 MR. IVERSON: That's the OJ Brentwood.

18 COMMISSIONER JOHANSON: Right. I know that area  
19 fairly well.

20 MR. IVERSON: We are up in Northern County.

21 COMMISSIONER JOHANSON: I looked at my little  
22 smart phone here and saw you were east of Los Angeles and I  
23 was wondering with at least one of the products which we  
24 have investigated since I have been on the Commission which  
25 is about two years, there's much of the manufacturing was

1       done close to major U.S. metropolitan areas because that  
2       would give them an advantage in the U.S. market if you are  
3       close to San Francisco and that large area and if you are on  
4       the west coast fairly close to Los Angeles.

5                Would you have an advantage over the product  
6       coming in from let's say Thailand and India, due to your  
7       proximity to these large markets?

8                MR. IVERSON: You know it's an advantage for  
9       distribution but the steel mills are in Nebraska, Oregon and  
10      the raw material actually has to come halfway across the  
11      United States to get to us first and then we manufacture it  
12      and then we have a good distribution channel but even with  
13      us being close to those large markets, you know I kind of  
14      equate it and if you look at the numbers, right now raw  
15      material is costing about thirty-eight cents a pound to  
16      zinc-plated is twelve cents a pound and then we have to put  
17      profit on it and if you look at the subject imports they are  
18      selling it for what our cost is.  
19      That's hard to compete with.

20               COMMISSIONER JOHANSON: Okay I guess if anything  
21      in California you would have Long Beach there which I assume  
22      is the least expense to export in California maybe than in  
23      other parts of the country, I'm just not too sure, let's say  
24      Midwest, okay thanks for your response and then also for  
25      teaching me a little bit about geography of California.

1                   And following up on the whole cost issue, as you  
2 all know prices of energy in the United States have been  
3 coming down fairly significantly which has given us from  
4 what I understand and us being U.S. manufacturers an  
5 advantage in manufacturing over some producers in poor  
6 countries. Have you all seen that as a case? In your  
7 industry given that the cost of natural gas in the United  
8 States, yes Mr. Logan?

9                   MR. LOGAN: For us energy is probably the least  
10 important input, obviously steel is the vast majority of the  
11 input, the second in input is the zinc-plating or the high  
12 pit galvanizing that is energy intensive but it is, we  
13 actually get a break-down on what the zinc costs are, energy  
14 is less than four percent of the cost of the plating,  
15 plating is driven primarily by the cost of zinc, whether it  
16 be molten zinc and due to hot dipping or just the surface  
17 zinc for the regular zinc plated threaded rod and then the  
18 chemicals that go along with it.

19                  Now you would hope that over time as the chemical  
20 industry comes back in the United States that some of those  
21 chemical costs would begin to drop, just because of the  
22 natural gas feeds, because natural gas is such a huge cost  
23 for the chemical industry and I do believe that there are  
24 probably dozens of chemical plants being constructed at this  
25 point and at this point we have not seen the effect of that.

1                   If we were to talk about like our heat trading  
2           facility, our heat trading facility is very much driven by  
3           energy costs, but that is not subject merchandise and we  
4           would be glad to answer that in post conference if you are  
5           interested in that effect in that part of our business, but  
6           it is not really a major effect in the carbon threaded rod  
7           business.

8                   COMMISSIONER JOHANSON: If you think that it is  
9           relative to our investigation feel free to include that, if  
10          not don't -- you don't need to spend time on that. All  
11          right thank you for your response Mr. Logan.

12                  To what do you all attribute the jump in the  
13          imports of steel threaded rod from China during the period  
14          of investigation? They have come up fairly significantly.

15                  MR. LOGAN: Okay Brent and I have spent a good  
16          bit of time over the past eighteen months working with  
17          customs and border protection on enforcement of our China  
18          border. We are primarily concerned with and we will be glad  
19          to explain, I don't what to go in to a lot of that detail  
20          and I'm sure you guys are very familiar with circumvention  
21          and things like that. One of the reasons we had made a trip  
22          to Malaysia was to figure out how they were shipping the  
23          subject merchandise out of Malaysia and it was very  
24          interesting we found a major manufacturer that was located  
25          on the first floor of a strip mall right underneath a

1 dentist and right beside a restaurant and his shop was about  
2 the size of this table so I'm not sure where all of that  
3 threaded rod is coming from.

4           Honestly Mr. Johanson we are very confused by the  
5 numbers from China. We -- as a group we represent the vast  
6 majority of the threaded rod that is domestically  
7 manufactured in the United States. We also cover almost  
8 every market served by threaded rod in the United States and  
9 we are not seeing subject merchandise from China in the  
10 market. If it is there it is being hidden, it means it is  
11 being mislabeled possibly which we are not sure of, we do  
12 see labels, we visit our customers and one of the things we  
13 can do and we tell our sales people to do is go out into the  
14 plant, go out into the distribution facility, look at the  
15 product, where is it from? What do the labels say and for  
16 the last three years the vast majority of subject  
17 merchandise that has been imported the vast majority has  
18 been from India and Thailand.

19           I have not personally seen a label saying that  
20 the product was manufactured in China since 2008. I'm not  
21 saying that we are all knowing and that is not somewhere and  
22 it's very possible it is somewhere but we as an industry are  
23 not seeing it in the quantities that are being reported and  
24 I guess probably in the last two years Brent spends a great  
25 deal of time and he would be a great person to answer this



1 question.

2 Brent spends a great deal of time tracking  
3 imports from all over the world, looking at the numbers on a  
4 monthly basis that you guys release and every month we  
5 question where is that amount of rod going in the  
6 marketplace and honestly that's the best answer we can give  
7 you at this point.

8 It's interesting that the average unit values are  
9 substantially higher and we are just not, we can't explain  
10 it.

11 COMMISSIONER JOHANSON: Because the official  
12 import statistics do show Chinese imports increasing.

13 MR. WAITE: You are correct. Since the order was  
14 issued against China in 2009 and there was a very abrupt  
15 decline - I think Dr. Magrath called it nosedive in imports,  
16 it has come back up. There is one Chinese producer that has  
17 actively participated in the Commerce Department's  
18 administrative review proceedings and I can't speak  
19 specifically of course about how much material they are  
20 bringing in, but again it is puzzling to us monitoring it.  
21 Where this material is going because we simply don't see it  
22 and you might, well you have access to the CBP import data  
23 and we under administrative protected order also have access  
24 to that data and there are often great discrepancies between  
25 the CBP import data that we are seeing which is based on

1 subject merchandise under that tariff heading and total  
2 imports under that tariff heading and again as Mr. Logan has  
3 expressed, we discussed that with customs and we all seem to  
4 be puzzled by that but I can tell you in many conversations  
5 with the gentlemen at this table as well as their colleagues  
6 back in their production and sales offices, everyone is  
7 puzzled by that because as Mr. Logan said they just don't  
8 see it in their markets, they don't see it when they are  
9 selling to distributors.

10 What they see is material from India and  
11 Thailand, no longer from Thailand, because they appear to  
12 have completely dropped out of the market, but they just  
13 don't see these numbers from China.

14 COMMISSIONER JOHANSON: All right well that you  
15 for trying to clarify that and my time has expired.

16 CHAIRMAN WILLIAMSON: Commissioner Broadbent.

17 COMMISSIONER BROADBENT: Thank you, I appreciate  
18 the witnesses coming so far to the hearing today and hope to  
19 get some good weather here in Washington. I wanted to talk  
20 a little bit more about the price effect that we have got to  
21 really focus on for this case and I think this will go to  
22 Mr. Waite. On page 19 in your pre-hearing brief you  
23 indicate that subject import AUVs are lower than AUVs of  
24 non-subject sources as we have discussed however, on page  
25 D-3 of our public staff report, we show that price data for

1 imports from China and Taiwan were lower than prices of both  
2 subject imports and U.S. produced products in a majority of  
3 instances.

4 By comparison prices for subject imports oversold  
5 U.S. produced products in a majority of incidences as  
6 reported in table 5-11. You know we are just going to have  
7 a hard time getting over the issue that looks like amounts  
8 were typically priced lower than subject imports and may  
9 have caused the alleged injury to the domestic industry and  
10 this is really where we need to focus, assuming your  
11 thoughts and your analysis. Can you please try again on the  
12 discrepancy between two measures of the price effects?

13 MR. WAITE: I will try Commissioner Broadbent and  
14 obviously that is an issue that has befuddled us too.

15 COMMISSIONER BROADBENT: Right.

16 MR. WAITE: Let me just repeat for foundational  
17 purposes that looking at the import data under the tariff  
18 sub-heading which we consider to be almost a perfect proxy  
19 for subject merchandise that clearly shows that the  
20 averaging the values for subject imports are significantly  
21 below those of non-subject and that's the tabling on page 19  
22 of our pre-hearing brief that you mentioned and of course  
23 the source of that is the pre-hearing staff report at roman  
24 44 which is taken again from the official import statistics.

25 If you then would put another line in that table

1     which we cannot do in the public version and that is the  
2     domestic industry's average unit values for pricing, or even  
3     their pricing product values that are reported on products  
4     one through six, you will see where they fall and they fall  
5     at a level that is far above the average unit value for  
6     subject imports.

7             Now why is the data that we are looking at in  
8     section 5 that is the pricing data so different from this?  
9     Frankly, we have some thoughts, only speculation, we don't  
10    know, we unlike you do not have the authority to go back to  
11    the importers and ask them to verify which in fact is seldom  
12    done because it is such an onerous procedure, they just fill  
13    out a table and it comes in and if there are obvious  
14    anomalies on the face of it we know that staff does go back  
15    to the importer and say well what's the explanation of this  
16    so the answer might be oh we made a mistake, but we  
17    identified by going through the importer's questionnaire.

18            Individual importer's questionnaire responses, a  
19    number of factors, and I'm stalling for time because I'm  
20    looking for my list, a number of factors that may have  
21    distorted the pricing data that you receive from importers  
22    and again I need to be very careful and you will appreciate  
23    because we are talking about individual company responses,  
24    thank you, individual company responses which are highly  
25    confidential and we are also talking about the percentages

1 of the data supplied by a particular company or companies.

2 Let me just point out some of the errors or  
3 anomalies that we have found, many of which we believe the  
4 Commission staff has already identified and gone back to the  
5 importers to try to correct. Some importers reported in  
6 metric tons rather than in pounds, you could imagine what  
7 that is going to do to averaging values or the pricing of  
8 products.

9 Some were recorded in pieces rather than pounds,  
10 again because this is an industry where many sales are done  
11 on a piece basis, imported. The distributor wants to buy so  
12 many pieces of the product at such a length and such a  
13 diameter. At least one importer indicated that when it was  
14 reporting data on pricing products that are electro-plated,  
15 it was actually reporting pricing on a hunted galvanized  
16 product and as you have heard from the industry witnesses  
17 earlier, hunted galvanized is a far more costly and  
18 therefore much more higher-priced product.

19 Some of the importers, again in their individual  
20 responses indicated that they derive their values on a  
21 delivered basis rather than an FOB basis, obviously if you  
22 are including the transportation from your warehouse or  
23 distribution center to your customer, that's going to be a  
24 much higher price.

25 I had mentioned earlier that the staff report

1 indicates that it did receive responses from a number of  
2 importers but if you look at the percentage of total pricing  
3 data received from just one importer for India or Thailand,  
4 you will see that that one importer, if there are any  
5 anomalies in that importer's data are going to drastically  
6 skew the overall numbers simply because that one importer  
7 accounted for such a significant share of the data on  
8 pricing for India and on Thailand.

9 I'm not saying it is the same importer or  
10 different importers, I need to mask that for confidentiality  
11 purposes and the final point I would make is that some  
12 importers were reporting the pricing data for products which  
13 they elsewhere stated in their responses they were not in  
14 fact importing so that raises questions too.

15 The fact that the reported pricing data, the  
16 disparity between the reporting pricing data and the average  
17 unit values is so dramatic, I mean one could say well if the  
18 average unit value is a dollar a pound and the pricing data  
19 is \$1.10 or \$1.15 okay I can understand that, you have got a  
20 profit, you have got overhead costs, you might have some  
21 warehousing costs in the United States, but if the -- and  
22 these are all hypothetical numbers obviously but if the  
23 average unit value is a dollar and it is being sold at \$1.50  
24 then you have to think this company is really immensely  
25 profitable how can it be selling this product at that price

1 and why would a U.S. customer buy the product at that price.

2 Again if you look at the comparison in your  
3 pricing tables between U.S. and imports, why would it be  
4 buying imports when as you have heard from the  
5 representatives of the domestic industry there are certain  
6 advantages to buying domestic? They are faster, they are  
7 nearby they can make you a product if you need it.

8 I asked Mr. Logan yesterday how long would it  
9 take you to ship a product if you have it in inventory and  
10 he said how many minutes do you have. I mean it's just a  
11 rapid response, I still believe that most companies like to  
12 deal with American manufacturers so why would you be buying  
13 these imports where you are waiting months for the product  
14 to arrive or there could be quality problems. Why would you  
15 be buying them at the same prices that you are buying from  
16 the U.S. industry, it just seems to go against what you have  
17 heard in so many cases when you have heard respondents argue  
18 to you, oh of course we have to sell it at a lower price  
19 than the U.S. industry because the U.S. industry has a  
20 number of inherent advantages and we as importers have -

21 COMMISSIONER BROADBENT: I just have one more  
22 question I wanted to get in in ten minutes.

23 MR. WAITE: Okay I'll stop there.

24 COMMISSIONER BROADBENT: Okay great, thank you.  
25 Could we talk a bit about the lost sale and lost revenue

1       allegations, page 22, 23 and 33 of your pre-hearing brief  
2       you cite customer responses to lost sales and lost revenue  
3       allegations as evidence that petitioners are being severely  
4       impacted by the subject import, however, in your narrative  
5       responses petitioners then agreed with the allegations also  
6       challenged the alleged qualities, alleged quantities, excuse  
7       me and at least one case indicated that the alleged  
8       quantities were significantly larger than all of the  
9       purchases of subject to imports in total.

10               Now that purchaser indicated that they did not  
11       know the country of origin of the product that they  
12       purchased. I know the details of the allegation are  
13       confidential so in your post-hearing brief can you address  
14       how these and any other qualifications to the responses to  
15       the lost sales and revenue allegations impact your analysis  
16       of the lost sales and revenue.

17               MR. WAITE: We shall do that.

18               COMMISSIONER BROADBENT: I appreciate it. Thank  
19       you Mr. Chairman.

20               CHAIRMAN WILLIAMSON: Thank you. I will follow  
21       up we have talked a lot about AUVs, Mr. Magrath I was right  
22       looking at your chart 2, and I assume that the values for  
23       China don't include any duties and maybe you all can't  
24       answer this since you don't really know where these Chinese  
25       imports are going but I am trying to figure out how is it



1       that China is able to increase its sales at higher prices  
2       any better insights on that on where they are going?

3               MR. MAGRATH: I -- the rest of the people that I  
4       have talked with have no reason, there may be the reason  
5       that certain Chinese producers have a long-term agreement  
6       with U.S. distributors, U.S. importers and that is sort of  
7       keeping to that agreement.

8               CHAIRMAN WILLIAMSON: Well Mr. Logan.

9               MR. LOGAN: I have a little bit different view,  
10      having spent a good bit of time with CBP and having spent a  
11      good bit of time overseas and been in this market for so  
12      long I think it is an anomaly in how some of the materials  
13      is being shipped in and classified. We know that there is  
14      5056 material coming in that is being marked as non-subject  
15      merchandise and everything under 5056 should be subject  
16      merchandise and CBP has basically told us that we have a  
17      very clean HDS number.

18              It is very possible that there are some mistakes  
19      being made on the importer side where non-subject  
20      merchandise is coming in as 5056 and then being marked as  
21      non-subject merchandise so in essence we think there is some  
22      material that is possibly an alloy material and it is  
23      interesting that the AUVs on this product is about eighty  
24      cents a pound and we are in that -- we are in a -- our heat  
25      treated division sells non-subject heat treated material in

1 to the market and we know the import market for that  
2 material is about eighty cents a pound so we find it very  
3 interesting that the material and we know that China is a  
4 very large supplier of the non-subject heat-treated product  
5 in the U.S. at about eighty cents a pound so we find it very  
6 interesting that we can't figure out why, we can't and one  
7 thing we have asked CBP to do is to go back to the importers  
8 and say -- and to challenge them and say if you are  
9 reporting this under 5056 and you are marking it as  
10 non-subject, how do you explain that it is non-subject  
11 because everything under 5056 should be subject merchandise.

12 What we would like for them to ask those  
13 questions -- we would like to see the data. We believe some  
14 of the data may be tainted in that we believe that is very  
15 possible that B7 heat-treated var is coming in under the  
16 wrong tariff code and that's the only way and second of all  
17 it does not make sense in our market, this is a very  
18 commodity based product, it is extremely price sensitive.  
19 I would like to think that because we are domestic  
20 manufacturer, because I'm really good looking, because we  
21 have a great location, because we can ship your product  
22 fast, that we would get your business but it really does  
23 role down to most large buyers are extremely price sensitive  
24 and it does not make any sense to us that China can be  
25 selling product at eighty cents a pound into this market

1 under and it be truly low carbon threaded rod, you know,  
2 subject merchandise under 5056.

3           It does however make sense to us that it is  
4 possibly coming in, that it is the incorrect product and why  
5 they would be doing that, all we would - if CBP would hit a  
6 couple with the China-wide tariffs they would put a stop to  
7 that because then they would figure out where they would fit  
8 in and Brent and I just did a webinar where we had 110 CEE  
9 folks and I guess you guys are familiar with CEE, base metal  
10 C in Chicago at 110 agents for CBP from around the country  
11 participate with our webinar and we went aggressively over  
12 how our product is made and also what we think is happening,  
13 especially from the China side and they were not able to say  
14 anything specific about what they would do, I think that  
15 very much piqued their interest, that there could be some  
16 issues that they needed to address with the importers and I  
17 hope that sheds maybe a little bit of light that could  
18 possibly be happening.

19           CHAIRMAN WILLIAMSON: Thank you.

20           MR. JENKINS: If I might add to that, since I  
21 look at the numbers each month what the ITC releases and  
22 again we are constantly baffled, we have been baffled with  
23 the Chinese number because we really do not see it in the  
24 marketplace and low carbon threaded rod, we just don't see a  
25 Chinese product in the marketplace but if you did into the

1 ITC data and you look at the import district that it is  
2 going to, if you look at the Chinese product, a lot of it --  
3 in fact it dwarves all of the other districts, it is going  
4 into the Houston area and that is where a lot of the alloy  
5 product is consumed.

6 We ship more alloy product to Houston than any  
7 other market by far so that leads us to also believe that a  
8 lot of the import data from China that is coming in to this  
9 country under the 5056 tariff code, there is a good chance  
10 that a lot of it, this alloy which is also skewing the  
11 average unit value.

12 MR. LOGAN: Let me add one more point to that,  
13 the reason Houston is such a big market for that is the oil  
14 and gas market is driven out of the Houston market.  
15 Basically probably ninety percent of the product is  
16 eventually installed into oil and gas all over the country,  
17 whether it be California, Texas or North Dakota originates  
18 in Houston one way or the other. That's where almost all of  
19 the oil companies are located.

20 The product in question is called A193B7 it is a  
21 4140 alloy heat treated. It represents over ninety percent  
22 of the sales of our heat treat division and it just all adds  
23 up that the vast majority of that product is being shipped  
24 to Houston, it's coming in at an average unit value that we  
25 know is what China sells into the market at in that type of

1 product and we just believe that for whatever reason they  
2 are using 5056 which is incorrect and they should be using  
3 the other tariff code and we have asked CBP to go back to  
4 the importers and to try to clarify that so we get much  
5 cleaner data.

6 CHAIRMAN WILLIAMSON: Is it a normal tariff on  
7 the other product higher or about the same?

8 MR. LOGAN: There is no tariff on that code.  
9 There is no tariff at all and so there is no reason  
10 logically for them to use 5056 where there is a China-wide  
11 tariff code for that product and if CBP and that's why I  
12 said a second ago, if CBP would go to them and impose a  
13 sixty-eight percent China-wide tariff on a couple of orders,  
14 that number might drop substantially of what material is  
15 being shown from China on this, on 5056.

16 CHAIRMAN WILLIAMSON: Okay, thank you and the  
17 market price for that is higher than.

18 MR. LOGAN: Yes sir the market price for that is  
19 substantially higher.

20 CHAIRMAN WILLIAMSON: Okay we have now learned as  
21 much as we can learn about this thank you.

22 On page 20 of your pre-hearing you indicate that  
23 three-eighth inch diameter one and two account for  
24 approximately sixty percent of the U.S. market for threaded  
25 rod. Because of the U.S. markets, the Commission places

1 more weight on the price trends and underselling comparisons  
2 for these products.

3 MR. LOGAN: I think I understand your question.  
4 Threaded rod is a commodity product and by and large what we  
5 have found, both from China in 06-07 and from India and  
6 Thailand since that they tend to come up with -- threaded  
7 rod is nice in that it is basically steel and plating and  
8 that's really all it is, there is not a lot of other things  
9 that are attached to it.

10 You can give a person a price in the market for a  
11 three-eighths by a ten footer by the foot, you can give it  
12 to them by the piece or you can give it to him by the  
13 hundred foot, but the way we look at it internally is by the  
14 pound and the way the average unit values are shows for you  
15 guys are by the pound. And what we have seen is by and  
16 large three-eighths and above, no matter what the diameter  
17 tends to be priced at about the same level regardless of  
18 diameter, three-eighths tends to be a little bit lower and  
19 when I say a little bit -- maybe a penny or two over.

20 Quarter-inch may be because it is so small and a  
21 little bit slower to run, because you can run all day and  
22 really not produce anything, maybe it is a couple cents a  
23 pound higher, but in the big scheme of things we don't see a  
24 wide variation of prices among that diameter, simply because  
25 it is basically it's just pounds of product and its add some

1     plating and that's what you got and unfortunately for us in  
2     the grand scheme of manufacturing it is a very simple  
3     product to manufacture and so it is very commodity based.

4                 CHAIRMAN WILLIAMSON:   Okay thank you.   My time is  
5     up, Mr. Pinkert.

6                 COMMISSIONER PINKERT:   Thank you Mr. Chairman.  
7     Mr. Waite did Mr. Logan wish to add anything about the  
8     ability of the non-subjects to have replaced the subject  
9     imports if the subject imports had pulled out during the  
10    period of investigation?

11                MR. LOGAN:   I was so thrilled with my last answer  
12    I didn't really understand your question, can you restate  
13    your question?

14                COMMISSIONER PINKERT:   Sure what we are talking  
15    about is Dr. Magrath had said earlier that the non-subjects  
16    were the significant causal influence on the condition of  
17    the domestic industry during the period and so I asked the  
18    hypothetical question well what if the subject imports had  
19    pulled out and you had some knowledge on the ground about  
20    the ability of non-subject imports to replace them if the  
21    subject imports had pulled out so I just wanted to find out  
22    if you had any additional information about that.

23                MR. LOGAN:   Threaded rod is interesting in that  
24    it is a commodity product however the most important issue  
25    is availability of a local wire red mill faith stock.

1 Obviously India had that in place, they are a large country  
2 they have their own steel mills. Taiwan has that in place  
3 but what we have found with the people that we have talked  
4 to in Taiwan is that their operating costs were much higher  
5 and I think that is pretty much through across imports, you  
6 know Taiwan was the first - actually Japan was probably the  
7 first cheap manufacturer, then it moved to Taiwan, then it  
8 moved to China and maybe now it has moved into India.

9 As these countries go from third world to first  
10 world their costs obviously go up so can Taiwan service this  
11 market at the level of India and Thailand combined? At this  
12 point I am a little dubious that they can. I do believe  
13 that they will try and I do believe that they will try but  
14 it will be at a higher level but only time will tell.  
15 Thailand had the advantage of having a wire rod facility  
16 there. That wire rod facility was actually moved from  
17 Taiwan because of operating costs about two years ago.

18 I am not aware of another country I mean the next  
19 logical step would be Laos or Cambodia or Vietnam. I  
20 believe the feedstock for the wire rod mills will be a major  
21 impediment to some of those countries becoming major players  
22 here, I just don't think they have the infrastructure.

23 India we knew had the infrastructure, honestly  
24 Thailand came out of nowhere, we were not aware of that  
25 steel mill being there because that steel mill is not a



1 player in the United States for wire rod, they have never  
2 imported or exported to the U.S. for wire rod that we are  
3 aware of so we were not even aware that they were there.

4 Will we face further competition? It's possible  
5 but we believe we are hoping if we face further competition  
6 it will be at a higher level of AUVs.

7 COMMISSIONER PINKERT: Okay just to clarify when  
8 you say higher level you mean higher prices?

9 MR. LOGAN: Higher prices correct, we are hoping.

10 COMMISSIONER PINKERT: Thank you. Now your brief  
11 raises the critical circumstances issue and as you know the  
12 typical practice of the Commission is to look at the six  
13 months prior to and the six months after the filing of the  
14 Petition and in fact the staff report contains some graphs  
15 showing the pattern of the volumes during that twelve month  
16 period and I wanted to get to you to take a look at those  
17 graphs and tell me whether we have the kind of massive  
18 increase that would warrant an affirmative finding on  
19 critical circumstances?

20 MR. WAITE: Thank you Commissioner Pinkert.  
21 Again it's Fred Waite and I was turning to the section of  
22 the pre-hearing staff report which addresses the issue.

23 COMMISSIONER PINKERT: Roman 4-9 and Roman 4-11.

24 MR. WAITE: Thank you so much. And of course  
25 the numbers for India are redacted from the public version

1 and the graph is redacted. The graph from Thailand is not  
2 because that is based on import data and I would say this on  
3 Thailand -- I'll say some general things on India but then  
4 specifically perhaps in our post hearing where I can  
5 actually address some of the factors and some of the issues  
6 that you raised Commissioner Pinkert.

7 With Thailand of course the case was filed at the  
8 end of June and what you saw was a dramatic spike up through  
9 August. Then as the date of the U.S. Commerce Department's  
10 preliminary dumping determination approached you see  
11 starting in September imports declining dramatically. In  
12 other words, the top Thai exporters and their importers  
13 understanding that by some time in December they would  
14 probably be effectively out of the market because they would  
15 be required at the time of importation to deposit  
16 significant duties and in fact that's what happened.

17 The Commerce Department issued its preliminary  
18 determination at the end of December and the duty rates  
19 ranged from 68 percent to almost 75 percent so in terms of  
20 six months before and six months after you don't see  
21 aggregate the increase that the Commission would normally  
22 expect to see, is that too strong of a term -- would like to  
23 see and that's because --

24 COMMISSIONER PINKERT: Would be examining I think  
25 is the way I would characterize that.

1                   MR. WAITE: Thank you Commissioner Pinkert,  
2           that's exactly right and I think of the Thai case, there are  
3           a couple of reasons for that. First of all as we all know  
4           and as your staff and we have labored under, the Commerce  
5           Department conducted the Thai investigation according to its  
6           so-called normal statutory schedule which we all realize is  
7           not the normal schedule.

8                   In every steel case that I have been involved in  
9           since the Commerce Department took authority for calculating  
10          dumping margins, they have extended to the full extent  
11          possible, their original investigations, if there is  
12          participation by the responding mills. Here without any  
13          participation, we had a bifurcated schedule at the Commerce  
14          Department which meant that instead of continuing the  
15          shipment at high levels as the Thai producers saw their  
16          preliminary determination coming not in December but in  
17          February or even March, they dropped off more quickly.

18                   Secondly another factor examined by the  
19          Commission in its critical circumstances analysis is the  
20          level of inventories of subject merchandise held in the  
21          United States. Indeed I think in the last two cases where  
22          the Commission has made affirmative critical circumstances  
23          determinations, in one case it was the build-up of  
24          inventories that was seen as a very important factor and in  
25          the other case it was the increase of import levels so I

1 would ask the Commission as we have done in our preliminary  
2 brief to examine the import level -- I'm sorry, the  
3 inventory levels of subject merchandise held in the United  
4 States by importers.

5 In many cases I know when the Commission looks at  
6 increased imports after a case is filed it notes that those  
7 are imports that are actually under contract to be sold to  
8 customers. In this case that clearness is not what happened  
9 because the inventory levels were building up so importers  
10 were bringing in material, stock-piling it with the  
11 expectation that if the Commerce Department came up with  
12 high margins or margins which it has in all of these cases,  
13 these importers would have in stock pre-margin material that  
14 they could continue to sell at injuriously low prices.

15 COMMISSIONER PINKERT: Thank you, I would ask for  
16 the post hearing that you take a look at issue that would  
17 arise if the Commission needed to turn to a threat analysis  
18 and the issue I would like you to take a look at is whether  
19 the volume and price trends support cumulating the two  
20 countries in the context with the thread determination.

21 MR. WAITE: We will do that Commissioner Pinkert.

22 COMMISSIONER PINKERT: Thank you very much.

23 Thank you Mr. Chairman.

24 CHAIRMAN WILLIAMSON: Commissioner  
25 Johanson.

1                   COMMISSIONER JOHANSON: Thank you Mr. Chairman.  
2       I want to address the issue of threat of material injury and  
3       I would like to ask you to address why you believe the  
4       Commission should cumulate subject imports from India and  
5       Thailand for purposes of any analysis of threat of material  
6       injury and in particular given that the respondent in the  
7       preliminary phase subpoenaed this, the issue of accumulation  
8       regarding a threat case. Please discuss any differences in  
9       price and volume trends between subject imports from those  
10      countries and why you believe we should nevertheless  
11      exercise our discretion to cumulate subject imports from  
12      those two countries in a threat analysis.

13                  MR. WAITE: Commissioner Johanson, we will  
14      address that as I just mentioned to Commissioner Pinkert.  
15      Would you like me to give you an overview now or would you  
16      prefer to see it in our post conference brief?

17                  COMMISSIONER JOHANSON: An overview now would be  
18      helpful if you wouldn't mind, thank you.

19                  MR. WAITE: Fine, we believe that the Commission  
20      should cumulate imports from India and Thailand in a threat  
21      analysis. We have discussion cumulation in terms of present  
22      material injury and the four factors that the Commission  
23      normally considers in present material injury.

24                  In fact we would say that the volume trends are  
25      the same or very similar. They increased over the POI. I

1 did mention earlier I believe the fact that the official  
2 import statistics, again are wonderful 5056 HTS sub-heading  
3 indicated a decline in imports from India in 2012. We noted  
4 that during the preliminary phase and we tried to address  
5 it, we tried to explain what was happening and then in this  
6 final phase in our pre-hearing brief.

7           What we find is that the official import  
8 statistics as I said show a decline in imports from India  
9 from 2011-2012 and then an increase. Thailand it's an  
10 increase across the three years. We are not sure why the  
11 official import statistics show that decline. In the  
12 preliminary phase of these investigations, fourteen Indian  
13 producers and exporters responded to the Commission's  
14 questionnaires and the Commission in the preliminary phase  
15 provided the information, accumulated information from those  
16 fourteen producers in the public version of its report and  
17 its decision.

18           If you look at the import data from those  
19 fourteen and keep in mind in the preliminary phase the  
20 period of investigation was 2010-2012 so it had data for  
21 three years from those fourteen exporters and producers. If  
22 you compare the data for those three years with the official  
23 import statistics for 2010 and 2011 the numbers are almost  
24 spot on. It is extraordinary, frankly I've never seen this  
25 where the responses of the foreign producers are almost

1 identical to the data that you are seeing in the official  
2 import statistics.

3 In 2012 for some reason the fourteen producers  
4 reported that they had shipped 28 million pounds of threaded  
5 rod to the United States which would have been a continued  
6 increase just like Thailand was increasing over that period  
7 but the official import statistics show 20 million.

8 We looked at the individual responses for the  
9 fourteen producers, no anomalies there, no one went from  
10 zero to eight million in one year, everyone had the same  
11 natural progression of increases you saw from 2011 and then  
12 again from 11 to 12 but for some reason the official import  
13 statistics showed something very different.

14 We think in this case the Commission should place  
15 a great deal of emphasis on the responses to the  
16 questionnaires because as I said for two of the years they  
17 are perfectly spot on, for the third year there is an  
18 anomaly and the anomaly can't be explained by looking at the  
19 questionnaire responses because they are all consistent  
20 internally.

21 Unfortunately we don't have 2013 year data from  
22 those fourteen countries, companies rather, you only have it  
23 from the six companies who responded in your final phase,  
24 but one would -- I would postulate that if you had the  
25 responses from the additional eight countries for 2013, one

1 would see again a very close correlation between those  
2 fourteen and the official imports.

3           So why 2012 is an out wire we don't know but we  
4 think as I said you should look very carefully at the  
5 questionnaire responses because that would show trends of  
6 volumes that are similar and in terms of pricing, we would  
7 again address in our post conference -- post hearing -- I'm  
8 sorry I didn't mean to devalue your post hearing brief,  
9 the pricing data from India and Thailand and of course you  
10 have seen the average unit values with India and Thai  
11 averaging at values tracked very closely and each  
12 individually and together significantly below the averaging  
13 of values of all other imports, but we will address this as  
14 I promised Commissioner Pinkert in our post hearing and  
15 there we can get into the confidential information which I  
16 hope will make our discussion a little more coherent than I  
17 have been able to do today trying to speak with a lot of  
18 brackets in my testimony.

19           COMMISSIONER JOHANSON: Certainly I understand.  
20 And continuing on the issue of threat of material injury.  
21 What condition or conditions in the U.S. market, if any, do  
22 you expect that will change in the imminent future, that  
23 would tend to support a threat determination on the record,  
24 on this record?

25           MR. LOGAN: This is Allen Logan. I think I



1 understand your question. We believe the overall economy is  
2 gradually improving. Commercial construction has, I believe  
3 the statistics will back up, that commercial construction  
4 has not improved as much as the overall economic numbers  
5 have.

6                   There are various forecasts. Of course, if  
7 you ask ten economists, you can very well get ten forecasts.  
8 But most believe that commercial construction will pick up  
9 over the next two to three years, and commercial  
10 construction is a pretty big driver of the use of threaded  
11 rod.

12                   There is a little bit used in residential, and  
13 as you know, residential has picked up much faster, it  
14 seems, than commercial has. But unfortunately our product  
15 is not used there as extensively.

16                   I guess the answer to your question is what  
17 happens if India and Thailand go away. If we're not under  
18 the threat of averaging of values, market pricing being at  
19 or below our cost, I am hoping our industry will be able to  
20 return to profitability really for the first time since 2005  
21 and 2006, prior to China becoming such a heavy player in the  
22 market.

23                   There have been spurts and dashes where we  
24 were able to be more competitive. But overall, it has been  
25 devastating. It was very frustrating for us, having filed

1 the China case, literally waking up one day and China having  
2 dropped their prices some 30 percent, to below our -- to  
3 below our cost, and having won that case, somebody asked me  
4 if it had been worth the fight, since the market as a whole  
5 in 2008 fell off the cliff, from a standpoint of the  
6 economy. Everybody suffered. We were in a deep recession.

7 My answer to that was we probably would not have  
8 survived without the China case. We could not have  
9 maintained business selling at the levels that they were  
10 selling at. Unfortunately, we have found ourselves in a  
11 very similar situation. I can tell you it was very  
12 disheartening when Brent and I visited especially India.

13 India is in many ways a first world country,  
14 living right inside or next to a third world country. The  
15 areas that we went, which were Calcutta in the Southeast and  
16 where a major manufacturer and somebody who is a respondent  
17 in this case is located, and also all the way up to the  
18 northwestern location, where several more respondents are  
19 located, almost to Pakistan, right on the Pakistan-Nepal,  
20 kind of that left quadrangle of India.

21 It was very disheartening to see the  
22 manufacturing facilities there, what they did  
23 environmentally, the child labor that they were employing.  
24 It was very disheartening, after having won the case against  
25 China, to realize what we were competing against.

1                   We believe to return this industry back to  
2   profitability, and long-term sustainability, it is incumbent  
3   that the pricing levels have to go up, and we just do not  
4   see how pricing levels can go up, as long as Thailand and  
5   India remain in the market. I hope that answers your  
6   question.

7                   COMMISSIONER JOHANSON: It does, and I thank  
8   you for your response, and my time has expired.

9                   CHAIRMAN WILLIAMSON: Okay, thank you.  
10   Commissioner Broadbent.

11                  COMMISSIONER BROADBENT: Thank you. Mr.  
12   Waite, during the preliminary phase of the investigation, we  
13   found evidence of price suppression related to trends in the  
14   increases of cost of good sold. Please discuss the trends  
15   of COGs in the final phase of the investigation, and their  
16   effect on the domestic industry's financial performance.

17                  MR. WAITE: Thank you, Commissioner Broadbent.  
18   We would prefer to do that in our post-conference, since  
19   that information is confidential, and we can address it  
20   directly. We understand your question and we will do that.

21                  COMMISSIONER BROADBENT: Okay, got it. Let's  
22   see. The primary input for steel threaded rod is low carbon  
23   steel wire rod or low carbon steel bar, as I understand it.  
24   Given the importance of these products within your cost  
25   structure, do you pay attending to AD and CBD petitions on

1     your raw material inputs, such as wire rod? Mr. Logan or  
2     Mr. Upton.

3                 MR. UPTON: Yes, we do, and we are concerned  
4     about, you know, our raw material input cost, and staying  
5     competitive with any foreign finished products flowing in.

6                 COMMISSIONER BROADBENT: Okay, and where are  
7     you seeing activity on your raw materials? Where are you  
8     concerned about petitions?

9                 MR. UPTON: Well, just the price that the  
10    domestic mills may raise the rod prices to, are a concern.

11                COMMISSIONER BROADBENT: Right. Just the  
12    effect on the domestic price.

13                MR. UPTON: Yeah.

14                COMMISSIONER BROADBENT: Okay. Mr. Logan, do  
15    you have any perspective on that?

16                MR. LOGAN: And as Mr. Upton is my boss, I  
17    thought he had an excellent answer.

18                (Laughter.)

19                COMMISSIONER BROADBENT: Okay. Let's see.

20                MR. WAITE: Excuse me, Commissioner Broadbent.  
21    If I could add something, and maybe the other industry  
22    members would follow up. My understanding is that these  
23    companies like a vast majority of wire drawers in the United  
24    States, that is, companies that purchase wire rod and draw  
25    it into wire and then make other products, everything from

1 inner spring units to garment hangars to threaded rod  
2 source, and especially in the last few years, have sourced  
3 largely almost exclusively and in some cases exclusively  
4 from domestic mills.

5 And I think what Mr. Upton was getting at is  
6 that it's not the fact of a trade case, for example, the  
7 case that you just made your preliminary determination on  
8 involving China, the direct impact of that on his business,  
9 but more is a ripple effect as he said, you know. Are  
10 domestic producers then going to raise their prices?

11 It's something they're very mindful of,  
12 because as they've all told you here today, the largest  
13 single component in their cost structure is steel wire rod,  
14 then zinc, then very secondarily energy, labor packing,  
15 whatever else goes into it. So yes, they're mindful of  
16 trade cases on all products, and especially their raw  
17 materials.

18 But I again want to leave the impression that  
19 this is an industry that can only survive if it can purchase  
20 those raw materials from overseas sources. They've  
21 survived, not well and barely, but they have been sourcing  
22 almost exclusively from domestic rod mills.

23 COMMISSIONER BROADBENT: Okay. Can you all  
24 tell me, and part of this was touched on earlier. I just  
25 didn't get quite a clear picture of it. What is demand for

1       this product? What's happening to it globally, and there  
2       was some mention that in some developing countries, there's  
3       no market and no one really knew why.

4                   Does it have to do with, you know, building  
5       irrigation systems and what do you see globally happening to  
6       demand in this product along developed and developing  
7       countries?

8                   MR. LOGAN: This is Allen Logan, Ms.  
9       Broadbent. Honestly, I have no idea what is happening  
10      globally with this product. As I said earlier, I am aware  
11      that the European Community uses this product. I am sure  
12      since they are flat and basically have been in a recession  
13      since -- for five or six years, that the global demand or  
14      the demand from that area is probably flat also.

15                   We have never -- we have never tried to sell  
16      into the European market, and honestly simply because it's  
17      been primarily served from China, and so we could not be  
18      competitive there. I can only speak to the places I've  
19      actually been, and actually ask what are the products used,  
20      and basically, I've never found an Asian market that seemed  
21      to be a heavy threaded rod user.

22                   Quite the opposite. We found -- we've been  
23      told that markets were not heavy users, and I can't really  
24      -- I can't answer that as to if that is a -- if that's just  
25      differences in building codes and building standards, or if

1       they have other methods. I really can't answer that.

2                       I mean I'm sure you could -- if you're in a  
3       place and wood is abundant, you could do something where  
4       you're bracketing pipe using wood, which would obviously not  
5       be competitive in the U.S., but maybe that's something  
6       that's possibly done overseas. I really can't answer that,  
7       and I did not ever get a good answer from that, from either  
8       the Thailand producer, Taiwanese producer or Indian  
9       producers that I visited with.

10                      COMMISSIONER BROADBENT: It seemed to me,  
11       because you seemed so knowledgeable in the whole industry.  
12       But this one question seems to be --

13                      MR. LOGAN: And really, and honestly, we  
14       really don't have -- unless you guys can tell me something  
15       differently, we obviously contract shipments into the U.S.  
16       We can look at -- your data is made public about product  
17       that's coming in under this HTS code.

18                      We have basically no ability to see what is  
19       being shipped under -- I'm not even sure how you would track  
20       materials, say going from China to say Australia. I don't  
21       know what Australia's import statistics would look like. I  
22       don't know if I could even get access to them.

23                      I was told when I was in China several years  
24       ago, I asked them about where else they sold, and their  
25       answer was 80 percent in the U.S. and about 20 percent into

1 Europe, and they mentioned -- they had basically no sales in  
2 China, and did not mention sales to any other Asian nations.

3 So it's really -- and I think it also speaks  
4 to the fact that to us, this is an all-important market.  
5 But in the big scheme of things, that's a very tiny market,  
6 compared to electronics and iron ore and the big things, and  
7 I just don't think there's any visibility on this small of  
8 a market.

9 COMMISSIONER BROADBENT: Right. That's  
10 interesting. Okay. Hang on just a second. Are any of you  
11 affected by Buy America laws? Do purchasers consider  
12 whether they're buying American-manufactured product?

13 MR. UPTON: I would say there's very little of  
14 that affecting this low carbon threaded rod.

15 COMMISSIONER BROADBENT: Yeah.

16 MR. UPTON: So we --

17 COMMISSIONER BROADBENT: So the Buy America  
18 amendment doesn't have much to do?

19 MR. UPTON: Right, no.

20 COMMISSIONER BROADBENT: Okay. It seems like  
21 none of the responding producers or importers reported that  
22 there AD or CBD orders on threaded rod from India or  
23 Thailand and other markets. Do you agree that so far the  
24 market's relatively open on trade in this product from India  
25 and Thailand?



1                   MR. WAITE: Commissioner Broadbent, we're  
2     aware of no other orders on India or Thailand. But I think  
3     as Mr. Logan pointed out, it's probably because the vast  
4     bulk of these products are shipped to the United States, and  
5     again, without belaboring the point, our pre-hearing brief  
6     points out that for the Thai producer Tycoons, the wire rod  
7     company that shipped almost all of the threaded rod to the  
8     United States during the POI, they've stated publicly in  
9     their financial reports and on their website that the United  
10    States is the market for threaded rod.

11                  And again, if you go back to the famous 14  
12    Indian producers who responded in the preliminary phase, and  
13    you look at their individual responses, the number of  
14    companies who ship their entire production, 100 percent of  
15    their production of threaded rod to the United States is  
16    very substantial of that 14. It's more than a majority.

17                  The remaining ship all -- I'm sorry, almost  
18    all or a very significant portion to the United States. If  
19    you look at their internal sales, if you look at their  
20    shipments to other export destinations, they're really very  
21    tiny, until you get into their projections for 2014-2015,  
22    and then they seem to have discovered markets that they  
23    never knew existed before.

24                  COMMISSIONER BROADBENT: Okay. Let me just  
25    ask one more -- I only have a couple of minutes. The U.S.

1 industry experienced negative operating income during 2011  
2 to 2013, but in positive but still inadequate operating  
3 income in 2010, according to the pre-hearing brief.

4 What was the last time frame in which the U.S.  
5 industry believes it experienced adequate operating income?

6 MR. LOGAN: Ms. Broadbent, prior to China  
7 becoming a major player in the market, and that would have  
8 been, I guess we started seeing the first China product into  
9 the U.S. in 2002-2003, and they were a factor and a growing  
10 factor, but a factor, and we go back to the averaging of  
11 values.

12 But at selling prices that were below the U.S.  
13 market, but not substantially below. But it was in 2005, I  
14 believe, or late or early 2006, where Bill and I laugh about  
15 it. It's kind of just one of the things that have happened  
16 to us, that's interesting in our life, where literally one  
17 day I walked into his office and said well, China's made  
18 life interesting for us, where they dropped their price some  
19 35 percent in one day.

20 I don't know if that was just the one  
21 manufacturer deciding hey, I'm going to go take market  
22 share. But pretty much from that day on, our business has  
23 been under substantial stress, due to really low-priced  
24 imports.

25 CHAIRMAN WILLIAMSON: I think you have no

1 further questions. Commissioner Johanson? Okay. Do you  
2 have any further questions?

3 COMMISSIONER BROADBENT: Just one. Yeah, and  
4 I know we can't really talk about this in detail, so it's  
5 probably post-hearing brief. But your performance factors  
6 are basically improving during the period of investigation,  
7 and we need to kind of come to grips with that, what the  
8 trends are there.

9 You know, for example, in your own Chart 4  
10 there, you've got operating income improving between 2012  
11 and 2013. So if you could talk about that in the  
12 post-hearing brief, that would be helpful, and with that, I  
13 have no more questions. Thank you, Mr. Chairman.

14 CHAIRMAN WILLIAMSON: Thank you. No further  
15 questions from Commissioners. Does staff have any questions  
16 for this panel?

17 MR. McCLURE: Jim McClure, Office of  
18 Investigations. Mr. Chairman, the staff has no questions.

19 CHAIRMAN WILLIAMSON: Okay, thank you. I  
20 guess time for closing statements, and -- but first, I want  
21 to thank this panel for their testimony. We really  
22 appreciate very much you coming and giving it to us, and  
23 it's time for closing statements, and I guess those in favor  
24 have five minutes.

25 CLOSING REMARKS ON BEHALF OF PETITIONERS

1                   MR. WAITE: Thank you, Mr. Chairman. Again,  
2       it's Fred Waite, and first of all, I'd like to thank all of  
3       you for sharing the first day of spring with our panel.  
4       Actually, spring arrives in about an hour and ten minutes,  
5       two minutes to one.

6                   But again for the record, my name is Fred  
7       Waite on behalf of the domestic industry. Just want to  
8       emphasize a few of the key facts that we've discussed, and  
9       also to assure the Commission that we will respond to the  
10      questions that you asked us to consider and expand upon in  
11      our post-hearing brief.

12                  In terms of volume of imports, you've heard  
13      from the industry. You've seen the import statistics, that  
14      threaded rod from India and Thailand flooded into the U.S.  
15      market after the order on China. By 2013, imports from  
16      India and Thailand, which had either been very low or  
17      non-existent in 2009, accounted for about 60 percent of  
18      total imports of threaded rod.

19                  At the same time that the volume of imports  
20      increased from those two countries, their average unit  
21      values, and I'm sure you'll be happy not to have to hear  
22      that term for the rest of the day, were the lowest in the  
23      market. Dr. Magrath's Chart 2 contains the clear  
24      explication of the average unit values of subject  
25      merchandise, India and Thailand, as well as those from China

1 and other foreign suppliers.

2 I'd also like to emphasize our lost sales/lost  
3 revenues examples that the industry provided to you, and how  
4 those indicate and support the industry's view, that it's  
5 low cost imports, low-priced imports from China and India  
6 that are causing serious difficulty and having an injurious  
7 effect.

8 We were asked to expand upon that in our  
9 post-hearing brief and we were, but we would emphasize to  
10 the Commission that a large number of -- there are a large  
11 number of confirmed lost sales and lost revenue examples.

12 When you look at the individual examples, you  
13 will see that the pricing differential in those examples  
14 corresponds very closely to the average unit value we've  
15 been speaking about, rather than the pricing data that you  
16 see on the pricing products in Section 5, Roman 5 of the  
17 pre-hearing staff report.

18 Again, there appears to be a serious  
19 disconnect between the pricing product data you have on the  
20 one hand, and the import AUVs and confirmed lost sales, lost  
21 revenues examples on the other.

22 Lastly, the impact of these unfairly priced  
23 imports have meant serious financial losses for the U.S.  
24 industry throughout the period. We recognize that the trend  
25 line in the losses of the U.S. industry is varied, and the

1 losses are less in 2013 as an industry than in 2012. But  
2 they're losses nevertheless, and whether the loss is one  
3 percent of operating income against revenue or ten percent  
4 of operating income against revenue, those are simply not  
5 sustainable.

6 And these, as you can see, they're very  
7 entrepreneurial companies. They're very hard-working  
8 companies. They've got highest quality management. But  
9 they're small to medium-sized companies. They simply can't  
10 offer bonds to keep them in business for the next ten years  
11 until the market sorts itself out, and India and Thailand go  
12 the way of Taiwan and Korea and Japan into the middle income  
13 and then upper income nations, and begin to play by the same  
14 rules that we do in the market.

15 We've discussed threat factors at some length.  
16 I won't go over those again, and you've asked us to address  
17 those more specifically in our post-hearing brief, and we  
18 will do that, and Mr. Chairman, members of the Commission,  
19 that concludes our closing comments, and we thank you for  
20 your patience and your probing questions during this morning  
21 session.

22 I must say it's the only time I've been before  
23 you where we've actually completed a hearing before noon.

24 CHAIRMAN WILLIAMSON: Thank you.

25 MR. WAITE: My compliments to you, Mr.

1 Chairman. You run a very efficient ship.

2 CHAIRMAN WILLIAMSON: Well thank you. The  
3 absence of two Commissioners helps. Well thank you very  
4 much, and I thank every one for participating. It's time  
5 for closing statement.

6 Post-hearing briefs, statements responsive to  
7 questions or any request of the Commission and corrections  
8 to the transcript must be filed by March 27, 2014. Closing  
9 of the record and final release of data to parties is April  
10 10, 2014. Final comments for Thailand are due April 14,  
11 2014. Final comments for India are presently due May 2nd,  
12 2014. With that, this hearing is adjourned. Thank you.  
13 Have a good lunch.

14 (Whereupon, at 11:48 a.m., the hearing was  
15 adjourned.)

16

17

18

19

20

21

22

23

24

25