

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:) Investigation Nos.:
CARBON AND CERTAIN ALLOY STEEL WIRE) 701-TA-573-574 and
ROD FROM BELARUS, ITALY, KOREA, RUSSIA,) 731-TA-1349-1358
SOUTH AFRICA, SPAIN, TURKEY, UKRAINE,) (PRELIMINARY)
THE UNITED ARAB EMIRATES, AND THE)
UNITED KINGDOM)

Pages: 1 – 204
Place: Washington, D.C.
Date: Tuesday, April 18, 2017



Ace-Federal Reporters, Inc.
Stenotype Reporters
1625 I Street, NW
Suite 790
Washington, D.C. 20006
202-347-3700
Nationwide Coverage
www.acefederal.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES OF AMERICA
BEFORE THE
INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF:) Investigation Nos.:
CARBON AND CERTAIN ALLOY STEEL WIRE) 701-TA-573-574 AND
ROD FROM BELARUS, ITALY, KOREA,) 731-TA-1349-1358
RUSSIA, SOUTH AFRICA, SPAIN, TURKEY,) (PRELIMINARY)
UKRAINE, THE UNITED ARAB EMIRATES,)
AND THE UNITED KINGDOM)

Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Tuesday, April 18, 2017

The meeting commenced pursuant to notice at 9:30
a.m., before the Investigative Staff of the United States
International Trade Commission, Michael Anderson, Director
of Investigations, presiding.

1 APPEARANCES:

2 Staff:

3 William Bishop, Supervisory Hearings and
4 Information Officer

5 Sharon Bellamy, Records Management Specialist

6

7 Michael Anderson, Director of Investigations

8 Fred Ruggles, Supervisory Investigator

9 Michael Szustakowski, Investigator

10 Gregory LaRocca, International Trade Analyst

11 Andrew Knipe, International Economist

12 Joanna Lo, Accountant/Auditor

13 Nataline Viray-Fung, Attorney/Advisor

14

15

16

17

18

19

20

21

22

23

24

25

1 Opening Remarks:

2 Respondents (Matthew M. Nolan, Arent Fox LLP)

3 Petitioner (Alan H. Price, Wiley Rein LLP)

4

5 In Opposition to the Imposition of Antidumping and

6 Countervailing Duty Orders:

7 Vorys, Sater, Seymour and Pease LLP

8 Washington, DC

9 on behalf of

10 The American Wire Producers Associations ("AWPA")

11 Kimberly A. Korbel, Executive Director, AWPA

12 John T. Johnson, Jr., President, Mid South Wire Company

13 and President, AWPA

14 Christian Stauffer, Vice President for Sourcing and

15 Logistics, Insteel Industries Inc.

16 Robert Moffitt, Vice President, Purchasing Heico Wire

17 Group

18 Terry Hughes, Director of Purchasing for North America,

19 Bekaert Corporation

20 Andrea Ramirez, Regional Counsel - Americas, Group Legal

21 U.S., Bekaert Corporation

22 Frederick P. Waite and Kimberly R. Young - Of Counsel

23

24

25

1 Crowell & Moring, LLP

2 Washington, DC

3 on behalf of

4 Ferriere Nord S.p.A.

5 Daniel Cannistra - Of Counsel

6

7 White & Case LLP

8 Washington, DC

9 on behalf of

10 CELSA Group

11 Global Steel Wire S.A.

12 CELSA Atlantic SA

13 Compania Espanola de Laminacion

14 David E. Bond and Ting-Ting Kao - Of Counsel

15

16 Mowry & Grimson, PLLC

17 Washington, DC

18 on behalf of

19 ArcelorMittal South Africa

20 Kristin Mowry - Of Counsel

21

22

23

24

25

1 Hogan Lovells US LLP

2 Washington, DC

3 on behalf of

4 Public Joint Stock Company Yenakiieve Iron and Steel Works

5 Metinvest International S.A.

6 Craig Lewis - Of Counsel

7

8 Trade Pacific PLLC

9 Washington, DC

10 on behalf

11 POSCO

12 Young Keun Hwang, President, POSCO America

13 Alabama Processing Center

14 John Ryoo, Sales Manager, POSCO America Corporation

15 Jarrod M. Goldfeder - Of Counsel

16

17 Morris Manning & Martin LLP

18 Washington, DC

19 on behalf of

20 Kiswire America

21 David Minnick, CEO, Kiswire America

22 David Vanderkaay, Technical Service Manager, Kiswire

23 America

24 Wan Kim, Advisor for Kiswire America

25 Donald B. Cameron and Julie Mendoza - Of Counsel

1 Steptoe & Johnson

2 Washington, DC

3 on behalf of

4 British Steel Limited

5 Richard O. Cunningham and Thomas J. Trendl - Of Counsel

6

7

8 Arent Fox

9 Washington, DC

10 on behalf of

11 Icdas Celik Enerji Tersane ve Ulasim Sanayi A.S. ("Icdas")

12 The Istanbul Minerals and Metals Exports Association

13 ("IMMIB")

14 The Turkish Steel Exporters' Association (Celik

15 Ihracatcilari Birligi ("CIB") and its members

16 Matthew M. Nolan - Of Counsel

17

18

19

20

21

22

23

24

25

1 In Support of the Imposition of Antidumping and
2 Countervailing Duty Orders:

3 Kelley Drye & Warren LLP

4 Washington, DC

5 on behalf of

6 Gerdau Ameristeel US Inc.

7 Keystone Consolidated Industries, Inc.

8 Charter Steel

9 Chris Armstrong, Chief Executive Officer, Keystone

10 Consolidated Industries, Inc.

11 Marcelo Canosa, Director of Marketing, Gerdau Long Steel

12 North America

13 Stephen Ashby, Vice President, Sales, Keystone Steel &

14 Wire

15 Roxanne Brown, Assistant Legislative Director, United

16 Steelworkers

17 W. Bradley Hudgens, Economic Consultant, Georgetown

18 Economic Services

19 Paul C. Rosenthal, Kathleen W. Cannon, R. Alan Luberda

20 and Brooke M. Ringel - Of Counsel

21

22

23

24

25

1 Wiley Rein LLP

2 Washington, DC

3 on behalf of

4 Nucor

5 Eric Nystrom, Director, SBQ and Wire Rod, Nucor

6 Alan H. Price and Daniel B. Pickard - Of Counsel

7

8 Rebuttal/Closing Remarks:

9 Respondents (Richard O. Cunningham, Steptoe & Johnson LLP)

10 Petitioner (Paul C. Rosenthal, Kelley Drye & Warren LLP)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I N D E X

1		
2		Page
3	Opening Remarks:	
4	Respondents (Matthew M. Nolan, Arent Fox LLP)	13
5		
6	Petitioner (Alan H. Price, Wiley Rein LLP)	17
7		
8	John T. Johnson, Jr., President, Mid South Wire Company and	
9	President, AWPA	22
10		
11	Christian Stauffer, Vice President for Sourcing and	
12	Logistics, Insteel Industries Inc.	27
13		
14	Robert Moffitt, Vice President, Purchasing Heico	
15	Wire Group	32
16		
17	Terry Hughes, Director of Purchasing for North America,	
18	Bekaert Corporation	37
19		
20	David Minnick, CEO, Kiswire America	41
21		
22	John Ryoo, Sales Manager, POSCO America	
23	Corporation	44
24		
25		

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

	Page
Young Keun Hwang, President, POSCO America	
Alabama Processing Center	46
David E. Bond - Of Counsel	48
Craig Lewis - Of Counsel	50
Daniel Cannistra - Of Counsel	54
Richard O. Cunningham - Of Counsel	56
Thomas J. Trendl - Of Counsel	59
Matthew M. Nolan - Of Counsel	61
Paul C. Rosenthal - Of Counsel	113
Chris Armstrong, Chief Executive Officer, Keystone Consolidated Industries, Inc.	121
Eric Nystrom, Director, SBQ and Wire Rod, Nucor	125

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

	Page
Marcelo Canosa, Director of Marketing, Gerdau Long Steel North America	130
Stephen Ashby, Vice President, Sales, Keystone Steel & Wire	134
Roxanne Brown, Assistant Legislative Director, United Steelworkers	138
Rebuttal/Closing Remarks: Respondents (Richard O. Cunningham, Steptoe & Johnson LLP)	190
Petitioner (Paul C. Rosenthal, Kelley Drye & Warren LLP)	197

P R O C E E D I N G S

(9:34 a.m.)

MR. BISHOP: Will the room please come to order?

MR. ANDERSON: Good morning and thank you for your patience while we settle into this cozy courtroom and welcome to the International Trade Commission's Conference in connection with the preliminary phase Antidumping and Countervailing duty investigations No. 701-TA-573-574 and 731-TA-1349-1358 concerning carbon and certain alloy steel wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, The United Arab Emirates and The United Kingdom.

My name is Michael Anderson and I am the Director of the office of investigations. I will be presiding over this conference. Among those present from the Commission Staff are from my far right, our Supervisor Investigator Mr. Fred Ruggles and to my far right Mr. Michael Szustakowski our Investigator and to my left our Attorney Advisor Nataline Viray-Fung and our Economist Andrew Knight and our Accountant Auditor Joanna Lo and finally Greg LaRocca our Industry Analyst.

I understand that parties are aware of their time allocations. Any questions regarding the time allocations should be addressed with the Secretary. I would remind all of the speakers when you make your remarks please not to

1 refer to any business proprietary information and if you
2 will kindly remember each time you speak to state your name
3 for the benefit of the court reporter. They cannot always
4 see the signs, especially on the sides of your name tags.
5 I believe all witnesses have been sworn in before presenting
6 testimony so are there any questions? Mr. Secretary, are
7 there any preliminary matters?

8 MR. BISHOP: No, Mr. Chairman.

9 MR. ANDERSON: Thank you, very well, let us begin
10 with opening remarks.

11 MR. BISHOP: Opening remarks on behalf of
12 Respondents will be given by Matthew M. Nolan of Arent Fox.

13 OPENING REMARKS OF MATTHEW M. NOLAN

14 MR. NOLAN: Alright, can you hear me okay? Good,
15 yes. Good morning, ladies and gentleman of the Staff. On
16 behalf of the Respondents group we thank you for the
17 opportunity to be heard today. It is a crazy day out there.
18 You got the British who are having an early election.
19 Respondents are going before Petitioners. I don't know
20 whether to object or thank you for it, but we will move on
21 with that and see how all this works out.

22 Petitioners' case is really quite simple. They
23 allege that Subject Imports increased significantly,
24 undersold Domestic Producers, took market share and caused
25 injury. Simple, right? But it's what they are not telling

1 you that you need to focus on today. The Petition focuses
2 on Subject Imports in a basket of "all others" without
3 mentioning China.

4 Quoting from line 1 of Nucor's Brief in the
5 recent China wire rod case; from 2011-2013 Chinese Imports
6 shot from 144 short tons to over 600,000 tons. Indeed,
7 Chinese Imports increased to over 616,000 tons in 2013 or
8 almost 50 percent of total imports in 2011. Overall imports
9 increased 450,000 tons and China displaced well over 160,000
10 tons of other imports and likely much more since U.S.
11 consumption rose during 2011 to 2013.

12 The trade case against China knocked the Chinese
13 out of the market. In 2014 imports from China dropped to
14 375,000 tons and by 2016 only 44 tons. Displaced imports
15 including Subject Imports then returned to the market. In
16 2014 to 2016 most of the increase in imports that you see is
17 simply a combination of that return to market by displaced
18 Subject Imports along with improving demand and conditions
19 in specific sectors like the automotive and tire industries.

20 But note that Subject Imports replaced far less
21 from the total drop from China, so either producers in the
22 U.S. benefited or non-Subjects benefitted. Today you will
23 hear from a variety of witnesses from related industries and
24 respondent countries. You will hear from the wire producing
25 industry in the United States who are concerned that this

1 case is not about unfair imports but about restricting
2 supply options.

3 Large integrated producers like Nucor and Gerdau
4 have their own downstream wire mills, then there is little
5 doubt that they will feed their mills first ultimately
6 squeezing out independent wire producers and causing harm to
7 this important downstream industry. All four Petitioners
8 have downstream wire operations as do eight of ten U.S.
9 Producers.

10 You will hear from specialty producers who make
11 wire rod products for the automotive and tire industries,
12 products which U.S. Producers either simply do not make or
13 do not have the capacity to meet the robust demand from the
14 auto sector. You will hear from the Ukraine where a
15 principal producer/exporter has been seized by pro-Russian
16 separatists and rail lines blocked, disrupting supply chains
17 production and forcing wire rods to cease production.

18 You will hear from countries who but for the
19 idiosyncrasies of our trade laws would never be considered
20 shipping volumes sufficient to cause injury to U.S.
21 Producers. You will hear from countries that actually
22 reduced imports significantly during the POI, like the
23 United Kingdom and Turkey. The import equation here does
24 not add up to injury, but there is more.

25 In recent cases the Commission has focused on

1 increased imports and loss of market share to find material
2 injury or threat but there is absolutely no evidence that
3 Subject Imports took market share from U.S. Producers in
4 this case. Subject Imports volume supposedly increased to
5 276,000 tons but for imports from other sources declined by
6 more than 276,000 tons. So total imports actually fell
7 during the Period of Investigation.

8 Second, take a look at the production data in
9 Petition exhibit I-11. This does not support a loss of
10 market share argument and while the exhibit I-10 in the
11 Petition presents a slightly different picture, consider
12 carefully the source and utility of that data. I submit
13 that intra-industry competition would be a far better reason
14 to explain differences in Domestic Producer performance
15 given flat to declining overall import levels.

16 Petitioners will complain about falling prices
17 but there is simply no evidence of price suppression or
18 depression and the Commission has refused to find price
19 suppression in recent similar steel cases. The same logic
20 applies here. Raw material costs, principally scrap, were
21 clearly declining for much of the POI and buyer's track
22 scrap prices and expect rod to follow.

23 Just take a look at the raw material costs in
24 Exhibit I-11. Respondents note that only 5 of 10 U.S.
25 Producers of wire rod are appearing here today. We urge the

1 Commission to look carefully on reported factory expenses
2 and overheads as reported by certain Petitioners. The
3 production levels reported do not support the changes in
4 cost that are being reported.

5 Finally, a last word on prices. Based on
6 announcements and news reports U.S. Producers raised rod
7 prices over 120 dollars a ton in 2016, 40 dollars a ton in
8 January of 2017, 40 dollars a ton just before filing this
9 Petition. Does this sound like an industry incapable of
10 raising market prices due to Subject Imports? Thank you.

11 MR. BISHOP: Opening remarks on behalf of
12 Petitioner will be given by Alan H. Price of WileyRein.

13 OPENING REMARKS OF ALAN H. PRICE

14 MR. PRICE: Good morning, Mr. Anderson and
15 members of the Commission Staff. I am Alan Price, Counsel
16 to Nucor Corporation. The Domestic Industry is here today
17 in an effort to restore fair trade to the U.S. Wire Rod
18 Market. Dumped and subsidized wire rod imports from ten
19 countries are surging into the U.S. Market, severely
20 injuring the Domestic Industry.

21 This import surge has damaged the prices, market
22 share and profits of the U.S. Industry. The surge has also
23 shuttered two U.S. mills and it threatens the livelihood of
24 thousands of other American workers. The statutory factors
25 that the Commission normally considers have been easily met

1 in this case.

2 First, the Commission should analyze all Subject
3 Imports on a cumulative basis, and the Commission has
4 cumulated based upon similar effects in other recent rod and
5 steel cases. The Commission should also apply the Captive
6 Consumption Provision and focus on merchant market sales.

7 In terms of volume, Subject Imports rose by more
8 than 56 percent from 2014 to 2016, reaching almost 710,000
9 tons in 2016. The import surge accelerated in June of 2014,
10 taking sales from U.S. Mills and stealing the benefits of
11 trade relief against Chinese Imports. By the end of 2015,
12 subject wire rod had exceeded the peak volume of Chinese
13 Imports and grabbed double digit market share. Despite
14 declining demand Subject Imports kept on pouring in during
15 2016.

16 The price effects of Subject Imports are also
17 significant. Wire rod is highly interchangeable regardless
18 of source and is sold on the basis of price. As a result
19 Subject Imports were able to capture market share from the
20 U.S. Industry through systemic underselling. As Subject
21 Imports accelerated into the U.S. Market during the 2nd half
22 of 2014 and into 2015 they caused the U.S. wire rod prices
23 to collapse.

24 Indeed, from 2014 to 2016 U.S. wire rod prices
25 were cut by 26 percent, falling by more than 200 dollars per

1 ton. The surge of unfairly traded imports has had a
2 devastating impact on the domestic wire rod industry. Sales
3 have declined, capacity utilization remains at unsustainably
4 low levels. Already inadequate net and operating incomes
5 have plummeted. ArcelorMittal and Republic Engineered
6 Steels have both shut down U.S. Wire Rod mills while others
7 have cut pay, shifts and hours.

8 U.S. Producers have also been forced to cut back
9 on critical investments in R&D and innovation. In addition
10 to causing material injury, Subject Imports threaten
11 additional injury. Global steel overcapacity is at an all
12 time high and wire rod is no exception. Subject Producers
13 have massive excess capacity and they continue to build even
14 more capacity. They face growing problems in their own
15 markets as well as third country markets including declining
16 demand, trade barriers and new local capacity in many former
17 export markets.

18 Absent the imposition of orders, there is nothing
19 that will stop the surge of dumped and subsidized imports
20 from continuing to injury the Domestic Industry. To
21 distract from this evidence those opposing relief will make
22 many claims about an alleged attenuation of competition in
23 the market but the overwhelming majority of the Subject
24 Imports volumes are of conventional low, medium and high
25 carbon wire rod that the U.S. Industry produces.

1 In the end, this case is straightforward.
2 Subject Producers replace Chinese wire rod and then some.
3 They stole the relief granted by the Commission and the
4 Commerce Department from U.S. Producers. Subject Imports
5 increased by more than 56 percent in volume and took a
6 double digit share of the market. As a result the industry
7 was devastated. Already inadequate profits plummeted, mills
8 closed and thousands of U.S. workers took home less pay.

9

10 On their behalf and on behalf of the entire
11 Domestic Industry we ask the Commission to make affirmative
12 determinations with respect to all Subject Imports and to
13 restore a level playing field to the U.S. wire rod market.
14 Thank you.

15 MR. BISHOP: Would the panel in opposition to the
16 imposition of the Antidumping and Countervailing duty orders
17 come forward and be seated? Mr. Chairman, all witnesses on
18 this Panel have been sworn in.

19 While everyone is getting seated I would again
20 remind you that you please state your name when you speak.
21 I know it seems awkward to say it every time you speak but
22 the court reporter needs to know who is speaking. If you
23 hear me happen to say your name, just keep going. I am just
24 letting him know who is speaking. Thank you.

25 MR. ANDERSON: Good morning to our first Panel

1 here. Thank you for being here today and traveling to
2 Washington, D.C. those who came into town. Mr. Nolan I will
3 let you proceed when your Panel is ready.

4 MR. NOLAN: Alright. We will start with the Wire
5 Producers Association. You guys want to take it away?

6 STATEMENT OF KIMBERLY A. KORBEL

7 MS. KORBEL: Thank you. Good morning Mr.
8 Anderson and Members of the ITC Staff. My name is Kimberly
9 Korbelt and I'm the Executive Director of the American Wire
10 Producers Association. Four members of the AWPA are here
11 today to discuss the domestic rod market and their
12 purchasing decisions. Together they purchase more than 1
13 million tons of wire rod annually.

14 The real problem faced by the domestic rod mills
15 is that the total demand for their product has declined as a
16 result of trade cases which they have filed. Apparent
17 consumption of wire rod has declined significantly,
18 countries that can no longer sell wire rod to U.S. wire
19 producers because of trade cases continue to produce rod but
20 that rod ends up in finished wire and wire products coming
21 into the U.S.

22 We've seen imports of wire and wire products
23 increase from 33.5 percent to 70 percent of the U.S. Market.
24 So our wire customers buy less wire, our company members
25 make less wire which means they purchase less rod which

1 results in lost sales for the domestic rod industry. We
2 look forward to responding to your questions at the
3 conclusion of our Panel's presentation. Our first AWPA
4 witness is John T. Johnson, AWPA President.

5 STATEMENT OF JOHN T. JOHNSON

6 MR. JOHNSON: Good morning, how are you all? I'm
7 John T. Johnson the Owner and President of Mid-South Wire in
8 Nashville, Tennessee. I am also the current President of
9 the American Wire Producers Association. Mid-South wire was
10 founded in 1967 as a family owned business that draws steel
11 wire rod into wire for a wide variety of wire products. In
12 fact, ironically this week we are celebrating the 50th
13 anniversary of our company.

14 Together with our affiliated sister company,
15 Nashville Wire Products, we employ approximately one
16 thousand workers in plants located in Tennessee, Alabama,
17 Kentucky and Missouri. Mid-South produces wire for the
18 automotive, agricultural, appliance, closet shelving,
19 material handling, construction reinforcement and other
20 industries in the United States. We also produce galvanized
21 wire for a variety of end-uses such as chain link fence,
22 nails, chicken coups, garment hangers and wire handles for
23 paint cans.

24 Each year Mid-South purchases about 200 thousand
25 tons of wire rod and during the period covered by this

1 investigation we source the majority of those tons from U.S.
2 rod mills. I want to emphasize up from that we rely on
3 domestic rod industry for the lion's share of our material.
4 We have a good relationship with them and we want to
5 continue to work with them closely. However we cannot
6 survive if we are limited to outsourcing only domestic rod.

7 Like other independent wire producers and by what
8 I mean wire companies that are not vertically integrated
9 with the rod mill, we are frequently caught in a cost/price
10 squeeze when it comes to our raw material input. Our
11 downstream wire customers are caught in the same squeeze.
12 When rod prices increase this results in increased wire
13 prices and wire manufacturers simply cannot continue to pass
14 the increasing costs to their customers.

15 Our customers are continually faced with the
16 "import or build" decision. That is, whether to import the
17 finished wire products or continue to purchase wire from us
18 and make their finished products here in the United States.
19 Our customers demand that we be competitive if they are to
20 continue to buy from us and make their products here in the
21 U.S.

22 Obviously, we want our customers to continue
23 buying our wire and this benefits the U.S. rod mills as
24 well. Unfortunately over the past several years a number of
25 our end-use customers have moved some or all of their

1 production out of the United States. One great example of
2 that is the barbecue grill industry that has virtually
3 disappeared from the U.S. Manufacturing landscape. They
4 have gone offshore to tide the rising rod and wire prices.

5 If we are held hostage by the domestic rod mills
6 and denied the ability to buy rod in a globally competitive
7 market our customers will have to consider import options
8 instead of buying from us to meet their needs. As a result,
9 wire rod consumption in the United States will likely
10 continue to decline hurting both the domestic rod mills and
11 wire producers.

12 Another point I want to highlight is the fact
13 that we compete in our downstream wire markets with our
14 domestic wire rod suppliers including all four of the
15 Petitioners in this case. They compete with us in the chain
16 link fence market, lawn and garden products, in the
17 appliance industry and on drawn wire to name just a few. In
18 the event of competing demands for a finite supply of wire
19 rod, we'd expect that these mills will take care of their
20 internal and related wire operations before they ship to
21 outside customers like Mid-South.

22 In fact, we are already hearing from some U.S.
23 rod mills about allocations in the near future and they tell
24 us they are either fully booked or getting booked. Of
25 course, they don't call them allocations. Instead they call

1 them "controlled order entry". We are already experiencing
2 delivery delays on orders that we placed before these cases
3 were filed. Some domestic mills have experienced unplanned
4 outages and other production issues which could create
5 supply issues as well.

6 As I mentioned, we have found that lead times and
7 deliveries from some of the U.S. Mills have been irregular
8 and unpredictable. When we buy imported rod, the
9 transaction price is not the only factor we consider.
10 Quality is also key. Some of our customers request that we
11 provide them with wire drawn from steel produced by certain
12 foreign mills, especially those that use the BOF method of
13 melting steel.

14 According to our customers the BOF steel works
15 better in their processing operations than some of the
16 domestic scrap-based steel. Some of the advantages of BOF
17 steel include better residuals, lower tensiles and overall
18 better consistency. Rod mills in Korea, South Africa, The
19 UK and Ukraine supply the BOF rod. None of the domestic
20 mills are BOF. They all use electric arc technology.

21 Another key is that buying imported rod allows us
22 to secure business that requires guaranteed long-term
23 pricing. We have customers who request confirmed pricing
24 for two quarters up to a year but the domestic rod mills are
25 unable to provide that kind of predictability. We have to

1 negotiate for volumes with our domestic suppliers and
2 generally they will confirm pricing for one month at a time.

3 Domestic rod mill prices are generally tied to
4 scrap prices which have been extremely volatile lately with
5 a dramatic swings both up and down. We have found while
6 U.S. rod prices follow scrap prices up when scrap prices
7 fall the domestic mills don't always reduce their prices.
8 For example, scrap recently dropped 30 dollars a ton but the
9 U.S. rod mills have sent out letters stating that they are
10 retaining their current pricing levels and not
11 acknowledging the scrap decrease.

12 Another advantage of import rod is that we can
13 purchase in larger quantities. Our national plant is
14 strategically located on the Cumberland River so we prefer
15 to buy barge loads of 1500 tons per barge. All of our
16 imported rod arrives by barge at our plants. However, only
17 two of the petitioners can deliver to us by barge. Each
18 barge that we receive is equivalent to 75 truck loads. It
19 takes only four hours to unload a barge but to marshal 75
20 truckloads of domestic material in our receiving yard takes
21 considerably more time and manpower and leaves a much higher
22 carbon footprint.

23 So there are real cost savings and environmental
24 benefits in receiving rod by barge. As you can see, we have
25 to consider a number of factors which affect the total cost

1 of our rod in our purchasing decisions. Price is only one
2 of those factors. Domestic rod industry's reliance on trade
3 cases to restrict our access to the global rod market makes
4 us uncompetitive in a global economy making it impossible
5 for us to be the lowest cost producers and forcing our
6 customers to move production and jobs overseas.

7 If the domestic mills are the only game in town,
8 I have real concerns about whether my company and other
9 independent wire producers will be able to get the rod tons
10 needed to operate their businesses. Ultimately, if we lose
11 customers, so will the rod mills. Thank you.

12 STATEMENT OF CHRISTIAN STAUFFER

13 MR. STAUFFER: Good morning. My name is
14 Christian Stauffer and I am Vice President for Sourcing and
15 Logistics at Insteel Industries in Mount Airy, North
16 Carolina. Insteel is the nation's largest manufacturer of
17 steel wire reinforcing products from concrete construction
18 applications. We manufacture and market drawn wire,
19 pre-stressed concrete strand and welded wire reinforcement
20 products such as engineered structural mesh, concrete pipe
21 reinforcement and standard welded mesh products.

22 Our sales of these products exceeds \$400
23 million annually. Insteel operates ten plants in eight
24 states of North Carolina, Florida, Pennsylvania, Tennessee,
25 Kentucky, Missouri, Texas and Arizona, and we employ nearly

1 1,000 American workers. We have pursued an ambitious
2 capital expenditure program to strengthen our position in
3 the market. Total outlays this year will be expected to
4 reach 25 million as we complete the expansion of our PC
5 strand facility in Houston, and a new production line in St.
6 Joseph, Missouri, and continue to upgrade our production
7 technology and information systems.

8 Insteel consumes more than 450,000 tons of
9 wire rod annually, and we source between 70 and 75 percent
10 of that tonnage from domestic rod mills. We buy from all
11 the Petitioners in this case. Since 2014, our purchasers of
12 U.S.-made have steadily increased. In making Insteel's
13 purchasing decisions, I consider quality, availability and
14 price in that order. Of course price is a factor in
15 negotiations with our rod suppliers, but quality and
16 availability are our primary considerations when decided
17 from whom to purchase.

18 Other important factors in our purchasing
19 decisions are transportation costs and the condition of the
20 wire rod upon arrival at our plants. Wire rod prices tend
21 to fluctuate based on changes in scrap and other metallic
22 prices. Rod prices also vary based on volume commitments to
23 suppliers, which can be monthly, quarterly, semi-annually or
24 annually.

25 Domestic rod producers change their prices

1 monthly in order to maintain their profit margins, as their
2 raw material, scrap, DRI and pig iron costs increase. The
3 industry as a whole regularly sends out price increase
4 letters. With no predictable pricing algorithm month to
5 month, our efforts to maintain steady inventories and ensure
6 that we have sufficient wire rod for our multiple locations
7 puts us at the mercy of the domestic industry.

8 I would also note in purchasing wire rod
9 Insteel does not buy imported rod instead of domestic rod.
10 We consistently buy from domestic and import sources because
11 our commitments to our customers require a continuous supply
12 of rod from all sources. Many of Insteel's customers supply
13 products to the U.S. infrastructure projects which are
14 subject to Buy America or Buy American requirements. So we
15 must purchase domestically produced wire rod for these
16 purposes.

17 In order to comply with these domestic content
18 requirements, we work closely with our domestic suppliers to
19 be able to certify that the rod they supply to us is melted
20 and poured in the United States. These Buy America and Buy
21 American requirements apply to segments of the PC strand
22 market and the majority of our concrete pipe reinforcement
23 and engineered structural mesh products.

24 We have to certify to our customers that our
25 products are in compliance with various federal and state

1 regulations requiring domestic materials. We cannot use
2 imported rod for these purposes. This affects a significant
3 part of our total business and the percentage is even higher
4 when you consider that most of our customers in these
5 markets do not want to maintain separate inventories of Buy
6 America qualified materials, so Insteel must supply those
7 customers with products that satisfy domestic content
8 requirements.

9 Like other wire producers here today, we
10 compete with our domestic suppliers with downstream wire and
11 wire products. Each of the petitioning customers is also a
12 competitor. They are vertically integrated producing both
13 wire rod and wire products including welded wire
14 reinforcement and PC strand.

15 They compete with us at every level in the
16 markets we serve throughout the United States in every
17 geographic area. Our downstream operations also compete for
18 supplies of wire rod, which we know -- in which we know they
19 will be given preference if rod shortages develop in the
20 market or deliveries are delayed or cancelled.

21 One of our petitioners even told my CEO that
22 their rod production is a tool to out-compete Insteel. The
23 exact quote is "We will out-Insteel Insteel." In our tight
24 supply conditions caused by restricting access to global
25 sources of rod, the domestic industry will be in a position

1 to limit the supply to Insteel, while continuing to support
2 their downstream wire companies in direct competition to us.

3 For most sectors of the U.S. market, domestic
4 demand for wire rod exceeds production, domestic production
5 capacity. It has been this way for some time. The ITC's
6 own case records can readily support the notion that there
7 has been a flow of imported wire rod to the United States
8 for many, many years.

9 Imports of wire rod are necessary to satisfy
10 the supply requirements of the U.S. market. I am very
11 concerned about the supply and demand imbalance, because in
12 any year the domestic industry will have planned and
13 unplanned outages, as well as production schedules running
14 at 100 percent of current capacity utilization as the mills
15 define schedule capacity.

16 Twice last year, one of the petitioning mills
17 reduced our wire rod order by ten percent because the mill
18 was overbooked. We were told that the overbooking was due
19 to strong rebar and rod orders, and that the mill was
20 cutting all customer orders as a result. Insteel was forced
21 to cover our full production requirements elsewhere. The
22 same petitioner informed us that our April 2017 orders would
23 be pushed into May because the mill was full in both March
24 and April.

25 At the end of 2016, another petitioner

1 informed us that they had no production space left in their
2 mill for December, and that they would be unable to produce
3 material for Insteel until January 2017 rolling.

4 In circumstances like these, the integrated
5 rod mills in the United States, including all of the
6 Petitioners, will have a higher priority to their own
7 captive consumption of wire rod to make downstream wire
8 products, which compete directly with Insteel and other
9 independent wire companies, and we would have no
10 alternative sources of supply. This would be disastrous for
11 the U.S. wire and wire products industry. Thank you.

12 STATEMENT OF BOB MOFFITT

13 MR. MOFFITT: Good morning. My name is Bob
14 Moffitt and I am Vice President of Purchasing for the Heico
15 Wire Group, which includes Davis Wire and National Standard.
16 The Wire Group is the largest consumer of wire rod in
17 western North America, and one of the largest in the United
18 States. We employ approximately 650 people in our plants in
19 California, Washington, Oklahoma and Michigan. A fifth mill
20 in Colorado was closed in mid-2015 because of poor wire
21 market conditions.

22 We draw wire for use in agricultural and
23 merchant products, industrial and specialty products,
24 building and reinforcing products and the automotive
25 industry. We purchase low carbon, high carbon, tire bead

1 and weld wire rod for these applications. The Heico Wire
2 Group is a strong supporter of the U.S. rod industry. We
3 prefer to buy domestically.

4 In fact, during the period being investigated
5 by the Commission, we bought between 75 and 85 percent of
6 our total requirements from U.S. sources. Although we
7 prefer to buy from the domestics, we have learned through
8 experience that it is essential to maintain multiple sources
9 of wire rod.

10 As a result, we made a strategic business
11 decision some years ago that we would purchase between 25
12 and 30 percent of our wire rod requirements from offshore
13 producers, and the remaining between 70 and 75 percent
14 domestically. This is why I take exception to the question
15 in the purchasers' survey that I received from the
16 Commission, which asked whether I purchased imported rod
17 instead of domestic material.

18 It is not a question of either/or. It is
19 question of having both sources available to us. In
20 deciding where to source rod, the three most important
21 considerations for me are the relationship I have with the
22 vendor, the cost of the rod as opposed to its price and
23 timely delivery. Vendor relationships are important because
24 I am aware of the capabilities, quality and reliability of
25 each of my suppliers, and I know the mills that I can depend

1 on to ship rod that meets our company's standards.

2 At times we pay a higher price to these
3 domestic mills than their domestic competitors because of
4 these relationships. The cost of the rod is critical. By
5 cost, I do not mean the price on the supply contract, but
6 the actual cost to my company for using the rod in our wire
7 drawing operations.

8 Prior to any rod negotiations, I must evaluate
9 several factors including coil size, scale weight, mill
10 trimming practices, surface quality and the physical and
11 mechanical properties of the wire rod. These factors are
12 critical because the lowest priced rod is not necessarily
13 the lowest cost rod.

14 For example, the weight of a coil is important
15 because a smaller coil requires more welds to maintain
16 continuous drawing and smaller coils generate more scrap.
17 So more steel is lost per ton. This increases our costs.
18 With imported rod, we often find damage from mishandling and
19 poor packaging, which contributes to breaks during the wire
20 drawing process. Higher breakage rates and slower drawing
21 speeds mean that fewer pounds of rod can be drawn per hour.
22 This increases our costs.

23 Domestic mills ship via rail and truck,
24 usually with one heat per load. A heat is a unique melt of
25 steel with consistent physical properties throughout, and we

1 inventory our rod purchases by heat. Imported rod comes in
2 consignments of five to 30,000 tons and heats are always
3 commingled. This makes it more difficult for us to manage
4 our inventory and thus increases our costs.

5 Imported rod must be carried in inventory for
6 longer periods of time because of the larger consignments,
7 which further adds to the cost of the material. So I must
8 always consider the effect of these various factors on the
9 cost of our raw material, and not simply the purchase price
10 from the rod mill.

11 Another key consideration in my purchasing
12 decision is timely delivery. Our wire companies cannot
13 operate efficiently without a reliable and predictable
14 supply. The cheapest rod in the world is of little use to me
15 if it is delivered late or not at all, or if it arrives in
16 an unacceptable condition.

17 Today, lead times from domestic mills, which
18 had been four to six weeks, have been stretched to six to
19 eight weeks. Like the other wire companies on this panel,
20 Heico competes in downstream markets with many of the same
21 mills who sell us rod. This puts us in a difficult
22 position, especially if there are shortages of domestic
23 supply, because we know that the domestic mills will take
24 care of their own wire companies before they take care of
25 us.

1 These are all instances where the domestic rod
2 mills are competing with other domestic mills, even with
3 themselves. For example, one domestic mill complained to me
4 about losing business to imports when it was actually other
5 domestic mills that offered us better pricing.

6 Another domestic rod supplier sells us wire
7 rod that we use to make weld wire, which we in turn sell the
8 supplier's affiliate. However, when the rod supplier
9 increases rod price to us, its affiliate refused to pay more
10 for the wire made from that rod.

11 In another case, a domestic supplier who sells
12 rod to us for our galvanized wire lines has imported the
13 very product we have in the past produced from their rod. I
14 feel it important to point out that the real threat to the
15 domestic rod industry is not imported rod but rather
16 imported wire. As Ms. Korbelt said earlier, the problem
17 facing the domestic rod mills is that total rod demand has
18 declined as a result of their trade cases.

19 The 2014 AD CVD affirmative decision on China
20 is a perfect example of the damage that a trade case can do
21 to the domestic rod industry. My company actually bought
22 fewer tons of rod, domestic or imported, as a result of that
23 case. Our largest competitor on the west coast is located
24 in Vancouver, British Columbia. After the U.S. case against
25 China, our competitor had no restrictions on imports abroad

1 from China, and Canadian statistics show a dramatic increase
2 in shipments of wire rod from China to British Columbia.

3 They also can buy rod from Mexico, another
4 country under order in the U.S. This rod from China and
5 Mexico is being converted in Canada to wire, wire products
6 and exported to the U.S. at prices substantially below what
7 we could offer our wire. In the end, countries denied
8 access to the U.S. market will continue to produce wire rod,
9 but it will end up in the U.S. as a finished wire product,
10 not only from that country but from third countries as
11 well. Thank you.

12 STATEMENT OF TERRY HUGHES

13 MS. HUGHES: Good morning. My name is Terry
14 Hughes, and I am the Director of Procurement from BeKaert
15 Corporation in North America. I have been with BeKaert
16 since 2004 and I have a degree in Metallurgical Engineering
17 and a Master's degree in Business Administration. Bekaert
18 is the world's leader in steel wire technology and
19 production. Our headquarters are located in Marietta,
20 Georgia and we operate five plants in the U.S., one each in
21 Georgia, Kentucky and Ohio and two in Arkansas.

22 We employ more than 1,344 workers in the U.S.
23 Our normal rod usage is 350,000 to 360,000 tons annually.
24 Multiple sourcing is very important to us, as we try to
25 manage the risks of our business. We purchase about

1 one-half of our requirements from U.S. rod mills, including
2 all four Petitioners. We also purchase from all subject
3 countries but one.

4 Half of our wire sales are to the automotive
5 sector, and the remainder to agricultural, construction,
6 fencing, energy and utility segments of the U.S. market.
7 Tire cord is one of the largest product segments, consuming
8 one-third of our total rod purchases. Our capital
9 expenditures have been substantial, related mainly to
10 investments in tire cord production.

11 For example, Bekaert has recently invested
12 several millions dollars in our Rome, Georgia facility, that
13 uses steel tire cord wire rod to produce material for North
14 American tire and reinforced hose markets. Automotive
15 markets performed well throughout 2016 and are projected to
16 remain strong this year.

17 To meet the growing demand from tire
18 manufacturers, we had planned to implement a major expansion
19 in our Rogers, Arkansas plant, which would increase North
20 American tire cord production capacity by 50 percent at that
21 plant and add over 100 new jobs. At this point, our
22 investment plans are on hold pending resolution of this
23 case, as undertaking such commitment does not make business
24 sense if the steel tire cord wire rod will not be available
25 from imported BOF suppliers.

1 Domestic mills cannot produce steel tire cord
2 wire rod with the quality necessary to fine-draw these
3 products to meet our requirements. Steel tire cord wire rod
4 has been excluded from prior case. Nevertheless, it has
5 been included in this one and Bekaert strongly believes that
6 it should be excluded once more.

7 Because this rod is not available
8 domestically, we have to source it from other countries.
9 Our customers need and specify basic oxygen furnace or BOF
10 material because the BOF process produces a very pure input.
11 In other words, the steel that does not have high residual
12 or tramp elements and tensile properties is more consistent.

13 BOF material is available only from mills
14 outside the United States including Ukraine, South Africa,
15 Korea, UK, Turkey and Spain. We purchase imports based on
16 the type of production, BOF, and not electric arc furnace or
17 EAF, because the recycling in the EF process results in
18 increased percentages of tramp elements.

19 So steel tire cord wire rod used in the
20 manufacture of tire and high pressure hoses, must be -- must
21 be BOF to work at peak performance. I would also like to
22 mention that it takes about two years to qualify a supplier
23 of steel tire cord wire rod. It is a demanding process
24 because these products are used in high liability downstream
25 markets like automobile tires and high pressure hoses.

1 Each time we want to qualify a new rod
2 supplier, Bekaert has to requalify itself with the tire
3 manufacturers. This process is not only time-consuming but
4 also expensive for all parties involved. Other grades
5 requiring BOF production are bookbinding wire used in spiral
6 notebooks and automotive springs.

7 Therefore, sourcing high quality BOF material
8 is one of the most considerations when I purchase wire rod.
9 Also important is the total cost of ownership, as Mr.
10 Moffitt explained, which also includes the production
11 capacity of the supplying mill and the suppliers' ability to
12 meet Bekaert's delivery requirements and lead times.

13 If domestic suppliers are full and cannot
14 supply in a timely manner, we must go offshore to become
15 less reliant on these highly occupied mills. One domestic
16 mills has Bekaert on monthly allocations, and lead times
17 have been extended by domestic rod mills including all four
18 petitioners. We tried to rely heavily on the domestic
19 suppliers during the past two quarters, but they are behind
20 in deliveries.

21 A number of domestic mills have told us that
22 they are almost fully booked through the end of the second
23 quarter 2017. Bekaert must be able to source tire cord wire
24 rod and other BOF materials to meet our customers' demands.
25 We would like to highlight that we have made significant

1 efforts to partner with domestic suppliers, negotiate key
2 supplier agreements and purchase locally when possible.

3 However, we must have the possibility to
4 purchase globally when BOF quality material is not available
5 in a domestic market. Thank you.

6 STATEMENT OF DAVID MINNICK

7 MR. MINNICK: Good morning. My name is David
8 Minnick and I'm the CEO of Kiswire America, a U.S. producer
9 of tire cord and bead wire used in the production of vehicle
10 tires. I have been in the bead wire and tire cord business
11 for 18 years. Simply stated, Kiswire America depends on
12 high-quality wire rod of 1080 grade and above to produce
13 tire cord and bead wire that is acceptable to the tire
14 manufacturer.

15 Kiswire America was established in 1999 and now
16 operates four plants with the capacity of 115,000 tons.
17 Kiswire America employed 610 workers. We have two bead wire
18 plants and two tire cord plants which are located in South
19 Carolina and Arkansas.

20 We have invested \$250 million in these plants,
21 and are investing an additional \$50 million to expand the
22 tire cord production. When Kiswire America was first
23 established, it used only POSCO wire rod because Goodyear
24 had approved POSCO as a wire rod supplier. Since then,
25 Kiswire America has expanded its supplier. However, it

1 takes roughly six months to one year for a tire company to
2 approve bead wire and two or more years to approve steel
3 cord.

4 Kiswire America's position is that the Commission
5 should find that 1080 grade wire rod for the tire cord and
6 bead wire is a separate like-product from other wire rod.
7 We can discuss the criteria in response to questions.

8 In the Chinese wire rod case in 2014, the
9 Commission staff observed that ArcelorMittal makes a wide
10 variety of wire rod grades at its facilities, including low,
11 medium, high carbon, tire cord, tire bead, and welding wire
12 rod. This statement is no longer correct insofar as U.S.
13 production of tire cord and tire bead wire rod is concerned.

14 Arcelor's U.S. production ended with the shutdown
15 of Georgetown Steel, Kiswire's America facility in Pine
16 Bluff that was owned by ArcelorMittal prior to 2014. And
17 during this time, the ArcelorMittal Pine Bluff facility
18 worked closely with the ArcelorMittal Georgetown facility to
19 try and help them achieve a quality that was suitable for
20 high tensile tire cord wire products. That mill was never
21 capable of achieving a 1080 grade steel that would meet the
22 specification needed to produce high tensile wire products.

23 The Georgetown mill was officially closed by
24 ArcelorMittal in 2015. Kiswire purchased the Pine Bluff
25 facility in May of 2014. ArcelorMittal does not have--does

1 have foreign mills producing steel cord and bead wire
2 quality wire rod, but these mills are located in Europe and
3 Brazil.

4 We have worked with domestic suppliers in the
5 U.S. to qualify them to produce the 1080 and higher grade
6 wire rod for tire cord and bead wire. Those efforts have
7 been unsuccessful. U.S. manufacturers of tire cord and bead
8 wire require carbon wire rod of .08 percent carbon and
9 higher. At present, U.S. producers can only produce up to
10 .07 carbon content. Because no U.S. producer can produce
11 what is required, Kiswire America relies on various foreign
12 suppliers.

13 Another important requirement is that the wire
14 rod be cleaned of any metals and have a smooth finish free
15 of defects. We reduce the 5.5 millimeter wire down to
16 ranges of 0.15 millimeters to 0.2 millimeters. This is a 97
17 percent reduction in area. You can see the samples that we
18 provided to you today.

19 In order to perform this reduction and achieve
20 the correct physical properties, the rod must not have
21 impurities and the surface must be free of defects. We
22 request that the Commission consider the absence of U.S.
23 production, despite the demand of the tire companies for
24 such product, in evaluating this case.

25 Tire cord capacity in the U.S. currently stands

1 at approximately 170,000 tons and is growing with demand of
2 approximately 350,000 tons. Demand exists and is being
3 serviced by imports because U.S. wire rod producers are
4 unable to produce wire rod of this carbon content and
5 cleanliness.

6 Our explanation is that wire rod produced by EAF,
7 which is all U.S. producers, have difficulty eliminating
8 copper and other impurities because they use scrap.
9 Producers that use blast furnaces can and do produce
10 high-carbon fewer inclusions and uniform content.

11 Thank you.

12 STATEMENT OF JOHN RYOO

13 MR. RYOO: Good morning. My name is John Ryoo, a
14 sales manager from POSCO America.

15 POSCO America imports and distributes POSCO--

16 MR. BISHOP: Please pull your microphone a little
17 bit closer. Thank you.

18 MR. RYOO: POSCO America imports and distributes
19 POSCO's steel wire rod. To my knowledge, POSCO accounts for
20 most production and virtually all exports of steel wire rod
21 from Korea to the U.S.

22 POSCO's strategy has been to focus mostly on
23 selling high-quality wire rod, especially tire cord quality
24 rod, for downstream manufacturers that supply the automotive
25 sectors like Kiswire. Wire rod is a critical component of

1 car tires, engines and suspension. This means that demand
2 is tied to the strength of the U.S. car manufacturing.

3 POSCO's wire rod has several advantages. First,
4 it has a high carbon content at or above 80 percent that is
5 suitable for tire cord applications.

6 Second, POSCO produces a wide diameter range
7 between 5 and 42 millimeters. This gives us flexibility to
8 serve our customers' needs.

9 Third, the Petitioners said in their Petition
10 that their production processes are similar to POSCO's, but
11 that is wrong. POSCO's four mills in Pohang all use blast
12 furnace technology, while the U.S. mills continue to use EAF
13 technology. EAF technology has a higher failure rate
14 because it cannot control the residual trace elements as
15 strictly as the superior blast furnace technology. More
16 impurities mean a greater chance of surface cracking. Car
17 makers particularly have exacting standards for the steel
18 cord used to reinforce car tires.

19 Fourth, POSCO's main raw material is molten iron
20 from its blast furnace, unlike recycled scrap metal that the
21 U.S. mills use in their electrical furnaces. This allows
22 POSCO to control the elements that go into wire rod steel
23 making processes and minimize impurities in a way that scrap
24 metals cannot.

25 With the technology and raw materials they use,

1 U.S. mills have not made commercially meaningful inroads
2 into the tire cord segment of this market. I do not recall
3 any time where I have had to compete for business with the
4 U.S. mills for tire cord and bead wire. Our competitors are
5 other foreign suppliers who can also produce tire cord
6 quality rod to demanding performance requirements.

7 I certainly have never had to lower my price in
8 order to meet or beat a U.S. competitor's price. If
9 anything, the very low iron ore and coking coal prices have
10 had the most impact on our wire rod sales prices. And yet
11 POSCO's tire cord wire rod is around 70 percent higher
12 priced than other quality wire rods that I have seen in the
13 market, including from U.S. mills.

14 Finally, Korean tire companies Hankuk Tire and
15 Kumho Tire have announced investment plans to build tire
16 factories in the U.S. Those plans were based on the
17 assumption that they would be able to source high quality
18 tire cord rod from POSCO. Their investment plans are now in
19 danger because of this case. Other downstream users are
20 similarly concerned about what this case will do to their
21 businesses. Thank you.

22 STATEMENT OF YOUNG KEUN HWANG

23 MR. HWANG: My name is Young Keun Hwang, the
24 president of POSCO AAPC which consists of two plants. The
25 first plant is a flat steel processing facility located in

1 McCalla, Alabama. The second plant is a wire rod drawing
2 line under construction in Jeffersonville, Indiana.

3 To establish a supply chain capable of responding
4 to the demand for high-grade steel wire in the U.S., POSCO
5 decided to build a \$26 million dollar wire rod drawing
6 facility in Indiana close to where potential customers,
7 including in the automotive and bearing industries are
8 located. These customers require high-quality steel wire
9 even with their comparably higher price. The new plant will
10 begin operations in July of this year. It will have the
11 capacity to produce 25,000 metric tons of steel wire
12 annually and will immediately create 60 new manufacturing
13 jobs.

14 Car and bearing makers require quality assurance
15 on not only the drawing process but also the rolling
16 process, especially including the steel making process.
17 These days in order to quickly respond to any failure
18 customers require POSCO to provide detailed reports
19 for the whole process.

20 AAPC Indiana will not be able to fulfill the same
21 requests from customers using domestically sourced wire rod
22 because they cannot meet those stringent quality
23 specifications because of the raw materials used as my
24 colleague Mr. Ryoo just explained.

25 In addition, most local mills do not yet have the

1 quality approval from many global automotive and bearing
2 companies, especially Japanese and Korean companies.

3 But without being able to use POSCO's wire rod,
4 the Indiana plant cannot operate for the efficiencies that
5 it was designed, and its expected positive effects for the
6 local economy and for U.S. downstream manufacturers will be
7 lost.

8 As for the high-quality captive demand that is
9 not produced at the local mills, AAPC needs stable imports
10 of POSCO's wire rod in the interest of the entire U.S.
11 manufacturing industry. Thank you.

12 STATEMENT OF DAVID BOND

13 MR. BOND: Good morning. My name is David Bond of
14 White & Case. I am appearing on behalf of the CELSA group.
15 CELSA group has three mills in Spain that produce the
16 subject wire rod: Global Steel Wire, GSW, CELSA Atlantic,
17 and Compania Espanola de Laminacion.

18 Of the three mills, only GSW exported to the
19 United States during the period under investigation. Those
20 exports accounted for virtually all exports from Spain.
21 Spain's exports of wire rod are very heavily focused on just
22 two products that are used to produce auto parts: suspension
23 spring wire rod, and tire cord and tire bead.

24 These products alone accounted for over
25 two-thirds of Spain's exports. CELSA exports very, very

1 little conventional carbon wire rod. The suspension spring
2 wire rod is a specialized product used to make suspension
3 springs for cars and trucks. It is an alloy steel that is
4 water-tempered and produced in diameters above 10
5 millimeters and below 22 millimeters.

6 It is produced to ASTM specification A-29, Grade
7 92-54. In terms of chemistry, the levels of silicon and
8 chromium alloys distinguish it from other products.
9 Production processes must be carefully controlled to ensure
10 the surface quality and cleanliness of the steel.

11 Shipments of the product have been reported by
12 GSW under other specialty carbon and alloy quality wire rod
13 in question 2-10(b) of the importer's questionnaire. It
14 does not fall under pricing product five which relates to
15 upholstery springs.

16 Because of the critical role that suspension
17 springs play in the performance of vehicles, suppliers of
18 suspension springs and their suppliers of wire rod must
19 undergo rigorous qualification processes that take many
20 years to complete.

21 A spring producer cannot make changes in the
22 supplier of wire rod without the approval of its customers.
23 To be a suspension spring wire rod supplier, a mill must be
24 committed to the product and consistently produce it in
25 adequate volumes.

1 am appearing today on behalf of Ukrainian producers
2 Yenakiieve Steel and its Makiivka Steel Works. I regret
3 that Metinvest was unable to provide a company witness from
4 Ukraine on such short notice.

5 Until very recently, Yenakiieve was a fully
6 integrated Ukrainian steel company operating within the
7 Metinvest Group. Yenakiieve Steel produced a wide range of
8 metal products, including billets, angles, channels, beams,
9 wire rod, and rebar. I refer you to the map we have
10 provided.

11 The Yenakiieve and Makiivka Steel Works are
12 located in the Donetsk region of Eastern Ukraine, as
13 indicated by the green arrows on the map. Since 2014, the
14 Donbas Region of Ukraine, including the cities of Yenakiieve
15 and Makiivka, has become a war zone, as separatist groups
16 backed by Russia seized the region through military action.

17 Political insecurity and loss of control of the region has
18 been taken away from the Ukrainian Government and seized by
19 the separatists. The resulting conflict has claimed the
20 lives of many thousands of innocent civilians and Ukrainian
21 soldiers. It has also had a profound negative impact on
22 manufacturing industries in the region.

23 Critical infrastructure has been damaged or
24 destroyed, including railways, roads, and bridges, and the
25 conflict has directly and repeatedly impacted industrial

1 operations as factories and housing have been the frequent
2 targets of shelling and other military actions.

3 This has directly impacted Metinvest's wire rod
4 operations. For example, the Yenakiieve Mill was regularly
5 shelled from August 2014 to February 2015. As a result, the
6 core production shops and most infrastructure utilities at
7 the plant were damaged.

8 The lime calcination and refractory shops needed
9 major repairs. The water treatment unit of the continuous
10 casting machine was severely damaged. Railway sections, the
11 front-end bucket loader and a universal track machine were
12 damaged. Buildings, the facilities, the auxiliary shops
13 were damaged, too.

14 On August 12, 2015, McKiivka Branch also came
15 under shelling. Shells damaged the rolling stock, gas
16 pipelines, and power networks. This tragic situation has
17 from the beginning presented serious hardships for the
18 people and businesses in the region and has resulted in
19 limited economic output and frequent disruptions to
20 industrial operations.

21 However, at least until the beginning of this
22 year the Yenakiieve and McKiivka Mills were still controlled
23 and operated by the Metinvest Group, and the companies'
24 employees were finding creative ways to continue their
25 operations and sustain their livelihoods, albeit on a

1 considerably lower level than before the conflict.

2 As of last month, however, the situation has
3 profoundly changed. In March 2017, unidentified armed
4 individuals under the apparent direction of the
5 self-proclaimed Donetsk People's Republic arrived at various
6 Metinvest Group's enterprises, including Yenakiieve and
7 MaKiivka, and demanded the company assets be immediately
8 reregistered under the jurisdiction of the non-recognized
9 republics.

10 In support of this effort, the separatists also
11 began a systematic inventory of the plants, their equipment
12 and stores. Employees were physically threatened if they
13 resisted. The rebels seized over 40 different facilities in
14 the Donetsk Region, many of them also from the Metinvest
15 Group, including Yenakiieve Coke, Khartsyzk Pipe, Kresnodon
16 Coal, Donetsk Coke, and others.

17 In the face of these events, and because
18 Metinvest cannot place its employees at risk or violate the
19 laws of Ukraine, the group determined just a few weeks ago
20 that it was no longer possible to continue operations at
21 these enterprises. All of the staff have been let go.
22 Metinvest no longer operates or controls these mills and
23 their economic future is unknown.

24 These companies employed and sustained 20,000
25 people and their families during a time of great suffering

1 in the region. Employees affected by these most recent
2 events are now being offered positions in Metinvest
3 enterprises in the territory controlled by Ukraine.

4 There are recent press reports that Russian
5 mining interests may now be seeking to take advantage of the
6 situation by supplying the mills with iron ore from Russia,
7 but this is uncorroborated.

8 In the meantime, the mills themselves are now
9 beyond Metinvest's control and are not part of the Ukrainian
10 economy. While these events are tragic on their own right,
11 they are also highly relevant to the Commission's injury
12 analysis. With the loss of its only wire rod manufacturing
13 capacity in Ukraine, the Metinvest Group today is no longer
14 a source of wire rod imports from Ukraine.

15 While I cannot get into the specific figures in a
16 public forum like this, this event removes a very
17 substantial portion of total Ukrainian export capacity for
18 the foreseeable future, and perhaps permanently.

19 Thank you for your time.

20 STATEMENT OF DANIEL CANNISTRA

21 MR. CANNISTRA: Good morning. Dan Cannistra with
22 Crowell & Moring on behalf of the Negligible Respondents.

23 As a preliminary matter, it is critical to note
24 that this case involves two separate matters requiring two
25 distinct negligibility tests.

1 As explained by the Commission in Wire Rod From
2 Germany, and more recently reinforced in Cold Rolled Steel
3 from Russia, there is no cross-cumulation for negligibility.
4 In this case, that means that a separate negligibility
5 analysis must be undertaken in the CBD case for Italy and
6 Turkey, because they are the only countries in the CBD case.

7 When the data is properly analyzed, Turkey is
8 above the negligibility threshold, while Italy is below.
9 Because Italy is below the 3 percent threshold, it is alone
10 negligible with regard to the CBD case.

11 As to the eminently exceeding standard, we refer
12 the Commission to the capacity utilization rates in Italy
13 which we will address in more detail in the post-conference
14 brief. We also note that in Italy the vast majority of
15 productive capacity is dedicated to captive uses within
16 Italy itself.

17 In the antidumping case, it would be appropriate
18 to decumulate the individually negligible countries.
19 Cumulation is appropriate in light of the conditions of
20 competition among the importer products. All the
21 individually negligible countries show patterns distinct
22 from the non-negligible countries--most notably, imports
23 from the negligible countries have been sporadic with market
24 shares measured in fractions of a percentage.

25 Therefore, the individually negligible countries

1 should be decumulated by the Commission. We will be
2 addressing the issue of negligibility in greater detail post
3 brief.

4 STATEMENT OF RICHARD O. CUNNINGHAM

5 MR. CUNNINGHAM: I'm Dick Cunningham with the
6 Law Firm of Steptoe & Johnson, and our firm, over the years
7 have represented Petitioners as well as Respondents.

8 I mention our firm's with Petitioner
9 representations because it makes clear to me that in this
10 case Petitioners haven't done the homework that you need to
11 do before bringing a case to this Commission.

12 The first thing we do when a potential
13 Petitioner comes to us is we look at the recent Commission
14 decisions on similar products. We identify the
15 methodologies that the Commission has used in analyzing
16 those cases and we apply them to the facts brought to us by
17 the domestic companies.

18 Here you have had a set of steel cases over the
19 past two years. In those cases I submit that the Commission
20 has adopted a quite consistent set of methodologies for
21 analyzing price affects, for analyzing volume affects. What
22 is astonishing is that application of those methodologies to
23 the facts of this case compel negative determinations on all
24 of those issues.

25 Let's start with price affects because you'll

1 look at this record and it's clearly a price problem that
2 these people have. In the steel cases, you found declining
3 prices and you found a preponderance of underselling, but in
4 each case both the staff and the Commission concluded that
5 subject imports caused no price depression and no price
6 suppression. Prices had to decline because the even sharper
7 declines in raw material prices.

8 That's exactly what you will find here, and I
9 commend to your attention the charts that Mr. Nolan has
10 submitted comparing the trends of wire rod prices with the
11 trends of raw material prices. The sharper the decline in
12 raw material prices is evident. The earlier decline in raw
13 material prices is evident. The affect on wire rod prices
14 is crystal clear.

15 On the subject of price suppression, you do as
16 you always do, and that is you look at the COGS to Sales
17 ratio, and in those cases you found that there was no
18 significant deterioration in that ratio, ergo, no price
19 suppression. You'll find the same thing here. And by the
20 way, I'll have a little couple things to say about that when
21 I do the closing statement later.

22 In the steel cases in the last two years one of
23 the major elements of the analysis was on the volume side
24 and it had to do with market share. The Commission found
25 that U.S. industry market share had declined and it was loss

1 of market share to imports. That is, decline in market
2 share as caused by imports that they found as an essential
3 element of their affirmative determination. You won't find
4 that here. You won't find that because there is no
5 significant decline in domestic producers' market share over
6 the POI.

7 Yes, subject import market share increased, but
8 as Mr. Nolan mentioned, it is abundantly clear that the
9 subject imports took market share, not from domestic
10 producers, but from other imports. The correlation is
11 absolutely clear. So candidly, I would advise that these
12 companies not bring these cases. If you have no
13 import-caused price affects and no import-caused volume
14 affects, you're not going to win your case.

15 Let me say one more thing about market shares.
16 The Petitioners in their Appendix I-11 to their petition
17 they've given you an interesting document because it shows
18 the domestic shipments of those Petitioners. You now have
19 shipments by all U.S. producers. Compare the two. I think
20 you're going to find, and there was testimony today of
21 intra-industry price competition. I think that you're going
22 to find that there's some significant shift from one segment
23 of this industry to another segment of the industry that
24 suggest that intra-industry competition is a significant
25 problem in this case.

1 Now I'm going to turn this over to my partner,
2 Tom Trendl, who's going to talk about some issues,
3 particularly, to our client, British Steel. British Steel
4 is a new company. It's only been going for a year and a
5 half. It acquired the facilities and operations in the lawn
6 products area, including wire rod from Tata Steel UK, but it
7 has restructured them. It has turned them around from a
8 loss operation to a profit-making operation and they're
9 moving rapidly toward a total focus on the type of high-end
10 products like tire cord and tire bead, which you've just
11 heard the U.S. industry cannot supply. And this is not a
12 company that you will find is -- whatever you may have
13 thought of Tata Steel it is not a company that you will find
14 is affect to the U.S. industry. So let me turn it over to
15 Mr. Trendl for some thoughts on some issues that are of
16 particular importance to British Steel.

17 STATEMENT OF THOMAS J. TRENDL

18 MR. TRENDL: This is Tom Trendl.

19 The first thing I want to do is correct
20 something that Mr. Cunningham just said. British Steel has
21 not been around for a year and a half. It's been around
22 since July 1, 2016, point of order.

23 You've heard a lot today from a number of
24 companies, from a number of countries about the distinct
25 properties of tire cord and tire bead. The UK produces tire

1 cord and tire bead. We believe it is a distinct and
2 different-like product and while we don't believe there are
3 grounds to have an affirmative preliminary determination,
4 should you go further you should seriously consider looking
5 at this as a different-like product.

6 The six factors you look at have been discussed
7 already and there's been a lot that's changed, and I'm
8 cognizant of what happened in 2002 in the older case and the
9 fact that in China a recent case in 2014 you included tire
10 cord and tire bead in that case as well. That really wasn't
11 argued in the China case. It was argued in the 2002 case
12 and I think what you're going to find is a lot has changed.
13 You've heard a lot about that today already.

14 Fundamentally, you've heard that in order to
15 produce the clean and consistent and high quality tire cord
16 and tire bead product demanded by tire producers you need to
17 have a BOF furnace, and electric arch furnace cannot do the
18 job. The U.S. operations are electric furnaces. They can't
19 make the product the right way.

20 The Georgetown Plant, which you heard earlier
21 today, which was owned ArcelorMittal, which did make some of
22 that product closed. The uses have changed in the
23 automotive industry as well, as we've moved away from
24 smaller tires to larger tires with correspondingly higher
25 demand products that go into making that, so a lot's changed

1 in the 15 years. And I think, with all due respect, it's
2 time to revisit that issue.

3 A couple of words about the United Kingdom, the
4 distinct nature of its products and the tire cord, tire bead
5 is also manifested in the data and information that you've
6 collected. And I suggest you know take a look at how many
7 of the Petitioners actually make tire cord, tire bead. Take
8 a look also at how many of the non-Petitioners make tire
9 cord and tire bead and how much they really make.

10 And finally, when you look at the lost sales and
11 lost revenue, I think you're going to find an absence of a
12 lot of overlap and I think that's relevant to how you
13 approach these issues. No matter how you look at it and we
14 don't see that there is an injury case to be made here. We
15 support the negligibility arguments made by others. We also
16 support the decumulation for purposes of threat. And I'll
17 leave it at that and turn it over to Mr. Nolan.

18 MR. NOLAN: Alright, thank you. Can we get a
19 quick time check?

20 MR. BISHOP: You have three minutes remaining.

21 STATEMENT OF MATTHEW M. NOLAN

22 MR. NOLAN: Alright, well, we got three minutes,
23 so we're going to go quick.

24 I just want to make a couple of quick points.
25 Mr. Cunningham actually alluded to the charts that we've

1 submitted to the Commission staff. This is index data to
2 protect the guilty and to make sure we don't violate any
3 copyrights. This based mostly on American Metal Market
4 data. You can see two simple things you want to note with
5 these charts. It's just three different looks at the same
6 data points, one wire rod prices track scrap prices. The
7 correlation is unmistakable. It's there. You can see it,
8 the trend lines no matter which way you look at these
9 charts, how you slice them up, you can see that trend.

10 The other thing that is worth noting is that the
11 spread increased during the POI. Why would it increase
12 during the POI unless U.S. producers are resisting price
13 decreases and can afford and have leverage to maintain
14 pricing even though scrap prices are declining? I suggest
15 that that's a question the Commission should delve into a
16 little bit. It is very clear there is a correlation, a very
17 strong correlation with scrap prices, but it is also very
18 clear and the witnesses today have alluded to this that the
19 U.S. industry manages to avoid price drops wherever they
20 think they can get away with it.

21 So a couple other quick thoughts, one, you know,
22 I have to question whether wire rod is a big priority for
23 the U.S. industry here. Most of these mills make rebar.
24 And of course, I'm the rebar guy for Turkey and we actually
25 arguing the rebar case in about a month, but the same mills

1 that some of these people produce wire rod on produce rebar
2 and rebar is a more basic product. It is not the tire cord.
3 It is not the stuff you use on the high-end applications.
4 So do they have the capacity to make that higher end
5 product, I don't think so.

6 The Petitioners have already alluded in their
7 original remarks to the closure of some mills. We would
8 like to comment in Question & Answer on the closure of one
9 of those mills in Georgetown, which had absolutely nothing
10 to do with subject imports. Thank you. We will reserve
11 time and be happy to answer questions.

12 MR. ANDERSON: Thank you, counsel and to all our
13 witnesses who are here today, for your time and your
14 testimony. We would now like to turn this over to staff to
15 ask a few questions and we'll start with our Investigator,
16 Mr. Michael Szustakowski.

17 MR. SZUSTAKOWSKI: Hello. I would also like to
18 thank everybody for doing here today. It's helpful to hear
19 your testimony and the opportunity to ask you questions.

20 My first question will generally be directed to
21 counsel and it's about the use of official import statistics
22 for the report. Is there any ambivalence about using
23 official import data for the purpose of evaluating imports
24 apparent consumption, et cetera, or any concerns about that?

25 MR. CUNNINGHAM: I think you need to use import

1 data certainly for the non-subject imports. Non-subject
2 imports are a big thing in this case and the relationship
3 between subject and non-subject imports is important for you
4 to analyze and you don't have real data on non-subjects if
5 you don't use the imports. Whether you use the U.S. Census
6 data or the questionnaire data for the subject imports,
7 frankly, I'm always in favor of using questionnaire data,
8 assuming you think you have good coverage from the
9 countries.

10 If there are countries here that are not giving
11 you data, then maybe you have to do import Census data for
12 that too, but you're going to have to get that comparison
13 between subject imports and non-subject imports and that's
14 going to take you, at least, in part, into the Census data.

15 MR. SZUSTAKOWSKI: Anyone else want to weigh in?

16 MR. CANNISTRA: Dan Cannistra on behalf of the
17 negligible Respondents.

18 I believe that the Census data and the import
19 data itself show negligibility for a number of countries,
20 particularly, with respect to Italy in the countervailing
21 duty case, but we'll certainly be commenting more on the
22 comparisons between the port questionnaire data and the
23 Census data in the post-supplemental submission.

24 MR. SZUSTAKOWSKI: My other question is that we
25 a 10-country investigation. I think we issued probably

1 about a hundred questionnaires by email, fax, et cetera, to
2 foreign producers. It would be helpful if you all were able
3 to weigh in on the coverage for each of the subject
4 countries.

5 I want to note that we don't have a
6 questionnaire response from any producers in Russia right
7 now. If there's an extent to which you can perform some
8 form of outreach to assist and have them provide a response
9 that would be appreciated. That is one gap, but I'd also
10 like to see what -- you know how you guys would deem
11 coverage and have that addressed in your briefs. So that's
12 the basic technical questions that I wanted to cover.

13 So domestic-like product we've seen from other
14 wire rod investigations that the Commission has expanded the
15 definition beyond the scope to include 1080 cord wire rod.
16 I believe that was in the 2002 investigation and 2005 the
17 scope was written such that it did include the tire cord
18 rod. So you're saying -- I believe it was Mr. Trendl was
19 saying that there's been changes since then, so is the
20 change essentially that there is no longer BOF production in
21 the U.S.? Is that what it boils down to? I'm just
22 interested to know can an EAR not make tire cord wire rod.
23 Is it prohibited from doing that?

24 MR. TRENDL: This is Tom Trendl.

25 From a technical point of view, there are a lot

1 of people at this table that are a lot smarter than me about
2 making tire cord and tire bead, and I encourage them to
3 answer that question. It is one of the things that's
4 changed and what you've heard today is in order to get the
5 consistent, clean, and purity-free to spec product, it needs
6 to be made on a BOF, not an EAR, but I respectfully suggest
7 that the industry people answer that question.

8 MR. CAMERON: Don Cameron.

9 Look, I mean in his introductory remarks Mr.
10 Price said most of this case really covers only conventional
11 low, medium, and high carbon. Well, the 1080 isn't
12 conventional low, medium, and high carbon. His producers
13 can't make it. They don't make it and so this is sneaking
14 this in. And I get that there've been prior decisions by
15 this Commission, but one of the reasons that Mr. Minnick
16 mentioned the statement in the Chinese decision in 2014 was
17 that you relied on the fact that Arcelor claimed to be
18 producing this wire rod for tire cord and tire bead.

19 Number one, they weren't making 1080. It was a
20 lower grade for smaller tires. They're not doing the
21 smaller tires now and they couldn't make 1080 and that is
22 what our witness testified to, so the basis on which you
23 declared that there was a continuum, which we're always
24 hearing about at the Commission. No, you can't have a
25 separate like product 'cause it's all a continuum. Well,

1 I'm sorry, but if they can't produce it because they don't
2 have BOF, right, that's not a continuum for them. That's a
3 cliff. That interrupts the "continuum" for the like
4 product, so that is what we're saying. And I don't think
5 that the Commission previously has focused on the fact that
6 now it is an EAF industry here. There were a lot of reasons
7 for that conversion and it's been very advantageous for the
8 industry, but there are still products that require BOF in
9 order to make them and this product is one of them.

10 MR. SZUSTAKOWSKI: What I'd like to know then is
11 are there subject producers that make 1080 or tire cord wire
12 rod with an EAF? Is that something that anyone can answer
13 now or is that best answered in a brief?

14 MR. MINNICK: Dave Minnick.

15 No, there's not anyone making it. I just want
16 to make one comment that I recently have contacted the
17 Petitioners about tire cord and bead and we're meeting with
18 one of them that says they want to see our spec, but they
19 can't make it. The other two said they're not in the
20 business to make tire cord and bead wire steel.

21 MR. SZUSTAKOWSKI: So for these spec sheets do
22 the spec sheets designate the physical properties of the
23 tire cord or do they also designate the manufacturing
24 process and how it's made?

25 MR. MINNICK: Basically, with the spec sheet it

1 spec what they want in theirs as far as breaking strength,
2 tinsel strength, elongations, everything that is required in
3 this rod. Some actually do require saying -- just recently
4 we got one that said they want a 95 carbon, which nobody
5 right now is using 95 carbon, but in the steel cord industry
6 the strength of the wire is getting stronger and stronger
7 and stronger to the point that I know for a fact in Korea
8 there's somebody requesting a hundred percent carbon, which
9 is basically .1 percent of carbon, but we just say a
10 hundred percent carbon in the industry, so it is specified
11 on the sheets, yes, in some cases.

12 MR. HUGHES: This is Terry Hughes from Bekaert.

13 Additionally, the chemistry is very stringent,
14 so low residuals are always specified for copper, for
15 harmonium, elements that that make it very difficult to draw
16 the material. And as we know, you melt the cars and the
17 scrap and these types over and over again the copper and
18 these types of elements just continue to climb and it's a
19 concern in the industry, even for regular drawing material,
20 not even steel tire cord, that eventually you have to have
21 an influx of ore material to reduce or dilute the actual
22 impurities in the steel.

23 MR. SZUSTAKOWSKI: Mr. Stauffer and Mr. Johnson,
24 I believe you each also purchase tire cord. Is there
25 anything you'd like to add to this?

1 MR. JOHNSON: John T. Johnson.

2 We do not produce tire core, but we have another
3 application that prefers a BOF steel because of the
4 properties that it gives for their application.

5 MR. SZUSTAKOWSKI: What application would that
6 be?

7 MR. JOHNSON: It's a copper-clad steel for the
8 cable industry.

9 MR. SZUSTAKOWSKI: And is that same issue with
10 the tire cord in that it's --

11 MR. JOHNSON: It's not quite as stringent, but
12 it's a high grade that in their process the BOF is much more
13 successful.

14 MR. SZUSTAKOWSKI: Is there a like product
15 argument being made about that product too or are we talking
16 exclusively about tire cord in terms of the Commission?

17 MR. JOHNSON: Talking about tire cord.

18 MR. SZUSTAKOWSKI: Okay, Mr. Stauffer, did you
19 want to weigh in?

20 MR. STAUFFER: We do not purchase a tire cord
21 quality wire rod in the industry. Our industry -- we do not
22 purchase this product, this tire cord, tire bead product.
23 All of our products are in the area of concrete
24 reinforcement, so we go from a 1008 to low carbon. We'd
25 actually have 1080 product for PC-strained in large -- it

1 comes to us in large diameter, 11 millimeter sizes, 80
2 carbon to it, but nowhere near the specifications of the
3 tire cord tire bead.

4 MR. GOLDFEDER: Mr. Szustakowski, this is Jarrod
5 Goldfeder with Trade Pacific.

6 In one of the Petitioners' supplements there was
7 a statement that POSCO in Korea is using EAF technology in
8 its wire rod production and that's not true. The four mills
9 that POSCO has in Pohang are all using gas-furnace
10 technology for their wire rod and for their tire cord. And
11 as you heard in the remarks earlier, I would expect the
12 claim you'll hear later is, sure, we could make this using
13 EAF if we could -- if we wanted to.

14 I think what you'll find is you have stringent
15 requirements by the auto manufacturers that's all rolling
16 upstream and in POSCO experience and what they're seeing in
17 the U.S. market companies are not going to want to buy --
18 even if you could produce a tire cord using EAF, no one
19 would want it because of what you've heard of all of the
20 impurities. It just wouldn't have the strength that all of
21 the downstream users are going to require.

22 MR. SZUSTAKOWSKI: Thank you for that.

23 MR. HUGHES: Could I add one other thing? We at
24 Bekaert also requires a low carbon BOF supplier for
25 bookbinding wire for some of the notebooks, the binding

1 notebooks and our customer refuses to use the EAF steel and
2 also automotive springs for car hoods and these types of
3 things and for seat recliners we have to a have 1065 BOF or
4 our customers refuse.

5 MR. SZUSTAKOWSKI: And that too is only
6 available from BOF?

7 MR. HUGHES: Correct. EAF it won't make the
8 application. It breaks.

9 MR. SZUSTAKOWSKI: Mr. Johnson was testifying
10 before that demand for wire rod in the U.S. has been
11 decreasing probably as a result or attributed to you know
12 these trade cases and I would just be interested does
13 counsel have access to the BPI record and also the
14 historical information from other investigation. Right now
15 when I look at our data I kind of see where we have
16 available at the moment for this investigation is that
17 apparent consumption seems to be relatively flat, so I just
18 want to make sure that we have a better understanding of
19 what the trends are in apparent consumption. If, in fact,
20 is it flat or is it actually going down and I was just
21 trying to square up Mr. Johnson's testimony about
22 decreasing consumption and what Mr. Stauffer was saying in
23 that you -- Mr. Stauffer, you were telling us about new
24 investments and new plants. We've also heard what sounds
25 like growing demand for more tire cord in the U.S. due to

1 expansion in the tire manufacturing facilities. So demand
2 flat; is it decreasing; do you guys see an upward trajectory
3 for you know all wire rod? I'm just trying to understand
4 what really the demand trends are and where things might be
5 going.

6 MR. WAITE: This is Fred Waite, counsel for
7 AWPA.

8 We can address that in our post-conference. We
9 do not have access to the APO since we represent only
10 industrial users and Congress, in its wisdom, decided that
11 they were not worthy of the kind of participation in these
12 investigations that Petitioners are. But generally, if you
13 look at consumption figures from your own reports in cases
14 back in the 1990s, for example, and compare those
15 consumption figures with consumption figures from more
16 recent cases or from the data that we collect from AISI
17 sources as well as official import statistics, you will see
18 an significant reduction in the consumption of wire rod in
19 the United States.

20 And I don't think there's any inconsistency with
21 that overall assessment and the testimony you heard here
22 today. These companies are companies that often sell into
23 niche markets. They're looking for opportunities. They
24 must be nimble because they don't have the resources to
25 continue operating in the red. They must find products that

1 they can sell, but as Mr. Johnson pointed out extensive
2 parts of the U.S. manufacturing sectors have been decimated
3 by imports of wire products. And when that happens wire
4 sales in the United States decline and of course wire rod
5 purchases corresponding decline as well and we can give you
6 a great deal of information on those points in our
7 post-conference brief, most of which is going to be public
8 data, most of which is going to be from your own reports and
9 investigations in previous case. Thank you.

10 MR. SZUSTAKOWSKI: We heard Mr. Price in his
11 opening remarks say that the captive consumption provision
12 applies in these investigations. Does counsel want to
13 comment on that now? I think since the completion of the
14 China investigation we've seen that the three factors that
15 the Commission typically considers is now down to two, so I
16 would appreciate if you can comment now about this or is
17 this something that we'll be seeing in the briefs?

18 MR. NOLAN: We'll address it in the briefs.

19 MR. SZUSTAKOWSKI: Okay.

20 Mr. Johnson, with your inventories do you manage
21 inventories as such that you know what the source country is
22 of the goods?

23 MR. JOHNSON: Absolutely. It's segregated by
24 size and by country and by grade.

25 MR. SZUSTAKOWSKI: And will Mr. Stauffer and

1 others be able to provide just how large of a market the
2 "Buy America" provisions account for? You testified on this
3 before and I don't know you were then a bread box, smaller
4 than a school bus, like how big are we looking at here?

5 MR. STAUFFER: I'd say bigger than a bread box
6 would be an appropriate answer.

7 MR. SZUSTAKOWSKI: We'll have more detailed
8 information in the briefs?

9 MR. STAUFFER: Yes, we can provide more detailed
10 information. Our business runs on that provision and
11 essentially that's a function of the infrastructure, the
12 legendary U.S. infrastructure that needs help. So when we
13 talk about our capital expansion programs, it's in
14 anticipation of the fact that there's going to be some
15 requisite legislation required to get this country moving
16 forward with those projects. So what we're doing in most of
17 our time, referencing your previous question, is to make
18 that more efficient and to expand that capability in
19 consideration of a market that should open up given the
20 nature of our infrastructure and the requiring fixing that
21 is there.

22 MR. SZUSTAKOWSKI: Would other importers like to
23 weigh in on there inventories, whether or not they also,
24 like Mr. Johnson, track it by country source?

25 MR. HUGHES: Bekaert tracks by country source

1 and type of product manufactured.

2 MR. MINNICK: Kiswire also tracks by import from
3 country and by grade.

4 MR. MOFFITT: Bob Moffitt, Heico Wire Group.

5 We do, but -- I mean we know where everything is
6 -- size, grade, heat, country of origin.

7 MR. SZUSTAKOWSKI: So when you all are selling
8 the product then you actually know when you're customers
9 buying it ^^^ you know on an individual sale where the
10 country source is, where it was actually made -- where the
11 wire rod was made? Do you ever on an individual sale for
12 the same product commingle both U.S. produced and imported
13 merchandise?

14 MR. JOHNSON: John T. Johnson.

15 Yes, depending on the spec of the customer
16 whether it requires domestic or not content, but we're ISO
17 certified, so we have complete tractability from the minute
18 we receive that material until the minute we deliver it to
19 our customer. It's part of our qualification.

20 MR. SZUSTAKOWSKI: Are others ISO certified as
21 well and do you have to meet that same standard?

22 MR. HUGHES: Terry Hughes from Bekaert.

23 Yes, we would.

24 MR. MINNICK: Dave Minnick from Kiswire.

25 Yes, we are also ISO certified.

1 MR. MOFFITT: Bob Moffitt, Heico Wire Group.

2 Some of our plants are; others are not.

3 MR. SZUSTAKOWSKI: Mr. Bond, were you making
4 additional like-product argument in regard to the suspension
5 spring, was I understanding that correctly, or is this an
6 attenuated competition argument? I just want to make sure
7 we know what to expect.

8 MR. BOND: David Bond.

9 No, we're not making a like-product argument,
10 attenuated competition and a strong basis for not cumulating
11 Spain in any threat analysis.

12 MR. SZUSTAKOWSKI: Thank you.

13 Looking at the import trends, I'm specifically
14 interested in those for Korea, Turkey and the UK and that
15 there are declining imports from 2014 to 2016. Can counsel
16 comment on why we saw a decrease in import volume from those
17 three countries specifically?

18 MR. NOLAN: I'll start for Turkey, then UK can
19 take over. For Turkey you saw an increase in an interim
20 period, which is reflecting pretty much the Chinese exiting
21 the market in very smart fashion so a hole gets created.
22 But the Turks have a lot of other markets. They ship this
23 product to over a hundred countries.

24 And the U.S. is decidedly a very small
25 destination, besides which the Turks consume about 80 to 85%

1 of the rod they make internally inside of Turkey. So the
2 market there has been pretty good and it's been improving
3 lately, and the other markets they ship into, Europe and
4 other places, have also improved. So they found other
5 places to put the rod that was more favorable to them
6 frankly.

7 MR. TRENDL: From the perspective of British
8 steel, as you heard, the company was bought by the current
9 owners, so there was some flux there. Also the company
10 changed its products mix to get away, frankly, from the
11 commodity-grade stuff to a greater focus on tire bead and
12 tire cord as they felt it was a better business model, the
13 result of which is an overall decline.

14 MR. SZUSTAKOWSKI: So when it was Tata, were
15 they making tire cord before, or is this -- in, say 2014 --

16 MR. TRENDL: Yes, they did.

17 MR. SZUSTAKOWSKI: Okay. So it's been
18 consistently in their product portfolio then?

19 MR. TRENDL: Correct. But they've changed the
20 balance to get out of -- or reduced the mix from the
21 commodity to a greater reliance on the tire cord tire bead.

22 MR. SZUSTAKOWSKI: Thank you. I think that
23 concludes my questions for now. I look forward to reading
24 your arguments in the briefs.

25 MR. ANDERSON: Thank you, Mr. Szustakowski, and

1 now Ms. Viray-Fung.

2 MS. VIRAY-FUNG: Thank you for being here.
3 Let's kick off with domestic like product. It's sounding
4 like I'm hearing some domestic like product arguments. I'd
5 like to hear from counsel. How would you like us to define
6 the domestic like product?

7 MR. TRENDL: I think others may want to chime
8 in. For the UK's point of view, tire cord tire bead should
9 be a separate like product. You've heard a lot about it
10 today, about its uses, its interchangeability, its technical
11 specs, how it's produced. We're going to expand upon that
12 significantly in our confidential post conference brief. I
13 assume others will do the same. And that's where we stand
14 on that issue.

15 MR. CAMERON: We take the same position. It is
16 Grade 1080 and above for wire rod for tire bead and tire
17 cord. And we believe that the six-factor test is met. And
18 this is especially so if the EAF producers cannot make Grade
19 1080 and above in an EAF. Because there is no continuum for
20 them.

21 So to the extent that there was information on
22 the record previously that was used to build that bridge,
23 that bridge no longer exists. And as a result, it's
24 incumbent upon this Commission to recognize that in its
25 decision.

1 We understand that these are unusual requests to
2 be granted, but actually in this case, we think it's a sound
3 one. And it shouldn't be taken lightly. I mean there are a
4 number of jobs, both in the tire cord, bead, and bead wire
5 industry that we've already testified to, and others have
6 testified to. A lot of jobs. Right? We're not talking one
7 or two people, we're talking hundreds.

8 And then you go into the tire producers. The
9 tire producers are going to get something one way or the
10 other, and if they can't get it here, they're either going
11 to import the tire cord directly and kick these guys out,
12 and/or the tire people are going to stay offshore and get
13 their requirements there. It's a serious problem and it's
14 really not part of the -- what was the quote?--the
15 "conventional low, medium and high grade wire rod that's
16 really subject to this petition." Okay. I get it. This
17 isn't conventional.

18 MR. CUNNINGHAM: I suspect I'm telling Noah
19 about the flood here, but we're not asking--and it would be
20 contrary to the Commission's approach to these things in the
21 past--to say you ought to take a production process and
22 create a separate like product defined by that production
23 process. That is, you ought to say that BOF-produced stuff
24 is a separate like product.

25 Commission doesn't usually do that. People

1 shift things around from within a particular production
2 process. What you do, it seems to me, is you find out a
3 particular set of specifications, grade, chemical
4 specifications, strengths, sizes, things like that, and if
5 you find a definition that is not made in the United States,
6 that has separate applications from other wire rod that is
7 made with different production processes, but not
8 necessarily on a different mill, and it's sold to different
9 types of customers, then you've got a pretty darn good case
10 as we think we have here for cord and bead, to define by
11 those specifications a separate like product.

12 The fact that the U.S. industry doesn't have BOF
13 and the BOF makes those specifications more readily, indeed
14 maybe the only way to make them satisfactorily to customers
15 is evidence that the type of specification should be
16 excluded, but not that the exclusion should be defined by
17 BOF. It's the significance of BOF is that the U.S. industry
18 doesn't have it. And therefore, it addresses the
19 availability of that specification in the U.S. market from
20 U.S. producers.

21 MS. KORBEL: I'd also like to point out that the
22 petitioners in the 2001 cases voluntarily excluded the tire
23 bead, cord, wire rod, and I believe the valve spring wire
24 rod as well from the cases in 2001. The petitioners
25 themselves agrees to exclude those products.

1 MR. CAMERON: Just one further thing with
2 respect to Dick's remark. And that is that the reason that
3 we're talking about BOF is Number One, they don't have it
4 and they're incapable, but Number Two, the manufacturing
5 process and manufacturing facilities is one criteria that
6 you take into account in evaluating the like product issue.

7 So it is relevant in that evaluation to look at
8 that and ask whether or not in the United States they're
9 indeed is a continuum that continues on through 1080 and
10 above, because this spec is getting more and more difficult,
11 and if they can't produce it, how is the law or the logic of
12 the like product being served? And that's the point.

13 MR. GOLDFEDER: I just want to add that POSCO
14 will be taking the same position on like product as we've
15 just heard. And I think when the Commission looks at tire
16 cord, tire bead, as a separate like product, you're going to
17 find no meaningful head-to-head competition for this
18 product.

19 When you have no head-to-head competition, you
20 can't have adverse volume effects. You can't have adverse
21 price effects. You can't have an impact that's caused by
22 subject imports, and you could have no threat, so you should
23 find no injury by reason of these imports.

24 And just following on what Mr. Cameron said, the
25 same thing -- that even if the domestic industry says,

1 "Well, we could produce it with EAF, and the commercial
2 quality would be the same," that's just not true. And
3 you've heard the purchasers say that, and you'll hear anyone
4 say it. Even if you did, it would not be interchangeable
5 with tire cord produced with BOF, and that's why you haven't
6 seen, like POSCO hasn't seen why anyone -- no one's seen any
7 sales in this market, or any meaningful participation in
8 the tire cord segment of the market by the U.S. mills.

9 MR. BOND: Just before you move on, CELSA, also
10 a producer of rod for tire bead and tire cord, supports the
11 position of the other parties, just so you're clear on that.

12 MS. VIRAY-FUNG: I guess I'm a little bit
13 confused. What has changed in the last few years? I mean
14 why -- is it the specifications have changed?

15 MR. CAMERON: Well, let's -- just for a moment,
16 when you talk about change, this product, the 1080 and
17 above, was excluded from the 201. It was excluded by the
18 petitioners in previous cases. The only change occurred in
19 China when they decided that they were going to include it.
20 And so that is the change, but in one sense.

21 The other change that happened is that, to the
22 extent that Arcelor's facility produced tire cord wire for a
23 small tire, that industry is gone from the United States and
24 so there is no more tire cord that's manufactured here that
25 will meet the needs of the large producers such as

1 Continental, Bridgestone, etcetera, etcetera.

2 MR. CUNNINGHAM: You mean, when you say the
3 industries, what, you mean the small tire --

4 MR. CAMERON: Right.

5 MR. CUNNINGHAM: -- industry is gone. And
6 therefore the stuff that would be suitable for small tires
7 is the below 1080.

8 MR. CAMERON: The 1080, right.

9 MR. CUNNINGHAM: And the 1080 and above has to be
10 there to do the large tires, and that's what we do in the
11 United States now.

12 MR. HUGHES: Also the specifications on tires,
13 the wires are much stronger than they used to be, and much
14 smaller in the cords than they used to be.

15 MS. VIRAY-FUNG: Used to be? How long ago? Two
16 years ago --

17 MR. HUGES: 2000 -- oh. Probably in the last
18 three to four years they've even become more sophisticated.

19 MS. VIRAY-FUNG: And the exit of ArcelorMittal,
20 that was since the China cases?

21 MR. CAMERON: That was 2015.

22 MS. VIRAY-FUNG: Okay.

23 MR. NOLAN: Since we're on that note, can we
24 talk just for a second about why that mill closed?

25 MR. MINNICK: I'm actually from South Carolina

1 and have been to Georgetown Mill many, many times and used
2 their rod for bead wire and not tire cord. And because tire
3 cord, if you look at the samples that I gave, you can see
4 how small that wire becomes. But I did use it for a long
5 time and worked with them to try to produce a 1080, but they
6 never could.

7 The reason the mill closed, they said, was
8 because of too much competition in the industry, but the
9 reason they closed is right -- there's the Cooper River that
10 runs down beside this mill, and there's a bay that was built
11 in there for the Georgetown. Georgetown used the DRI and
12 had their own DRI-producing plant, and they sold all the
13 equipment.

14 They started trying to use DRI again and they
15 imported it back in. They could not get a large ship in the
16 bay because of build-up of scale, build-up on moss and
17 everything else in the bay and the State of South Carolina
18 refused to dredge it out. So they had no way to make steel.
19 So that was the reason they closed Georgetown Steel, not
20 because of imports coming into the United States.

21 MR. STAUFFER: Our primary plant is in North
22 Carolina where we started. Our founder of our company is
23 contemporary with Mr. Willy Korf, who helped build that
24 mill, and Mr. Ken Iverson at Nucor, who was a part of those
25 discussions back in the day to consider building that mill.

1 We've been joined at the hip with Georgetown for many years.
2 The last time I looked at it, when they were running at
3 capacity, that they indicated we were probably 20 to 25% of
4 their production on a monthly basis.

5 Mr. Minnick's correct in the river problems.
6 That's an Army Corps of Engineers' issue as to whether or
7 not you dredge or not dredge a particular river. When they
8 lose that access, they lose the inflow of this raw
9 materials. It still comes, but it comes through alternative
10 ports. Then it has to be transported from that alternative
11 port to the facility itself. We estimate that that costs
12 maybe \$50 or \$60 a ton. In their raw material costs
13 acquisition, that puts them at a disadvantage relative to
14 the domestic industry that they're competing with.

15 And while this is going on, our friends at Nucor
16 decided to build a new mill in Darlington, South Carolina.
17 They spent everything they could on that new mill, in terms
18 of technology and built a fine facility and we compliment
19 them for that. But it does take their cost structure and
20 make it appreciably different than the one in Georgetown.

21 So there has to be a contributing factor in two
22 mills in South Carolina and their ability to service the
23 market, in the local market particularly, in a
24 cost-competitive fashion. So I'd suggest that the industry
25 itself has helped Georgetown in Georgetown, South Carolina,

1 close its doors.

2 MS. VIRAY-FUNG: Thank you.

3 MR. KEUN HWANG: I think we need to think
4 critical issue -- there are three critical factors to effect
5 wire iron quality. First impurity and non-metallic inclusion
6 and separation.

7 These three factors -- POF can control the
8 impurity, but ECF is difficult. And the other one is
9 non-metallic inclusion and separation. Most of the
10 integrated --including POSCO, -- but unfortunately, for
11 competition in America, they're, they do not have the big
12 size billet cast they rely on the small size billet cast.
13 So small size billet caster can be moved on non-metallic
14 includes them -- separation. So if we want high-quality
15 wire rod, we need to keep the big size billet cast and POF.

16 So currently the market, there are huge changes
17 in the market. Ten years ago, most of the tire cord was
18 made out of 60 grade or 70 grade. Recently, most of the
19 tire cord are made of 80 or 90, so most of the steelmakers
20 need to improve all quality and development technology.

21 So including POSCO, most market players do our
22 best, but unfortunately, in the local market, we cannot find
23 such a high graded wire rod. I think throughout these cases
24 you prevent high-quality wire rod imports, but same time you
25 spoiled your wire rod demand industry, the United States.

1 For example, if we bring -- POSCO's a
2 high-quality wire rod to United States and we convert our
3 wire rod into the wire, then United States fastener maker
4 cannot use our wire. Then they supply the fastener to
5 automotive industry. But if they cannot buy our raw
6 material, most of all automotive company have to import
7 from overseas.

8 MR. CAMERON: Excuse me. Just one further
9 comment. You asked about the evolution and why. And you
10 know, I've never been asked to talk louder in this forum, so
11 thank you, Bill. Part of the evolution here and the reason
12 for what you're seeing is that the tire companies and the
13 auto companies have demanded lighter tires, right? Because
14 there's always been this focus on weight. At the same time,
15 there's a demand for strength, and as a result, what you
16 have is a demand for higher quality in terms of the carbon
17 grade and higher tensile strength, and that is what has been
18 driving this movement. And that has been dramatic. And
19 that's when we give you specs in the post-hearing brief,
20 you're going to see that we're not talking about 1080.
21 We're talking mostly about 1090, because that's now what's
22 being required. They can't make that.

23 MS. VIRAY-FUNG: Okay. Thank you. I'd like to
24 remind counsel, I'd like to urge counsel, when discussing
25 this issue in your briefs, if you could please frame them in

1 the context of the six factors that the Commission generally
2 considers, that'd be much appreciated.

3 I'd like to move on to negligibility. Should
4 the Commission terminate the investigation from any subject
5 countries due to negligibility issues?

6 MR. CANNISTRA: Yes. On behalf of Italy, and
7 the rest of the negligible countries.

8 MS. VIRAY-FUNG: If you would care to expand on
9 that in your briefs, we would appreciate that.

10 MR. CANNISTRA: Sure. As I mentioned, there's a
11 separate negligibility test for those countries that are
12 involved, the countervailing duty case versus those
13 countries that are involved in the anti-dumping case.

14 There's only two on the countervailing duty
15 case, and that's Turkey and Italy. And of those two,
16 there's one that's above the 3% threshold, and one that's
17 below the 3% threshold. Italy's below. There's nobody else
18 to cumulate Italy with on the countervailing duty side.

19 And I would encourage or refer the Commission to
20 cold-rolled steel from Russia, which just about four or five
21 months ago, where exactly the same issue was addressed, and
22 that is cross-cumulation. Do we add in imports from those
23 only subject to the anti-dumping case to those that are
24 subject to the countervailing duty case? And the answer was
25 no.

1 So certainly the picture is clear with respect
2 to Italy's countervailing duty, negligible imports, high
3 capacity utilization rates, capacity in Italy that's even
4 dedicated to captive consumption within Italy. So no
5 reasonable basis to conclude that it will exceed the 3%
6 threshold.

7 MS. MOWRY: Thanks. Kristin Mowry on behalf
8 of ArcelorMittal South Africa. On the dumping side yes we
9 agree, that you should find the negligible countries to be
10 terminated, and we will expound further on that in our
11 post-conference brief.

12 MS. VIRAY-FUNG: Mister, I'm sorry, I can't
13 quite see your name. Mister -- right next to Ms. Mowry,
14 yes. I think you were sort of leading into another question
15 with regarding to the CVD petition with respect to subject
16 imports from Italy. Could you please respond to the
17 Petitioners' argument that there is a potential that
18 subsidized imports from Italy will imminently exceed the
19 individual country negligibility threshold for purposes of
20 threat in your brief or here?

21 MR. CANNISTRA: Well, what that question is
22 trying to answer is what's going to happen in the future,
23 and certainly looking backwards, there is some information
24 that can be gleaned about what will happen in the future.
25 But also and equally important is what are the capacity

1 utilization rates within Italy? What is wire rod production
2 being used for in Italy? Is production dedicated to captive
3 production and the answer to that question is absolutely.

4 The vast majority of Italian wire rod
5 production is dedicated to captive production within Italy.
6 So the probability that imports would suddenly increase from
7 Italy is very, very low, since it's being used for its own
8 captive production. Plus, and we'll address the capacity
9 utilization of rates themselves. I think those are also
10 very probative, and the Commission should certainly focus on
11 those within Italy. I think you'll be extraordinarily
12 surprised to see how high in fact they are and have
13 historically been in Italy as well.

14 MS. VIRAY-FUNG: Thank you very much. My
15 colleague Mr. Szustakowski talked a little bit about using
16 official import statistics. Can the Commission rely on
17 official import statistics and its negligibility analysis?

18 MS. MOWRY: Kristin Mowry on behalf of
19 ArcelorMittal South Africa. We will be making our
20 negligibility case both on the basis of questionnaire
21 response data and on import statistics, and I think you'll
22 find our arguments to be persuasive in either case.

23 MR. CANNISTRA: Dan Cannistra on behalf of
24 Crowell and Moring, and I believe historically the
25 Commission has traditionally in the preliminary phase

1 utilized import statistics as well, particularly here where
2 the number of countries are quite large.

3 MR. TRENDL: This is Tom Trendl, the UK.
4 We'll have a similar analysis I think as Ms. Mowry outlined
5 in our post-conference brief.

6 MS. VIRAY-FUNG: Thank you. Anyone else?
7 Okay. Moving on to cumulation, could parties please address
8 cumulation for both present and threat purposes in their
9 briefs, or if you want -- does anybody care to discuss it
10 right now? I've heard some discussion with regards to
11 threat, not so much with regard with present.

12 MR. NOLAN: I think on behalf of the group we
13 will be addressing those issues in our briefs, but obviously
14 on a threat basis you have the power to decumulate. You
15 have the authority and discretion to decumulate, and if this
16 case were to go threat, we don't believe there's material
17 injury or threat. But if you were to go threat, this case
18 is crying out for decumulation for a number of the parties.

19 There is just too many divergences in the
20 patterns. The way the different importers are acting, the
21 different product mixes involved, all these factors are just
22 crying out for you to decumulate these folks and
23 particularly on the smaller fish.

24 MS. VIRAY-FUNG: Okay. Within cumulation,
25 there's a fungibility prong we look at. Are the types and

1 qualities of wire rod that are generally imported, are they
2 within the same range of grades?

3 MR. NOLAN: Could you repeat the question,
4 because I'm not sure we fully understand it.

5 MS. VIRAY-FUNG: Within fungibility for
6 cumulation purposes, are the types and qualities of wire rod
7 that are generally ^^^^ are they generally imported within
8 the same range of grades?

9 MR. NOLAN: So you're -- I think the witnesses
10 may want to try to pick up on this a little bit, but I think
11 the question is are there standard grades we're talking
12 about that you're trying to get to, or that there's sort of
13 a set range? I mean I think --

14 MS. VIRAY-FUNG: Yeah. For one country is it
15 a different range of grades, it is, you know.

16 MR. NOLAN: Right. So different countries are
17 going to focus on different types of products. I think some
18 countries are, like in the tire bead particular industry,
19 those are specific countries that you guys rely on, right?

20 MR. MINNICK: Dave Minnick with Kiswire.
21 Basically on the grades, we specify the grades as a company.
22 We give the grades to the steelmaker and tell them our
23 requirements of the grades, and it's our requirements
24 because of the way our equipment is designed.

25 In the drawing of the wire and everything, you

1 have to have certain specifications. Some of the time
2 people specify what they want, but the grades are -- when we
3 say 1080 grades, they can go from 80 to 86 to 89 to 90, and
4 that's only the carbon content in the wire.

5 But there are a lot of other parts about it as
6 far as the silica and the magnesium and everything, that is
7 also required in the wire rod. But each country, I depend
8 on certain areas. But each country, I get the same grades
9 from these countries. I don't vary and go to one country
10 for one grade and one country for another grade. I get -- I
11 can get both grades from wherever I'm buying from.

12 MS. VIRAY-FUNG: Thank you.

13 MR. MINNICK: Thank you.

14 MR. HUGHES: Gary Hughes from Bekaert. We use
15 grades from below 1006 all the way up to 1090, 1095, and we
16 buy certain grades for tire cord from certain countries. So
17 the UK, we would depend more on a steel tire cord grade from
18 Spain as well. South Africa or Korea would mainly be high
19 carbon BOF steels and some low carbon for the bookbinding
20 wires as well. So we do rely on certain countries for
21 certain grades in the BOF range of production.

22 MR. BOND: David Bond. I mentioned earlier
23 that CELSA is exporting quite a bit of suspension steel wire
24 rod, which is made to a grade 9254. As far as I'm aware,
25 that's over a majority of our exports and I think we're the

1 only country that's exporting that among the subject
2 countries here.

3 MS. VIRAY-FUNG: Okay.

4 MR. CUNNINGHAM: This is Dick Cunningham. I'd
5 just like to caution you against adopting some rule that
6 well, what we have to do is we have to make the distinction
7 by grade, or another rule that we have to make the
8 distinction on the basis of a certain type of product. What
9 you're dealing here is with physical specifications, and it
10 is a factual issue.

11 There may well be a situation where what you
12 want to consider separately is something that is
13 differentiated by a combination of grade and type of
14 product, whereas other types of product not in that grade,
15 you wouldn't want to separate it out as a separate like
16 product, or other grades within that product category you
17 might want to separate out.

18 So it is -- I know I'm not making your job any
19 easier here and that's -- hey, I'm a lawyer; that's my job.
20 But it really is. It's a factual thing. I think what you
21 have here though is, particularly with tire cord and tire
22 bead, you do have a combination that lends itself to that
23 sort of factual distinction from everything else, which is
24 tire cord, tire bead 1080 and above.

25 MS. VIRAY-FUNG: Thank you. To the extent

1 that some parties have reported that purchases have
2 increased or demand has decreased, could you address what
3 factors may have caused either the increase or decrease in
4 demand?

5 MR. MINNICK: I can do one, because -- Dave
6 Minnick with Kiswire. In my industry doing the tire bead
7 and the tire cords, there's been in the past four years
8 seven new tire factories built in the United States. To the
9 increase is getting very much, like I said, there's 170,000
10 metric tons right now. It's going to grow to about 350,000
11 metric tons, just in steel core alone because these tire
12 companies are small now, but they will continue to grow, to
13 where they're producing -- some tire plants are producing
14 38,000 tires a day.

15 So that's one reason the demand is getting
16 bigger and bigger and bigger, and as Mr. Hughes said and I
17 said, we're continuously investing in the tire cord industry
18 because this is growing. So the imports are going to get
19 bigger. Thank you.

20 MR. HUGHES: Gary Hughes from Bekaert. We had
21 a fire in our Rome, Georgia facility at the end of 2014
22 throughout 2015. So you see a decline in our purchases from
23 offshore because of that fire, and the production increase
24 came about in 2016 as well.

25 MS. VIRAY-FUNG: Thank you.

1 MR. JOHNSON: John T. Johnson. In our markets
2 that we serve, we've seen, as I described in my testimony,
3 about products that have disappeared, the downstream
4 products that have gone offshore, the barbeque grill grates,
5 the pet cages, the shopping carts. It's all -- when that --
6 when they look at an option downstream because of rising
7 prices, that's why our consumption has gone down on overall
8 rod consumption for the industry as a whole.

9 MR. CUNNINGHAM: Dick Cunningham. One more
10 point, just at the risk of saying the obvious, that's
11 another thing I do because I'm a lawyer, if you look at the
12 U.S. economy in general and try to look at sectors that have
13 really, really, really done well over the last several
14 years, the other sector is probably at or near the top of
15 that list, and tire production is a subset in part of the
16 auto sector.

17 And so it would not -- it should not be
18 surprising to the Commission to see in the hierarchy of
19 what's doing really well in terms of increased demand and
20 what may be doing not quite as well, you would be surprised
21 if you didn't see stuff in the auto sector near the top of
22 that.

23 MS. VIRAY-FUNG: It can be useful sometimes to
24 state the obvious. It's helpful to us sometimes.

25 MR. STAUFFER: Chris Stauffer, Insteel

1 Industries. We faced an interesting problem in our industry
2 in that in non-DOT, non-Buy America, Buy American programs,
3 it's possible for a customer for slabble and grade
4 applications to use imported PC strand. We have a
5 continuing issue with that problem in our markets. That
6 means that there is a restriction in our ability to compete
7 in those markets, and those sources that are coming into
8 the United States primarily buying the wire rod around the
9 world, where we don't have access to.

10 MS. VIRAY-FUNG: In order for me to be
11 competitive, I have to seek out sources for this product in
12 places like South Africa, in places where we can get a
13 product that is adequate for our production, and at the same
14 time cause a competition to arise between these sources, so
15 that I can get a price that models what we've already said
16 is not -- we don't have access to in the United States.

17 So that global indication is a limiting factor
18 for us. We are losing market share in that respect to an
19 imported wire product that we have adequate capacity for
20 here in the United States.

21 MR. MOFFITT: Bob Moffitt, Heico Wire. If I
22 could just add, I pointed out in our testimony that we were
23 hurt dramatically by imports of Canadian wire using Chinese
24 rod because of the Chinese rod case. We actually have
25 started importing wire ourselves to use in our wire

1 processing, because of the position we've been put in.

2 At the end of the day, we are -- my
3 competition is not the people that are necessarily sitting
4 at this table. The people that are driving the pricing in
5 our market are offshore wire, whether it's from China, from
6 Brazil, from South Africa, wherever. We have to meet their
7 pricing in the marketplace.

8 MS. VIRAY-FUNG: Thank you. Are there any
9 geographic constraints to the areas that you can serve? Are
10 there any areas you cannot serve?

11 MR. NOLAN: This is Matt Nolan for the Turks.
12 I'm not going to say that there's a prohibition on shipping
13 anywhere in the United States, but if you look at for
14 example with the import stats from Turkey, almost everything
15 comes in either through Tampa, New Orleans,
16 Galveston-Houston area, and that makes perfect sense,
17 because as usual the same thing you'll see in the rebar
18 case. Most of that product is coming into the closest port,
19 and then what happens it gets delivered at the port to the
20 customer and the customer has to get it to where it wants to
21 go.

22 And then inland transportation cost could
23 become a big factor. There's only so far it can go before
24 it becomes uncompetitive with a mill that may be operating
25 in the middle of the United States, which happens to be the

1 Petitioners' mills.

2 MS. VIRAY-FUNG: Are there any regions that
3 you guys are serving that -- where you're not seeing
4 competition from the domestic like product or from
5 domestically produced wire rod? It sounds like you may be
6 saying it's the other way around.

7 MR. NOLAN: I guess I'm going to say the
8 competition, the geographic limitation is going to be just
9 an inland transportation cost-based issue and how far you
10 can take that. So if you can't get it in from the ocean or
11 barge, then you have an inherent limitation on how far it
12 makes economic sense to ship a very heavy steel product.

13 The other distinction goes back to our, the
14 whole business about like product and products that just
15 don't -- aren't made in the United States, period.

16 MS. VIRAY-FUNG: All right, thank you. Have
17 Respondents seen any impact of non-subject imports on the
18 market, aside from the exit of China? Are there any
19 additional impacts?

20 MR. NOLAN: I think if you took a look at the
21 numbers, you're going to see that the Brazilians and the
22 Mexicans are under order. So they therefore by definition
23 are fairly traded, and they have not been impacted. In
24 fact, I think those numbers have gone up. So by definition
25 fairly traded imports have gone up in those areas.

1 I believe the Canadians are probably up a
2 little bit but fairly flat. But what you're seeing is
3 fill-in coming in from across the board. You know, when the
4 Chinese exited, there was a huge hole created in the market.
5 Subject imports didn't fill that hole completely. They
6 filled part of it but not all of it by a long shot.

7 So the U.S. producers either had the
8 opportunity to come in and take that market share over if
9 they wanted to, or let other imports from fairly traded
10 areas come in and take some of that market, which is what
11 happened. I think the U.S. producers elected to maintain
12 higher price levels rather than to take market share.

13 That is their right to make that decision, but
14 they didn't lose any market share as a result of imports.
15 They just decided not to engage in a campaign to get market
16 share, rather than they wanted to keep prices high.

17 MS. VIRAY-FUNG: Thank you, and finally in
18 your briefs, could you please provide information regarding
19 the factors that the Commission considers in determining
20 threat of material injury?

21 MR. NOLAN: Yes, we will address those factors
22 in the briefs.

23 MS. VIRAY-FUNG: Thank you. That concludes my
24 questions.

25 MR. ANDERSON: Thanks Ms. Viray-Fung. And now

1 we'll turn it over to our economist, Mr. Knipe.

2 MR. KNIPE: Hello. Thanks everybody for being
3 here, and I have to thank Mr. Minnick for the props. I
4 always like wrapping my head around the product we're
5 talking about. In a prelim it's difficult to have enough to
6 time to visit facilities. So thank you for that. Are you
7 all here among the larger purchasers in the market?

8 MS. KORBEL: AWPAs members that are here
9 purchase over a million tons of wire rod combined. It's a
10 --

11 MR. KNIPE: I'm trying to figure out if
12 there's a data reporting error in one of my lost sale/lost
13 revenue responses. Is there a behemoth that's missing from
14 this panel?

15 MS. KORBEL: Leggett and Platt is a large
16 producer, and they're not here.

17 MR. KNIPE: Okay, okay. Thanks. So on the
18 tire cord versus industrial grade, are there any differences
19 in the basic raw materials that go into these products?

20 MR. CAMERON: Don Cameron. Yes. I mean when
21 you think about how you manufacture wire rod from a BOF
22 process and the wire rod that you make in an EAF, one of the
23 reasons that everyone's talking about impurities is that the
24 EAF process is made from scrap.

25 It's very hard to, for instance, separate out

1 the copper in a uniform manner so that it is always going to
2 be not present in the high carbon 1080 and above, whereas
3 you can control that much better with the BOF process. So
4 it is -- a lot of that is raw material driven and then goes
5 into the process.

6 MR. KNIPE: Does BOF not use scrap?

7 MR. CAMERON: It can use some scrap, but it's
8 easier controlled and it's, you know, it's not -- it's
9 mostly iron ore. So you know, it's more of an additive. So
10 the BOF process is going to control it much more strictly.

11 MR. BOND: David Bond, White and Case, CELSA.
12 For some of the products, in particular the suspension
13 spring wire rod that I mentioned, you have alloys that are
14 added. For the suspension spring, you're adding silicon and
15 chromium. So the alloys can be an important component of
16 the material cost as well.

17 MR. KNIPE: Okay. I understand that you're
18 arguing that the production process creates impurities in
19 EAF that are not present in BOF. But is it fair to say that
20 the biggest differences in raw materials are through alloys?

21 MR. CAMERON: No, it is not. I mean the
22 biggest difference is that you're using coking coal and iron
23 ore to make in the BOF process, and in the EAF process
24 you're using scrap. That's the reason when they're doing
25 their correlation between scrap and domestic prices, you

1 have a 99 percent correlation. Why? Geez, I don't know. I
2 mean are going to hang our hat on it though.

3 MR. TRENDL: And that's the same for the UK
4 because the production is stringent and very restrictive,
5 and the impurities that you've heard about. I mean the UK
6 has got in fact a dedicated ladle that's used to make tire
7 cord and tire bead. So it goes -- sorry. It has a
8 dedicated ladle in fact, a dedicated production to make tire
9 cord/tire bead because of the impurities, because you're not
10 starting with scrap that has a lot of scrap in it, crap.

11 MR. KNIPE: Okay. I'm sure you're going to do
12 this anyway, but if you can expand on that in your
13 post-conferences briefs.

14 MR. TRENDL: Absolutely.

15 MR. KNIPE: Okay. Does tire bead and
16 industrial grade -- do they fall into any of the existing
17 pricing products that are out there now? Okay. I'm seeing
18 no head nods.

19 MR. TRENDL: No.

20 MR. KNIPE: Okay. So I assume that in the
21 event of a final, the Commission should collect price data
22 on tire bead product.

23 MR. CAMERON: If you don't decide in our favor
24 at this stage, yes that will be correct.

25 MR. KNIPE: Okay. So are demand trends for

1 tire bead and industrial grade segregated between the
2 construction and auto markets generally speaking?

3 MR. CAMERON: I guess I don't -- can you
4 rephrase that again.

5 MR. KNIPE: Sure. If tire beads is specific
6 to the auto market and industrial grade product that goes
7 into construction and uses, are they generally segregated by
8 those two markets? In other words, I'm trying to get at --

9 MR. CAMERON: In other words, in other words,
10 yeah. The wire rod that's used for the tire bead and tire
11 cord goes into the tire bead and tire cord. They're not
12 using 1080, 1090 high carbon grade for construction, that's
13 correct. For the construction, they're using what I believe
14 Mr. Price referred to as conventional low, medium and high
15 carbon wire rod.

16 MR. KNIPE: Okay, so we --

17 MR. STAUFFER: Chris Stauffer with Insteel.
18 There is a construction product in the 1080 carbon range.
19 That's for PC strand. So in the sense that the chemistry is
20 not as stringent as tire bead and tire cord, it's a
21 different product at that standpoint, because the
22 application is different. But so there is a differentiation
23 on that basis, but the tire bead/tire cord stance is unique
24 in terms of the process that's involved to make it a viable
25 product in the market.

1 MR. CAMERON: On other thing on the PC strand.
2 You start with a much larger diameter and you end up with a
3 much larger diameter in the PC strand. The example that you
4 have here that we gave you and the samples for the tire
5 cord, you're starting with 5.5 millimeter and getting down a
6 filament wire. So and I think the PC strand ends up what?

7 MR. STAUFFER: Well, PC strand winds up to be
8 six wires wrapped around one wire. The smallest wire
9 diameter is .135 in that area, and we start with 7/16ths or
10 11 millimeter wire rod, essentially twice the diameter of
11 the tire cord application.

12 MR. KNIPE: Okay, thanks. So I'm -- I didn't
13 get a very good idea from looking at the questionnaire
14 prices how prices are set in the market. Are they indexed
15 to a particular publication like AMM or Platt's or anything
16 like that? I mean is there any consistency across the
17 industry?

18 MR. STAUFFER: Chris Stauffer, Insteel. I can
19 address that. It's fair to say that virtually -- with
20 monthly pricing negotiations, it's fair to say that every
21 conversation starts with scrap. The American Metal Market
22 usually has their scrap analysis completed by the tenth
23 working day of the month, sometimes sooner. They publish an
24 index in their paper as well as provide online assistance
25 for that.

1 That will be the number that you'll start the
2 conversation from. Did the scrap go up, did the scrap go
3 down? What was -- how does this compare to my price last
4 month, and is there any indication that we would negotiate
5 on behalf of our companies, relative to this change in the
6 index over the prior month?

7 Where that ends up is a function of how they,
8 the market responds overall and it's on a very narrow
9 window. We have about five to ten days to react to that,
10 because we have to get into the next rolling schedule at the
11 various wire mills. I buy from all of the petitioners
12 across the country. It demands that we have some discipline
13 in that, and that we have these orders in. Otherwise, we
14 miss the rolling schedule and we move on.

15 So we have time that's not in our favor in
16 negotiating price. We have a well identified index that's
17 put out there, and then we do our best to not buy on the
18 index. We don't have a lot of choices in that typically
19 because of the consistency and the momentum that we have
20 with our requirements to be sure.

21 I have two mandates in my job. I'm supposed
22 to buy cheaper than my competitors and I'm not supposed to
23 run out. That not running out part is critical to the
24 timing that we have involved here. So yes, I say that
25 there's -- every conversation starts with scrap and we do

1 our best to stay off of that. But essentially we're at the
2 -- at the -- we're at the concern of the domestic mills to
3 get that done.

4 MR. HUGHES: Terry Hughes from Bekaert. To
5 add onto to Chris' statements, there are -- they combine
6 certain parts of the AMM scrap. They could be Chicago plus
7 Detroit plus Cleveland. They combine these types of things,
8 plus we also are on an index for the CRU, which is a long
9 product index out of London.

10 MR. MOFFITT: Bob Moffitt, Heico Wire Group.
11 I'd like just to say that each month when the prices -- or
12 the scrap prices are moving up, that we do get a letter from
13 all of the vendors, telling us that their price is going up,
14 and what's interesting, I think, is if you look at all the
15 letters, which are certainly available, that the Chicago
16 Spread number in the American Metal Market is one that is
17 used most on your IQ rods.

18 What's interesting is not the most recent
19 announcements, but the ones prior to that, which would have
20 been for April pricing, I guess. What was interesting was
21 that in the making of steel, and we're talking about the
22 residual content of the steel and everything, is that most
23 of them are, like I said, are using the Chicago Spread
24 number.

25 But if you're making some of your higher, your

1 industrial high carbon grades, they'll use more busheling
2 scrap in the mix. What's interesting is that in the April
3 announcement, they actually came out with a double increase,
4 one on low carbon and one on high carbon. The low carbon
5 was basically the Chicago Spread number pretty much; high
6 carbon, they went over \$60 because they wanted -- reflecting
7 the additional price spread between busheling and shred.

8 MR. JOHNSON: John T. Johnson. We're just
9 like these guys described. It's scrap-based, month to
10 month, based on what comes out in the AMM or the Chicago
11 Spread.

12 MR. KNIPE: Okay. If anybody wants to expand
13 on that in post-conference, please do so. My last question,
14 I hate to create more work for myself and this is an issue
15 that we typically address in any final, but if the
16 Commission decides to dig into the like product argument, it
17 would be helpful to know in terms of the qualification
18 process.

19 Some of you talked about domestics being
20 unable to have their product qualified. If you could
21 explain what products, the different qualification, if the
22 process for qualification differs between product, who you
23 have qualified and who has failed qualification. If you
24 want to talk about that now, feel free, but in
25 post-conference if you could dig into that, that would be

1 helpful.

2 MR. MINNICK: Terry Hughes from Bekaert.
3 Currently, we have no one domestically that's qualified to
4 make 1080 steel tire cord and we've tried.

5 MR. KNIPE: Okay.

6 MR. MINNICK: Dave Minnick with Kiswire. I
7 agree. We're in the same boat as Mr. Hughes, as far as no
8 one has qualified.

9 MR. CAMERON: And we'll expand in our
10 post-hearing brief.

11 MR. KNIPE: Great. That concludes my
12 questions, thanks.

13 MR. ANDERSON: Okay, thank you Mr. Knipe. And
14 now we'll turn it over to Ms. Lo.

15 MS. LO: Hi, thank you all for coming and
16 helping me understand more about this product. I just have
17 one question for Mr. Nolan. In your opening remarks, you
18 suggested that the Commission take a very close look at the
19 other factory costs reported by U.S. producers. Please
20 expand on that in your post-conference brief.

21 MR. NOLAN: Thank you for that question.
22 Obviously, there are some limits to what we can talk about
23 here because it's all APO, so I don't want to cross any
24 lines. I would, you know, I ran a very simple calculation
25 just looking at the changes, the deltas between periods of

1 time on a bunch of these costs and they are very significant
2 changes that were taking place, both on factory cost, direct
3 labor, selling expenses, general administrative expenses in
4 some cases.

5 I'll be expanding upon this quite lively in
6 the post-hearing/post-conference brief. But suffice it to
7 say they are unusual in some of the -- it's what some of the
8 producers. That's one point.

9 The second point is I happen to also be on the
10 rebar case, and without saying anything about what's going
11 on in the rebar case, there are some differences in what's
12 being reported. I would urge you to think about and look at
13 those questionnaire responses because they came in on the
14 same day.

15 MS. LO: Thank you.

16 MR. CUNNINGHAM: All right. Trying to steal
17 Matt's stuff always gets me in trouble. Actually, I would
18 also suggest you take a look at labor costs in some of the
19 data that's been presented. I can't get into details on it,
20 but there is at least one line on one page that boy, it sure
21 looks like a big anomaly.

22 MR. NOLAN: And I would add that what we're
23 talking about does change the dynamic on the financial
24 picture. So it really bears careful scrutiny.

25 MR. CUNNINGHAM: And it also relates to your

1 COGS to sales analysis, which is even without these changes
2 not going to show anything particularly productive for the
3 domestics in this case. But it seems to me that there are
4 some changes that do need to be made there that make it even
5 more abundantly clear that there's no price suppression.

6 MR. LA ROCCA: Hi everyone. Thank you for
7 coming. Can you guys hear me? Okay. I just have a -- well,
8 I just have a request for the Respondents, to please share
9 with us the certification requirements --

10 MR. BISHOP: Pull your mic a little closer
11 Mark please.

12 MR. LA ROCCA: I just have a request for the
13 Respondents. If you could share the 1080 and plus grade
14 requirements, certification requirements, that will be
15 really spectacular for us.

16 MR. ANDERSON: All right. Thank you, Mr.
17 LaRocca and I'll just scan the staff here. Any follow-up
18 questions from the staff? Okay. With that, I appreciate
19 the time and your attention and responses to staff's
20 questions. You've been very helpful.

21 Appreciate you accommodating the change in the
22 order today. I think it's been very helpful to hear from
23 our witnesses and from our counsel, and with that I'd like
24 to take a 30 minute recess, and we'll convene, according to
25 this clock, at 12:35 for the second panel. Thank you very

1 much.

2 (Whereupon, a brief recess was taken to
3 reconvene at 12:35 this same day.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AFTERNOON SESSION

MR. BISHOP: Will the room please come to order.

MR. ANDERSON: Good afternoon. I hope everybody had a little chance to take a break and gather themselves and have lunch on a beautiful spring day.

We would like to start with our second panel, Mr. Rosenthal and Ms. Cannon when you're ready, please proceed.

STATEMENT OF PAUL C. ROSENTHAL

MR. ROSENTHAL: Thank you, Mr. Anderson. Good afternoon to you and members of the Commission staff. I am Paul Rosenthal of Kelley Drye, appearing on behalf of the Petitioners Gerdan Ameristeel, Keystone Consolidated Industries, and Charter Steel.

I will begin our presentation this afternoon by summarizing the main arguments on behalf of the domestic industry in this case.

First, domestic like product. The scope of this case is identical to the scope of the recent wire rod from China case. In that case, the ITC found the domestic like product mirrored the scope. The same product and market facts that led to the decision remain true today and warrant a finding that the like product mirrors the scope of this case, and we'll get into more detail on that later.

Next, negligibility. Each of the ten subject

1 countries surpasses the statutory negligibility
2 requirements. Five countries, Korea, Russia, Spain, Turkey,
3 and Ukraine, exceed the 3 percent threshold on an individual
4 country basis.

5 The other five countries, Belarus, Italy, South
6 Africa, the UAE, and the United Kingdom, while below 3
7 percent of all imports on an individual basis, exceed the
8 statutory 7 percent threshold on an aggregate basis.

9 Of the countries subject to a countervailing duty
10 action, one country, Italy, is below 3 percent. This is
11 discussed earlier by Respondents and we'll make it clear
12 that the ITC should aggregate both the dumped and subsidized
13 imports in assessing negligibility.

14 But even looking at subsidized imports from Italy
15 alone, there is an indication that Italy will eminently
16 exceed 3 percent. Imports from Italy are increasing rapidly
17 and exceeded the 3 percent threshold in the most recent
18 quarter, as well as over the past six months.

19 Next, cumulation. The factors that the
20 Commission examines to identify a reasonable overlap in
21 competition, fungibility, geographic overlap, channels of
22 distribution, and simultaneous presence, are met in this
23 case. Indeed, the Commission has routinely cumulated wire
24 rod in prior cases, finding these factors met.

25 We will provide specifics on these factors with

1 respect to each country in our brief. And the statutory
2 factors in the count to production provision similarly are
3 met in this case.

4 The Commission should therefore focus on merchant
5 market sales in assessing the impact of the subject imports
6 here.

7 Turning to volume, there is no question that the
8 absolute level of subject imports is significant and
9 increasing rapidly. Since 2014, subject imports have grown
10 in volume by over 56 percent.

11 I want to turn to this next slide, and I would
12 like you to focus on this because it undercuts many of the
13 arguments made by the Respondents.

14 To truly appreciate the volume effects of the
15 subject imports it is important to put them in context. As
16 you will hear from our industry witnesses, the benefits they
17 hoped to achieve from the China case were blunted by the
18 effects of surging imports from the subject countries.

19 Imports from China that surged from 2011 to 2013
20 were remedies when orders were imposed in early 2015. But
21 any relief from that China decision by the Commission was
22 short-lived.

23 Look at this chart to see what happened. The
24 subject countries jumped in to fill the void and then some.
25 And contrary to what you heard from Respondents this

1 morning, this wasn't simply a matter of the subject
2 countries replacing the imports from China. They came in
3 from below where China was, exceeded the imports from
4 China, and in fact are at a higher level than the Chinese
5 ever were.

6 As you will see, the 2016 volume of subject
7 imports exceeded that of China in its peak in 2013. Again,
8 take a look at this. You see that dotted line there? That
9 line represents where the subject imports from China were
10 when they were under investigation. The subject imports in
11 this case go beyond that dotted line and have a larger share
12 than the imports from China did.

13 The result of that, subject imports accounted for
14 almost 40 percent of all imports in 2016.

15 Now I want to turn to a few confidential charts
16 that the staff and those under APO have, but if you look at
17 confidential chart 11, it contrasts the growth and market
18 share by China from 2011 to 2013, which was the period of
19 that earlier investigation, with the growth in subject
20 import market share over the 2014 to 2016 period.

21 As you see, subject import market shares exceed
22 those of China every year of the respective periods of
23 investigation. The growth in imports, first from China and
24 then from the subject countries, came at the direct expense
25 of the U.S. industry.

1 As you see in confidential chart 12, the U.S.
2 producers lost significant market share to China, and their
3 attempt to recover that market share was short-lived as
4 subject imports surged and displaced U.S. producer sales.
5 So contrary to what you heard from Respondent's counsel, not
6 only did subject imports take the same injurious market
7 share that the Chinese took when they were being
8 investigated, they took even greater market share.

9 It is not correct, as you heard this morning,
10 that the subject imports did not take additional market
11 share from the U.S. producers during the period of
12 investigation. It is an incorrect statement, and I hope the
13 Respondents will recognize that when they file their
14 post-hearing briefs.

15 Turning to slide 13, the import volume increases
16 that the subject imports took, took place while the U.S.
17 demand declined. So the imports were not responding to a
18 demand need. Instead, they were pushing product into a
19 declining market at the U.S. industry's expense.

20 The rapid subject import market penetration was
21 accomplished on the basis of unfairly low prices. We'll
22 talk more about the primacy of price, but you heard a lot of
23 that confirmation by Respondents' witnesses just a half an
24 hour ago. They talked about how important price is to their
25 business and their competitiveness? Well they in turn

1 forced the U.S. producers to sell at the same price as the
2 import prices.

3 The vast majority of responding purchasers from
4 your questionnaires reported that imports were priced lower
5 than U.S. product. And most purchasers also reported that
6 price drove their decision to buy subject imports.

7 Purchasers were not seeking subject imports for
8 quality reasons or for lack of capacity. They were
9 searching for and achieving and getting low prices. The
10 quarterly pricing data confirm that the subject imports
11 undercut U.S. prices most of the time over the Period of
12 Investigation both on a quarterly basis and on the basis of
13 the total volume sold.

14 As a result of this significant underselling by
15 subject imports, domestic producer prices plummeted over the
16 past three years across multiple types of wire rod.
17 Purchasers reported that domestic producers have been forced
18 to reduce prices significantly to compete with lower priced
19 imports. This is their reporting.

20 This import pricing pressure caused domestic unit
21 sales values to decline more than raw material costs.
22 Contrary to what you heard the Respondents argue this
23 morning, import prices, not reduced raw material costs, are
24 forcing U.S. producers down to unsustainable levels.
25 Indeed, the raw material costs declined less fast and less

1 steeply than prices did, wire rod prices, contrary to the
2 indexes and the other charts that were shown to you by the
3 Respondents. Our questionnaire data confirms the statement
4 I just made.

5 The surging volumes of low-priced imports have
6 been severely injurious to the domestic industry. The
7 domestic industry has suffered declines in numerous trade
8 variables since 2014, as you see here. And remember the
9 industry was struggling in 2014 to recover from the injury
10 caused by China. So it was already in a weakened condition.

11 Even from that poor condition, this industry has
12 suffered further declines. Those declines are most evident
13 in the weak and deteriorating financial condition of the
14 U.S. industry, which has suffered reductions in all property
15 related factors.

16 The current profit levels in the industry are
17 simply unsustainable. Confidential slides 21 through 24
18 document the negative effects on the return on investments
19 that the domestic producers have suffered as a result of
20 these financial downturns.

21 Now we typically don't provide this level of
22 detail in our conference presentations, but I think it's
23 important here that you see how devastating these effects
24 have been on the industry. You will see postponements or
25 cancellations of planned investments, downgrading of bonds,

1 idling of facilities, and recall as well that two major
2 producers have ceased production during the period.
3 ArcelorMittal Georgetown closed its doors entirely in 2015,
4 letting off over 200 U.S. workers. And in 2016, Republic
5 Steel idled its Loraine, Ohio, wire rod facility leading to
6 approximately 200 more layoffs.

7 Non-subject imports cannot be blamed for the
8 domestic industry's declining performance, as you see from
9 this chart. The volume of non-subject imports fell over the
10 period, as their sales were also displaced by subject
11 imports.

12 If a remedy to address these unfair trade
13 practices is not imposed, the injury the domestic industry
14 has suffered will only get worse.

15 Subject producers have massive capacity to
16 produce wire rod and that capacity significantly exceeds
17 their production. This overcapacity situation is fueling
18 the increasing exports of wire rod, just as the overcapacity
19 of many other steel products globally has led to surging
20 U.S. imports of a variety of steel products.

21 A comparison of the excess wire rod capacity
22 existing in the subject countries to demand in the U.S.
23 market is frightening. Despite the surging import volumes
24 we have documented, there remains more idle capacity still
25 in the subject countries than the size of the entire U.S.

1 market for wire rod.

2 Absent a remedy, the surging volumes of
3 low-priced imports to the U.S. market will only continue,
4 leading to further closures of U.S. rod mills and loss of
5 American steelworker jobs. Thank you. That concludes my
6 statement. I will turn it over to our first industry
7 witness, Mr. Chris Armstrong.

8 STATEMENT OF CHRIS ARMSTRONG

9 MR. ARMSTRONG; Thank you. Good afternoon. My
10 name is Chris Armstrong. I am Chief Executive Officer of
11 Keystone Consolidated Industries, the parent company of
12 Keystone Steel and Wire of Peoria, Illinois.

13 It is my honor to manage over 1,200 employees
14 whose families rely upon Keystone for their current and
15 future income, their health care, pensions, and the benefits
16 that good-paying jobs provide to families and communities.

17 Keystone Steel Wire is a domestic producer of
18 carbon and alloy steel wire rod. Keystone produces a wide
19 range of wire rod products from low- and medium-carbon rods
20 to very exacting high-carbon and CHQ wire rods.

21 I have been with Keystone most recently since
22 2012, but my first experience with Keystone was successfully
23 seeing it through bankruptcy between 2002 and 2004. That
24 was another period when Keystone was working its way through
25 import caused injury.

1 After I returned to Keystone as Chief Strategy
2 Officer in 2012, we embarked on a capital improvement
3 program. Over the last several years, we have been making
4 continual upgrades to our wire rod and melt facilities,
5 including a multi-million dollar upgrade to extend our
6 product offerings to existing and new customers in order to
7 maintain the volume that otherwise we would be losing.

8 With the trade orders on wire rod from China
9 going into place in 2015, and the closure of over a half a
10 million tons of capacity at ArcelorMittal Georgetown,
11 Keystone should have been in a position to take advantage of
12 those investments and increased our profitability.

13 Unfortunately, due to the increasingly low priced
14 dumped and subsidized imports over the last two years,
15 Keystone's return on its investment has been well below what
16 is necessary to maintain the investment required to sustain
17 our workforce.

18 Because of that, we have delayed or postponed
19 additional planned capital projects, despite our desire if
20 we possibly could to implement them. Over the last couple
21 of years, we have seen declining import prices driving down
22 domestic prices as new wire rod sources have
23 opportunistically filled in all of the volume we thought
24 would be available for the domestic industry to supply.

25 Wire rod customers are very price sensitive, as

1 we've heard this morning, and the market pricing is quite
2 transparent as also we heard this morning. It only takes
3 one import source to offer lower prices to start the
4 downward spiral.

5 What we have seen in this market has been
6 multiple import sources supplying the U.S. market with
7 low-priced wire rod. The ready availability of multiple
8 sources of lower import prices leads purchasers to
9 anticipate and demand lower market prices overall.

10 Those purchases also then expect to see Keystone
11 lower its prices to the level of the imports. If we don't
12 initially react to the lower import prices, the purchasers
13 may buy the lower-priced imports, or they may elect to delay
14 ordering anything and wait for the anticipated price drop.

15 The customer does not want to be caught with
16 inventory that is priced higher than the market price being
17 led down by the imports, thus making the products all
18 competitive, as again they said this morning--price being
19 incredibly important to them.

20 A demand weakened--as demand weakened during the
21 Period of Investigation, there was even more downward
22 pressure on pricing. This cycle went on until someone
23 blinked. And it is usually the domestic producers that had
24 to blink.

25 Domestic producers have huge investments in

1 plant, equipment, and labor, and this is our primary market.
2 As a result, we must try to keep the volume up in our mills
3 to obtain an adequate return on our investment.

4 There is much less of a concern for the traders
5 or the foreign producers selling into the U.S. market, as
6 the U.S. prices do not affect their domestic prices.

7 With import competition at even lower prices in
8 2016, we were forced to be aggressive in trying to match
9 import prices to maintain our volume. As import prices
10 fell, the volume became even more important.

11 We found ourselves having to try to compete for
12 every ton, no matter how small the order. Smaller orders
13 also mean higher unit production costs, even in the face of
14 those lower unit prices.

15 While our responses was to price to keep our
16 production up, even after cutting our prices to the bone we
17 often weren't successful in obtaining sales. Customers
18 routinely demand prices below our costs, and we must decide
19 whether to lose money on the sale or to lose the sale and
20 the volume entirely.

21 If we are not able to address these unfairly low
22 priced imports, we can expect things to get much worse, as
23 U.S. mills find required modernization investments simply
24 unaffordable.

25 Like other parts of the global steel industry,

1 there is substantial overcapacity to produce wire rod. Just
2 as we try to keep our production up to cover our costs in
3 this capital intensive industry, the foreign producers feel
4 a similar pressure. Unlike us, however, they have the
5 opportunity to dump surface capacity into the largest, or
6 one of the largest consumption markets in the world, without
7 affecting their domestic market--a luxury of course we do
8 not have.

9 We cannot withstand further erosion of our prices
10 and revenues as this strategy by the foreign producers
11 continues. It is therefore vital that we are able to obtain
12 relief against the dumped and subsidized imports as soon as
13 possible. If we don't, I fear we will fall behind on
14 investment to a point where we will never be able to catch
15 back up.

16 Thank you.

17 STATEMENT OF ERIC NYSTROM

18 MR. NYSTROM: Good afternoon. My name is Eric
19 Nystrom and I'm the Director for SBQ and Wire Rod for Nucor
20 Corporation. I've been employed with Nucor for 17 years.
21 Nucor has four wire rod facilities in Nebraska, Connecticut,
22 Arizona, and one in South Carolina, which started production
23 in late 2013 to better service our customer base.

24 We produce wire rod from billets and blooms and
25 our raw material mix includes scrap, pig iron, and direct

1 reduced iron. I appreciate the opportunity to speak with
2 the staff today and I urge the Commission to find that wire
3 rod imports from the subject countries have materially
4 injured our industry and threaten it with injury.

5 There's been a massive surge in subject imports
6 over the past three years. At the beginning of 2014,
7 imports from the 10 subject countries comprised only a small
8 portion of the market. At that time, the domestic industry
9 was in the midst of receiving trade relief from Chinese wire
10 rod. With import duties looming, the U.S. wire rod industry
11 was positioned to recover from the material injury caused by
12 unfairly traded Chinese imports.

13 Nucor ramped up production and capacity at its
14 new state-of-the-art \$100 million wire rod facility in
15 Darlington, South Carolina to ensure that there was plenty
16 of supply for our customers. But just one month before the
17 preliminary duties were imposed on Chinese rod we started to
18 see a growing wave of low-priced imports from the subject
19 countries surge into the domestic market.

20 Importers stopped bringing in Chinese rod and
21 simply switched over to the next source of dumped and
22 subsidized imports. In fact, wire rod imports from the 10
23 subject countries nearly tripled in the second half of 2014
24 as compared to the first. As a result, the trade relief
25 from the Chinese wire rod was short lived as subject imports

1 rushed into the market at extremely low prices.

2 In 2015 and 2016, subject producers kept
3 shipping massive volumes with no signs of slowing down. We
4 started seeing large shipments from each of the countries
5 jump in and out of the market. It seemed as if producers in
6 the 10 subject countries were taking turns shipping dumped
7 and subsidized wire rod to the United States.

8 Turkish producers are a classic example of the
9 hit-and-run tactics employed by subject producers. By the
10 end of 2016, subject imports grabbed additional market share
11 and now comprise a double digit percentage of the domestic
12 market. Although demand remained relatively flat in 2016
13 through massive underselling more and more market share was
14 captured by the subject imports.

15 Subject imports were able to penetrate the
16 domestic market so quickly by offering ridiculously low
17 prices. At a certain point, we could no longer lower our
18 prices to compete against the subject wire rod. Not
19 surprisingly, our customers continued to switch their supply
20 to wire rod from the subject countries. Often the price gap
21 between the subject import prices and domestic prices was so
22 large that we were not even given the opportunity to compete
23 with imported wire rod from these subject countries.
24 Customers simply bypassed negotiation with us and purchased
25 the cut-rate priced subject imports. These customers will

1 increase their reliance on imports as subject producers
2 continue to ship massive quantities to the United States.

3 Even if our customers wanted to purchase wire
4 rod from Nucor or other domestic suppliers, subject imports
5 are priced so low that our customers must purchase imports
6 to remain competitive. The company next door is purchasing
7 dumped and subsidized subject imports and even the most
8 loyal customers feel they must have to purchase a certain
9 volume of imports simply as a matter of competition.

10 Because subject wire rod has flooded into the
11 market, Nucor and other domestic producers operated at low
12 levels of capacity utilization during the POI. The domestic
13 industry has more than enough capacity to supply the
14 domestic market. There is simply no need for subject wire
15 rod where many domestic producers are operating well below
16 their capacities. The domestic industry also has full
17 geographic coverage throughout the United States to supply
18 customers. Indeed Nucor alone has wire rod mills in
19 western, Midwestern, eastern, and southern United States to
20 better supply our customers.

21 The domestic industry can produce virtually any
22 grade of wire rod. Nucor produces conventional low, medium,
23 and high carbon grades which are used to make products that
24 range from PC strand and fencing to small wire baskets.
25 Domestic wire rod is completely interchangeable with subject

1 rod regardless if it is produced in an electric arc furnace
2 or blast oxygen furnace. But it is important to recognize
3 that the vast majority of the grades imported into the
4 United States from the subject countries are basic low,
5 medium, and high carbon grades. Anyone who tells you
6 otherwise is simply not telling you the entire truth.

7 Antidumping and countervailing duty orders on
8 wire rod from the subject countries are necessary to prevent
9 further damage to the domestic industry. Otherwise, subject
10 producers will continue to ship massive quantities of wire
11 rod to the United States and the domestic industry will
12 continue to lose share in a stagnant U.S. wire rod market.

13 Last year, subject producers shipped over
14 700,000 tons of wire rod into the United States. And with
15 their massive amount of excess capacity they stand capable
16 of sending much more without the discipline of an order.
17 The U.S. market is one of the largest, most open, and
18 traditionally attractive markets in the world.

19 If antidumping and subsidy orders are not
20 issued, subject imports will continue to cause the domestic
21 industry to lose orders and eventually shut down capacity.
22 Nucor did not invest over \$100 million into its wire rod
23 operations to better serve its customers only to have
24 low-priced subject imports decimate the industry.

25 If the U.S. manufacturers are not able to

1 maintain production, bottom lines will be injured and
2 American workers will suffer. Even now our Nucor mills are
3 running at low levels of capacity utilization. Nucor prides
4 itself on providing stable and good paying jobs that are
5 important to local communities. Antidumping and
6 countervailing duty orders are necessary to protect Nucor
7 and its workers from unfairly priced imports.

8 On behalf of Nucor and our employees, I urge the
9 Commission to grant trade relief against wire rod imports
10 from Belarus, Italy, Korea, Russia, South Africa, Spain,
11 Turkey, Ukraine, the United Arab Emirates, and the United
12 Kingdom. Thank you.

13 STATEMENT OF MARCELO CANOSA

14 MR. CANOSA: Good afternoon. My name is Marcelo
15 Canosa. I'm the Director of Marketing for the Gerdau's
16 North American Long Steel Business Division. I have worked
17 in the steel industry for 18 years and most recently as a
18 wire rod rebar sales director for over four years. Gerdau's
19 a major supplier of long steel products, including carbon
20 and alloy wire rod in the United States.

21 We produce wire rod in Beaumont, Texas and
22 Jacksonville, Florida. As you know well, China's immense
23 steel rod capacity has wreck havoc on the U.S. tire sector.
24 The domestic wire rod industry, in particular, was severely
25 injured by unfairly traded Chinese imports. And in January

1 2015, the Commission graded import relief. The antidumping
2 and countervailing duty orders on wire rods from China were
3 critical to the survival of the domestic industry. But the
4 benefits of the orders have short lived.

5 Once imports from China receded from the U.S.
6 wire rod market, other foreign producers began ramping up
7 exports to the United States and underselling our already
8 vulnerable domestic industry. Between 2014 and 2016,
9 imports from the 10 subject countries rapidly increased. As
10 a result, the domestic industry shipments declined and we
11 were deprived of the benefit we should have experienced from
12 the China orders.

13 The imports from the 10 countries subject to
14 this trade case were able to increase sales by aggressively
15 underselling the U.S. producers, including Gerdau. Prices
16 in the United States wire rod market, including imports
17 pricing is extremely transparent. Industry publications
18 like American Metal Market, Platts, and CRU list wire rod
19 prices which customers then collaborate through their own
20 contacts with importers and through import license data.

21 In this way, even a small volume of low-priced
22 imports from one of the subject countries can have a big
23 impact in U.S. pricing in a relatively short period of time.
24 We have been forced to lower our prices by this race to the
25 bottom price environment throughout the period of

1 investigation. Customers routinely ask us to meet the
2 subject import's unfairly traded low prices just to compete
3 for business.

4 To respond to the import competition, we have
5 been forced to institute foreign fighters, pricing with
6 major customers to stand the loss of sales and protect our
7 mills production. Foreign fighter pricing means customers
8 tell us the foreign price and then we're forced to try to
9 match it if we want to keep their business. Under these
10 market dynamics, we're left with no choice but to lower our
11 price to unsustainable levels just to keep our sales volume.

12 Wire rod production is extremely capital
13 intensive. We must keep our mills running to cover costs.
14 Initially, the trade orders against China helped. Our mills
15 were operating at higher capacity utilization right after
16 the antidumping and countervailing duty orders against
17 Chinese wire rods were imposed, but recovery was fleeting.
18 As the subject imports came surging into fill the gap left
19 by China, we were back to selling our wire rod at rock
20 bottom prices to keep our mills operating and our workers
21 employed.

22 Gerdau competes directly with the subject
23 imports every day. We know from our customers that subject
24 imports are not capturing sales or driving U.S. price down
25 because they're of a better quality or a special type of

1 wire rod. We have lost and continue to lose sales to the
2 subject imports because of price and price alone. Our wire
3 rod is competing head-to-head with the subject imports and
4 the imports are forcing us to cut prices and profits because
5 of the lower prices they offer.

6 The import prices have been so low that we have
7 not been able to maintain selling price to keep up with
8 increasing raw materials costs, creating growing pressure
9 and non-profitability. Our efforts to maintain our volume
10 by competing with the low import prices has absolutely
11 devastated Gerdau's business. This is not a sustainable
12 situation. There is no question that the subject imports
13 have driven our financials into the ground. Due to the
14 rapidly falling price caused by the subject imports, our net
15 sales values and profitability declined dramatically.

16 Our capital expenditures also shrank in 2016
17 because the business could not support negative investment
18 returns due to impact of low import prices. In fact, both
19 our Beaumont and Jacksonville plants have had to delay or
20 place on indefinite hold critical capital investment
21 projects. Projects designed to improve efficiency and
22 increase output in our wire rod facilities.

23 Gerdau's wire rod operations, our employees, our
24 products and our customer service are among the best in the
25 world. Our very broad range of wire rod products from low

1 carbon to high carbon to welding quality, cold-heading
2 quality and other specialty types are extremely competitive
3 in today's market. The only reason Gerdau is now in this
4 position is because of the subject imports unfairly low
5 prices that are destroying U.S. market and threatening to
6 drive us out of business.

7 Given the injury that Gerdau has already
8 suffered and the continued volumes of unfairly priced
9 subject imports there is real possibility that Gerdau will
10 have to make difficult decisions that will mean layoffs of
11 employees and worse, plant closures. We saw ArcelorMittal's
12 Georgetown wire rod facility close down not too long ago.
13 Most recently, Republic Steel closed its Lorraine wire rod
14 facility. None of us want to be next. Plant closures have
15 a profound impact on our business, employees, families, and
16 surrounding communities.

17 We urge the Commission to reach an affirmative
18 preliminary determination of injury in this case and impose
19 the provisional relief. Without such relief, the domestic
20 steel wire rod industry will continue to suffer harm. Thank
21 you very much.

22 STATEMENT OF STEPHEN ASHBY

23 MR. ASHBY: Good afternoon. I'm Stephen Ashby.
24 I'm Vice President of Sales for Keystone Steel and Wire.
25 I've held that position for two years and prior to Keystone

1 I held Wire Sales -- with Evraz and ArcelorMittal USA.

2 I'm here today to describe the injury caused by
3 imports of wire rod from the subject countries. Keystone
4 has a major wire rod production facility in Peoria,
5 Illinois. Unfortunately, we're being injured by dumped and
6 subsidize imports of wire rod from the subject countries
7 across all of our product lines.

8 I testified before the Commission over two years
9 ago about injury to the industry as experiencing because of
10 the surge of low-priced imports of wire rods from China.
11 The Commission's affirmative vote in that case remedies the
12 injurious imports of wire rod from China at the time, but
13 the hope for recover has not materialized. Unfortunately,
14 those unfairly traded imports from China have been replaced
15 by unfairly traded imports from the countries that are the
16 subject of this case.

17 This happened for at least two reasons. First,
18 when the unfairly traded imports from China withdrew from
19 the U.S. market because of the remedial duties, they simply
20 moved to other markets around the world, displacing sales in
21 these markets. Wire rods from those other markets had to
22 find some place to go. The same trading companies that
23 exploited low-priced imports from China found new sources in
24 the subject countries to replace the Chinese wire rod.

25 Second, the U.S. customers that were buying

1 Chinese wire rod in 2014 did not stop wanting to source
2 low-priced wire rod wherever it might be available. The
3 downstream wire rod customers are also in the business to
4 maximize their profit and they continue to look for the
5 lowest rod prices available.

6 While the unfairly traded imports are now spread
7 over 10 different countries instead of just coming from
8 China, the affect is exactly the same. Domestic wire rod
9 producers like Keystone have tried to match the low-priced
10 imports sources in the market to make the sales and keep our
11 volume up. Whether the rod is from China or from those of
12 the 10 countries named in these petitions, the low import
13 prices set the U.S. market price and with so many sources
14 offering wire rod in the marketplace the purchasers know
15 they can get these prices they need in a never-ending
16 downward price spiral.

17 The imported subject wire rod from these 10
18 countries is interchangeable regardless of the source of
19 country and with domestic wire rod in the eyes of our
20 customers. In 2013, it was imports of 600,000 plus tons
21 from China at low prices that were injuring our industry.
22 In 2016, the 10 subject producers in this case accounted for
23 over 700,000 tons in a smaller market. The low import
24 prices from these 10 sources continue to cause injury.

25 In the United States today these subject

1 countries have established themselves as being able to ship
2 large quantities of wire rod to the U.S. at prices below
3 market. Countries like the United Arab Emirates and Russia
4 have recently come out nowhere with significant volume
5 offers and low prices to our customers. Turkish producers
6 continue to play hit-and-run in the marketplace exporting
7 massive volumes at certain periods and very little in
8 others, but always surging back when they see a chance to do
9 so.

10 Each of the target countries has proven to be
11 opportunistic and they use price to grab volume. When you
12 aggregate them, the injury to us is the same. Large volumes
13 of low-priced imports that drive down Keystone's prices and
14 deny us volume we need to run our mill profitably. Keystone
15 has been losing sales due to lower price, not because
16 customers prefer quality, delivery, or the service
17 associated with imported wire rod.

18 What purchasers want are the lower-priced
19 imports. If the foreign producers are not forced to trade
20 fairly, purchasers will continue to buy low-priced import
21 wire rod forcing Keystone to match those prices. In 2014, I
22 testified for the domestic industry that purchasers were
23 making it clear that they could not afford to ignore the
24 lower prices offered for Chinese wire rod and the domestic
25 producers could not afford to match those prices.

1 By 2016, there were so many new sources of
2 dumped and subsidized wire rod available in the market we at
3 Keystone concluded that we had to try to match import prices
4 if we wanted to maintain business. You can see from our
5 questionnaire response that we continue to suffer from the
6 need to compete with large volumes of low-priced imports.
7 Not long ago it was China, today there are multiple sources,
8 but the outcome to my couple and our industry are the same
9 without relief from these trade cases. Thank you.

10 STATEMENT OF ROXANNE BROWN

11 MS. BROWN: Good afternoon. My name is Roxanne
12 Brown and I'm the Assistant Legislative Director for the
13 United Steel Workers or USW.

14 The USW is the largest industrial union in North
15 America with 1.2 million active and retired members. Our
16 union has consistently opposed the unfair trade practices of
17 foreign companies and governments. Not only do such actions
18 violate U.S. and international trade rules, but they also
19 have a devastating impact on American manufacturers and
20 their workers.

21 Our union has been spending more time here than
22 we would like in the past couple of years urging the
23 Commission to provide badly needed trade relief to save
24 American manufacturing jobs from the affects of unfairly
25 traded steel imports. As our leadership has repeatedly and

1 publicly stated, we are in the midst of a steel crisis
2 caused by massive global overcapacity and a willingness by
3 others to dump their steel at low prices in the United
4 States just to avoid having to make tough decision at home.

5 My purpose here today on behalf of our members
6 is to bring your attention to yet another domestic steel
7 sector, steel wire rod that is suffering from these
8 challenging conditions. The Steel Workers represents
9 workers at many wire rod production facilities in the United
10 States, including Gerdau Ameri Steel in Texas, Evraz North
11 America in Colorado, Cascade Steel in Oregon, Sterling Steel
12 Company in Illinois, and Republic Steel in Ohio. For those
13 steel workers and their families, I ask the Commission to
14 level the playing field for the U.S. wire rod industry.

15 American wire rod producers have faced unfair
16 competition from numerous countries for many years. Most
17 recently, we supported the industry in a successful action
18 filed against wire rod from China, but as you've heard from
19 other witnesses today that opportunity for recovery was only
20 temporary. It was just a matter of time before wire rod
21 imports from the 10 subject countries began to rapidly enter
22 the market to fill the hole left by China.

23 That hole could have and should have been filled
24 by domestic wire rod. That newly leveled playing field
25 should have been a chance to bring steel workers back to

1 work and expand the number of jobs. Instead, U.S. producers
2 again are again facing increasing volumes of unfairly,
3 low-priced wire rod imports from the 10 subject countries.
4 As a result, the domestic industry has seriously suffered.
5 The depressed market conditions faced by domestic producers
6 over the past several years have had far-reaching affects.

7 For example, instead of being able to keep the
8 mill open as it had hoped after the China case,
9 ArcelorMittal USA was forced to permanently close its
10 Georgetown, South Carolina wire rod facility in 2015. 226
11 employees, including many of our members, lost their jobs
12 when Georgetown closed. Just last year, Republic Steel
13 idled its Lorraine, Ohio wire rod facility, resulting in
14 about 200 layoffs.

15 Workers at other wire rod mills have suffered as
16 well and lost jobs and reduced pay as subject imports
17 surged. Those lost jobs and wages hurt not only
18 hard-working, highly skilled American steel workers, but
19 also their families, retirees, and entire communities that
20 depended on the success of the workers and their local mill.

21 For the U.S. wire rod industry and those jobs
22 that still exist trade relief is critical. There is no
23 question that American steel workers and the products we
24 make can compete with imports from any country in the world,
25 but we need help in stopping the injury being caused by the

1 overcapacity, government subsidies, and unfair pricing
2 coming from the 10 subject countries. We are counting on
3 the Commission to enforce the trade laws to ensure that
4 competition is fair so that U.S. producers can thrive and
5 invest in the future.

6 On behalf of our union's members who make wire
7 rod and the retirees and communities that depend on them, I
8 urge the Commission to enforce the trade rules and find that
9 unfair imports of wire rod are injuring the U.S. industry
10 and its workers. Thank you.

11 MR. ROSENTHAL: That concludes the presentation by
12 the domestic industry. We are prepared to answer questions.
13 Thank you.

14 MR. ANDERSON: Thank you very much, Mr. Rosenthal,
15 and to the panel and the witnesses for being here today.
16 Thank you for your testimony. It's very helpful.

17 We would now like to start with questions from
18 staff and we'll start with our investigator, Mr.
19 Szustakowski.

20 MR. SZUSTAKOWSKI: Hello all. Thank you for your
21 testimony and for the opportunity to ask you questions. I'm
22 going to start with the same basic questions from this
23 morning's panel.

24 Official import data, you've obviously relied on
25 in your Petition and in your presentation today. Is there

1 any ambivalence about using import statistics?

2 MS. CANNON: Kathy Cannon with Kelley Drye. We
3 agree with Respondents that official import statistics
4 provide the best basis for the coverage because it's not
5 comprehensive, absent reliance on those. The only caveat I
6 would add, Mr. Szustakowski, is when we were looking at some
7 of the responses, it appeared that some of the data the
8 imports reported in questionnaire responses exceed some of
9 the Census statistics, and we're going to try to comment on
10 those in our
11 post-conference brief because there might be a
12 classification issue with respect to some of those.

13 MR. SZUSTAKOWSKI: I appreciate that. I don't
14 expect you to comment on this now, but I'd also like--and
15 Petitioners tend to do this about coverage for the foreign
16 producers, with the response rate we have with them and the
17 coverage, and off the top of my head I'm not familiar if
18 there is an industry source that maybe Petitioners might
19 have access to that would cover the wire rod industry and
20 have specific data, country-specific, on the capacity and
21 whatnot. If that information is available, please submit
22 that on the confidential record as some way to check it
23 against our questionnaire response coverage.

24 MS. CANNON: We'll be happy to do that. Some of
25 that data was actually used as the basis for the last two

1 slides in the presentation that Mr. Rosenthal presented.

2 MR. SZUSTAKOWSKI: Excellent. Thank you.

3 So could the --- we heard this morning that
4 apparent consumption demand has been relatively flat. Do
5 Petitioners agree with that assessment? Is demand flat?
6 Where do you see it going?

7 MR. ARMSTRONG: Chris Armstrong, Keystone
8 Consolidated Industries. Yes, we'd agree industry-wide, at
9 an industry level demand has been relatively flat to weak,
10 obviously varying within certain consequences from a
11 personal point from Keystone Consolidated. We've actually
12 seen a decrease in our share of external rod sales.

13 MR. CANOSA: Marcelo Canosa, also with Gerdau. We
14 agree that demand has been flat the last couple of years.

15 MR. NYSTROM: And likewise, Eric Nystrom from
16 Nucor. We agree. Demand has been flat to maybe down a
17 little over the last three years.

18 MR. SZUSTAKOWSKI: The last three years we've seen
19 a lot of presentations from this morning and this afternoon,
20 looking at some of the record and information developed from
21 the China investigation. So has it been relatively flat
22 since--for the period covering the China investigation, too?
23 I believe that covered the full years of 2011 through 2013.

24 MR. ROSENTHAL: We do have some data, and some of
25 it was reflected--this is Paul Rosenthal--reflected in the

1 slides where there has been a slight decline in the last
2 period since the China investigation.

3 MR. SZUSTAKOWSKI: Okay. What I'm trying to
4 understand is Nucor's perspective. You're referencing that
5 you made a \$100 million investment in new facility, and we
6 see a--you know, people are acknowledging a relative flat
7 demand. What was the impetus for making that, what you
8 called a sizeable investment? What would draw you into that
9 if we see somewhat flat demand?

10 MR. NYSTROM: Yes, thinking back to that
11 particular project, that really was a project we started
12 considering back in 2010. And we made that mill
13 announcement in late 2011, after about a year to a
14 year-and-a-half of analysis where we were looking for
15 opportunities to be able to grow with our customers, grow
16 within Nucor as an area that we saw as an opportunity for
17 ourselves where we could put in some new equipment, new
18 modernized rod mill, and be able to participate and support
19 our customer base.

20 MR. SZUSTAKOWSKI: But as part of that did you
21 see--you're saying supporting your customer base, were you
22 anticipating larger demand? Or was it to serve current
23 slate of customers?

24 MR. NYSTROM: Certainly when we were looking at
25 the market there was a sufficient market for it, you know,

1 but it wasn't long after we started that mill up--we started
2 that mill in 2013, and then we were hit almost immediately
3 with the Chinese imports. And as the mill ramps up,
4 naturally it takes a little time, then we got some relief
5 and we were hit yet again.

6 And I tell you that, looking back at that
7 particular project and the success based on financial
8 results, they really haven't been there with what the
9 expectations were at the outset of that particular project
10 back in 2011.

11 MR. SZUSTAKOWSKI: Was that mill incremental
12 capacity that was added to domestic capacity? Or was it
13 designed to replace any domestic capacity, whether it's
14 yours or another facility's?

15 MR. NYSTROM: In that particular mill, that was a
16 rod block extension that we had added to an existing steel
17 mill. So it was no new melt capacity added, but it was a
18 shift in the capacity at that particular location in order
19 to again broaden our reach for our wire rod customer base.

20 MR. SZUSTAKOWSKI: I'm sorry? Can you repeat
21 that? I didn't follow that. So this was--

22 MR. NYSTROM: It was made in an existing steel
23 mill where we were already melting steel. But what we did
24 is we put in the ability to manufacture wire rod on that
25 facility. So it was a new wire rod capacity.

1 MR. SZUSTAKOWSKI: Yes, that's what I'm trying to
2 talk about, is wire rod capacity, just so we're clear. I
3 think that when we discuss capacity--and this is directed to
4 all petitioning firms of those present; I think there's one
5 not present today--and when we look at the production
6 process, I believe there are four stages generally speaking
7 for wire rod production.

8 And I'd like in your brief for you to address
9 specifically where your capacity constraint is in the
10 production process, and how that relates to the data
11 reported in your questionnaire responses.

12 I know that there is melt capacity, but when does
13 wire rod become wire rod? And that might be in the rolling,
14 or that might be in the coiling stage. And if you're basing
15 capacity on say melt capacity and not actual wire rod where
16 the product becomes wire rod, I'd like some clarification
17 about that. And ideally gearing your data reporting to
18 actual wire rod capacity, that constraint.

19 So I might follow up later with a more detailed
20 question, but I want this on your radar to see a more
21 explicit explanation in the brief. Because right now I
22 think capacity constraint is a somewhat nebulous concept,
23 and I'm just looking for something to be tied down a little
24 bit more.

25 MR. ROSENTHAL: We'll be glad to answer that in

1 our post-conference brief. I will say that this issue of
2 capacity measurement is not new to the wire rod industry,
3 and they've had a fair amount of unfortunate experience
4 having to answer questionnaires on this topic. So we'll get
5 you some clarification.

6 MR. SZUSTAKOWSKI: I've had some experience
7 asking, too, so--but I appreciate that. Thank you.

8 Let's see here. So I trust that we will see a
9 more robust presentation about the captive consumption
10 provision? This is something that in the affirmative you
11 believe that the Commission should be--that these statutory
12 criteria are met, and that we should be focusing--the
13 Commission should be focusing on the merchant market?

14 MS. CANNON: Yes. Cathy Cannon with Kelley Drye.
15 We will be addressing that further in the brief, but the
16 basic two statutory factors are met here and we will walk
17 through the specifics based on the data in the questionnaire
18 responses.

19 I will note that there was one question in the
20 questionnaire that was misunderstood by virtually all the
21 members of the industry, so the answers that you received
22 were the opposite of what they should be, and we will be
23 correcting that. So that may be puzzling you now as to why
24 you're seeing a certain response, but we will be fixing
25 that.

1 MR. SZUSTAKOWSKI: I appreciate that. Thank you.
2 This morning Respondents were testifying that the domestic
3 industry just recently was announcing a price increase
4 announcement.

5 Have any of you all announced any price increases
6 for wire rod?

7 MR. CANOSA: Marcelo Canosa with Gerdau. Yes, we
8 did announce a price increase recently.

9 MR. SZUSTAKOWSKI: Has that stuck? Is this
10 something that you were able to maintain?

11 MR. CANOSA: So I'd rather talk about the Period
12 of Investigation and get to where we are today. So this
13 morning they talk about price announcements and price
14 letters that were sent to the market. It doesn't mean that
15 when we send a price letter to the market we get a price
16 increase.

17 When we send a price letter in the market, yes,
18 in most cases we try to cover our raw materials' cost
19 increase. But most of the case we have to draw back and
20 compete with the import low prices. So those price
21 announcements are irrelevant in the market.

22 You see, in the Period of Investigation you see
23 the price of scrap going up and scrap going down, and yes,
24 scrap was one of the main factors for us to change price to
25 cover our costs. And you see through all the Period of

1 Investigation that we not only got the price depression but
2 price suppression because of the imports that were in this
3 market.

4 MR. SZUSTAKOWSKI: Mr. Ashby?

5 MR. ASHBY: Steve Ashby with Keystone. So yes,
6 we've announced price increases. And you heard this morning
7 how price increases are always attached to scrap and maybe
8 indexing as a way to look at it with regard to the Chicago
9 shred or whatever. The fact is that things do--

10 MR. ANDERSON: Pull your mike a little closer,
11 please.

12 MR. ASHBY: Things do well with scrap, but scrap
13 is not a price increase. You need to increase your base
14 prices to actually have a price increase to gain margin
15 position. There's no margin gain in following scrap.

16 MR. ARMSTRONG: Chris Armstrong, Keystone
17 Consolidated Industries. If I might add something else,
18 imports take at least a few weeks to react to any increase
19 in demand and pickup as a result of orders from those. So
20 In quarter one things got slightly better of this year. It
21 would have been far better if we hadn't had the import
22 onslaught of quarter four of last year, which was dire and
23 was just as dire as quarter four of the year before that.

24 But so it's true we could take advantage of those
25 price increases, but I do expect the imports imminently to

1 catch up with that demand expansion, as slight as it was.
2 And I think I worry for the quarter that we're in, and
3 certainly the third quarter of this year.

4 MR. NYSTROM: If I could add, you know basically
5 prices get determined by supply and demand. And it's really
6 going to be based on the supply of the cheap wire rod
7 imports. While we announced price increases and price
8 adjustments, we're constantly trying to make sure that we're
9 able to realize a fair return.

10 Just because as was mentioned earlier we issue a
11 letter, doesn't mean we actually get the increase, or all of
12 the increase. But make no mistake, the market sets the
13 pricing based on supply and demand. And even the smallest
14 amount of cheap import wire rod has a huge impact on wire
15 rod pricing in the market, despite what we might announce
16 and try to recover.

17 And clearly some of the financial data supplied
18 kind of demonstrates that we have not been able to generate
19 a fair return over the last three years on this particular
20 product, despite the comments that were made about us being
21 able to raise prices and have our rod customers who we
22 appreciate very much at our mercy. That's just not the
23 case.

24 MR. SZUSTAKOWSKI: What's the utility of the price
25 announcement when--if you're saying that you're in the midst

1 of competing with allegedly unfairly traded imports and you
2 make these price announcements? What does that do, like
3 when you send this letter out about a price increase? Is
4 that just a market for negotiating position that you then--

5 MR. NYSTROM: Yeah, if I could add, that's exactly
6 it. You put your notice out that it's your intention of,
7 hey, we need to make some adjustments to our customers. So,
8 you know, from that we get a lot of feedback that comes back
9 from our customers on competitive situations, and maybe what
10 import pricing impacts are that are in the market, and we'll
11 settle out on some negotiated price for the next set of
12 orders.

13 MR. ASHBY: Steve Ashby, Keystone. I would just
14 suggest that that's just the start of the negotiation.
15 That's what that price increase does. So we get feedback
16 from our customers based on what's happening domestically as
17 well as what's happening with low-priced imports at that
18 time. And then and only then do we make some determination
19 with our customers about how that price can be developed.

20 MR. ARMSTRONG: Chris Armstrong, Keystone
21 Consolidated Industries. I'd like to add as well that, much
22 to the testimony and answer to the previous question, the
23 damage was so severe--and you can see that from the
24 information, the confidential information that's been
25 provided--particularly over the Period of Investigation,

1 that it's to start negotiation with a request for a price
2 increase, which is all it is. It's just a request, and it
3 is a negotiation, and it is hard fought when those
4 negotiations start.

5 It is --- if you're at the bottom of a hole, it
6 doesn't mean to say you get out of the top of it because of
7 the price request. And indeed that is the situation that we
8 still even find ourselves in.

9 We are not recovering, even with the price
10 increases requested for the first quarter of 2017 from the
11 damage that's been caused by the import prices, and those
12 import prices being used by the Respondents to negotiate
13 down our prices.

14 MR. PRICE: Alan Price, WileyRein. I'd actually
15 like to go back to the public version, Chart 9, that
16 hopefully everyone has here, which is the import volume
17 chart.

18 And in 2011 the subject imports, and it actually
19 would be the Chinese imports, you can see where about
20 200,000 tons, and you can see the import levels increase
21 over this whole period.

22 MR. ANDERSON: I'm going to need you to speak
23 directly into your mike.

24 MR. PRICE: Okay. You can see the subject import
25 and the Chinese imports increase over this period in

1 combination here. In 2011, the industry operating profit
2 was 7 percent, based upon your public numbers for the entire
3 industry as a whole. In 2012, it was 5.1 percent as the
4 imports increased from both these countries and the Chinese.
5 It plummets to 4.1 percent in 2013. The '14, '15, and '16
6 data you have in this record, and again this is not the
7 captive numbers but you should look at the entire industry
8 record numbers and see a continued downward trend.

9 What has changed in this from 2011 forward is a
10 tremendous surge of dumped and subsidized imports, first
11 from the Chinese and then from the subject producers. It
12 isn't intra-industry competition. Intra-industry
13 competition has been the same throughout this whole period.

14 Basically the same group of producers have been here, with
15 the exception of two companies that have actually gone out
16 of business.

17 What has fundamentally changed is an increase in
18 import volumes and the price competition as the imports and
19 the domestic industry fight it out for the market.

20 MR. ROSENTHAL: Mr. Szustakowski, I know you're
21 focusing on the announcement issues that were described, but
22 I just want to elaborate on what Mr. Price had to say just
23 so there's no mistake about the domestic industry's position
24 in this case.

25 Our view is that we have been injured, the

1 domestic industry has been injured throughout this Period of
2 Investigation. We start off at the low point of the China
3 investigation, as Mr. Price noted, and have stayed at that
4 essentially low and unsustainable profitability level. So
5 unsustainable that the domestic industry witnesses have
6 testified to their inability to make the investments as
7 you've heard, and have been forced to lay off workers and
8 close facilities.

9 So whatever momentary price announcements are
10 made, number one they're not realized into actual price
11 increases. Number two, they're not necessarily even
12 reflected in increased profitability because a lot of these
13 announcements are merely intended to cover increased costs.

14 And finally, so far we've seen no real change in
15 the industry's condition despite any announcement you may
16 have heard about in the overall profitability of the
17 domestic industry, which continues to have this overhang of
18 low-priced, large volume of imports.

19 MR. SZUSTAKOWSKI: Thank you for those answers.
20 Let's dive into the 1080 tire cord. So I suspect that you
21 will be arguing that the domestic like product is
22 coextensive for the scope of these investigations.

23 Do any of the present U.S. producers make 1080
24 grade tire cord wire rod?

25 MR. ASHBY: Steve Ashby, Keystone. So we make

1 1080 steels every day. We make that mainly for PC strand
2 applications, but we also--

3 MR. ANDERSON: Steve, I need you to get closer to
4 the mike. People in the back can't hear you.

5 MR. ASHBY: Okay. Thank you. We make 1080 every
6 day. So mainly for PC strand. We also make tire bead on a
7 production basis.

8 MR. SZUSTAKOWSKI: I'm sorry? On what basis?

9 MR. ASHBY: Tire bead. We're actually in
10 production in a regular basis on tire bead. We don't make
11 tire cord today.

12 MR. SZUSTAKOWSKI: Are the U.S. producers--

13 MR. CANOSA: Marcelo Canosa with Gerdau. We make
14 1080 grade. We don't make tire cord.

15 MR. ROSENTHAL: We think the record will reflect--
16 this is Paul Rosenthal--that there is at least one U.S.
17 producer that makes 1080 tire cord, but we can amplify that
18 in post-conference brief.

19 MR. SZUSTAKOWSKI: Can 1080 tire cord wire rod be
20 made in an electric arc furnace? I think we heard 1080 or
21 higher. Is there any truth that you need a BOF furnace to
22 do this? I'd like to hear, ideally now, if using an EAF if
23 it's possible to make 1080 grade wire rod.

24 MR. NYSTROM: If I could, Eric Nystrom, Nucor. We
25 do not make tire cord today. But what I will say, just in

1 general on the steel making process, that using the BO, the
2 basic oxygen process, basic oxygen furnace, or the EAF, you
3 can make low-carbon through high-carbon grades of steel, low
4 alloy, high alloy grades of steel. Basically they're just
5 two separate processes. A little bit different, but it's
6 really about creating the chemistry of the grade of steel
7 with the appropriate cleanliness of the grade of steel, as
8 was mentioned.

9 In a basic oxygen furnace you start with pig iron
10 provided from a blast furnace. An an EAF you start with
11 scrap. You add pig iron. You add DRI, direct reduced iron,
12 and you can greatly homogenize and purify and reduce some of
13 the residual elements to make a very consistent steel, as
14 well. And you can add very high amounts of DRI, you can add
15 high amounts of pig iron as well. Producers around the
16 world do that.

17 And again, you can make the full range of steels.
18 And likewise on the basic oxygen furnace, scrap is added
19 into that process up to 25 percent or so. And then you
20 produce a billet. And then once it's rolled on a wire rod
21 mill, that process is pretty uniform throughout producers in
22 this country and around the world.

23 So there is a little difference there from the
24 steel making side, but as far as getting to the desired
25 carbon level it's very easy. As far as getting to the

1 chemistry and the cleanliness, they both take some attention
2 to detail and refinement. Both are possible, but just two
3 separate manners to get there.

4 MR. SZUSTAKOWSKI: So if it's possible, then have
5 U.S. producers tried to make 1080 grade or higher tire cord
6 wire rod? And have they been--are any of these certified?
7 It sounds like the downstream consumer of this product is
8 expecting some sort of certification for this product. Are
9 you familiar with that process? Is it something you can
10 speak to now?

11 MR. NYSTROM: Yes. From Nucor's perspective, with
12 our particular--one of our newer facilities, the Darlington,
13 South Carolina, facility, we are involved today in trials on
14 1080 bead. And we are going to continue to pursue those
15 trials.

16 We have options available between not just that
17 local melt, but also melt from our Memphis facility, as
18 well. We have not necessarily prioritized it to date. It
19 hasn't been necessarily something based on the economics
20 that we wanted to dedicate the time and resources to it at
21 this particular point in time.

22 It's not to say that we can't or we won't. It's
23 just kind of where we've been today in the process based on
24 today's marketplace.

25 MR. ASHBY: Steve Ashby, Keystone. So we do use a

1 pig iron when we're looking at low residual steels,
2 particularly for high carbon grades like 1080, and 1070
3 grades of steel. We do that all the time, and it's very
4 important that we get the right recipe between pig iron and
5 scrap as we melt it.

6 Should we pursue tire cord? It's a great
7 question, and probably we could if the prices were better.
8 But the import prices are so low right now there's no need
9 to proceed.

10 MR. ARMSTRONG: Chris Armstrong, Keystone
11 Consolidated Industries. To carry on Steve Ashby's point,
12 this is where I see these products being no difference
13 between them in terms of the injury caused by the imports.

14 We, as I said in my testimony, have indeed gone
15 down trying to invest in the higher grade and higher quality
16 that's required in the steel industry to keep on investing.
17 In fact as we heard with the Respondent from, representing
18 the UK. But we have had to postpone those developments,
19 which again injures us, as even the imports of low carbon
20 reduce our margin drastically to the negative on low-carbon
21 rod and medium and high carbon rod. The investments that
22 we've already made do not achieve the return on capital
23 employed, and that causes us to have to delay the projects
24 because we simply do not have the cash to actually invest in
25 them. It's a luxury we do not have.

1 We very much use debt in our companies, and if
2 you look across the accounts of all of our people sitting at
3 this bench you will see a big use of financing in trying to
4 support those investments.

5 If you look at some of the accounts of the
6 Respondents, I would wager some in particular I know because
7 they're public companies do not have debt at all. And some
8 of the Respondents from foreign countries were the
9 beneficiaries of either very sweeping, effectively
10 quasi-bankruptcy processes as in the United Kingdom, where
11 that company, British Steel, as it was called in its birth
12 day being apparently in the past 12 months, that site has
13 had steel processing on it continually since the mid-19th
14 Century, and was recently sold for one pound because it was
15 so unprofitable because of heavy imports in their country.

16 And a lot of liabilities were alleviated with the
17 purchase, with the acquisition of this conditional
18 acquisition that did not go with that acquisition, which
19 resulted in a major cost shift of that company.

20 They used that opportunity to invest in the
21 higher products like tire bead and so forth, but note that
22 they have to export because they don't have a market for it
23 in their own domestic market.

24 And so the whole import price injury cuts across
25 all grades, all products, all specifications, even if the

1 injury is caused at the lower end of the range. It
2 constrains the U.S. domestic industry from responding to
3 that.

4 MR. SZUSTAKOWSKI: I think Mr. Price is waiting to
5 say something, but I'm happy to ---

6 MR. PRICE: If you have another question for him,
7 go ahead.

8 MR. SZUSTAKOWSKI: No, that's okay. Go ahead.

9 MR. ROSENTHAL: If you don't mind?

10 MR. SZUSTAKOWSKI: Sure.

11 MR. ROSENTHAL: I just wanted to clarify really
12 two things that were said about the tire cord and bead by
13 the Respondent, and then follow up your question.

14 There was an exemption granted in the early 2000
15 case to deal with this issue. And I would argue it was a
16 mistake for the domestic industry to do that. We did it at
17 the behest of some of the customers in the back of the room
18 who asked for that, and the idea was that if we did that,
19 the domestic industry did that, there would be an
20 opportunity to work with its customers to develop that
21 product and begin to sell that product to them.

22 That ultimately did not materialize the way the
23 domestic producers had intended in large part because
24 pricing overall did not improve for that product. And why
25 was that? Because it was exempted from the scope of the

1 case--not because it was not the same like-product, which I
2 want to come back to at another point--but because there was
3 a practical decision made, we're going to exempt that in the
4 hopes that we'll be able to work with our customers to
5 develop that product and pricing will get better in the
6 future. That did not happen.

7 Every one of these companies is capable of
8 producing that product. Several of them in this room who
9 had developing plans for making that product, but pricing
10 was not favorable to do that.

11 The reason why we did not grant an exemption in
12 the China case and this one, too, is for exactly the same
13 reason. Once that exemption is granted, there is no
14 incentive for the customers to work with the domestic
15 producers to develop that product, which they're fully
16 capable of making.

17 It is an economic decision, not a physical
18 characteristics issue, not a capability issue. It's an
19 economics decision. If the price is right, every one of
20 these companies can make it.

21 MR. SZUSTAKOWSKI: Mr. Price.

22 MR. PRICE: Alan Price, Riley Rein.

23 Two other things just to go into that 1080 tire
24 cord exemption that existed it's actually also been an
25 enforcement nightmare in a lot of these cases because a lot

1 of other things have been -- and people have forced into
2 that definition, so that definition is not an actual -- you
3 know is something that I think could be used at this point
4 effectively or we'd have serious concerns and have to really
5 -- it'd have to be fundamentally examined.

6 And as the other side says, there's been a lot
7 of changes out there, so I don't know what they're calling
8 tire cord and what they're not at this point, but it would
9 be a big issue going forward.

10 There's also sort of a false premise here based
11 upon steel mill configuration. Wire rod production is the
12 charge of basically a billet into a rolling mill at the end
13 of the day that rolls the wire rod. Most mills, but not all
14 mills in the United States or globally, actually produce
15 their own billets and blooms. There are a variety of mills
16 that have sourced and including this type of billet globally
17 and then roll them. So even if your own mill have the hot
18 end at all it doesn't mean that you cannot roll this product
19 and produce this product. So there are a variety of
20 complications in there and we can address it more in the
21 post-hearing brief, but we want to make sure that some of
22 these are out on the table.

23 MR. SZUSTAKOWSKI: Thank you. That actually
24 concludes my questions. I appreciate your answers.

25 MR. ANDERSON: Alright, thank you, Mr.

1 Szustakowski. And now Ms. Viray-Fung.

2 MS. VIRAY-FUNG: Good afternoon. Thank you for
3 being here. Let's stay on the topic of domestic-like
4 product for just a minute longer. I'm hearing some answers.
5 I know I expect everybody is going to expand on this
6 significantly in your post-conference briefs. I'd be
7 curious in hearing a nutshell rendition of what your
8 domestic-like product response is.

9 MS. CANNON: This is Kathy Cannon.

10 Let me start with a few responses. First, they
11 claim that one reason you should consider changing the like
12 product from what you'd defined it to be back in the earlier
13 case from the 2000s was because at that time the tire cord
14 was excluded from the scope, so the scope was different. I
15 mean that's really backwards in my mind. If you've excluded
16 it from the scope and you've nonetheless included it in the
17 like product, which is what the Commission did in the
18 earlier round of cases all the more reason to put it in the
19 like product when it is in the scope here.

20 Number two, they've made several claims that one
21 of the reasons you should treat it as a separate like
22 product is because we don't make it, but it's basic law that
23 a domestic-like product cannot be defined by something the
24 U.S. industry doesn't make, so if, in fact, there was
25 something that they're identifying that we don't make you

1 couldn't name that as a like product. You'd have to find
2 the most similar product that we do make.

3 And the third legal point I would add is that
4 when they've tried to differentiate the product based on the
5 production process, the basic oxygen furnace versus EAF
6 process and said that's one of the factors you consider,
7 manufacturing process. They're using that in the wrong
8 context because in the domestic-like product analysis you
9 only look at that factor if in the United States you have
10 two products being produced during two different processes.
11 So if you had two products, one of which was produced using
12 that process and one was used doing a different process that
13 would be a factor to consider. But what they're saying is
14 you know we produce it that way overseas. Here they
15 produce everything using the EAF process. That doesn't
16 differentiate your analysis for purposes of defining a U.S.
17 like product, so it's a mistaken application of that
18 particular point.

19 In the end, and we'll brief this more thoroughly
20 going through your normal six like product factors, I think
21 you will find that the analysis and the facts that the
22 Commission considered to reach this conclusion that it was a
23 single-like product coextensive with the scope of the case
24 here is basically the same analysis that you undertook in
25 the earlier case.

1 MS. VIRAY-FUNG: Anyone else?

2 Okay, moving on, domestic industry, on page 15
3 of the petition there was a note that Evraz Rocky Mountains
4 shares has the same parent company as a Russian producers.
5 Do the Petitioners have any information regarding whether
6 appropriate circumstances exist to exclude Evraz from the
7 domestic industry as a related party?

8 MS. CANNON: We do not believe that Evraz
9 should be excluded as a related party and we will address
10 that more specifically in our brief.

11 MS. VIRAY-FUNG: Thank you. Any further related
12 party issues that we should be aware of? Okay.

13 So we heard earlier that demand was flat,
14 possibly declining. Maybe this was addressed, but I
15 might've missed it. What were the factors that caused flat
16 or declining demand?

17 MR. CANOSA: Marcelo Canosa with Gerdau.

18 It's difficult to point to one sector. Wire rod
19 is one market out there that serves different industries.
20 You have the construction industry that's been picking up
21 slowly. You had the oil and gas industry that was down
22 significantly in the last couple of years. You had the
23 automotive that's been up there, but flat in the last couple
24 of years, so it's difficult to point to what was the cause
25 for the market to be flat to maybe slightly down in the

1 last year. That would be my comment. We, at Gerdau, are
2 projecting the market to be flat this year again, the wire
3 rod consumption to be flat again.

4 MS. VIRAY-FUNG: For this year?

5 MR. CANOSA: For this year.

6 MS. VIRAY-FUNG: What about in the future?

7 MR. CANOSA: We can speculate what's going to
8 happen with the infrastructure. I think one of our
9 customers in the early morning talked about the Buy
10 American, justifying the Buy American is going to increase
11 by the infrastructure projects, so you can speculate that
12 that could increase the demand of wire rod, but waiting to
13 see first.

14 MR. ROSENTHAL: This is Paul Rosenthal.

15 As we've seen from other Buy America and other
16 infrastructure I would say proposals, it takes a long time
17 to get from a proposal to enactment and implementation. If
18 a new infrastructure bill were enacted tomorrow, I think you
19 wouldn't see demand increasing as a result of that for years
20 to come or until years passed because even with the shovel
21 ready projects in the URA back in 2009 there really wasn't
22 that much of an increase in demand, at least I remember
23 having conversations about steel and wire rod and other
24 products and you didn't see much happen any time soon.

25 MR. NYSTROM: And if I could add, on the Buy

1 America provision, it's still a pretty small portion of the
2 wire rod consumption here in the United States, so you know
3 how much that we see an infrastructure build out you know
4 again if there's Buy American that isn't necessarily going
5 to be a large percentage of the wire rod market.

6 MS. VIRAY-FUNG: Do you know what percentage it
7 is or can you say in the brief?

8 MR. NYSTROM: I really do not, other than it's
9 small.

10 MR. ARMSTRONG: Keith Armstrong, Keystone
11 Consolidated Industries.

12 Just to add further, it wasn't going to be my
13 original point, but to the Buy American provision, which is
14 relatively small in the rod -- I mean it's certainly under
15 10 percent of demand.

16 Remember as well, though, when we're dealing
17 with Buy America projects, it's not that a hundred percent
18 of the material should be American. It's that a certain
19 percentage, very high percentage admittedly has to be
20 American sourced. As a result, the use of imports can still
21 be used as a price weapon against us and that is indeed why
22 many of the people behind me, indeed, keep a balance of
23 import and domestic purchases because they use the import to
24 control the prices in the domestic market, so that was just
25 to add to that point.

1 But to go back to your original question, if I
2 may, which was why has demand remained flat, slightly
3 waning, in my view it's because nothing's changed. Despite
4 the hard work of this Commission in terms of finding against
5 China, and that ruling, I suppose the whole point of this
6 hearing is to show that that was replaced and some. And so
7 on the supply side, you came back and nothing changed. And
8 on the demand side, notwithstanding the infrastructure
9 projects which haven't been approved yet and will be still
10 years in the making to actually come to fruition, the
11 economies of the world, as you can see by the growth rates
12 has been relatively flat and nothing has really changed very
13 much in that and so really it's rather a statement of the
14 obvious again, but nothing changed from our perspective in
15 terms of that supply and demand equation to shift those.

16 MS. VIRAY-FUNG: So you're saying global demand
17 has also been flat or declining?

18 MR. ARMSTRONG: I think, as you can see, China
19 -- just to use that example, China had a vast reduction in
20 its growth of which it's still bubbling along at the 6
21 percent level, but all that does is create -- and the UK the
22 same in terms of still reeling from the great recession and
23 all that does is every company has to -- particularly the
24 people who are importing into this country have to find an
25 output for their production.

1 And as I said in my testimony, there is no
2 consequence to their domestic markets as to what the price
3 would be when they send it offshore and also we live in this
4 great country and this great country is one of the highest
5 consumers of everything, including steel, and so it's a
6 natural location to send your product to and far and away
7 above any of the other countries outside of China because --
8 China is actually the only country that actually beats
9 America in terms of steel consumption and of course good
10 luck trying to import steel into China, so yes, across
11 worldwide and that is, in fact, probably been behind the
12 expansive exports as well. And when this Commission really
13 did great work to pass a ruling on China, the others that
14 were left out, the people that are the subject of this
15 hearing saw that opportunity and took advantage of it.

16 MS. VIRAY-FUNG: Thank you.

17 In the petition you indicated that domestic
18 production capacity fell between 2014 and 2016. Was that
19 due to the closure of ArcelorMittal; were there other
20 factors that caused this reduction in capacity?

21 MR. CANOSA: Marcelo Canosa for Gerdau.

22 I can only speak for Gerdau and our domestic
23 capacity hasn't decreased.

24 MR. VIRAY-FUNG: I'm sorry; what was that?

25 MR. CANOSA: Our domestic capacity hasn't

1 decreased.

2 MS. VIRAY-FUNG: Has not decreased.

3 MR. CANOSA: I'm just speaking for Gerdau.

4 MS. VIRAY-FUNG: Okay.

5 MR. ROSENTHAL: I think we'd prefer to answer
6 the rest of that in our post-conference brief so we can give
7 you the full picture for all the companies who supplied
8 data.

9 MS. VIRAY-FUNG: Okay, thank you.

10 Maybe this will be also for the post-conference
11 brief, were any producers shifting any portion of their
12 capacity to produce another product?

13 MR. ROSENTHAL: I think we'll answer that one in
14 post-hearing as well.

15 MS. VIRAY-FUNG: Okay.

16 Were there any supply constraints the domestic
17 industry experienced during the POI?

18 MR. CANOSA: Marcelo Canosa with Gerdau.

19 We had no supply constraints.

20 MR. ASHBY: Steve Ashby, Keystone.

21 There was no constraints whatsoever. In fact,
22 during the POI if one of our customers called and maybe
23 their imports were late on every inquiry we made sure that
24 we helped them and we got them the product that they needed
25 when they needed it.

1 MS. VIRAY-FUNG: So there were no instances
2 where a domestic producer could not meet a customer's
3 quantity request?

4 MR. ASHBY: Not at Keystone.

5 MS. VIRAY-FUNG: Okay.

6 MR. NYSTROM: Eric Nystrom from Nucor. I would
7 say the same. You know what you couldn't find from time to
8 time is something in a particular mill that has a short lead
9 time request that may not be able to be reached, but across
10 Nucor Corporation we did not have any supply constraints
11 during the period of investigation here.

12 MR. PRICE: Alan Price.

13 So we've seen across the series of steel cases,
14 oh, there's a two-day outage or a one-week outage or a
15 three-week outage or something like that that might happen
16 at an individual facility, but across the mills, across the
17 industry there's plenty of capacity available. These are
18 not the types of little blips -- those little blips don't
19 cause hundreds of thousands of tons of imports to come in.
20 It would take you know several months to come in. Anything
21 they point to is sort of these red herrings and they keep on
22 getting thrown out in case after case to distract the
23 Commission.

24 MR. CANOSA: Marcelo Canosa.

25 To add to Mr. Price's comment about the outage,

1 yes, sometimes we do have plant outage in our mills that
2 might have a blip here and there of delayed delivery, but
3 that's normal for the operations. It's not a fundamental
4 problem of not delivering the material or not having
5 capacity.

6 MS. VIRAY-FUNG: Thank you.

7 I'd like to shift to pricing and raw materials.
8 I'm hearing a lot about scrap prices. Scrap prices
9 increased, decreased during the period of investigation?

10 MR. NYSTROM: Eric Nystrom, Nucor.

11 Scrap prices are continually increasing,
12 decreasing. They're really they're all over the place. And
13 certainly over the last few years and we would expect that
14 to continue. But again, I'll just go back to you know the
15 market's supply and demand is really what drives what our
16 domestic pricing is. And in the presence of cheap imports,
17 even small quantities, they really drive the pricing that we
18 need to transact at regardless of what's happening with our
19 scrap. Hopefully, we can recover our costs, but you know
20 it's basically you've got to sell according to market and
21 keep volumes on the mills and keep everybody working.

22 MS. VIRAY-FUNG: Okay.

23 MR. ASHBY: Steve Ashby at Keystone.

24 There are lots of other costs to produce steel
25 than just scrap. That's all you've heard about today, but

1 there's natural gas costs. There's electric costs.
2 There's labor costs. And more importantly, for us, there's
3 environmental costs and these are some of the things that
4 some of the imports don't have. We spend a lot of money to
5 make sure that we do things correctly and the right way and
6 that's important to note.

7 MS. VIRAY-FUNG: That actually brings me to my
8 next question. What were prices for gas and electricity
9 like during the period of investigation?

10 MR. ROSENTHAL: I'll answer that post-hearing
11 please.

12 MS. VIRAY-FUNG: Okay.

13 MR. ARMSTRONG: Chris Armstrong, Keystone
14 Consolidated Industries. I would just like to add to that
15 countless things in regard to that conversation. Firstly,
16 obviously if any of our costs went down -- scrap included we
17 would never voluntarily change our price to it.

18 If prices are fluctuating in response to scrap it
19 is because we have been forced to -- by the people sitting
20 behind me. We would -- and in fact one of the Respondent's
21 this morning was complaining that when scrap went down we
22 didn't reduce price. I can't quite recall who it was but
23 obviously we try and get the highest price we can possibly
24 achieve.

25 It's the market price which drives the price we

1 can achieve not the cost. I would also like to address
2 another point that I heard raised this morning and that is I
3 assume in some way to kind of highlight that operating
4 profit margins were so injured and weak as a result of the
5 price having to compete with imports it was because costs
6 went up, other costs that Mr. Ashby has just referenced to.

7 I know that it is going to be spoken to in the
8 confidential part of this hearing but I would like to speak
9 to one part because it really deserves a thank you from
10 Keystone to its work force.

11 Our work force in Peoria, Illinois agreed
12 voluntarily decided not to take a pay increase for the last
13 three years and that's significant to them and that was
14 because they knew with the experience of having gone through
15 a bankruptcy before was that you have to take action.

16 And for instance they knew we explained the
17 situation to them and that was what everybody decided to do
18 and so actions have been taken is not the case automatically
19 as a cost of which there are many in addition to scrap which
20 is what Mr. Ashby was referring to but it was not in the
21 case that they have increased.

22 In fact people have made great sacrifices in the
23 steel industry to try and remain competitive.

24 MR. ROSENTHAL: Paul Rosenthal one last point of
25 view. If you go to confidential slide 18 you will see again

1 our point which was that the raw materials declined over the
2 entire period of investigation, was exceeded by the net
3 sales decline.

4 So whatever the Respondents want to say, whatever
5 indices that they want to use that are averages, et cetera
6 from the American metal market, they are misleading. You
7 need to look at the actual data from the industry
8 questionnaires to see what really happened with respect to
9 raw material prices and sales prices.

10 And again, keeping in mind, raw materials is just
11 one part of the overall costs. And by the way, one last
12 point on this -- I know Mr. Cunningham thinks that was a
13 great victory when -- and in the flat rolled cases that the
14 Commission didn't find price suppression when there were
15 declining raw material costs but they found injury. And do
16 you know why? It was suspect that with the declining raw
17 material costs that the industry would get more profitable
18 but in those cases and in this one it did not.

19 You see anemic profitability throughout the
20 period of investigation, even in the wake of declining raw
21 material costs. And why is that? Because the market prices
22 that are set by the imports.

23 MS. VIRAY-FUNG: Thank you. My last few
24 questions are concerning non-subject imports. Could anybody
25 discuss their prices, whether or not they are higher --

1 priced higher or priced lower than subject imports?

2 MS. CANNON: Kathy Cannon, if we are going to get
3 into specific prices I think we probably should do that in
4 the post-hearing. I think the general comment is that the
5 countries that have been targeted here have been targeted
6 for a reason and that is because those are the countries we
7 have identified as being the unfair traders and have caused
8 us injury.

9 The countries that are large that we haven't
10 targeted we have not reached those findings but I can get
11 into more specifics on the actual prices. And for the same
12 reason these are the ones that we are having the primary
13 price problems with as well.

14 MS. VIRAY-FUNG: Okay thank you. That concludes
15 my questions.

16 MR. ANDERSON: Thank you Mr. Knipe?

17 MR. KNIPE: Hello everyone thanks for being here.
18 A lot of my colleagues have asked generally a lot of my
19 questions so I am going to piggy-back on a lot of those so
20 forgive me if I repeat myself.

21 On supply -- you have talked about the shut-down
22 of two facilities, ArcelorMittal and Republic and I see the
23 overall domestic capacity contracted. Do you attribute that
24 primarily to the shutdown of these facilities?

25 MR. ROSENTHAL: In general I would say yes but I

1 really would prefer if we did this in a deep, more
2 thoughtful way in a post-hearing brief to analyze the actual
3 data, company by company and overall basis.

4 MR. KNIPE: Okay. If you could also address --
5 I'm trying to wrap my head around the timing of these firms
6 closing and the role of that in purchased patterns. I know
7 in 2009 ArcelorMittal announced plans to idle some of its
8 plant and I think Ms. Brown said in 2016 at some point the
9 other firm did.

10 A -- has the domestic industry been able to
11 attract any of the customers from those two firms? And B --
12 did you notice a spike in the demand in any way based on the
13 shutdown of those firms or was the purchase pattern for the
14 most part fairly spread out, in other words firms
15 anticipated contractions and the need to diversify sources?

16 MR. ROSENTHAL: Let me just do the summary answer
17 and then we will get into it more in the post-hearing brief
18 because I think some of this has been testified to a little
19 bit which was that I think some of the companies around the
20 table have said that they did get some increased sales as a
21 result of the ArcelorMittal closure but the sales were at
22 really depressed prices and so they didn't see the bump that
23 they were hoping to get.

24 I believe Mr. Armstrong's testimony talked about
25 how there was anticipation that this would be something

1 beneficial to their survivors but it didn't work out that
2 way. And again we will address this more fully.

3 MR. KNIPE: Thank you.

4 MR. ARMSTRONG: Eric Nystrom with Nucor. I would
5 just add that you know we have a mill that was regionally
6 located near one of the mills that was shut down. And I
7 will tell you that during this particular period there were
8 just so many imports that were arriving that although we did
9 see some benefit with some new opportunities, we still had
10 plenty of available capacity and were still operating at low
11 capacity utilization just with the tremendous flood of the
12 chief imports that were arriving.

13 And again the new opportunities I think that were
14 just mentioned that we may have had were again at very low
15 pricing levels as well.

16 MR. ARMSTRONG: Chris Armstrong, Keystone
17 Consolidation Industries just to support Eric there. There
18 was a press release put out by ArcelorMittal contrary to
19 what was testified to this morning that clearly stated that
20 the reason Georgetown was closed down was because of imports
21 period.

22 It's therefore no surprise that it sat within a
23 very intense import competitive area that therefore that
24 also stymied the advantage and benefit from the closure of
25 that plant. But ArcelorMittal clearly stated that it was

1 not -- that it was imports as to why they had to close their
2 plant, not because of some being clogged up.

3 If I'm sure the prices were sustained they would
4 have gone and cleared the bay.

5 MR. KNIPE: Okay thank you. On demand I haven't
6 heard anybody make any statements suggesting there were
7 other drivers of demand aside from construction, auto -- is
8 that right generally? Okay you heard the Respondents this
9 morning argue that demand had increased in the auto industry
10 but I am hearing you all say that demand overall has been
11 generally flat or even decreased, is that construction that
12 has gone down then or do you disagree in general with the
13 argument that auto industry has increased?

14 MR. ARMSTRONG: Chris Armstrong, Keystone
15 Consolidated Industries. I'm not sure whether they are
16 talking about demand for them but if they experienced a
17 demand then it certainly seems like someone has been growing
18 and congratulations to them. I wouldn't mind some of that
19 growth myself.

20 Whilst that did not translate into growth for us
21 but I am not quite sure where they are coming from for that
22 of course, I didn't see it trickle down.

23 MR. ASHBY: Steve Ashby, Keystone. I would
24 suggest that if our customers are seeing some of demand
25 increase that has been captured by the low priced imports

1 that are coming into the country not the domestic industry.

2 MR. KNIPE: Okay so none of you have seen an
3 increase in demand in the auto sector.

4 MR. CANOSA: Marcelo Canosa with Gerdau. As I
5 stated I think the auto industry has been out there since
6 the beginning of the period of investigation so we haven't
7 seen an increase, that path is flat.

8 MR. NYSTROM: And just to add to that I
9 definitely would agree that you know from the automotive
10 side, '14, '15, '16 were pretty good years steady and
11 increasing slightly.

12 I wouldn't necessarily believe that that makes up
13 a great percentage of the wire rod overall consumption so
14 when you see that I think you know, probably construction is
15 a bigger market driver than what automotive would be for a
16 lot of the wire rod applications.

17 MR. ASHBY: Steve Ashby, Keystone. I think
18 somebody said this early too, the oil and gas industry has
19 been devastated. Wire rod goes into a lot of oil and gas
20 applications including ropes and things like that that are
21 used in rigs and things like that so that's a real downturn
22 for us.

23 MR. KNIPE: Okay so what is the breakdown in
24 terms of drivers of demand in the construction, auto, oil
25 and gas? If you need some time to dig into it in your

1 post-conference that's fine too.

2 MR. PRICE: We'll address it in the
3 post-conference brief.

4 MR. KNIPE: Okay. Are there any other industries
5 that consume scrap in large enough quantities -- this could
6 be a naive question but to influence supply and demand in
7 this market?

8 MR. NYSTROM: No I would say the steel industry
9 is the major, major consumer of scrap in the United States
10 and the world. It's really a world-wide basis.

11 MR. KNIPE: Okay so what other product does the
12 steel market make that largely consumes scrap, what are the
13 biggest players?

14 MR. PRICE: All. Seriously every steel product
15 consumes scrap including whether it is BOF or EAF it all
16 charge -- basic oxygen furnace or electric arc furnaces,
17 they all charge scrap. The percentages will vary depending
18 on what metallurgical combination you want to reach as Mr.
19 Nystrom testified, but there is substantial scrap
20 consumption throughout the steel industry and many of the
21 foreign producers here today may even source their scrap --
22 or at least several of the foreign producers here today may
23 even source some of their scrap from the United States.

24 So it is a -- it is a globally traded item the
25 scrap from the U.S. and it defies comprehension how someone

1 like the Turkish producers could export scrap -- could
2 import scrap from the United States, melt it, roll it and
3 turn it around and sell it at all at a profitable price.

4 MR. ROSENTHAL: Mr. Knipe I have to admit that
5 this may not be helpful additional comment but there is an
6 iron foundry industry that does consume a fair amount of
7 ferrous scrap. It pales by comparison to the steel
8 consumption, but there are other industries like that that
9 are consumers of scrap and can affect the market to some
10 extent.

11 MR. KNIPE: Okay so I mean you say there aren't
12 say two or three major steel products that might influence
13 that price, they are just numerous and they are varied, lots
14 of head nods yes, okay. I'm fine leaving it there if you
15 are, okay.

16 So most of you mentioned price increases based on
17 scrap prices, does that ever work the other way around? In
18 other words does an increase in demand of wire rod ever
19 influence scrap prices?

20 MR. CANOSA: Yes absolutely. It's a supply and
21 demand product beyond just the scrap that was the main raw
22 material cost for the production of wire rod. So absolutely
23 supply and demand drives price as well.

24 So your question goes the other way -- sorry you
25 asked if it goes the other way -- yes, when scrap goes down

1 we sometimes depending on the supply and demand in the
2 market we drop our price as well. But the one point we have
3 to make here is when scrap was going down through the
4 preliminary investigation which was right after the Chinese
5 orders were put in place, were trying to get back to the
6 sustainable amount of spread which is the difference between
7 selling price and scrap cost that we had in the past for
8 sustainability of our companies.

9 So several ways we tried to sustain our price
10 when scrap was going down and the reality is you went the
11 other way. You went further down than what scrap did in the
12 market.

13 The same thing happened when scrap went up we
14 were trying to compensate and increase our margin beyond
15 scrap. Sometimes we didn't even convert a scrap increase
16 throughout the period of investigation.

17 Again I think if you go back to the data that was
18 provided it clearly shows the depression of price and
19 suppression of our margin as well.

20 MR. KNIPE: Okay. Some of you mentioned that the
21 economics just weren't there to incentivize tire bead
22 production, Mr. Ashby how did tire bead prices compare to
23 industrial grade prices?

24 MR. ASHBY: So typically prices in the
25 marketplace --

1 MR. KNIPE: I'm sorry?

2 MR. ASHBY: Typically prices for bead are
3 substantially higher than prices for industrial quality
4 products. Also the cost of production is significantly
5 higher. So margin positions may have to only be the same.

6 MR. KNIPE: What's different about the production
7 process that makes the price higher?

8 MR. ASHBY: Low residual, big iron. The recipe
9 to make the steel, the handling of the steel, the rolling of
10 the steel, everything it all has to be looked at very, very
11 carefully and closely.

12 Mainly though it is the melt shop with regard to
13 residuals. It's all about the recipe. Less scrap more iron
14 whatever your particular recipe happens to be. It's very
15 significant in terms of billet production at the melt shop.

16 MR. KNIPE: Okay. Alright let me ask another
17 couple questions on pricing. Surcharges don't really appear
18 to play a role in this product as they do in other wire rod
19 products like stainless steel -- are surcharges ever
20 applied?

21 MR. NYSTROM: Yeah what I would add is that some
22 particular products perhaps in cold head in quality you may
23 have a base price and a floating surcharge probably similar
24 to what you would see in the stainless type product as well.

25 Those tend to be a little longer term pricing

1 arrangements as well. But that is a fairly small percentage
2 of the market that we are talking about here today.

3 MR. CANOSA: Marcelo Canosa of Gerdau. We don't
4 practice surcharging wire rod.

5 MR. KNIPE: Okay.

6 MR. ASHBY: Most of what we do is indexing to Mr.
7 Nystrom's comments -- if they are special alloys that we
8 have to have additions to at the melt shop then certainly we
9 take a look at that and then cold head -- it's more across
10 the board, must smaller scale as to what we normally do at
11 Keystone.

12 MR. KNIPE: Okay Mr. Nystrom you mentioned
13 contracts -- on that topic I'm noticing that domestics
14 appear to be selling slightly less via contract than they
15 did in previous cases. Have you noticed any change over the
16 course of this period of investigation with regard to the
17 percentage of contract versus spot sales and why is that if
18 so?

19 MR. NYSTROM: Really nothing with regard to our
20 particular production have I seen anything you know
21 structurally change. I guess to simply answer the question
22 I haven't noticed anything in particular.

23 MR. CANOSA: Marcelo Canosa with Gerdau, we did
24 note that some reduction in our portfolio of contracts
25 versus spot orders and in our view the reason why is even

1 though you have a contract the price is negotiated sometimes
2 monthly, sometimes quarterly.

3 And the imports are coming in at such a low price
4 that the customers don't want to lock themselves into
5 contracts to buy under that contract. So yes we have seen a
6 reduction in contracts.

7 MR. NYSTROM: And probably just to clarify on
8 that you know I wouldn't -- more like Mr. Canosa has
9 mentioned program pricing rather than a take of pay on
10 volume on a contractual agreement. So as you mentioned you
11 may have an agreement in place and if something drastic has
12 happened and on a competitive basis you will find that you
13 know, those agreements don't necessarily hold up when the
14 situations get pretty dire.

15 So it's a little -- not technically a contract,
16 we call it more a program pricing and a mechanism.

17 MR. ARMSTRONG: Chris Armstrong, Keystone
18 Consolidated Industries. From Keystone's point of view I
19 would like to add to Steve's comments. I mean predominantly
20 we have been affectively a purchase order, quite a spot
21 purchase kind of an operation.

22 And that flexibility has served us well and our
23 customers well historically. But what I would also like to
24 add is if we are talking about contracts the injury caused
25 by the low prices of imports that has been used against us

1 is even more structurally injurious to us as a result of our
2 attempt -- our desperate attempt to try and keep our volumes
3 up to make the plants at least break even, be efficient to
4 try and keep labor in place and that has been exploited or
5 is being exploited by attempts to introduce by contracts
6 which I would not even call a contract, because they don't
7 have a taker pay arrangements, quite the reverse.

8 They do have favored nation arrangements but
9 there is no -- and if we, I would also ask far more requests
10 for us to pay for inventory to sit on the ground for when
11 the customers like them and that has cost us money. That is
12 a working capital requirement for us and can escalate into
13 the tens of millions of dollars of additional costs that we
14 have to face.

15 And so whilst the old world of contracts has kind
16 of perhaps died away for them we weren't ever really in that
17 world. But what we have seen is a new world of contracts
18 which has been exploiting our need for volume which we have
19 heavily tried to resist.

20 MR. ASHBY: Steve Ashby of Keystone. So I'll
21 give you an example. We may have some agreements with
22 people about volume and pricing set over a period of time.
23 Last year in August it got so bad that they said we can't
24 buy from you unless you go back to spot pricing.

25 All a reflection of the low priced imports that

1 are coming in literally throughout the ideas about what we
2 established earlier in the year, simply because of the high
3 volumes of low priced imports coming in.

4 MR. KNIPE: Okay. Thank you.

5 MR. CANOSA: Marcelo Canosa, Gerdau. I just want
6 to add to Mr. Ashby. We had the same situation last year.
7 We had an agreement with a customer with an index base --
8 again the base price was already low because it was set
9 based on import price but throughout the year the imports
10 because so aggressive that the customer decided to pull out
11 of the agreement or we had to lower our base price even
12 lower.

13 MR. KNIPE: Okay thank you and my last question.
14 Do electric arc furnaces use more electricity than basic
15 oxygen furnaces?

16 MR. NYSTROM: Yes.

17 MR. KNIPE: Substantially more?

18 MR. NYSTROM: Substantially more yeah.

19 MR. KNIPE: Okay if you could go into detail on
20 that in the post-conference that would be helpful how much
21 specifically?

22 MR. PRICE: Alan Price we will address it in the
23 post-conference brief.

24 MR. KNIPE: Okay great, those are all of my
25 questions, thank you.

1 MS. LO: I thank you all for being here. I just
2 wanted to piggyback on Andrew's last question, that is, on
3 the energy costs related, if you would please work on
4 getting those costs, those other factory costs, break out
5 the energy portion of it, if possible, if you're going to
6 address this question as well.

7 And if anyone knows what's happening to
8 ArcelorMittal's plant? The Georgetown, South Carolina,
9 plant. We've heard a lot about it. It has not been sold,
10 correct?

11 MR. ROSENTHAL: To the best of my knowledge, it
12 has not been sold.

13 MS. LO: It's just sitting idle? And also with
14 Republic's plant that went idle, 2016, same situation? Just
15 idle?

16 MR. CANOSA: To the best of my knowledge, it
17 hasn't been sold.

18 MS. LO: Thank you very much. That's all my
19 questions.

20 MR. LA ROCCA: Everyone, thanks again for
21 coming. I just have a quick request. When you submit your
22 post-hearing briefs, could you please attach product
23 descriptions and certification information? Especially with
24 regards to 1080 series and above steel, and also with
25 regards to steel tire and cord beads.

1 MR. ANDERSON: Thank you. With that, my
2 colleagues as in the early panel, or earlier panel, did a
3 very ably -- asked a lot of questions, so I don't have any
4 follow-up questions and I wanted to thank you on behalf of
5 staff for your time, for being here, and for your responses
6 to our questions. It's been extremely helpful. And with
7 that, we'll move to the next phase. I think we'll take five
8 minutes and let parties prepare for closing arguments. So
9 in five minutes, let's start with that. Thank you.

10 (Whereupon a five minute break was taken.)

11 MR. BISHOP: Will the room please come to order?
12 Closing remarks on behalf of respondents will be given by
13 Richard O. Cunningham of Steptoe & Johnson. Mr. Cunningham,
14 you have ten minutes.

15 CLOSING REMARKS OF RICHARD O. CUNNINGHAM

16 MR. CUNNINGHAM: I was outside during the lunch
17 break and someone from the audience came up to me, and I
18 vaguely remembered him. He addressed me as Professor
19 Cunningham and I sort of wondered what that was all about,
20 but it gave me an idea. What I'd like to do in these
21 closing remarks is give you sort of suggested homework
22 assignments.

23 First, one of the overall issues of this case:
24 Are these imports causing a threatening material injury?
25 You need to address price effects, you need to address

1 volume effects. I hope you will do your variance analysis.
2 That's very important in this case because this is so
3 clearly a price case. Their problems are so clearly on the
4 price side, not on the volume side. Your variance analysis
5 is going to show that clearly and that's really important
6 for the Commission to know.

7 On price depression, look at the, what I call,
8 the competition between the graphs, Mr. Nolan's graph and
9 Mr. Rosenthal's graph on the relationship between the
10 declines in scrap prices and the declines in the wire rod
11 prices. It's Mr. Rosenthal's graph that's distorted, and
12 let me tell you why. His is based on the dollar values,
13 it's not indexed, it's a straight dollar cost, dollar price.

14 If you think about it for a second, comparing
15 the dollar price of scrap with the dollar price of the
16 finished product is illusory because it's half or less,
17 somewhere around there, of the finished product cost.
18 Therefore, in terms of its effect on the market place, in
19 terms of what people who are looking at -- customers who are
20 looking at what they're willing to pay, what they see as the
21 appropriate price to be charged to them by a seller of wire
22 rod, they're looking at the percentage changes.

23 They're looking at how much change is going on
24 in the two things. And it is therefore more appropriate to
25 look at Mr. Nolan's graph, and Mr. Nolan's graph also has a

1 much more important function for you, and that is, it shows
2 how the changes are developing. Mr. Nolan's graph shows the
3 price of scrap going down first, going down steeper on an
4 index basis, wire rod price falling down after it. That's a
5 real look at what's happening in the market place.

6 And to confirm that, look at the trade press.
7 We'll do a lot of that. We'll get you a lot of that stuff.
8 But over and over again, you'll see the trade press saying
9 that the price of wire rod is being pulled down by the price
10 of scrap.

11 I think you also want to look at intraindustry
12 competition. And there's -- I would love to see you do a
13 shift analysis among domestic competitors just as you do
14 between domestic competitors and imports, that is, a U.S.
15 purchaser saying I'm gonna shift from domestic to foreign
16 supply.

17 If you look at the market share data, and if you
18 look at the table in the petition that shows the domestic
19 shipments of those four petitioners, you compare that with
20 what you will now have as to the domestic shipments of the
21 rest of the industry, you're gonna see some significant
22 shift there. I think that is significant. I think it also
23 bespeaks the likelihood of intraindustry price competition,
24 because those shifts don't occur without intraindustry price
25 competition.

1 On price suppression, clearly you're going to do
2 your COGS ratio analysis. But take a hard look -- and it's
3 going to be fine for the respondents as it is. But take a
4 look -- it is going to show no significant, if any,
5 deterioration in the COGS ratio. But take a hard look at
6 certain industry costs. Look at Petition Exhibit I-11.
7 We've talked here about other factory costs, we talked about
8 labor costs.

9 If you see in one of those categories, which are
10 not import-affected categories, if you see one of those, or
11 both of them, having a disproportionate jump, that affects
12 your COGS analysis and affects it in a way that will be
13 illuminating to you as you determine whether the COGS
14 analysis reflects import pricing, on effective imports on
15 prices.

16 On market shares, the important point is whether
17 during this period of investigation, the U.S. industry has
18 seen a decline in its market share. Again, look at Mr.
19 Rosenthal's chart of U.S. industry market share. There are
20 two periods before the start of this POI and during the POI,
21 radically different trends. It's during the POI that's
22 relevant to you. Before the POI is a reflection of other
23 forces, most notably China, not the effect of the subject
24 imports.

25 And to the extent the U.S. industry market share

1 may have declined even a little bit during the POI, I was
2 really grateful to Mr. Knipe and to Mr. Rosenthal--always
3 grateful to Mr. Rosenthal--for pointing out one of the
4 things that's clearly, and Mr. Rosenthal acknowledged, is
5 clearly the explanation -- the explanation--for any decline,
6 that there was even a small decline in U.S. industry market
7 share, namely you had two plants close down.

8 Now, petitioners are going to say, "Oh, yes, but
9 those are closed down because of imports." Well, they're
10 not. You're heard comprehensive story as to one of them
11 demonstrating it's not. But it's irrelevant whether the
12 imports closed down those plants or not for a market share
13 analysis.

14 The whole idea of a market share is that the
15 producers who are in the market today suffering because they
16 have lost market share. The fact that others have gone out
17 of the market doesn't affect that analysis. You will find
18 there is no decline in market share for the U.S. industry as
19 today constituted.

20 Finally, look at the volume changes in 2014 to
21 2016, comparing the increase in subject imports with the
22 decline in nonsubject imports. You can compare Rosenthal
23 Graph 8 with Rosenthal Graph 25, but better look at the
24 exact figures, which you'll have customs data, because you
25 have gaps in the petition, and the questionnaire response

1 data is the best way to look at that. You will find the
2 decline in nonsubject imports exceeds the decline in subject
3 imports. This is not subject imports taking market share
4 from the domestic industry. This is subject imports taking
5 market share from nonsubject imports.

6 Now let me turn to the deathless issue of tire
7 bead and tire cord. There are clearly substantial
8 differences between this category and other wire rod. The
9 question is, do they rise to the level of treatment as a
10 separate like product or evidence of attenuated competition
11 or maybe even a basis for a decumulation of one or more of
12 the respondents.

13 To assess these questions, I suggest you need to
14 do the following: First, fix on a coherent, technologically
15 and economically logical definition. And we propose to you
16 that that's our job and we're going to amplify that in our
17 papers to you. But it's pretty clear that what we have in
18 mind here and what we think is the clear demarcation is
19 Grade 1080 and up tire cord and bead.

20 You heard people say here, they produce 1080.
21 If you listen closely, it's 1080B. That's different.
22 That's different. And it's not for tire cord. And it's
23 only, if at all, a tiny little bit for tire bead. Apply the
24 six-factor test to that definition when you and we and they
25 have all argued it to the point where you've got it clear in

1 your mind.

2 Some of those six factors are clear, I think,
3 beyond dispute. Physical characteristics and uses are
4 really clearly different. Customer or producer perceptions,
5 really different. Interchangeability, clearly not
6 interchangeable. And channels of distribution, the wire
7 makers and the tire, to sell to the tire industry.

8 We need to give you enough on the other two,
9 price and common facilities, processes and employees. If
10 you decide it's a separate like product, and this is the
11 last thing I want to say to you, there are a number of
12 potential significances. First, I think you're pretty much
13 compelled to make a negative determination on that product
14 due to little or no U.S. production. Secondly, it has an
15 effect on the negligibility analysis because it will affect
16 the volumes of imports subject to the non-tire cord, tire
17 bead category. And therefore, it'll affect the percentages
18 and it may change, above 3%, below 3%, all that sort of
19 stuff.

20 And finally, it has a possible effect on
21 decumulation for certain countries, especially in threat.
22 This case has issues. It's a case that the issues are
23 pretty unevenly balanced. I think they're very strongly
24 balanced in favor of the respondents. We hope we've made
25 that clear to you today. We have a lot of confidence in the

1 staff to get to the bottom of those issues. Thank you.

2 MR. BISHOP: Rebuttal and closing remarks on
3 behalf of Petitioner will be given by Paul C. Rosenthal of
4 Kelley Drye & Warren. Mr. Rosenthal, you have ten minutes.

5 CLOSING REMARKS OF PAUL C. ROSENTHAL

6 MR. ROSENTHAL: It's a better day for me.
7 I don't often get a chance to follow Professor Cunningham.
8 I do have a couple of quotes I want to leave you with this
9 afternoon, none from the good professor. One is from Craig
10 Lewis of one of the counsel here today, who said this at the
11 wire rod hearing involving Ukraine and other countries a
12 couple years ago.

13 And he said, with respect to the first of those
14 I'm quoting now, "The U.S. market very clearly, China's
15 left, leaving, have not completely left the U.S. market. As
16 the vulnerability factor--my projection--remember this is a
17 Sunset case--it's an anti-vulnerability factor. That's a
18 positive factor in terms of the foreseeable future for the
19 U.S. industry. That's close to over 600,000 tons of imports
20 that are gone, that are open for the U.S. industry to take,
21 so that's a positive in terms of the future condition of the
22 industry."

23 That's Mr. Lewis, a couple of years ago, talking
24 about the great opportunity for the U.S. industry to regain
25 shipments and market share as China left the market. You

1 know what happened? The U.S. industry did not take that
2 back. It didn't take any of it back. The entire amount
3 went to subject imports.

4 I'm going to not talk about like product, which
5 Mr. Cunningham continues to confuse with other factors. And
6 I'm not going to talk about negligibility. Those are going
7 to be discussed in great length in our brief.

8 I do want to talk a little bit about cumulation
9 because it's an important, and I think, slightly
10 misunderstood topic by respondents today. The statute's
11 very clear about cumulation. It's very clear about what the
12 factors are that this Commission must consider in an
13 original investigation. All of those factors have been met.

14 And there's a good reason why the Commission,
15 the Courts, the Congress, even the World Trade Organization,
16 has recognized the value and the necessity of cumulation.
17 Everyone has recognized that the collective hammering effect
18 of imports can be just as injurious as the import injury
19 caused by a large single source.

20 I want to show you a couple of slides, but since
21 it's late in the afternoon, maybe you'll be amused by these.
22 Yogi Berra's famous for a lot of quotes, some of them he
23 actually said. One of them attributed to him happened to be
24 when he was at an Italian restaurant and the waitress asked
25 him whether he would like his pizza pie sliced into four

1 pieces of eight. He said, "You better make it four, because
2 I don't think I could eat eight."

3 Well, you know what? It turns out that Yogi
4 really wasn't very good at math or accumulation, but you can
5 have eight slices be the same amount of four slices, be the
6 same amount as one large pie.

7 And you can see, when it comes to the import
8 injury caused by China a few years ago, which was
9 devastating, which as you heard from Mr. Lewis, 600,000 tons
10 were consumed or taken up by China in this market. That was
11 found to be injurious by the Commission just a couple of
12 years ago.

13 And what's happened since then? All that
14 Chinese supply has been taken up by subject imports. They
15 don't have one big slice the way the Chinese did, they have
16 a bunch of smaller slices, but it cumulatively, they add up
17 to actually more than the Chinese share of the market when
18 they were found to be injurious. Indeed, they have a larger
19 share of subject imports than the Chinese did at the time
20 the Commission found those volumes to be injurious.

21 So I would urge you to recognize that the docked
22 accumulation is not only mandated by law, it compels a
23 conclusion in this case that the volume impacts of the
24 subject imports are injurious in this case. And I would
25 like to say that the industry, as you've heard before, was

1 very, and continues to be, very appreciative of the
2 Commission's efforts that's made on behalf of the wire rod
3 industry in the China case.

4 We were hopeful then that facilities would not
5 close, that workers' jobs would not be lost. That, in
6 effect, the industry would be put in a position to invest
7 and continue to resume thriving. But those hopes have been
8 dashed, and it is all thanks to those subject imports.

9 Of course, it's not surprising that the
10 respondents deny any role, even though Mr. Lewis thought
11 that there were brighter days ahead for the domestic
12 industry. He thought that 600,000 tons of exports would go
13 to the domestic industry in whole or in part. Of course,
14 that did not happen. But it's also important to understand,
15 as Mr. Lewis recognized, that the injury to the domestic
16 industry is suffering today, started before this current
17 investigation.

18 It started with the Chinese investigation, and
19 the Chinese injury that was caused, and continues this very
20 day. The fact that the increase in import share or market
21 share by the subject imports expanded upon the Chinese
22 volume industry is remarkable.

23 And Professor Cunningham's recognition that
24 there is an increase in subject import market share is a
25 nice concession. He doesn't appreciate how that increase is

1 even more injurious because it started at such a large base.
2 And he is correct that price is a crucial factor because
3 this is not just a volume case.

4 It is a price case, too. You've heard the
5 importance of price to the respondents. They've talked
6 about how they have to be competitive with their products,
7 and therefore, they're constantly searching for the lowest
8 price inputs. And as reflected in all the information
9 you've gotten in your questionnaire responses where the
10 purchasers talk about the importance of price, how they
11 switched to subject imports because of price.

12 It is reflected in the underselling that you see
13 in the record. And by the way, it's not unusual to see a
14 mixed pattern of underselling in a highly competitive market
15 where price is predominant. You understand how important
16 the price is to the domestic industry because they have to
17 keep their mills filled here in order to maintain some
18 semblance of profitability.

19 What I'm glad we haven't heard from the
20 respondents today, is this notion that the domestic industry
21 is doing well, or is healthy, or is not being injured. It
22 is being injured. It has been in a consistent state of
23 injury for the last several years, thanks to large volumes
24 of low-priced imports, first from China and now the subject
25 imports. The profitability is unsustainable.

1 You've heard about the inability to invest in a
2 lot of projects that the industry wanted to invest in, and
3 you understand that pricing has to improve if these
4 investments are to be made. You heard the president of
5 Keystone say that salaried employees haven't gotten paid
6 recently. This is not a way to keep an industry in
7 business. This is not an industry with a future. There's
8 not 600,000 tons around the corner anytime soon.

9 So unless there's relief in this case, unless
10 there's at first a preliminary injury determination by the
11 Commission, ultimately a final, this industry does not have
12 a long-term future. I hope that the Commission will do in
13 this case what it did in the China case, and make an
14 affirmative determination of injury and allow this industry
15 to have the bright future that Mr. Lewis hoped for, along
16 with me, just a couple years ago. Thank you.

17 MR. ANDERSON: Thank you, Mr. Rosenthal and Mr.
18 Cunningham. So on behalf of the Commission and staff, I
19 would like to thank all our witnesses and our counsel today
20 for coming here and helping us gain a better understanding
21 of the product and conditions of competition in the carbon
22 and alloy steel wire rod industry.

23 Before concluding, I want to mention a few key
24 dates in the investigation. The deadline for submission of
25 corrections to the transcript or submission of

1 post-conference briefs is this Thursday, April 21st. If
2 briefs contain business proprietary information, a public
3 version is due on Monday, April 24th. The Commission has
4 tentatively scheduled its vote on these investigations for
5 Thursday,
6 May 11th.

7 And it will report its determinations to the
8 Secretary of the Department of Commerce on Friday, May 12th.
9 And Commissioner's opinions will be issued on Friday, May
10 19th. And with that, again, I thank you all. I'm sorry.
11 I'm going to correct myself. The submission of
12 post-conference briefs is Friday, April 21st. And again,
13 with that, I thank you all, and this conference is
14 adjourned.

15 (Whereupon the meeting was adjourned at 3:00
16 p.m.)

17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom

INVESTIGATION NOS.: 701-TA-573-574 and 731-TA-1349-1358

HEARING DATE: 4-18-17

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

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

DATE: 4-18-17

SIGNED: Mark A. Jagan

Signature of the Contractor or the
Authorized Contractor's Representative

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

SIGNED: Christopher Weiskircher
Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED: Gaynell Catherine
Court Reporter

Ace-Federal Reporters, Inc.
202-347-3700