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List & Exhibits GEN-1, 3, 6-10, 13 & 14; THAI-1, 7, 14
& 15; CHINA-1, 2 & 3; & MEXICO-1, 4, 5, 12 & 13
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BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION
OF THE
U.S. DEPARTMENT OF COMMERCE
AND THE
U.S. INTERNATIONAL TRADE COMMISSION

ANTIDUMPING PETITION

PRESTRESSED CONCRETE STEEL RAIL TIE WIRE
FROM THE PEOPLE'S REPUBLIC OF CHINA, MEXICO AND THAILAND

PETITIONERS:

DAVIS WIRE GROUP AND INSTEEL WIRE PRODUCTS CO.

ECONOMIC CONSULTANTS:

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percent and 50 percent thresholds for industry support established in the statute. Petitioners' production accounted for 100 percent of U.S. PC tie wire production in 2012. See Exhibit GEN-1 (Standing Table).¹ There are no other known producers of PC tie wire in the United States. See Exhibit GEN-3 [NAMES]

C. Related Proceedings

Petitioners have not filed for import relief pursuant to section 337 of the Act (19 U.S.C. § 1337), section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862), section 301 of the Trade Act of 1974 ("the Trade Act") (19 U.S.C. § 11), or section 201 of the Trade Act (19 U.S.C. § 2251). There have been no previous proceedings on PC tie wire from China, Mexico, or Thailand.

D. Description of Merchandise and Scope of the Petition

1. Product Description

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

2. Tariff Treatment

PC tie wire is classified in the Harmonized Tariff Schedule of the United States ("HTSUS" or "HTS") under the subheading 7217.10.8045 ("wire of iron or nonalloy steel, not plated or coated, whether or not polished, other, round wire, containing by weight more than 0.6 percent of carbon, heat treated, with a diameter of 1.5 mm or more"). See Exhibit GEN-2

¹ See also Exhibits GEN-13 and 14 ([NAMES] D).

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(Ruling Letter from U.S. Customs and Border Protection and HTSUS schedule). HTSUS subheading 7217.10.8045 is a basket category encompassing a number of other wire products as well as PC tie wire. Id.

In addition, petitioners have evidence that PC tie wire has been classified by importers during the past three years in other HTSUS subheadings as well. Due to the small number of purchasers and producers of PC tie wire in the United States, petitioners have knowledge of the size of the PC tie wire market and the level of subject imports. See Exhibit GEN-3 (Declarations of [NAMES] and Exhibit GEN-7 (Declaration of W. Bradley Hudgens). Bill of lading descriptions in PIERS identify entries of PC tie wire during the three-year period of investigation that are not reflected in the proper HTSUS classification. See Exhibit GEN-4 (PIERS Import Export Trade Data). While PIERS data are not comprehensive, the official import data in HTSUS 7217.10.8045 do not show sufficient imports in this basket category to account for the entries reported in PIERS or the imported product that petitioners know to be in the market. There are sufficient imports in the larger six-digit basket, HTSUS 7217.10, to account for petitioners' estimate of PC tie wire imports, indicating apparent misclassification by importers. See Exhibit GEN-5 (Import Table) and Exhibit GEN-2 (HTSUS schedule). Such misclassification is not uncommon, given the lack of any duty consequence on the import of carbon steel wire. Id. Comprehensive import data will be collected by the Commission in the course of its investigation.

3. Technical Characteristics, Production Process and Uses

PC tie wire is defined as high carbon steel wire that has been deformed, stress-relieved or subject to low-relaxation, for use as prestressed tendons in concrete railroad ties and meeting standard ASTM A881/A881M or equivalent proprietary standards. The standard specification

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for PC tie wire meeting ASTM A881/A881M, "Standard Specification for Steel Wire, Deformed, Stress-Relieved or Low-Relaxation for Prestressed Concrete Railroad Ties," is presented in Exhibit GEN-6. Concrete tie manufacturers may have proprietary specifications in addition to those in ASTM A881/881M.

PC tie wire is produced from high carbon steel wire rod, typically from a grade 1080 carbon steel rod with a carbon content between 0.76 and 0.84 percent by weight. Other high carbon wire rod may also be used, depending on the requirements of the customer.² For purposes of this investigation, high carbon wire rod is any carbon steel wire rod with a carbon content of 0.6 percent or more by weight.

The production of PC tie wire begins with the cleaning and descaling of the wire rod to remove any dirt and mill scale prior to drawing the rod into wire. Cleaning and descaling can be accomplished chemically, using a strong acid, or mechanically, using abrasive methods.

The cleaned and descaled wire rod is then coated with zinc phosphate, a lubricant to aid in the drawing process, and cold-drawn through a series of wire drawing dies to reduce its size, typically to a nominal diameter of between 5 mm and 6 mm.³ The chemistry and diameter of the wire rod with which the process starts (typically about 8 mm in diameter) must be such that once

² ASTM A881 does not specify the carbon content of steel used to produce PC tie wire. The industry has typically used high carbon steels because they create the necessary mechanical properties and characteristics required in PC tie wire. Such mechanical characteristics include specified tensile strength, load at extension, elongation, end test requirements and relaxation loss requirements specified in ASTM A881. See Exhibit GEN-6. The specific carbon content may vary somewhat through the addition of other alloys such as manganese. The addition of other alloys to reduce the carbon content but retain tensile strength and other characteristics that meet or exceed the requirements of ASTM A881 PC tie wire would not remove the product from the intended scope of the investigation.

³ The wire may be drawn to other diameters at the request of the customer.

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reduced to the nominal diameter specified, it will have the necessary mechanical characteristics to perform as PC tie wire after heat treatment/relaxation.

At the end of the drawing process, the wire is typically subjected to a roll that indents the wire to a precise depth in three lines spaced uniformly around the wire. The indentations may be in various shapes. Typically, one line of indentations is inclined in the opposite direction to the other two. The indentations are intended to reduce longitudinal movement of the wire in the concrete and to provide consistent prestress transfer length (i.e., to create adherence of the PC tie wire to the concrete and to provide the necessary compressive forces). The specification allows for other types of deformed wire to be used as PC tie wire as well, including spiral or other deformations.⁴

After the wire is drawn and indented, it is subjected to a thermo-mechanical process in which the wire is continuously heated while under tension. This process acts to (1) relieve the residual drawing stresses in the wire, (2) permanently elongate the wire, (3) increase the wire's yield strength, and (4) reduce relaxation losses.

The finished PC tie wire is banded to a reel-less coil or wound onto a wooden reel, strapped into place with steel bands, and packaged as a coil. The coil may be covered with a protective material, such as plastic or burlap, and is packaged such that the end user can place the coil directly onto a wire dispenser.

PC tie wire is used as a prestressed tendon in concrete rail ties. In the United States, concrete railroad ties are produced by a method commonly known as the "long-line method."

⁴ The industry has experimented with other shapes of deformations over time. PC tie wire that otherwise meets the requirements of ASTM A881 but uses a deformation pattern other than that provided for in ASTM A881 is nonetheless included in the scope of the investigation.

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The concrete ties are produced end-to-end in a line, with continuous strands of PC tie wire running through them making multiple tendons spaced in a pattern in each tie. Numerous tie forms are joined end-to-end along a stressing bed. This arrangement enables the use of just two wire tensioning devices, an anchor and a tensioner, for tensioning PC tie wires that span the entire length of the joined forms. With this arrangement, the wires are tensioned only once for each casting cycle, in which hundreds of ties may be produced.

The PC tie wire is tensioned in the form to the point of elastic limit. A concrete mixture is poured over the wire in the form and allowed to cure. When the concrete is cured, the tension is released and the forms are removed. As the wire attempts to contract to its original shape from the outside inward, the concrete adheres to the wire, particularly the indentations, causing compressive force on the concrete. This makes the concrete rail tie stronger. The concrete ties containing the PC tie wire are used primarily in Class 1 railways, commuter rail lines and high speed rail lines.

4. Scope of Petition

Based on the foregoing discussion, petitioners define the scope of the investigation as follows:

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

PC tie wire is classified under the Harmonized Tariff Schedule of the United States (HTSUS) subheading 7217.10.8045, but may also be classified under subheadings 7217.10.7000, 7217.10.8025, 7217.10.8030, 7217.10.9000, 7229.90.1000, 7229.90.5016,

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7229.90.5031, 7229.90.5051, and 7229.90.9000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

E. Countries of Exportation

The PC tie wire that is the subject of this petition is produced in and exported from China, Mexico, and Thailand. Petitioners have no knowledge that the subject merchandise is currently being transhipped through any third country to the United States.

F. Producers and Exporters of the Subject Merchandise

Pursuant to 19 C.F.R. § 351.202(b)(7)(i)(A), below is a list of known producers and exporters of PC tie wire from China, Mexico, and Thailand:

China

- Silvery Dragon Group and Technology
Silvery Dragon Road
Shuangjie Industry Park
Beichen Economic Development Area
Tianjin, China
Tel: 86-22-26976669/26977023
Fax: 86-22-26976660
Website: <http://www.yinlong.com>
- Wuxi Jinyang Metal Products Co., Ltd. (a wholly owned subsidiary of the Tata Steel Group)
Yangjian Town
Xishan City
Jiangsu 214107
China
Tel: 86-510-88731798
Fax: 86-510-88731797
Website: www.wuxi-jinyang.com

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- Shanxi New-Mile International Trade Co., Ltd. (Exporter)
Block B-1502, Software Mansion
West Electronic Community
Dian Zi 1 Road
Xian 710065
China
Tel: 86-29-88720615
Fax: 86-29-88271271
Website: <http://www.new-mile.com>

Mexico

- Aceros Camesa, S.A. de C.V. (a wholly owned subsidiary of WireCo WorldGroup)
Margarita Maza de Juarez N 154
Col. Nueva Industrial Vallejo, CP 07700
Mexico, D.F.
Tel: 52-55-5747-4711
Fax: 52-5747-4703
Website: www.camesawire.com

Thailand

- The Siam Industrial Wire Co. Ltd. (a wholly owned subsidiary of the Tata Steel Group)
555 Rasa Tower, 14th Floor
Phaholyothian Rd., Chiatuchak
Bangkok 10900
Thailand
Tel. (66-2) 937-0060
Fax (66-2) 937-0068
Website: www.siw.co.th

G. Volume and Value of Imports

As discussed above, PC tie wire is being classified in multiple basket HTS subheadings under 7217.10. Based on these subheadings, the volume of imports in the basket categories containing imports from the subject countries increased from 205 million pounds in 2010 to 351 million pounds in 2012. See Exhibit GEN-5 (HTS 7217.10 Import Table). The source for these data is the official import statistics from the U.S. Department of Commerce. Because these HTS

subcategories are basket categories, however, the import statistics do not accurately represent imports of PC tie wire.

Based on petitioners' market knowledge, including [METHODOLOGY BASED ON MARKET INTEL

] petitioners estimate that the import volumes and values of PC tie wire from China, Mexico, and Thailand, as well as total imports of PC tie wire, are as follows:

(in 1,000 pounds)

Item	2010	2011	2012	Jan.-Mar. 2012	Jan.-Mar. 2013
China					
Thailand					
Mexico					
Total	[11,000]		[20,000]		
All other imports	[0]		[0]		
Total	[11,000]		[20,000]		

Value of Imports of PC Tie Wire					
Item	2010	2011	2012	Jan.-Mar. 2012	Jan.-Mar. 2013
China					
Mexico					
Thailand					
Total		[10,000]			

See Exhibit GEN-3 (Declarations of [NAMES] and Exhibit GEN-7 (Declaration of W. Bradley Hudgens).

H. U.S. Importers of Subject Merchandise

Based on available information, a list of importers that may have imported PC tie wire into the United States from China, Mexico, and Thailand during the 12-month period preceding

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the filing of this petition is included below, pursuant to 19 C.F.R. § 351.202(b)(9):

- Bekaert International Americas
1 Bridge Plz N #275
Fort Lee, NJ 07024
Tel: 201-490-1031
Fax: 678-319-8293
Website: <http://www.bekaert.com>
- CXT Inc.
2965 E. Fairland Stravenue
Tucson, AZ 85713
Tel: 520-664-5420
Fax: 520-624-4187
Website: <http://www.extconcreteties.com/index.asp>
- Rocla Concrete Tie, Inc.
1819 Denver West Drive, Suite 450
Lakewood, Colorado 80401
Tel: 303-296-3500
Fax: 303-297-2255
Website: <http://www.roclatie.com>
- Tata Steel International (Americas) Inc.
475 N. Martingale Road, Suite 400
Schaumburg, IL 60173
Tel: 847-619-0400
Fax: 847-619-0468
Website: <http://www.tatasteelamericas.com/en/>
- WireCo WorldGroup
12200 NW Ambassador Dr.
Kansas City, MO 64163-1244
Tel: 816-270-4700
Fax: 816-270-4707
Website: <http://www.wirecoworldgroup.com>

II. **PC TIE WIRE FROM THAILAND IS BEING SOLD OR OFFERED FOR SALE
IN THE UNITED STATES AT LESS THAN FAIR VALUE**

A. **Producer: SIW**

Based on evidence reasonably available to petitioners, PC tie wire from Thailand is being sold or offered for sale in the United States at less than fair value prices. The subject

methodology for calculating (1) the overhead ratio, (2) the SG&A ratio, and (3) the profit ratio is identical to that for the constructed value calculation for Thailand. See section II.C.2.d, above and See Exhibit AD-THAI-13. Consistent with that methodology, petitioners calculated the surrogate manufacturing overhead ratio for SIW as its factory depreciation, plus maintenance and repair expenses, divided by COGS without factory depreciation and maintenance/repair costs. Petitioners then applied the calculated ratio of factory to COGS (without factory depreciation and maintenance/repair costs) to the sum of materials, labor and energy calculated for Wuxi, above, to calculate the COM. See Exhibit AD-CHINA-2.

Petitioners used SIW's 2012 financial statements to calculate selling, general and administrative expenses, inclusive of net financial expenses, as a percentage of its COM. See Exhibit AD-THAI-13. This ratio was applied to the COM calculated for Wuxi, above, to derive a COP. See Exhibit AD-CHINA-2.

Finally, petitioners used the 2012 financial statements of SIW to calculate profit before taxes as a percentage of COP. See Exhibit AD-THAI-13. This ratio was applied to the COP calculated for Wuxi, above, resulting in constructed normal value of US\$ 10,60 | per pound for PC tie wire. See Exhibit AD-CHINA-2.

C. Margin

The comparison of normal value to the U.S. CEP calculated above results in a dumping margin of 54.04 percent. The dumping margin calculations are provided at Exhibit AD-CHINA-3.

IV. PC TIE WIRE FROM MEXICO IS BEING SOLD OR OFFERED FOR SALE IN THE UNITED STATES AT LESS THAN FAIR VALUE

Based on evidence reasonably available to petitioners, PC tie wire from Mexico is being sold or offered for sale in the United States at less than fair value prices. The subject

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iii. Profit

WireCo WorldGroup did not make a profit in 2012 on a consolidated basis. See Exhibit AD MEX-11. To be conservative, therefore, petitioners have not included in constructed value a profit amount for Camesa.⁴⁴ See Exhibit AD-MEX-12.

C. Margin

The comparison of Camesa's constructed value to the U.S. net EP selling price results in a dumping margin of **156.52 percent**. The dumping margin calculations are provided at Exhibit AD-MEX-13.

V. THE U.S. PC TIE WIRE INDUSTRY HAS BEEN MATERIALLY INJURED BY REASON OF UNFAIRLY TRADED IMPORTS OF PC TIE WIRE FROM CHINA, MEXICO AND THAILAND

A. The Domestic Like Product Mirrors the Scope of the Petition

The statute defines a "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 19 U.S.C. § 1677(10). The domestic like product in this investigation is PC tie wire, co-extensive with the scope definition. An examination of the Commission's traditional six-factor test⁴⁵ demonstrates that PC tie wire comprises a continuum of a single product with no clear dividing lines.

⁴⁴ Petitioners note that this conservative methodology is only for purposes of the petition. In the investigation, the use of an alternative profit methodology stipulated by 19 U.S.C. § 1677b(e)(2)(B) should be applied.

⁴⁵ In reaching a like product determination, the Commission considers a number of factors, including physical characteristics and uses, interchangeability, channels of distribution, customer and producer perceptions, common manufacturing facilities, production processes and employees, and, where appropriate, price. Nippon Steel Corp. v. United States, 19 CIT 450, 455 n. 4 (Ct. Int'l Trade 1996).