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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

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Carbon and Alloy Steel Wire Rod From Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, the Republic of Turkey, Ukraine, United Arab Emirates, and United Kingdom: Initiation of Less-Than-Fair-Value Investigations

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

DATES: Effective April 17, 2017.

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SUPPLEMENTARY INFORMATION:

The Petitions

On March 28, 2017, the U.S. Department of Commerce (the Department) received antidumping duty (AD) petitions concerning imports of carbon and alloy steel wire rod (wire rod) from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom, filed in proper form on behalf of Charter Steel, Gerdau Ameristeel US Inc.,

Keystone Consolidated Industries, Inc., and Nucor Corporation (collectively, the petitioners).<sup>1</sup>

The AD petitions were accompanied by countervailing duty (CVD) petitions on imports from Italy and Turkey. The petitioners are domestic producers of wire rod.<sup>2</sup>

On March 31, 2017, and April 6, 2017, the Department requested additional information and clarification of certain areas of the Petitions.<sup>3</sup> The petitioners filed responses to these requests on April 4, 2017, and on April 7, 2017, respectively.<sup>4</sup> On April 5, the petitioners filed a submission demonstrating that, for certain countries, the prices they obtained for normal value were below the production costs. As a result, they compared export price (EP) or constructed export price (CEP) to normal value (NV) using constructed value (CV).<sup>5</sup>

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that imports of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States. Also, consistent with section 732(b)(1) of the Act, the Petitions are accompanied by information reasonably available to the petitioners supporting their allegations.

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<sup>1</sup> See Letter to the Secretary of Commerce from Petitioners “Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, the Republic of Turkey, Ukraine, the United Arab Emirates, and United Kingdom – Petitions for the Imposition of Antidumping and Countervailing Duties” (March 28, 2017) (the Petitions).

<sup>2</sup> See Volume I of the Petitions, at 2.

<sup>3</sup> See Country-specific letters to Petitioners from the Department concerning supplemental questions on each of the country-specific records (March 31, 2017); and Memorandum to the File “Phone Call with Counsel to Petitioners” (April 10, 2017).

<sup>4</sup> See Country-specific amendments to the Petitions (first and second amendments for each country); see also Letter to the Secretary of Commerce from Petitioners “Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, the Republic of Turkey, Ukraine, the United Arab Emirates, and United Kingdom – Petitioners’ Amendment to Volume I Relating to General Issues” April 4, 2017 (General Issues Supplement).

<sup>5</sup> See Country-specific amendments to the Petitions from the petitioners, “Re: Carbon and Certain Alloy Steel Wire Rod from the Republic of Korea, the Russian Federation, South Africa, and Ukraine - Existence of Below-Cost Sales” (April 5, 2017).

The Department finds that the petitioners filed these Petitions on behalf of the domestic industry because the petitioners are interested parties as defined in section 771(9)(C) of the Act. The Department also finds that the petitioners demonstrated sufficient industry support with respect to the initiation of the AD investigations that the petitioners are requesting.<sup>6</sup>

#### Periods of Investigation

Because the Petitions were filed on March 28, 2017, the period of investigation (POI) for all investigations except Belarus is January 1, 2016, through December 31, 2016. Because Belarus is a non-market economy country, the POI for that investigation is July 1, 2016, through December 31, 2016.

#### Scope of the Investigations

The product covered by these investigations is wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom. For a full description of the scope of these investigations, *see* the “Scope of the Investigations,” in Appendix I of this notice.

#### Comments on Scope of the Investigations

During our review of the Petitions, the Department issued questions to, and received responses from, the petitioners pertaining to the proposed scope to ensure that the scope language in the Petitions would be an accurate reflection of the products for which the domestic industry is seeking relief.<sup>7</sup>

As discussed in the preamble to the Department’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (scope).<sup>8</sup> The Department will consider all comments received from parties and, if necessary, will consult with parties prior

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<sup>6</sup> See the “Determination of Industry Support for the Petitions” section below.

<sup>7</sup> See General Issues Supplement, at 1-4 and Exhibits I-SUPP-2 and I-SUPP-3.

<sup>8</sup> See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997).

to the issuance of the preliminary determination. If scope comments include factual information (see 19 CFR 351.102(b)(21)), all such factual information should be limited to public information. In order to facilitate preparation of its questionnaires, the Department requests all interested parties to submit such comments by 5:00 p.m. Eastern Time (ET) on Monday, May 8, 2017, which is the next business day after 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on Thursday, May 18, 2017, which is 10 calendar days from the deadline for initial comments.<sup>9</sup>

The Department requests that any factual information the parties consider relevant to the scope of the investigations be submitted during this time period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigations may be relevant, the party may contact the Department and request permission to submit the additional information. All such comments must be filed on the records of each of the concurrent AD and CVD investigations.

#### Filing Requirements

All submissions to the Department must be filed electronically using Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS).<sup>10</sup> An electronically-filed document must be received successfully in its entirety by the time and date when it is due. Documents excepted from the electronic submission requirements must be filed manually (*i.e.*, in paper form) with Enforcement and Compliance's APO/Dockets Unit, Room 18022, U.S. Department of Commerce, 1401 Constitution Avenue,

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<sup>9</sup> See 19 CFR 351.303(b).

<sup>10</sup> See *Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures*, 76 FR 39263 (July 6, 2011); see also *Enforcement and Compliance; Change of Electronic Filing System Name*, 79 FR 69046 (November 20, 2014) for details of the Department's electronic filing requirements, which went into effect on August 5, 2011. Information on help using ACCESS can be found at <https://access.trade.gov/help.aspx> and a handbook can be found at <https://access.trade.gov/help/Handbook%20on%20Electronic%20Filing%20Procedures.pdf>.

NW, Washington, DC 20230, and stamped with the date and time of receipt by the applicable deadlines.

#### Comments on Product Characteristics for AD Questionnaires

The Department will provide interested parties an opportunity to provide comments on the appropriate physical characteristics of wire rod to be reported in response to the Department's AD questionnaires. This information will be used to identify the key physical characteristics of the merchandise under consideration in order to report the relevant factors and costs of production accurately as well as to develop appropriate product-comparison criteria.

Subsequent to the publication of this notice, the Department will be releasing a proposed list of physical characteristics and product-comparison criteria, and interested parties will have the opportunity to provide any information or comments that they feel are relevant to the development of an accurate list of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as: 1) general product characteristics; and 2) product-comparison criteria. We note that it is not always appropriate to use all product characteristics as product-comparison criteria. We base product-comparison criteria on meaningful commercial differences among products. In other words, although there may be some physical product characteristics used by manufacturers to describe wire rod, it may be that only a select few product characteristics take into account commercially-meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in matching products. Generally, the Department attempts to list the most important physical characteristics first and the least important characteristics last.

The Department intends to establish a deadline for relevant comments and submissions at the time it releases the proposed list of physical characteristics and product-comparison criteria. All comments and submissions to the Department must be filed electronically using ACCESS, as explained above, on the records of the Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom less-than-fair-value investigations.

#### Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC

must apply the same statutory definition regarding the domestic like product,<sup>11</sup> they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.<sup>12</sup>

Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the Petitions).

With regard to the domestic like product, the petitioners do not offer a definition of the domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that wire rod, as defined in the scope, constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product.<sup>13</sup>

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<sup>11</sup> See section 771(10) of the Act.

<sup>12</sup> See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001) (citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989)).

<sup>13</sup> For the petitioners' submission regarding industry support, see Analysis of Industry Support for the Antidumping and Countervailing Duty Petitions Covering Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and United Kingdom, (Attachment II); For a discussion of the domestic like product analysis as applied to these cases, see Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Belarus (Belarus AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Italy (Italy AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Korea (Korea AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Russia (Russia AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from South Africa (South Africa AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Spain (Spain AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Turkey (Turkey AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from Ukraine (Ukraine AD Initiation Checklist), at Attachment II; Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from UAE (UAE AD Initiation Checklist), at

In determining whether the petitioners have standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petitions with reference to the domestic like product as defined in the “Scope of the Investigations,” in Appendix I of this notice. The petitioners provided 2016 production of the domestic like product for all supporters of the Petitions, and compared this to the total production of the domestic like product for the entire domestic industry.<sup>14</sup> We relied on data the petitioners provided for purposes of measuring industry support.<sup>15</sup>

Our review of the data provided in the Petitions, General Issues Supplement, and other information readily available to the Department indicates that the petitioners have established industry support for the Petitions.<sup>16</sup> First, the Petitions established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling).<sup>17</sup> Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petitions account for at least 25 percent of

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Attachment II; and Antidumping Duty Investigation Initiation Checklist: Carbon and Alloy Steel Wire Rod from United Kingdom (United Kingdom AD Initiation Checklist), at Attachment II. These checklists are dated concurrently with this notice and on file electronically via ACCESS. Access to documents filed via ACCESS is also available in the Central Records Unit, Room B8024 of the main Department of Commerce building.

<sup>14</sup> See Volume I of the Petitions, at 3 and Exhibit I-3; *see also* General Issues Supplement, at 4-5 and Exhibits I-SUPP-4 and I-SUPP-5.

<sup>15</sup> *Id.* For further discussion, *see* Belarus AD Initiation Checklist, Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Turkey AD Initiation Checklist, Ukraine AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist, at Attachment II.

<sup>16</sup> *See* Belarus AD Initiation Checklist, Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Turkey AD Initiation Checklist, Ukraine AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist, at Attachment II.

<sup>17</sup> *See* section 732(c)(4)(D) of the Act; *see also* Belarus AD Initiation Checklist, Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Turkey AD Initiation Checklist, Ukraine AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist, at Attachment II.

the total production of the domestic like product.<sup>18</sup> Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petitions account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petitions.<sup>19</sup> Accordingly, the Department determines that the Petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

The Department finds that the petitioners filed the Petitions on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the AD investigations that they are requesting that the Department initiate.<sup>20</sup>

#### Allegations and Evidence of Material Injury and Causation

The petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than NV. In addition, with regard to Korea, Russia, Spain, Turkey, and Ukraine, the petitioners allege that subject imports exceed the three percent negligibility threshold provided for under section 771(24)(A) of the Act.<sup>21</sup>

With regard to Belarus, Italy, South Africa, the UAE, and the United Kingdom, while the allegedly dumped imports from each of these countries do not individually exceed the statutory requirements for negligibility, the petitioners provide data demonstrating that the aggregate

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<sup>18</sup> See Belarus AD Initiation Checklist, Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Turkey AD Initiation Checklist, Ukraine AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist, at Attachment II.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> See Volume I of the Petitions, at 16-17 and Exhibit I-13.

import share from these five countries is 10.15 percent, which exceeds the seven percent threshold established by the exception in section 771(24)(A)(ii) of the Act.<sup>22</sup> Therefore, the subject imports from these countries are not negligible for purposes of the material injury analysis in these Petitions.<sup>23</sup>

The petitioners contend that the industry's injured condition is illustrated by reduced market share; underselling and price suppression or depression; declines in production capacity, net sales, and U.S. producers' average U.S. shipments unit value; negative impacts on domestic industry employment, including declines in wages paid to production-related workers; declines in financial performance; and lost sales and revenues.<sup>24</sup> We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.<sup>25</sup>

#### Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate AD investigations of imports of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the

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<sup>22</sup> Section 771(24)(A)(ii) of the Act states “{i}mports that would otherwise be negligible under clause (i) shall not be negligible if the aggregate volume of imports of the merchandise from all countries described in clause (i) with respect to which investigations were initiated on the same day exceeds 7 percent of the volume of all such merchandise imported in to the United States during the applicable 12-month period.”

<sup>23</sup> See Volume I of the Petitions, at 17-18 and Exhibit I-13.

<sup>24</sup> *Id.*, at 10-12, 23-37, and Exhibits I-8, I-10 – I-12, and I-14 – I-15.

<sup>25</sup> See Belarus AD Initiation Checklist, at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Carbon and Alloy Steel Wire Rod from Belarus, Italy, the Republic of Korea, the Russian Federation, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and United Kingdom (Attachment III); see also Italy AD Initiation Checklist, at Attachment III; Korea AD Initiation Checklist, at Attachment III; Russia AD Initiation Checklist, at Attachment III; South Africa AD Initiation Checklist, at Attachment III; Spain AD Initiation Checklist, at Attachment III; Turkey AD Initiation Checklist, at Attachment III; Ukraine AD Initiation Checklist, at Attachment III; UAE AD Initiation Checklist, at Attachment III; and United Kingdom AD Initiation Checklist, at Attachment III.

United Kingdom. The sources of data for the deductions and adjustments relating to U.S. price and NV are discussed in greater detail in the country-specific initiation checklists.

### Export Price

For Turkey, the petitioners based U.S. price on EP using price quotes for sales of wire rod produced in, and exported from, the subject county and offered for sale in the United States.<sup>26</sup> For Belarus, Italy, Korea, Russia, South Africa, Spain, the UAE, and Ukraine, the petitioners based EP on average unit values (AUVs) of publicly available import data.<sup>27</sup> Where applicable, the petitioners made deductions from U.S. price for movement expenses and trading company/importer mark-ups, consistent with the terms of sale.<sup>28</sup>

### Constructed Export Price

For Belarus, Russia and Ukraine, because the petitioners had reason to believe the sale was made through a U.S. affiliate, the petitioners based CEP on a price quote/offer for sale of wire rod produced in, and exported from, those countries.<sup>29</sup> For the United Kingdom, because the petitioners had reason to believe the first transaction relating to the entry of goods into the United States was to a U.S. affiliate, the petitioners based CEP on AUVs of publicly available import data.<sup>30</sup> The petitioners made deductions from U.S. price for movement expenses consistent with the delivery terms.<sup>31</sup> Where applicable, the petitioners also deducted from U.S. price trading company/importer mark-ups.<sup>32</sup>

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<sup>26</sup> See Turkey AD Initiation Checklist.

<sup>27</sup> See Belarus AD Initiation Checklist, Italy AD Initiation Checklist, Korea AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist; Russia AD Initiation Checklist, UAE AD Initiation Checklist, and Ukraine AD Initiation Checklist.

<sup>28</sup> See Spain AD Initiation Checklist, Italy AD Initiation Checklist, Turkey AD Initiation Checklist, Ukraine AD Initiation Checklist, South Africa AD Initiation Checklist, Korea AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist.

<sup>29</sup> See Belarus AD Initiation Checklist, Russia AD Initiation Checklist, and Ukraine AD Initiation Checklist.

<sup>30</sup> See United Kingdom AD Initiation Checklist.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

## Normal Value

For Korea, Russia, South Africa, Turkey, and Ukraine, the petitioners provided home market price information obtained through market research for wire rod produced in, and offered for sale in, each of these countries.<sup>33</sup> For all five of these countries, the petitioners provided a declaration from a market researcher for the price information.<sup>34</sup> Where applicable, the petitioners made deductions for movement expenses, taxes, and imputed credit expenses, consistent with the terms of sale.<sup>35</sup>

For Korea, Russia, South Africa, and Ukraine, the petitioners also provided information that sales of wire rod in the respective home markets were made at prices below the cost of production (COP) and also calculated NV based on CV.<sup>36</sup> For Italy, Spain, the UAE, and the United Kingdom, the petitioners were unable to obtain home market price quotes for wire rod and calculated NV based on CV.<sup>37</sup> For further discussion of COP and NV based on CV, *see* below.<sup>38</sup>

With respect to Belarus, the petitioners stated that the Department has found Belarus to be a non-market economy (NME) country in prior administrative proceedings in which Belarus has been involved.<sup>39</sup> In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status

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<sup>33</sup> See Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Turkey AD Initiation Checklist, and Ukraine AD Initiation Checklist.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> See Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, and Ukraine AD Initiation Checklist.

<sup>37</sup> See Italy AD Initiation Checklist, Spain AD Initiation Checklist, UAE AD Initiation Checklist; and United Kingdom AD Initiation Checklist.

<sup>38</sup> In accordance with section 505(a) of the Trade Preferences Extension Act of 2015, amending section 773(b)(2) of the Act, for all of the investigations, the Department will request information necessary to calculate the CV and COP to determine whether there are reasonable grounds to believe or suspect that sales of the foreign like product have been made at prices that represent less than the COP of the product. The Department no longer requires a COP allegation to conduct this analysis.

<sup>39</sup> See Volume II of the Petitions, at 4-5.

for Belarus has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product for Belarus is appropriately based on factors of production (FOPs) valued in a surrogate market economy country, in accordance with section 773(c) of the Act.<sup>40</sup> In the course of this investigation, all parties, and the public, will have the opportunity to provide relevant information related to the granting of separate rates to individual exporters.

The petitioners claim that South Africa is an appropriate surrogate country because it is a market economy that is at a level of economic development comparable to that of Belarus and it is a significant producer of the merchandise under consideration.<sup>41</sup>

Based on the information provided by the petitioners, we believe it is appropriate to use South Africa as a surrogate country for initiation purposes. Interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value FOPs no later than 30 days before the scheduled date of the preliminary determination.

#### Factors of Production

Because information regarding the volume of inputs consumed by Belarusian producers/exporters is not reasonably available, the petitioners relied on a surrogate company's actual consumption of direct materials, labor, energy, packing materials, and financial ratios from a South African producer as an estimate of Belarusian manufacturers' FOPs.<sup>42</sup> The

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<sup>40</sup> See Belarus AD Initiation Checklist.

<sup>41</sup> *Id.*; see also section 773(c) of the Act.

<sup>42</sup> See Volume II of the Petitions, at 5 and Exhibits AD-BY-3 and AD-BY-4; see also Amendment to Belarus Petition, dated April 4, 2017 (Belarus Amendment), at 1-3 and Exhibit AD-BY-SUPP-3; see also Belarus AD Initiation Checklist.

petitioners valued the estimated FOPs using surrogate values from South Africa,<sup>43</sup> and used the average POI exchange rate to convert the data to U.S. dollars.<sup>44</sup>

#### Normal Value Based on Constructed Value

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM), SG&A, financial expenses, and packing expenses. The petitioners calculated COM based on the experience of a surrogate producer, adjusted for known differences between the surrogate producer and the producer(s) of the respective country (*i.e.*, Italy, Korea, Russia, South Africa, Spain, Ukraine, the UAE, and the United Kingdom), during the proposed POI.<sup>45</sup> Using publicly available data to account for price differences, the petitioners multiplied the surrogate usage quantities by the submitted value of the inputs used to manufacture wire rod in each country.<sup>46</sup> For Italy, Korea, Russia, South Africa, Spain, Ukraine, the UAE, and the United Kingdom, labor and energy rates were derived from publicly available sources multiplied by the product-specific usage rates.<sup>47</sup> For Italy, Korea, Russia, South Africa, Spain, Ukraine, and the United Kingdom, to determine factory overhead, SG&A, and financial expense rates, the petitioners relied on financial statements of companies they asserted were producers of identical or comparable merchandise operating in the respective foreign country.<sup>48</sup> For the UAE, because the financial statements of companies that were producers of identical or comparable

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<sup>43</sup> See Volume II of the Petitions, at 5 and Exhibit AD-BY-4; *see also* Belarus Amendment, at 1-3 and Exhibit AD-BY-SUPP-4; and Second Amendment to Belarus Petition, dated April 7, 2017 (Belarus 2<sup>nd</sup> Amendment), at Exhibit AD-BY-SUPP2-4; *see also* Belarus AD Initiation Checklist.

<sup>44</sup> *Id.*, at 17 and Exhibit AD-CN-9.

<sup>45</sup> See Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Ukraine AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> See Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Ukraine AD Initiation Checklist, and United Kingdom AD Initiation Checklist.

merchandise operating in the respective foreign country were not available, the petitioners relied on the financial data from a U.S. producer.<sup>49</sup>

For Korea, Russia, South Africa, and Ukraine, because certain home market prices fell below COP, pursuant to sections 773(a)(4), 773(b), and 773(e) of the Act, as noted above, the petitioners calculated NVs based on CV for those countries.<sup>50</sup> For Italy, Spain, the UAE, and the United Kingdom, the petitioners indicated they were unable to obtain home market or third country prices; accordingly, the petitioners based NV only on CV for those countries.<sup>51</sup> Pursuant to section 773(e) of the Act, CV consists of the COM, SG&A, financial expenses, packing expenses, and profit. The petitioners calculated CV using the same average COM, SG&A, and financial expenses, to calculate COP.<sup>52</sup> The petitioners relied on the financial statements of the same producers that they used for calculating manufacturing overhead, SG&A, and financial expenses to calculate the profit rate.<sup>53</sup> For South Africa, Ukraine, and the United Kingdom, because the relevant financial statements indicated that the companies were operating at a loss, the petitioners did not include profit in CV.<sup>54</sup>

### Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value.

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<sup>49</sup> See UAE AD Initiation Checklist.

<sup>50</sup> See Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, and Ukraine AD Initiation Checklist.

<sup>51</sup> See Italy AD Initiation Checklist, Spain AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist.

<sup>52</sup> See Italy AD Initiation Checklist, Korea AD Initiation Checklist, Russia AD Initiation Checklist, South Africa AD Initiation Checklist, Spain AD Initiation Checklist, Ukraine AD Initiation Checklist, UAE AD Initiation Checklist, and United Kingdom AD Initiation Checklist.

<sup>53</sup> *Id.*

<sup>54</sup> See South Africa AD Initiation Checklist, Ukraine AD Initiation Checklist, and United Kingdom AD Initiation Checklist.

Based on comparisons of EP, or CEP, to NV in accordance with sections 772 and 773 of the Act, the estimated dumping margins for wire rod are as follows: 1) Belarus ranges from 161.75 to 280.02 percent;<sup>55</sup> 2) Italy is 18.89 percent;<sup>56</sup> 3) Korea ranges from 33.96 to 43.25 percent;<sup>57</sup> 4) Russia ranges from 214.06 to 756.93 percent;<sup>58</sup> 5) South Africa ranges from 128.66 to 142.26 percent;<sup>59</sup> 6) Spain is 32.70 percent;<sup>60</sup> 7) Turkey is 37.67 percent;<sup>61</sup> 8) Ukraine ranges from 21.23 to 44.03 percent;<sup>62</sup> 9) the UAE is 84.10 percent;<sup>63</sup> and 10) the United Kingdom is 147.63 percent.<sup>64</sup>

#### Initiation of Less-than-Fair-Value Investigations

Based upon the examination of the AD Petitions on wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom, we find that the Petitions meet the requirements of section 732 of the Act. Therefore, we are initiating AD investigations to determine whether imports of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

On June 29, 2015, the Trade Preferences Extension Act of 2015 made numerous amendments to the AD and CVD law.<sup>65</sup> The 2015 law does not specify dates of application for

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<sup>55</sup> See Belarus AD Initiation Checklist.

<sup>56</sup> See Italy AD Initiation Checklist.

<sup>57</sup> See Korea AD Initiation Checklist.

<sup>58</sup> See Russia AD Initiation Checklist.

<sup>59</sup> See South Africa AD Initiation Checklist.

<sup>60</sup> See Spain AD Initiation Checklist.

<sup>61</sup> See Turkey AD Initiation Checklist.

<sup>62</sup> See Ukraine AD Initiation Checklist.

<sup>63</sup> See UAE AD Initiation Checklist.

<sup>64</sup> See United Kingdom AD Initiation Checklist.

<sup>65</sup> See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (2015).

those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained in section 771(7) of the Act, which relate to determinations of material injury by the ITC.<sup>66</sup> The amendments to sections 771(15), 773, 776, and 782 of the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to these investigations.<sup>67</sup>

### Respondent Selection

The petitioners named a single company in Belarus,<sup>68</sup> 12 companies in Italy,<sup>69</sup> 16 companies in Korea,<sup>70</sup> 21 companies in Russia,<sup>71</sup> nine companies in Spain,<sup>72</sup> three companies in South Africa,<sup>73</sup> 22 companies in Turkey,<sup>74</sup> four companies in Ukraine,<sup>75</sup> three companies in the UAE,<sup>76</sup> and six companies in the United Kingdom,<sup>77</sup> as producers/exporters of wire rod. Following standard practice in AD investigations involving market economy countries, in the event the Department determines that the number of companies is large and it cannot individually examine each company based upon the Department's resources, where appropriate, the Department intends to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports under the appropriate Harmonized Tariff Schedule of the United States numbers listed with the scope in Appendix I, below. We also intend to release the CBP

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<sup>66</sup> See *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015).

<sup>67</sup> *Id.* at 46794-95. The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>.

<sup>68</sup> See Volume I at Exhibit I-7; and Belarus AD Initiation Checklist.

<sup>69</sup> *Id.*; and Italy AD Initiation Checklist.

<sup>70</sup> *Id.*, and Korea AD Initiation Checklist.

<sup>71</sup> *Id.*; and Russia AD Initiation Checklist.

<sup>72</sup> *Id.*; and Spain AD Initiation Checklist.

<sup>73</sup> *Id.*; and South Africa AD Initiation Checklist.

<sup>74</sup> *Id.*; and Turkey AD Initiation Checklist.

<sup>75</sup> *Id.*; and Ukraine AD Initiation Checklist.

<sup>76</sup> *Id.*; and UAE AD Initiation Checklist.

<sup>77</sup> *Id.*; and United Kingdom AD Initiation Checklist.

data under Administrative Protective Order (APO) to all parties with access to information protected by APO on the record within five business days of announcement of the initiation of these investigations. Comments regarding the CBP data and respondent selection should be submitted seven calendar days after the placement of the CBP data on the record of these investigations. Parties wishing to submit rebuttal comments should submit those comments five calendar days after the deadline for the initial comments.

The petitioners identified only one company as a producer/exporter of wire rod in Belarus: Byelorussian Steel Works.<sup>78</sup> We currently know of no additional producers/exporters of merchandise under consideration from Belarus and the petitioners provided information from an independent third-party source as support.<sup>79</sup> Accordingly, the Department intends to examine all known producers/exporters in the investigation for Belarus (*i.e.*, the company cited above for this investigation).

In addition, with respect to the Belarus, although we intend to select the company identified in the petition as a mandatory respondent, in accordance with our standard practice for respondent selection in cases involving NME countries, other exporters/producers of wire rod from Belarus may submit a response to the Department's quantity and value (Q&V) questionnaires for consideration of respondent selection. Exporters/producers of wire rod from Belarus can obtain a copy of the Q&V questionnaire along with filing instructions on the Enforcement and Compliance website at <http://www.trade.gov/enforcement/news.asp>. The Q&V response must be submitted by all Belarusian exporters/producers no later than May 1, 2017. All Q&V responses must be filed electronically via ACCESS.

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<sup>78</sup> See Belarus AD Initiation Checklist.

<sup>79</sup> See Volume I of the Petitions at 9 and Exhibits I-7 and I-15.

Comments for the above-referenced investigations must be filed electronically using ACCESS. An electronically-filed document must be received successfully in its entirety by the Department's electronic records system, ACCESS, by 5:00 p.m. ET by the dates noted above. We intend to make our decision regarding respondent selection within 20 days of publication of this notice.

### Separate Rates

In order to obtain separate-rate status in an NME investigation, exporters and producers must submit a separate-rate application.<sup>80</sup> The specific requirements for submitting a separate-rate application in the Belarus investigation are outlined in detail in the application itself, which is available on the Department's website at <http://enforcement.trade.gov/nme/nme-sep-rate.html>. The separate-rate application will be due 30 days after publication of this initiation notice.<sup>81</sup> Exporters and producers who submit a separate-rate application and are selected as mandatory respondents will be eligible for consideration for separate-rate status only if they respond to all parts of the Department's AD questionnaire as mandatory respondents. The Department requires that respondents from Belarus submit a response to both the Q&V questionnaire and the separate-rate application by their respective deadlines in order to receive consideration for separate-rate status.

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<sup>80</sup> See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigation involving Non-Market Economy Countries (April 5, 2005), available at <http://enforcement.trade.gov/policy/bull05-1.pdf> (Policy Bulletin 05.1).

<sup>81</sup> Although in past investigations this deadline was 60 days, consistent with 19 CFR 351.301(a), which states that "the Secretary may request any person to submit factual information at any time during a proceeding," this deadline is now 30 days.

### Use of Combination Rates

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in an NME investigation. The Separate Rates and Combination Rates Bulletin states:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME Investigation will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of “combination rates” because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.<sup>82</sup>

### Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public version of the Petitions have been provided to the governments of Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and the United Kingdom via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the Petitions to each exporter named in the Petitions, as provided under 19 CFR 351.203(c)(2).

### ITC Notification

We will notify the ITC of our initiation, as required by section 732(d) of the Act.

### Preliminary Determinations by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petitions were filed, whether there is a reasonable indication that imports of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the UAE, and/or the United Kingdom are

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<sup>82</sup> See Policy Bulletin 05.1 at 6 (emphasis added).

materially injuring or threatening material injury to a U.S. industry.<sup>83</sup> A negative ITC determination for any country will result in the investigation being terminated with respect to that country;<sup>84</sup> otherwise, these investigations will proceed according to statutory and regulatory time limits.

### Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by the Department; and (v) evidence other than factual information described in (i)–(iv). Any party, when submitting factual information, must specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted<sup>85</sup> and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.<sup>86</sup> Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Please review the regulations prior to submitting factual information in these investigations.

### Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351, or as otherwise specified by the Secretary. In general, an

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<sup>83</sup> See section 733(a) of the Act.

<sup>84</sup> *Id.*

<sup>85</sup> See 19 CFR 351.301(b).

<sup>86</sup> See 19 CFR 351.301(b)(2).

extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, we will inform parties in the letter or memorandum setting forth the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Review *Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013), available at <http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm>, prior to submitting factual information in these investigations.

#### Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information.<sup>87</sup> Parties are hereby reminded that revised certification requirements are in effect for company/government officials, as well as their representatives. Investigations initiated on the basis of petitions filed on or after August 16, 2013, and other segments of any AD or CVD proceedings initiated on or after August 16, 2013, should use the formats for the revised certifications provided at the end of the *Final Rule*.<sup>88</sup> The Department intends to reject factual submissions if the submitting party does not comply with applicable revised certification requirements.

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<sup>87</sup> See section 782(b) of the Act.

<sup>88</sup> See *Certification of Factual Information to Import Administration during Antidumping and Countervailing Duty Proceedings*, 78 FR 42678 (July 17, 2013) (*Final Rule*); see also frequently asked questions regarding the *Final Rule*, available at [http://enforcement.trade.gov/tlei/notices/factual\\_info\\_final\\_rule\\_FAQ\\_07172013.pdf](http://enforcement.trade.gov/tlei/notices/factual_info_final_rule_FAQ_07172013.pdf).

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures*, 73 FR 3634 (January 22, 2008). Parties wishing to participate in these investigations should ensure that they meet the requirements of these procedures (*e.g.*, the filing of letters of appearance as discussed in 19 CFR 351.103(d)).

This notice is issued and published pursuant to section 777(i) of the Act, and 19 CFR 351.203(c).

Ronald K. Lorentzen  
Acting Assistant Secretary  
for Enforcement and Compliance

Dated: April 17, 2017

## **Appendix I**

### **Scope of the Investigations**

The merchandise covered by these investigations are certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, less than 19.00 mm in actual solid cross-sectional diameter. Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high-nickel steel; (d) ball bearing steel; or (e) concrete reinforcing bars and rods. Also excluded are free cutting steel (also known as free machining steel) products (*i.e.*, products that contain by weight one or more of the following elements: 0.1 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorous, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium). All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.

The products under investigation are currently classifiable under subheadings 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3093; 7213.91.4500, 7213.91.6000, 7213.99.0030, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6030, and 7227.90.6035 of the HTSUS. Products entered under subheadings 7213.99.0090 and 7227.90.6090 of the HTSUS also may be included in this scope if they meet the physical description of subject merchandise above. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.

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