

DOF: 07/28/2016

RESOLUTION Final anti-dumping investigation on imports of steel wire rod originating in the People's Republic of China, regardless of the country of origin.

In the margin a stamp with the National Shield, which reads: United Mexican States.- Ministry of Economy.

FINAL RESOLUTION OF THE ANTI-DUMPING INVESTIGATION ON IMPORTS OF STEEL WIRE ORIGINATING FROM THE PEOPLE'S REPUBLIC OF CHINA, REGARDLESS OF THE COUNTRY OF ORIGIN

Seen to resolve in the final stage the administrative file 15/15, based in the Unit of International Commercial Practices (UPCI) of the Ministry of Economy (the "Secretariat"), this Resolution is issued in accordance with the following

RESULTS

On request

1. On July 7, 2015, ArcelorMittal Las Truchas, SA de CV, Deacero, SAPI de CV and Ternium México, SA de CV ("ArcelorMittal", "Deacero" and "Ternium", respectively, or the "Applicants" together), requested the initiation of the administrative investigation for unfair international trade practices, in its modality of price discrimination, on imports of steel wire rod, including permanent and temporary imports , as well as those that enter under the Eighth Rule of the complementary ones ("Eighth Rule") for the application of the Tariff of the General Import and Export Tax Law (TIGIE), originating in the People's Republic of China ("China"), regardless of the country of origin.

B. Initiation of the investigation

2. On September 2, 2015, the Resolution to initiate the antidumping investigation (the "Initiation Resolution") was published in the Official Gazette of the Federation (DOF). The period of investigation was set from April 1, 2014 to March 31, 2015, and the period for the analysis of damage was from April 1, 2012 to March 31, 2015.

C. Product under investigation

1. General description

3. The product under investigation is carbon steel and alloy steel wire rod, of circular or oval section . Technically or commercially it is known as wire rod and in the international market as "wire rod" or "steel wire rod".

2. Tariff treatment

4. Carbon steel and alloy steel wire rod is entered through tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90. 01 and 7227.90.99 of the TIGIE, whose description is the following:

Tariff description	
Tariff coding	Description
Chapter 72	Cast iron, iron and steel.
Game 7213	Wire of iron or non-alloy steel.
Subheading 7213.10	-With notches, cords, grooves or reliefs, produced in the laminate.
Fraction 7213.10.01	With notches, cords, grooves or reliefs, produced in the laminate.
Subheading 7213.20	-The others, made of easily machined steel.
Fraction 7213.20.01	The others, made of easily machined steel.
Subheading 7213.91	- Circular section with a diameter of less than 14 mm.
Fraction 7213.91.01	With a carbon content of less than 0.4% by weight.
Fraction 7213.91.02	With a carbon content equal to or greater than 0.4% by weight.
Subheading 7213.99	--Others.

Fraction 7213.99.01	Steel wire rod with a maximum carbon content of 0.13%, 0.1% maximum silicon, and a minimum aluminum content of 0.02%, by weight.
Fraction 7213.99.99	Others
Game 7227	Wire of other alloy steels.
Subheading 7227.10	-Fast steel.
Fraction 7227.10.01	High speed steel.
Subheading 7227.20	-In silico-manganese steel.
Fraction 7227.20.01	Made of silico-manganese steel.
Subheading 7227.90	-Others.
Fraction 7227.90.01	Tool grade steel.
Fraction 7227.90.99	Others.

Source: Tariff Information System Via Internet (SIAVI).

5. The product under investigation also enters under the Eighth Rule through Chapter 98 (Special Operations), mainly through tariff items 9802.00.01 (Electricity Industry), 9802.00.07 (Capital Goods Industry) , 9802.00.13 (Steel Industry), 9802.00.19 (Automotive and Auto Parts Industry) and 9802.00.23 (Steel Industry), of the TIGIE.

6. The unit of measure for commercial operations is the ton; according to the TIGIE it is the kilogram.

7. According to the SIAVI, imports that enter through tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE were duty free as of January 1, 2012, whatever their origin.

8. On December 5, 2013, the "Agreement that modifies the diverse one by which the Ministry of Economy issues general rules and criteria in Foreign Trade matters" was published in the DOF and is subject to the presentation of an automatic notice before the Secretariat the goods included in the tariff sections 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01 and 7213.99.99 of the TIGIE, for purposes of commercial statistical monitoring when they are destined to the customs regime final importation.

9. On October 7, 2015, the "Decree amending the Tariff of the General Import and Export Tax Law and the Decree establishing various sectoral promotion programs" was published in the DOF , in which it was pointed out that imports that enter through the tariff fractions indicated in point 4 of this Resolution, are subject to a 15% tariff from October 8, 2015 to April 4, 2016. However, Through publication in the DOF of April 4, 2016, it was determined to keep said tariff in force until October 1, 2016.

3. Physical characteristics and chemical composition

10. The wire rod is made of carbon steel and alloy steel, circular or oval in section. According to the ASTM A510 and ASTM A752M standards of the American Society for Testing and Materials ("ASTM"), the chemical composition of carbon steel is primarily iron ore, carbon and other elements such as manganese, silicon, sulfur, and phosphorus; in the case of alloyed steels, these also include aluminum, copper, chromium, molybdenum, nickel, lead, tungsten and vanadium. According to the catalogs of the Chinese steel rod producing companies , they manufacture the steel rod in diameters from 5.5 to 14 millimeters (mm). Without However, the information on the list of import operations of the Mexican Commercial Information System (SIC-M), corresponding to tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE, indicates that steel wire rod with a diameter of up to 18 mm was imported from China.

4. Technical standards

11. The steel wire rod is mainly produced according to the specifications of the ASTM standards. In particular, the Applicants indicated that the product under investigation is produced mainly under the specifications of the ASTM A510 and ASTM A752M standards.

12. They supported their affirmation with information from the catalogs of the companies that produce steel wire rod in China, indicated in point 14 of the Initiation Resolution and 13 of the Preliminary Resolution. According to this information, these companies manufacture steel wire rod mainly under the specifications of the ASTM A510, ASTM A615 and Society of Automotive Engineers ("SAE") standards with various grades. steel, for example 1006, 1008, 1010, 1012, 1015 and 1018. Other companies, for example Tianjin OIE Haihang Imp & Exp. , employ the Japan Industrial Standards ("JIS"), for For example, the JIS G3505.

13. In this regard, according to the description of the product in the electronic list of import operations of the SIC-M for tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE, the Secretariat observed that during the period analyzed there were imports of steel wire rod originating in China, which comply with the standards SAE 1006 B, SAE 1008 B, SAE 1010 B, SAE 1015 B, SAE 1018 B and SAE 1022 B.

5. Production process

14. The main inputs to make steel wire rod are scrap, iron ore, coal, metal alloys, electric power and natural gas. According to the Applicants, the wire rod production process is practically the same in the international market (including China), since the only difference is the way of obtaining the steel: fundamentally by means of Blast Furnace ("BF", for the acronym in Blast Furnace) or Electric Arc Furnace ("EAF").

15. In this regard, the 2014 publication of "The World Steel Association" (WSA) indicates that the obtaining of steel in the world was carried out mainly through the processes indicated by the Requesters. In fact, the information in this publication notes that world production of this material by type of furnace, was distributed as follows in 2013: 71.2% in BF, 28.2% in EAF and only 0.6% in Hornos de Hogar Abierto.

16. The Applicants provided information from the Internet pages of the Chinese companies Anshan Iron and Steel Group Corporation and Sinosteel Equipment & Engineering Co., Ltd., in which it is indicated that they use the BF and EAF process, respectively, to obtain steel, which supports that in China this input is produced through these processes.

17. The steel rod production process in China is carried out through the stages of extraction and obtaining of main raw materials such as iron ore, scrap and carbon, production of liquid steel in BF and / or EAF furnaces, secondary metallurgy, casting continuous and rolling to obtain the steel wire rod.

6. Uses and functions

18. The steel wire rod is used mainly as an input for the manufacture of wire and products derived from it (by drawing process), such as: meshes, prefabricated castles, cables, springs, nails, screws, as well as for fasteners, among others. It is also used in the construction industry, primarily as reinforcement for tie-downs, grating, and ornaments. The catalogs of the Chinese producing companies Tianjin Juncheng Yahe International Trade Co., Ltd., Tianjin Shengjintai Steel & Iron Co., Ltd., Tangshan Henglong Trading Co., Ltd. and Shagang Group record these uses and applications of steel wire rod.

D. Call and notifications

19. Through the Initiation Resolution, the Secretariat summoned the importers and exporters of the product under investigation and any person who considered to have a legal interest in the result of this investigation, to appear to present the arguments and evidence they deem pertinent.

20. The Secretariat notified the initiation of the anti-dumping investigation to the Applicant, importers and exporters of which it was aware, and to the government of China. With the notification, they were sent the public version, the response to the prevention and their respective annexes, as well as the official investigation forms, in order to formulate their defense.

E. Appearing interested parties

21. The interested parties who appeared in due time and form in this proceeding are the following:

1. National production companies

ArcelorMittal Las Truchas, SA de CV
Deacero, SAPI de CV
Ternium México, SA de CV
Guillermo González Camarena No. 1200, 4th floor
Col. Santa Fe Peña Blanca
CP 01210, Mexico City

2. Importers

Aceros Titán, SA de CV
Cenote Street No. 12
Col. Jardines del Pedregal de San Ángel
CP 04500, Mexico City
Grupo Acerero, SA de CV

Av. Sierra de Zimapán No. 4
Fontana Building, office 22
Col. Villas del Sol
CP 76046, Santiago de Querétaro, Querétaro

F. Preliminary Resolution

22. On December 22, 2015, the Secretariat published in the DOF the preliminary resolution of the antidumping investigation (the "Preliminary Resolution"). It was determined to continue with the investigation and impose a provisional countervailing duty of \$ 0.49 United States dollars (" dollars ") per kilogram, equivalent to the calculated price discrimination margin.

23. Through the publication referred to in the previous point, the Secretariat summoned the interested parties appearing to present the arguments and additional evidence they deem pertinent.

24. The Secretariat notified the Preliminary Resolution to the interested parties appearing and to the Government of China.

G. Technical information meetings

25. Within the period established in Article 84 of the Regulations of the Foreign Trade Law (RLCE), Ternium requested a technical information meeting in order to learn about the methodology that the Secretariat used to determine the Preliminary Resolution. The meeting was held on January 19, 2016. The Secretariat raised the report of the meeting, which is in the administrative file, in accordance with article 85 of the RLCE.

26. On January 18, 2016, ArcelorMittal refused to hold a technical information meeting, for having submitted its request in an untimely manner. The foregoing, by official letter UPCI.416.16.0131, which is considered to be reproduced as if it were inserted in this Resolution.

H. Additional arguments and evidence

1. National production companies

27. On February 3, 2016, ArcelorMittal, Deacero and Ternium stated:

Neither the importing companies, nor the government of China, refuted the arguments of the domestic industry, nor did they present information that could distort the information presented by the Requesters, as well as the information analyzed by the Secretariat to reach the conclusions on the existence of price discrimination and the injury caused to the domestic industry of the product under investigation.

The counterparts cannot refute the export potential, nor the freely available capacity of China on steel wire rod. The recent behavior of the Chinese economy leads to the conclusion that it will increase the export potential and encourage the search for new external markets that can absorb their surpluses, under conditions of unfair international trade practices , so that the Mexican market represents a real destination for said exports.

In February 2015, a volume of imports of Chinese origin of 45 thousand tons entered, an amount that had not been registered for imports from any other country. During the period analyzed, the average monthly volume of imports from other countries was less than five thousand tons.

There is a risk that the import volumes of the product originating in China will continue to rise, which would put the domestic industry at serious risk, given the conditions and the low levels at which the product usually enters the markets. international markets.

An alternative to measure the size of the market is through the sum of national domestic sales plus imports. Doing this exercise confirms a significant entry of Chinese product in the market, during the period analyzed, due to the following:

Chinese imports went from representing 2.5% in April 2012 to March 2013 to 9.1% in the period analyzed, that is, an increase of 7 percentage points, and

the domestic industry fell from 86% to 78% in the same period, a reduction of almost 10 percentage points attributable to the increasing income of imports subject to price discrimination .

Imports subject to price discrimination increased, from representing 1% in the period April 2012 to March 2013 to 5% in the period under investigation.

The Chinese steel rod producing industry faces various trade remedy measures in international markets; This situation will increase the need for Chinese exporters to seek alternative markets as a destination for their products, in a context of slowdown in domestic consumption of steel products, and a Mexican market open to international competition. Such as the following:

On October 14, 2015, the European Union imposed definitive anti-dumping duties in the order of 24% on imports of wire rod originating in China;

In September 2015, Colombia adopted a safeguard on imports of wire rod originating from member countries of the World Trade Organization (WTO) to impose provisional anti-dumping duties on imports of the same product originating in China, in a value corresponding to the difference between the free base price on board (" FOB " by the stands for free on board) of \$ 541.06 per ton and FOB price declared by the importer;

In August 2015, the Australian government launched an anti-dumping investigation on Chinese wire rod and in November 2015, a provisional quota for Chinese exporters of up to 18.4% was established. In July 2015, an anti-dumping investigation was initiated on the reinforcing bar exported from China and in December of the same year a preliminary dumping quota of up to 24% was established;

In January 2014, the United States initiated an anti-dumping investigation against steel wire rod from China, which ended in January 2015 and confirmed that carbon and certain alloy steel wire rod imported from China was being subsidized and sold at a lower price in the United States;

d. On October 16, 2015, the Chilean government imposed a 37.8% safeguard measure, aimed at wire rod of Chinese origin for up to 200 days, starting from October 6, 2015;

On September 3, 2015, the National Tariff Commission of Pakistan received an anti-dumping application, submitted by several national producing companies, and

On January 8, 2015, the Thai International Trade Department launched an investigation against carbon steel wire rod, low alloy carbon steel wire rod and carbon steel wire rod for cold coating and cold forging, originating in China.

Imports of wire rod from China enter with significant margins of price discrimination, at levels higher than those considered de minimis in current legislation. The volumes of imports from China are significant, and the merchandise registered an increase throughout the analyzed period, both in absolute terms, as in relation to the Apparent National Consumption (CNA) and with the internal consumption; also in relation to the total imported and in relation to the national production. The main economic indicators of the domestic industry reflect a significant deterioration in the time in which the increase of the Chinese product was registered under conditions of price discrimination.

The variables that are affected are the fall in domestic prices and a reduction in income from domestic sales, falls in production levels, production for sale, sales to the domestic market, loss of market share (both in the CNA as in internal consumption), and a decrease in the levels of use of installed capacity, employment, deterioration in operating profits and operating margins.

28. ArcelorMittal, Deacero and Ternium presented:

Customs Act 1901-Part XVB " ADN 2015/142, of November 27, 2015, which contains the Resolution issued by the Anti-dumping Commission of the Government of Australia, by which an investigation on wire rod exported from China is initiated and a provisional quota is established for said goods.

Anti-Dumping Notice No. 2015/151 of December 21, 2015, which contains the Resolution issued by the Anti-Dumping Commission of the Government of Australia establishing a preliminary quota for imports of reinforcing bar from China.

Official Journal of European Union " of October 14, 2015, issued by the European Commission, in which definitive countervailing duties were imposed on imports of wire rod from China.

Official Gazette of September 30, 2015, issued by the Ministry of Industry and Commerce of Colombia, in which a safeguard is adopted for imports of wire rod originating in China.

Federal Register / Vol. 80 of January 8, 2015, issued by the International Trade Commission, which initiates an anti-dumping investigation against imports of wire rod from China and confirms that carbon steel wire rod and of a certain alloy is being subsidized and sold at a lower price to the United States.

Notice of Initiation of anti-dumping investigation against Alleged Dumped imports of Wire Rod into Pakistan Originating in and / or Exported from the People ' s Republic of China " of October 19, 2015, issued by the National Tariff Commission Pakistan.

Notification of the Department of International Trade of Thailand, on the initiation of an anti-dumping investigation of steel wire rod originating in China, dated January 8, 2015.

The following items:

" US Weighing More Antidumping Cases, Mainly against Chinese Steel ", obtained from the website of " The Wall Street Journal ", through which the United States Secretary of Commerce explains that in the last 15 years there have been more cases of dumping and most of them are related to the steel cases in China;

" CAP welcomes Chile ' s safeguarding duty on wire rod imports " of October 7, 2015, obtained from the Steel First of the Metal Bulletin, where it is published that the Chilean government imposed a safeguard on steel wire rod of Chinese origin;

" National Tariff Commission initiates antidumping investigation against Chinese wire rod imports " of October 19, 2015, obtained from the Middle East Steel News website, in which it is published that the National Tariff Commission of Pakistan launches an anti-dumping investigation against imports of wire rod originating in China;

" China 2015, by the numbers " , of January 19, 2016, obtained from the website of the Latin American Steel Association, and

d. " China ' s Slowdown Continues " of January 20, 2016, obtained from the International Strategic Analysis website.

2. Importers

29. On February 4, 2016 Aceros Titán, SA de CV (" Aceros Titán ") stated:

As there were no imports during the investigated period through tariff items 7213.10.01, 7213.20.01, 7213.99.01, 7213.99.99, 7227.10.01 and 7227.90.01, as well as 9802.00.01, 9802.00.07 , 9802.00.19 and 9802.00.23 of the TIGIE, the Secretariat must exclude said fractions from this investigation. The above, due to the following:

Article 2.1 of the Agreement on the Application of Article VI of the General Agreement on Tariffs and Trade of 1994 (the "Anti-Dumping Agreement"), states that a product may be dumped when it enters the market of another country to a price lower than its normal value. Consequently, since there were no imports of Chinese- origin steel wire rod during the period investigated through the aforementioned fractions, they could not have been dumped, neither of the alleged injury to the domestic industry, nor of the causal relationship between both elements;

In accordance with article 28 of the Foreign Trade Law (LCE), since imports have not been made through the aforementioned fractions, there can be no analysis as to whether they were carried out under dumping conditions, and even less if they caused injury to a domestic industry;

Despite the fact that no imports have materialized through said tariff items, the Secretariat imposed a provisional countervailing duty, which is contrary to law since Article 7.1 of the Anti-Dumping Agreement states that " provisional measures may only be applied if it has been reached an affirmative preliminary determination of the existence of dumping and consequent injury to a domestic industry, " and

likewise, the Preliminary Resolution cannot impose a provisional countervailing duty on imports that may eventually enter under said fractions.

B. The provisional countervailing duty must be abolished because of the following:

From the analysis carried out by the Secretariat in points 117 and 118 of the Preliminary Resolution, it appears that there is no damage to the national production of steel wire rod and, in any case, there is no causality, since the impact that would be registered is explained by the decrease in exports;

Regarding production, this indicator registered a marginal decrease of 1% in the analyzed period , at the end of said period it evolved positively since it registered an increase of 3% in the investigated period, and

production directed to the domestic market remained on an upward trend, growing 10% in the investigated period and 4% in the analyzed period.

The entrance of the investigated imports is not damaging the behavior of the national production , the volume directed to the domestic market registered significant growth rates, similar to those registered by the CNA.

The Report of the Panel on the Mexico-Anti-Dumping Duties on Steel Pipes from Guatemala Case (WT / DS331 / R), dated April 17, 2007, concluded that an impartial and objective investigating authority should not attribute the alleged injury suffering branch of the domestic production to imports investigated, when objective evidence had to view exhibit that the damage was caused by a decline in exports.

An objective and comprehensive analysis that aims to demonstrate the existence of causality between the investigated imports and the alleged injury, must include a complete evaluation, in economic terms, on the non-attribution of injury to factors unrelated to imports originating in China. Therefore, Aceros Titán requests the Secretariat to quantify the negative effects caused by the drop in exports and not attribute them to the investigated imports.

In the event that the Secretariat determines the application of definitive quotas, based on Article 9.1 of the Anti-Dumping Agreement, it requests an analysis of the appropriateness of including the analysis relating to the establishment of definitive countervailing duties lower than the margin of price discrimination.

30. Grupo Acerero, SA de CV (" Grupo Acerero ") failed to present additional arguments and evidence.

I. Information requirements

1. Extension

31. On March 3, 2016, ArcelorMittal was granted an extension to present its response to the request for information made by the Secretariat on February 19, 2016. The deadline expired on March 11, 2016.

2. National production companies

32. On March 4, 2016 Deacero responded to the request for information that the Secretariat made on February 19, 2016, in order to provide, among other information, estimates regarding employment and wages for production destined for sales and for self-consumption, both for the period analyzed and for the period from April 2015-March 2016 and the following two comparable periods, it will explain the methodology for said estimates, clarify certain information on the self-consumption indicator and provide the value of the Merchandise destined for self-consumption for the period analyzed.

33. On March 11, 2016, ArcelorMittal responded to the request for information made by the Secretariat on February 19, 2016, in order to provide, among other information, estimates regarding employment and wages for production destined for sales and for self-consumption, both for the period analyzed and for the period from April 2015-March 2016 and the following two

comparable periods, explain the methodology for these estimates, the price used to calculate the value of the merchandise for self-consumption and clarify what are the administrative expenses derived from operations for self-consumption.

J. Other appearances

34. On February 18, 19 and 22, 2016, ArcelorMittal, Deacero and Ternium, requested that the brief presented by Aceros Titán on February 4, 2016 be rejected, since they considered that said information was not complementary.

K. Essential facts

35. On April 28, 2016, the Secretariat notified the interested parties appearing and the government of China of the essential facts of this investigation, which served as the basis for issuing this Resolution, in accordance with Article 6.9 of the Anti-Dumping Agreement.

36. On May 12 and 16, 2016, only the Requesters presented their statements regarding the essential facts.

L. Public hearing

37. On May 9, 2016, the public hearing in this proceeding was held. The Requesters and the importer Aceros Titán participated, who had the opportunity to present their arguments and reply those of their counterparts, as recorded in the minutes that were drawn up for that reason, which constitutes a public document of full evidentiary effectiveness, in accordance with the Article 46 section I of the Federal Law of Administrative Litigation Procedure (LFPCA).

38. On May 11, 2016, ArcelorMittal presented the answer to the question that was pending answer at the public hearing.

M. Arguments

39. On May 12 and 16, 2016, the Applicants and Aceros Titán presented their arguments, which were considered for issuing this Resolution.

N. Extension of the validity of the provisional countervailing duty

40. In accordance with Article 7.4 of the Anti-Dumping Agreement and since the Secretariat determined to evaluate the feasibility of applying countervailing duties lower than the margins of price discrimination determined, in an amount sufficient to eliminate the injury to the domestic production, The term of validity of the provisional compensatory quota was extended to six months, which expired on June 23, 2016.

O. Opinion of the Foreign Trade Commission

41. Based on articles 58 of the LCE and 15 section XI of the Internal Regulations of the Ministry of Economy (RISE), the draft of this Resolution was submitted to the opinion of the Foreign Trade Commission, which considered it in its session of June 30, 2016. The project received a favorable opinion by a majority.

CONSIDERING

A. Competition

42. The Secretariat is competent to issue this Resolution, in accordance with articles 16 and 34 sections V and XXXIII of the Organic Law of the Federal Public Administration; 1, 2 section B fraction V and 15 fraction I of the RISE; 9.1 and 12.2 of the Antidumping Agreement, 5 section VII and 59 section I of the LCE, and 80 and 83 section I of the RLCE.

B. Applicable law

43. For the purposes of this procedure, the Antidumping Agreement, the LCE, the RLCE, the Fiscal Code of the Federation, the LFPCA and the Federal Code of Civil Procedures are applicable, the latter three of which are supplementary.

C. Protection of confidential information

44. The Secretariat may not publicly reveal the confidential information that the interested parties presented to it, nor the confidential information that it collected, in accordance with Articles 6.5 of the Anti-Dumping Agreement, 80 of the LCE and 152 and 158 of the RLCE.

D. Right of defense and due process

45. The interested parties had ample opportunity to present all kinds of arguments, exceptions and defenses, as well as the evidence to support them, in accordance with the Anti-Dumping Agreement, the LCE and the RLCE. The Secretariat assessed them subject to the essential formalities of the administrative Procedure.

E. Response to certain arguments of the parties

1. Tariff items investigated

46. Aceros Titán requested to exclude tariff items 7213.10.01, 7213.20.01, 7213.99.01, 7213.99.99, 7227.10.01 and 7227.90.01 of the TIGIE, as well as items 9802.00.01, 9802.00.07, 9802.00.19 and 9802.00.23 of this investigation, since no imports were made through them during the investigated period.

47. For its part, Ternium pointed out that the importer's argument is invalid, since the countervailing duties are applied to the product under investigation, and not to the tariff items.

48. In this regard, the Secretariat considers the importer's request inadmissible, since in accordance with the provisions of Articles 2.1 of the Anti-Dumping Agreement, 3 section III, 20 and 28 of the LCE, as well as 2.5.1 and 2.5.2 of the Agreement by which the Ministry of Economy issues General Rules and Criteria in Foreign Trade Matters, published in the DOF on December 13, 2012, an anti-dumping investigation deals with the imported product and, where appropriate, the countervailing duties they are imposed on the merchandise, and not on the tariff items, so it is inconsequential whether or not imports were made for certain tariff items; notwithstanding the foregoing, it should be noted that except for three of the described tariff items, there were imports from origins other than the one investigated by said items during the period analyzed, referring to the product under investigation, so it is reiterated that it is not appropriate to exclude tariff items.

2. Complementary information

49. ArcelorMittal, Deacero and Ternium requested that the brief presented by Aceros Titán be discarded within the second period for offering evidence, since they considered that said information was not complementary.

50. In this regard, the Secretariat considered the Requesters' request inadmissible, since the arguments presented by Aceros Titán do constitute complementary information to that presented in the first period of offering evidence, since they are based on the conclusions of the Resolutions. Start and Preliminary.

F. Price discrimination analysis

1. Export price

51. The Applicants presented, through the National Chamber of the Iron and Steel Industry (CANACERO), the list of imports of steel wire rod originating in China, which entered through tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE, during the investigated period, according to the information provided by the SAT. The Secretariat observed that during the investigated period, no imports were

registered through tariff items 7213.10.01, 7213.20.01, 7213.99.01, 7213.99.99, 7227.10.01 and 7227.90.01 of the TIGIE.

52. The Requesters indicated that the product under investigation is also covered by the Eighth Rule, through tariff items 9802.00.01, 9802.00.07, 9802.00.13, 9802.00.19 and 9802.00.23 of the TIGIE. However, during the investigated period, only imports were registered under the tariff section 9802.00.13 of the TIGIE; additionally, they presented the list of imports that entered through these fractions.

53. To select the import operations concerning the product under investigation, they used the following criteria:

considered the total imports by tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE, since they correspond only to the product under investigation;

eliminated operations that by their nature refer to import procedures that would double the volume, as well as operations that do not correspond to direct inments to the country, according to the code of the pedimentos (A3, A4, AF, BH, F4, F5, K1 and V1);

selected the operations referring to steel wire rod, including those that entered through the tariff fractions of heading 9802 (Eighth Rule), considering the volumes and values calculated by CANACERO of the operations whose description corresponds to steel wire rod, and

they calculated the export price for each type of wire rod, in dollars per kilogram.

54. The Secretariat compared the list of imports presented by CANACERO with the figures reported in the SIC-M, without finding significant differences. The Secretariat determined to calculate the export price from the SIC-M statistics, by virtue of the fact that the operations contained in said database are obtained after validation of the customs requests that are given in a framework of information exchange between agents. and customs agents, on the one hand, and the customs authority on the other, which are reviewed by Banco de México and, therefore, are considered the best information available.

55. In the preliminary stage of the investigation, the importers Aceros Titán and Grupo Acerero presented their import operations originating in China, of the product under investigation, corresponding to the period under investigation. The Secretariat confirmed that these operations were included in the SIC-M database .

56. The Secretariat calculated a weighted average export price in dollars per kilogram for each type of steel wire rod, in accordance with articles 39 and 40 of the RLCE.

to. Export price adjustments

57. The Requesters proposed to adjust the export price for external freight, insurance, internal freight and customs clearance in China, since the export price was calculated based on the customs value of the product under investigation. To prove the proposed adjustments, they presented a quote from a transport company.

58. The Secretariat identified in the SIC-M database the terms of sale of the import operations carried out during the investigated period, which were carried out in terms of cost and freight ("CFR", for the acronym in English of Cost and Freight), Cost, Insurance and Freight ("CIF"), Delivered At Place (" DAP ") and FOB, and depending on these, adjusted the export price for the concepts proposed by the Requesters.

i. Sea freight and insurance

59. The Requesters presented an estimate of the cost for external freight and insurance based on the quotation of a transport company, in which reference is made to maritime transport from the port of Beihai, China, to the port of Manzanillo, Colima, for a 40 foot container, considering an average load of 25,000 kilograms. The insurance was quoted as a percentage of the CIF value of the goods.

ii. Internal freight and customs expenses

60. The Requesters submitted an estimate of the cost of internal freight and customs clearance expenses based on the quotation of a transport company, which includes the cost of transportation from a factory in Nanning, Guangxi Zhuang, China, to the port of shipment of Beihai, China, as well as customs clearance expenses , for a 40-foot container, considering an average load of 25,000 kilograms in both cases.

b. Determination

61. In accordance with Articles 2.4 of the Anti-Dumping Agreement, 36 of the LCE and 53 and 54 of the RLCE, the Secretariat adjusted the export price for foreign freight, insurance, internal freight and customs clearance expenses in China, considering the information provided by the Requesters.

2. Normal value

62. The Requesters stated that according to China's Protocol of Accession to the WTO, it is up to Chinese producers and exporters to demonstrate that the sector to which they belong has market economy characteristics. They also indicated that since China is a centrally planned economy country, it is appropriate to determine normal value based on market economy country prices for the purposes of this investigation.

63. None of the appearing parties presented arguments that contravened the decision to consider China as a non-market economy, for which reason the substitute country methodology was applied, in accordance with the provisions of paragraph 15 literal a) of the Accession Protocol. from China to the WTO and articles 33 of the LCE and 48 of the RLCE.

to. Surrogate country selection

64. The Applicants proposed Brazil as a surrogate country for purposes of calculating normal value in this investigation.

65. To support their proposal, they presented a market study prepared by the specialized consulting firm Setepla Tecnometal Engenharia (" Setepla ") and information from various sources.

66. They indicated that Setepla is a Brazilian engineering company, with five offices in that country, which offers consulting, design and project management in various fields, including the steel industry. The Secretariat corroborated this information on the Setepla website.

67. The selection of Brazil as the market economy country for the purpose of determining normal value was based on the following criteria:

i. Production of the product under investigation

68. According to the market study, there are four steel wire rod producers in Brazil , two of which cover more than 90% of production and sales. In 2014, the production of steel wire rod in Brazil reached a volume of 3.3 million tons, with the highest percentage corresponding to carbon steel wire rod according to figures from the Brazilian Steel Institute. In addition, they pointed out that according to information from CRU Monitor, worldwide, for that same year, Brazil was ranked 5th. place among the main producers of steel wire rod.

69. The Applicants explained that the merchandise originating in China and its counterpart produced in Brazil have various physical and chemical similarities related to the material, main use and production process . They presented a comparative analysis between the merchandise investigated and that produced in Brazil. They also pointed out the following similarities between both goods (without being the only ones):

They are made of the same material that is carbon steel or alloy steel;

They are presented in a range of similar and common diameters, such as 5.5, 6.5, 7.0, 8.0, 9.0, 10.0, 11, 12.70 to 14 mm, or more in the case of Brazil;

They come in similar and common steel grades like 1004, 1006, 1008, 1010, 1012;

are offered in accordance with ASTM international standards, which are the most required, and

I. the marketing presentation is generally on reels.

ii. Similarity in the production process

70. The Applicants explained that the steel wire rod production process is a mature process and without significant variations in all producers, the only specific difference being that in certain processes a BF furnace is used and in others an EAF furnace. The stages covered by the process known as BF include the selection of raw materials, melting, continuous casting and rolling, while for the EAF, they include the selection of raw materials, melting and refining of steel, deslagging and bleeding, secondary refining (chemical and thermal adjustment), continuous casting and lamination.

71. The Applicants indicated that in China the steel rod manufacturing processes correspond to BF and EAF and that the technology of these processes is the same internationally and has not changed in recent years. As for Brazil, the BF and EAF processes are used in semi- integrated or fully integrated plants . They highlighted that the production process of the product under investigation in both countries can be through BF that uses iron ore as its main raw material or EAF that uses scrap metal as

its main material. They presented information from the WSA that shows the percentage of steel production that was obtained by BF and EAF process in China and Brazil, in 2013.

iii. Input availability

72. The Applicants explained that scrap, iron ore, coal, metal alloys, electrical energy and natural gas are used as main inputs for the production of steel wire. They pointed out that China and Brazil have basic raw materials used in the BF and EAF production processes.

73. The Requesters provided information from the WSA regarding the production of iron ore and pig iron, where it is observed that for 2013, China and Brazil are among the main producers of these inputs.

74. Regarding the production of electricity in Brazil, the Requesters submitted information from the Internet from the publication Balance Energético Nacional 2014, published by the Ministry of Mines and Energy of Brazil, which reveals that Brazil generated enough electricity to satisfy your own

demand in 2011 and 2012. They also indicated that China and Brazil are major generators of electricity in the world and provided data on their production and consumption for the period 2004 to 2012, obtained from the Index Mundi Internet page.

iv. Other elements

75. The Requesters argued that Brazil has a level of economic development comparable to that of China. According to the World Bank, in 2014 Brazil and China are classified as upper-middle-income countries, with a per capita income of \$ 15,900 for Brazil and \$ 13,130 for China. In both countries, the generation of added value in the Gross Domestic Product (GDP) is derived from the industrial and service sectors.

76. They added that the volume of production of the steel industry of both countries makes their economies comparable, ranking among the top ten steel producing countries and among the leading producers of iron ore and steel wire rod, according to data of the " Statistical Yearbook 2014", published by the WSA Economic Studies Committee, for the period 2010-2013.

77. They also explained that in Brazil there is no government interference in production, investment or input supply decisions in the steel industry. They presented the report " Brazil Economic Structure ", of October 2013, published by the Economic and Commercial Office of the Spanish Embassy in Brasilia, which indicates that since 1990 Brazil opens abroad, generating the disappearance of inefficient companies and the privatization of most of the state-owned steel, petrochemical and telecommunications companies, thus eliminating the control or interference of the government sector.

78. Additionally, they presented the article "Industrial Competitiveness in Brazil. 10 years after liberalization", published by the magazine of the Economic Commission for Latin America and the Caribbean, which states that the reforms promoted in the 1990s were aimed at, among others: i) economic deregulation, which included the disappearance of price control mechanisms for goods and services, as well as the elimination of protected markets, and ii) the liberalization of the external sector, which included the reduction of tariff barriers and non-tariff, as well as the privatization of manufacturing industries. In the opinion of the Applicants, the conditions indicated in this article still prevail, confirming the private ownership of the means of steel production.

b. Determination

79. The third paragraph of Article 48 of the RLCE defines that a substitute country shall be understood as a third country with a market economy similar to the exporting country with a non-market economy. It adds that the similarity between the substitute country and the exporting country will be defined in a reasonable way, in such a way that the normal value in the exporting country can be approximated on the basis of the domestic price in the substitute country, considering economic criteria. To comply with this provision, the Secretariat carried out a comprehensive analysis of the information provided by the Requesters to consider Brazil as a substitute country for China. The Secretariat observed that both countries are producers of the merchandise under investigation and that there is similarity in the production processes, which in both countries contemplate the use of BF and EAF processes. Regarding the availability of inputs necessary for the manufacture of the investigated product, both in Brazil and in China there is an important production of iron ore and pig iron, the main inputs for the manufacture of steel wire rod. From the above, it can be reasonably deduced that the intensity in the use of factors of the production of the product under investigation is similar in both countries.

80. None of the appearing parties presented arguments against the selection of Brazil as a substitute market economy country for China.

81. Based on the analysis described above and in accordance with articles 33 of the LCE, 48 of the RLCE and number 15 literal a) of the Protocol of Accession of China to the WTO, the Secretariat determined to use Brazil as a country with an economy substitute market market of China for purposes of calculating normal value.

c. Prices in the domestic market of the substitute country

82. To prove the normal value, the Requesters submitted the Brazilian consulting firm's market study , which contains the prices of steel wire rod in the Brazilian domestic market. They stated that the sources of information were the steel producers and the Brazilian Steel Institute.

83. The Requesters indicated that the prices in the domestic market of Brazil used for the calculation of normal value, referred to in the study prepared by the specialized consultant, are a reasonable basis, since the Institute of Steel in Brazil uses information from its companies affiliates, these being the main steel companies in the country. They also indicated that the prices are representative since they correspond to domestic sales reported with figures compiled by the Institute. They presented a list of the companies associated with the Institute, including the main producers of steel wire rod.

84. The prices of the market study refer to prices of carbon steel wire rod at the ex- factory level , without taxes and in reais (legal tender in Brazil) per ton, for each of the months of the investigated period. For the conversion from reais to dollars, the consultant used the exchange rate reported by the Central Bank of Brazil.

85. Based on the above elements, the Requesters calculated a weighted average price of carbon steel wire rod for the investigated period in dollars per kilogram.

86. In the case of alloy steel wire rod, the Requesters estimated the price based on the information on carbon steel wire rod, in dollars per kilogram, taking into account the considerations indicated in the market study regarding the difference in prices. between carbon steel wire rod and alloy steel wire rod.

d. Determination

87. Based on Articles 2.1 of the Anti-Dumping Agreement, 31 of the LCE and 39 and 40 of the RLCE, the Secretariat calculated a weighted average normal value for carbon steel wire rod and also calculated a normal value for alloy steel wire rod. , in dollars per kilogram.

3. Margin of price discrimination

88. In accordance with the provisions of Articles 2.1, 6.8 and paragraphs 1 and 7 of Annex II of the Anti-Dumping Agreement , 30, 54 and 64 last paragraph of the LCE and 38 and 40 of the RLCE, the Secretariat compared the normal value with the export price and determined that imports of steel wire rod originating in China were made with a price discrimination margin of \$ 0.49 dollars per kilogram.

G. Damage and causation analysis

89. The Secretariat analyzed the arguments and evidence provided by the appearing parties, in order to determine whether imports of steel wire rod originating in China, carried out under conditions of price discrimination, caused pecuniary injury to the domestic industry of the similar merchandise.

90. The analysis includes, among other elements, an examination of: i) the volume of imports under conditions of price discrimination, their price and their effect on the domestic price of the like domestic product , and ii) the impact of the volume and price of these imports in the economic and financial indicators of the domestic industry of the like product.

91. The analysis of the economic and financial indicators of the domestic industry includes the information that CANACERO and the domestic producing companies ArcelorMittal, Deacero and Ternium provided, as they are representative of the domestic industry of steel wire rod similar to the one that It is the object of investigation, as determined in point 83 of the Initiation Resolution and 103 of the Preliminary Resolution, a situation that is confirmed in point 98 of this Resolution.

92. For this purpose, the Secretariat considered data from the periods April 2012-March 2013, April 2013- March 2014 and April 2014-March 2015, which constitute the period analyzed and include the period investigated for the analysis. price discrimination. Unless otherwise indicated, the behavior of economic and financial indicators in a given year or period is analyzed with respect to the immediately preceding comparable one.

1. Product similarity

93. In accordance with the provisions of Articles 2.6 of the Anti-Dumping Agreement and 37 section II of the RLCE, the Secretariat evaluated the arguments and existing evidence in the administrative file that the appearing parties contributed to determine whether the carbon steel wire rod and steel The domestically manufactured alloy is similar to the product under investigation.

94. In the final stage of the investigation, the companies appearing did not present additional arguments or evidence tending to disprove the similarity determination, on the contrary, in the preliminary stage of the investigation, Aceros Titán affirmed that the steel wire rod from China and those of national manufacture are similar products, commercially interchangeable and are

used in the same processes; For its part, Grupo Acerero indicated that both goods are used interchangeably as input to manufacture steel bars and profiles.

95. Consequently, the Secretariat concluded that imported Chinese steel rod and domestically manufactured steel rod are like products, as they have physical characteristics and chemical composition.

similar, are manufactured with the same inputs and through production processes that do not show substantial differences and use the same distribution channels to serve the same geographic markets and consumers, which allows them to fulfill the same functions and be commercially interchangeable, in accordance with the provisions of articles 2.6 of the Antidumping Agreement and 37 section II of the RLCE.

2. Branch of national production and representativeness

96. In accordance with the provisions of Articles 4.1 and 5.4 of the Anti-Dumping Agreement, 40 and 50 of the LCE and 60, 61 and 62 of the RLCE, the Secretariat identified the domestic industry as the set of manufacturers of the product similar to the investigated, whose aggregate production constitutes the totality or, at least, a significant proportion of the total national production of said product, taking into account whether they are importers of the product under investigation or if there are elements that indicate that they are related to importing companies or exporters of the same.

97. Based on the assessment and analysis of the information that the Applicant companies, CANACERO and Grupo Acerero provided described in points 97 to 102 of the Preliminary Resolution, the Secretariat determined that ArcelorMittal, Deacero and Ternium represented 89% of the total production of the like merchandise during the investigated period. Talleres y Aceros, SA de CV, TA 2000, SA de CV and Aceros DM, SA de C.V. ("Talleres y Aceros", "TA 2000" and "Aceros DM", respectively), who support the investigation, in addition to Grupo Acerero, constitute the rest of the national production of merchandise similar to the one investigated.

98. At this stage of the investigation, no information was presented that would distort the determination of the preliminary stage; consequently, the Secretariat concluded that the Requesters are representative of the domestic steel wire rod industry, in accordance with Articles 4.1 and 5.4 of the Antidumping Agreement, 40 and 50 of the LCE and 60 to 62 of the RLCE, because they constitute 89% of the total national production of said merchandise and their investigation request is supported by Talleres y Aceros, TA 2000 and Aceros DM. Additionally, there are no elements that indicate that any of the producers that make up the domestic industry is related to exporters or importers, or that the Deacero's imports are the cause of a price distortion or the alleged injury.

3. International market

99. The Requesters provided data on production and apparent consumption of steel wire rod in the world market, from the publication "Wire Rod Market Statistics", dated May 2015, published by the consulting firm CRU International Limited (CRU). They also provided export and import statistics from the publication "Iron Steel Statistics Bureau" (ISSB), by subheadings 7213.10, 7213.20, 7213.91, 7213.99, 7227.10, 7227.20 and 7227.90. In the case of imports, the Requesters only provided statistics for China.

100. For its part, the Secretariat obtained information from the United Nations International Trade Statistics Database ("UN Comtrade" by the abbreviation of the United Nations Commodity Trade Statistics Database) on imports and world exports by subheadings 7213.10, 7213.20, 7213.91, 7213.99, 7227.10, 7227.20 and 7227.90.

101. Based on this information, the Secretariat observed that the world production of steel wire rod grew 9% between 2012 and 2014, going from 206.1 to 224.4 million tons. In this period, production was concentrated in the regions of Asia (75%), Western Europe (9%), the Commonwealth of Independent States and Eastern Europe (5%) and North America (3%). Between 2012 and 2014, the main producing countries were China (68%), Germany (2.8%) and Japan (2.7%), while Mexico participated with 1.1%.

102. The apparent world consumption of wire rod registered a behavior similar to that of the production; grew 8% from 2012 to 2014 and was concentrated in the main producing regions: Asia (73%), Western Europe (8%), the Commonwealth of Independent States and Eastern Europe (4%) and North America (3%). In the same period, China was the largest consumer with 64%, followed by Germany (2.4%) and Japan (2.1%), while Mexico consumed 1%.

103. The balance of wire rod production minus consumption indicates that in the period from 2012 to 2014, Asia, Western Europe, the Commonwealth of Independent States and Eastern Europe recorded exportable surpluses with 11.1, 5.4 and 4.9 million tons, respectively. In the same period, the countries with the highest exportable surplus were China, Japan, Germany and Spain with 23.3, 3.6, 3.1 and 2.4 million tons, respectively. The United States and Korea stand out as deficit countries in said period (-4.6 and -2.3 million tons, respectively).

104. Regarding world trade, the ISSB statistics for subheadings 7213.10, 7213.20, 7213.91, 7213.99, 7227.10, 7227.20 and 7227.90 indicate China, Germany, Japan, Ukraine and Spain as the main exporting countries of steel wire rod during the period comprising from 2012 to 2014. UN Comtrade statistics for the same subheadings confirm the information from ISSB on main exporters. In this regard, the Secretariat observed that between 2012 and 2014, China accounted for 32% of total exports, followed by Germany (10%), Japan (6%), Ukraine (5%) and Spain (4%).

105. On the other hand, the information on imports from UN Comtrade indicates that in the same period the main importers of steel wire rod were the United States (8%), Germany (7%), the Netherlands (7%) and Korea (4 %). China, for its part, had a 2% share of total imports.

106. During the investigation, the importing companies appearing did not provide information on the steel rod under investigation on the international market. They also did not question the results described for the main producing, exporting and importing countries of the product under investigation.

107. In sum, according to the information from CRU, ISSB and UN Comtrade, described in the previous points, China is the main producer and exporter of steel wire rod worldwide.

4. National market

108. ArcelorMittal, Deacero, Ternium, Talleres y Aceros, TA2000, Aceros DM and Grupo Acerero are the national producers of steel wire rod. On the other hand, two of the Applicant companies allocate part of their production to manufacture various products derived from steel wire rod (self-consumption).

109. In addition to the production companies, companies mainly from the drawing industry participate in the market (manufacturers of screws, wires and various products derived from wire, as well as fasteners and other products) and to a lesser extent companies from the construction industry, which import the steel wire rod or purchase it from national manufacturers.

110. The steel wire rod, due to the uses it has, goes to the entire national territory, for this it uses the same distribution channels; in fact, during the investigation, the importing companies appearing did not present arguments that would distort this determination.

111. To determine the size of the domestic market for steel wire rod, the Secretariat proceeded as indicated in point 116 of the Preliminary Resolution, a situation that is confirmed in this final stage of the investigation:

considered the information that CANACERO provided on the volumes of national production of this product and the production of Grupo Acerero;

calculated the sales volumes to the domestic market based on the economic indicators provided by the Requesters, and

considered the import figures, calculated as indicated in points 116 and 117 of this Resolution, and total exports reported by the SIC-M for tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE.

112. With the information described in the previous point, the Secretariat calculated the national market for steel wire rod, measured through the CNA, calculated as national production plus imports, minus exports. The results confirm that the national market for steel wire rod grew 8% in the analyzed period; it decreased 7% in the period April 2013-March 2014, and increased 16% in the investigated period. The performance of each component of the CNA was as follows:

total imports increased 121% in the analyzed period; Although they decreased 28% in the period April 2013-March 2014, they increased 206% in the period investigated. These imports originated in twenty-one countries. In particular, during the investigated period, the main suppliers were China, the United States, Germany, Spain and Japan, which represented 66%, 19%, 7%, 4% and 2% of the total imported volume, respectively;

the national production registered a decrease of 1% in the analyzed period; decreased 5% in the period April 2013-March 2014 and grew 3% in the period investigated, and

exports increased 5% in the period April 2013-March 2014, but in the period

investigated decreased 36%, which meant a cumulative drop of 33% in the period analyzed.

113. For its part, the National Production Oriented to the Domestic Market (PNOMI), calculated as national production minus exports, registered a behavior similar to that of national production. Indeed, it decreased 6% in the period April 2013-March 2014, but grew 10% in the period investigated, which represented an increase of 4 percentage points in the period analyzed.

5. Analysis of imports

114. In accordance with the provisions of Articles 3.1 and 3.2 of the Anti-Dumping Agreement, 41 section I of the LCE and 64 section I of the RLCE, the Secretariat evaluated the behavior and trend of imports of the product under investigation, made during the period analyzed, both in absolute terms and in relation to national production and consumption.

115. Imports of steel wire rod enter through tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01 and 7227.90.99 of the TIGIE, although other products that are not subject to investigation also enter, but in extremely low volumes (0.4% of the total imported in the period analyzed), for example, rod, stainless or electro-galvanized steel strips, galvanized wires for manufacture of staples, metal plate, steel bars, among others, as indicated in points 103 of the Initiation Resolution and 121 of the Preliminary Resolution. Steel wire rod imports are also carried out under the Rule mechanism. Eighth, through tariff items 9802.00.01, 9802.00.07, 9802.00.13, 9802.00.19 and 9802.00.23 of the TIGIE.

116. As indicated in points 123 and 124 of the Preliminary Resolution, the Secretariat calculated the volume and value of imports under analysis, based on the methodology that the Requesters provided and the official list of import operations from the SIC-M for tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01, 7227.90.99 of the TIGIE and excluded merchandise that are not subject to analysis. To these results, he added the values and volumes of imports by Rule Eight, calculated from the operations that entered through tariff items 9802.00.01, 9802.00.07, 9802.00.13, 9802.00.19 and 9802.00.23 of the TIGIE, whose description corresponds to steel wire rod.

117. At the final stage of the investigation, the appearing parties did not question the calculation of imports of wire rod, nor did they present arguments or evidence that justified any adjustment. Consequently, the Secretariat confirmed the calculations it made of the volumes and values of the product under investigation, as well as the results on its behavior and trends, which are indicated in the subsequent points of this Resolution.

118. ArcelorMittal, Deacero and Ternium reiterated that during the analyzed period and, particularly, in the investigated period (April 2014-March 2015), imports of steel wire rod originating in China, registered a significant growth, both in absolute terms as in relation to production and the national market.

119. The information in the administrative file confirms that total imports registered a growth of 121% throughout the period analyzed; although in the period April 2013-March 2014 they decreased 28% with respect to the previous comparable period, and increased 206% in the investigated period. This growth is largely explained by the performance of the investigated imports.

120. Imports originating in China registered an increase of 282% in the analyzed period. In the April 2013-March 2014 period, they decreased 51% compared to the previous comparable period, but increased 676% in the investigated period, when they contributed 66% of total imports (26% in the April 2013-March period). of 2014 and 38% in the period April 2012-March 2013), which meant a growth of 28 percentage points in the period analyzed.

121. On the other hand, imports from other origins decreased 13% in the period April 2013- March 2014 and increased 40% in the investigated period, which translated into an increase of 21% throughout the period analyzed; however, its participation in total imports decreased 28 percentage points from the April 2012-March 2013 period to the investigated period, going from 62% to 34%.

122. On the other hand, the positive performance of the domestic wire rod market, described in point 112 of this Resolution, contributed to the growth of total imports, which increased their participation in the CNA by 3.7 percentage points between the April period. 2012-March 2013 and the investigated period, going from 3.5% to 7.2% (2.7% in the period April 2013-March 2014).

123. The performance of total imports in the CNA is mainly explained by the investigated imports, which benefited from this increase, as described below:

The investigated imports represented 1.3% of the CNA in the April 2012-March 2013 period and 0.7% in the April 2013-March 2014 period, but 4.7% in the investigated period, thus increasing their market share national by 3.4 percentage points in the period analyzed. In relation to the total volume of production, these imports represented 1%, 1% and 5%, respectively, in the same periods;

Imports from other origins increased their participation in the CNA by only 0.2 percentage points in the period analyzed, going from 2.2% in the period April 2012-March 2013 to 2.4% in the period investigated (2% in the period April 2013-March 2014), and

Consequently, the PNOMI decreased its participation in the CNA by 3.7 percentage points from the April 2012-March 2013 period to the investigated period, going from 96.5% to 92.8%; increased its participation

by 0.8 points from the April 2012-March 2013 period to the next comparable period, but lost 4.5 points in the investigated period, practically attributable to imports under conditions of price discrimination.

124. Additionally, the Secretariat calculated the domestic consumption of steel wire rod as the sum of total imports plus total domestic sales to the domestic market. The Secretariat confirmed that domestic consumption showed a behavior similar to that recorded by the CNA. Indeed, it decreased 5% from the April 2012-March 2013 period to the next comparable period, but increased 11% in the investigated period, which meant a cumulative growth of 5% in the analyzed period.

125. In relation to domestic consumption, the investigated imports increased their participation by 6.6 percentage points in the analyzed period, going from 2.5% in the April 2012-March 2013 period to 9.1% in the investigated period (1.3% in the period April 2013-March 2014). In contrast, imports from other origins only gained about 1 percentage point in domestic consumption from the April 2012-March 2013 period to the investigated period, going from 4.1% to 4.7% (3.7% in the April 2013 period- March 2014).

126. Regarding the total volume of total sales to the domestic market, these imports represented 3% in the period April 2012-March 2013, 1% in the period April 2013-March 2014 and 11% in the period investigated. These sales increased their participation in domestic consumption by 1.6 percentage points from the April 2012-March 2013 period to the next comparable period (from 93.4% to 95%), but decreased it by 8.8 points in the investigated period by participating with the 86.2 %, so that they accumulated a loss of 7.2 percentage points in the analyzed period.

127. On the other hand, sales to the domestic market of the domestic industry increased their participation in domestic consumption by 1.4 percentage points from the April 2012-March 2013 period to the next comparable period (from 85.7% to 87.1%)., but they lost almost 10 percentage points of market share in the investigated period, decreasing to 77.7%, attributable to the investigated imports.

128. In sum, the results described above allow the Secretariat to conclude that the investigated imports registered a growing trend in absolute and relative terms during the period analyzed, while the domestic industry lost participation in both the CNA and the domestic consumption in the same period, attributable to the increase in imports originating in China that were made under conditions of price discrimination. Consequently, the growth of the domestic market did not translate into a benefit for the domestic industry, as imports of the product under investigation and its share increased, while the PNOMI and total national sales to the domestic market decreased their participation.

6. Effects on prices

129. In accordance with the provisions of Articles 3.1 and 3.2 of the Anti-Dumping Agreement, 41 section II of the LCE and 64 section II of the RLCE, the Secretariat analyzed whether imports originating in China entered the Mexican market at prices considerably lower than those of the Like domestic product, or if the effect of these imports was to depress domestic prices or prevent the increase that would otherwise have occurred, and if the price level of imports was decisive to explain their behavior in the market national.

130. The Requesters reiterated that because imports originating in China were made under conditions of price discrimination, the prices of this merchandise were below the prices of the domestic industry (with a margin of undervaluation of 12% in the investigated period) and with respect to the prices of imports from other origins, which put downward pressure on domestic prices (-15% in the investigated period with respect to the period April 2012-March 2013).

131. As in the preliminary stage of the investigation, the Secretariat calculated the implicit average prices of the investigated imports and of the rest of the countries, in accordance with the volumes and values obtained as described in points 116 and 117 of this Resolution. Likewise, it calculated the average selling price to the domestic market of the domestic industry.

132. In the final stage of the investigation, no additional information or arguments were presented that would distort the results established in numbers 145 and 146 of the Preliminary Resolution, which are confirmed and summarized below:

the average price of imports from other origins increased 9% from the April 2012- March 2013 period to the next comparable period, but decreased 3% in the investigated period (+ 5% in the analyzed period). In contrast, in the same periods the average price of the investigated imports decreased 12% and 13%, so that it accumulated a decrease of 23% in the period analyzed, and

the average price of sales to the domestic market of the domestic industry, measured in dollars, decreased 10% from the April 2012-March 2013 period to the next comparable period and 5% in the investigated period, which meant a fall of 14 % in the analyzed period. This behavior supports the Applicants' argument

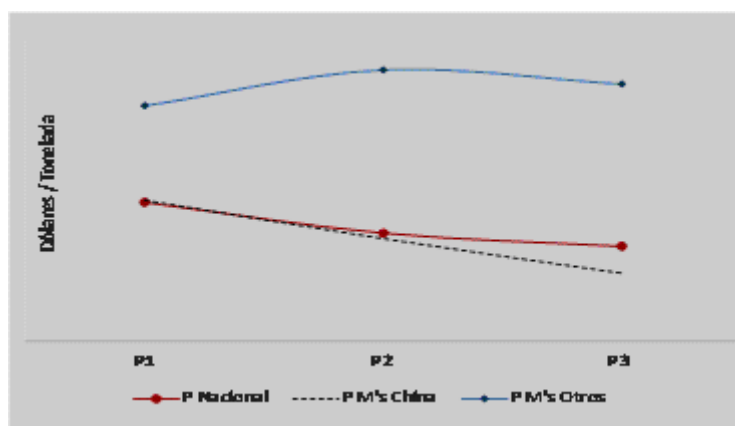
that the performance of the price of imports originating in China, put downward pressure on the domestic price.

133. As in the previous stages of the investigation, to assess the existence of undercutting, the Secretariat compared the FOB plant price of sales to the domestic market of the domestic industry with the price of the investigated imports; For this, the latter was adjusted with the corresponding tariff, customs agent expenses and the customs processing fee.

134. The results confirm that the average price of the investigated imports, carried out under conditions of price discrimination, was practically at the same level as the national price in the period April 2012-March 2013, but was 2% lower in the period April 2013-March 2014 and 10% lower in the period investigated. The Applicants argued that the undercutting margins were not higher because the domestic industry sales price was adjusted downward to compete with imports of steel wire rod originating in China.

135. In relation to the average price of imports from other origins, the price of the investigated steel wire rod was considerably lower in the periods April 2012-March 2013, April 2013- March 2014, and the price investigated, in percentages of 23%, 38% and 44%, respectively.

Prices of imports and of the national product



Source: SICM, ArcelorMittal, Deacero and Ternium.

P1 = April 2012-March 2013.

P2 = April 2013-March 2014.

P3 = April 2014-March 2015.

136. During the investigation, the appearing parties did not present arguments tending to distort the behavior of the price of the investigated imports or that they were made at prices lower than the national price or that corresponding to imports from other origins.

137. On the other hand, the Secretariat analyzed whether the price level at which the investigated imports attended was a determining factor to explain their behavior and their participation in the domestic market, or if other factors could explain it.

138. In the previous stage of the investigation, the importing company Aceros Titán argued that it imported from China due to the lack of timely supply from an Applicant company, the only one that offered to meet its quality requirements, since the other national producers did not have availability of investigated product. He supported his affirmation with quality certificates for the wire rod that he imported from China and for the manufacture of one of the national producing companies.

139. ArcelorMittal, Deacero and Ternium stated that this assertion by Aceros Titán contradicts this company's recognition that steel rod imported from China and rod manufactured domestically are similar and commercially interchangeable products. They added that, contrary to what Aceros Titán claims, during the analyzed period the national production had availability and complied with the requirements of this importing company with respect to the investigated product.

140. The analysis of the information that Aceros Titán, ArcelorMittal, Deacero and Ternium provided in this regard is described in point 155 of the Preliminary Resolution. Based on the results of its analysis, the Secretariat preliminarily determined that the information in the administrative record of the investigation does not support the importer's argument that the imports of steel wire rod originating in China were made due to factors other than price, or due to lack of availability of the domestic industry.

141. At this stage of the investigation, no additional arguments or evidence were provided in relation to Aceros Titán's arguments. Consequently, the Secretariat confirms this determination. In contrast, the results on the behavior of the price of imports originating in China and the undervaluation margins that they registered in relation to the national price and that corresponding to imports from other origins support that the level of prices at which imports of China compete. This country was a determining factor to explain its growing behavior, both in absolute and relative terms .

142. In sum, based on the results described above, the Secretariat concluded that in the period investigated, the price of imports originating in China was below domestic prices and other sources of supply. This low price level is explained by the price discrimination practices they incurred, as described in points 0 to 0 of this Resolution.

143. In addition, the low price level of the investigated imports with respect to the national ones and those of other countries, explains their increasing volumes and their greater participation in the national market, as well as the fall in national sales prices to the domestic market. and the negative performance of the profits and operating margin of the domestic industry, as explained in the following section of this Resolution.

7. Effects on the domestic industry

144. In accordance with the provisions of Articles 3.1, 3.2, 3.4 and 3.6 of the Anti-Dumping Agreement, 41 section III of the LCE and 64 section III of the RLCE, the Secretariat evaluated the effects of imports of steel wire rod originating in China, on the economic and financial indicators of the domestic industry of the like product.

145 . In the course of the investigation, the Applicants stated that the growth in imports of steel wire rod originating in China, both in absolute terms and in relation to the domestic production and market, and the conditions under which they were made caused injury. to the domestic production branch , which was reflected in the impact of the following indicators: production, sales to the domestic market, use of installed capacity, inventories, employment, productivity, market share, prices, sales income and operating results.

146. At this stage of the investigation, Aceros Titán stated that the investigated imports did not cause injury to the national industry; in his case, the damage is explained by the decrease in exports. To support his consideration, he pointed to the results described in points 117, 118 and 166 to 168 of the Preliminary Resolution, based on which he argued the following:

PNOMI registered significant growth rates, similar to those observed by the CNA, while national production decreased 1% in the analyzed period, but increased 3% in the investigated period ; For its part, the total exports of the national industry fell 36% in the period

investigated and 33% in the analyzed;

roduction for sales to the domestic market decreased 8% in the investigated period and 14% in the analyzed period; in the same periods, sales to the domestic market decreased 1% and 4%, respectively; From these results, it can be inferred that there are no objective elements that demonstrate that the negative behavior registered by the sales to the domestic market of the domestic industry caused the fall of its production destined for sale in the market, taking into account that the exports of the domestic industry fell 49% in the investigated period and 42% in the analyzed period, and

n order to determine a consistent explanation for the drop in sales to the domestic market , it is necessary to calculate the share of exports in production destined for sales in the domestic market and not only in relation to production.

147. In this regard, the Applicants argued that regardless of the performance of the export activity of the domestic industry, the investigated imports caused injury; It is accredited by the performance of its economic and financial indicators.

148. To evaluate the effects of the investigated imports on the domestic industry, the Secretariat considered the total investigated imports, based on the information and the terms described in points 162 and 163 of the Preliminary Resolution.

149. The information in the administrative file of this investigation confirms that the national market for steel wire rod, measured through the CNA, grew 8% in the period analyzed (-7% in the period April 2013-March 2013). 2014 and 16% in the investigated period).

150. In this context of market performance, the Secretariat observed that the PNOMI decreased 6% in the period April 2013-March 2014, but increased 10% in the period April 2014-March 2015, so that it grew 4 % in the analyzed period.

151. For its part, the Applicants' production of steel wire rod decreased 4% in the period analyzed; it decreased 5% in the period April 2013-March 2014 and increased 1% in the investigated period. This behavior is fundamentally explained by the behavior of the production that was destined for sales:

the production destined for sale decreased 6% in the period April 2013-March 2014 and 8% in the investigated period; a 14% drop in the period analyzed, and

production for self-consumption decreased 3% in the period April 2013-March 2014, but increased 14% in the investigated period, thus accumulating a growth of 10% in the period analyzed.

152. The behavior of the production that the Requesters used for sales was reflected in turn in the performance of their total sales (to the domestic and foreign markets), which decreased 13% in the period analyzed: practically maintained the same level both in the period April 2012-March 2013 as in the following comparable period, but they were reduced by 13% in the investigated period.

153. The performance recorded by the Requesters' total sales is explained by the performance of their sales to the domestic market and their exports:

sales to the domestic market fell 4% in the analyzed period (-4% in the April 2013-March 2014 period and -1% in the investigated period); In the same period, exports decreased 42% (+ 13% in the April 2013-March 2014 period and -49% in the investigated period), and

highlights that the Exports of the Applicants represented on average 12% of their production and 28% of their sales to the domestic market during the period analyzed, which confirms that the domestic industry depends fundamentally on the domestic market, where it competes with imports. in conditions of price discrimination.

154. These results indicate that the Applicants' export performance had a negative impact on the volume of their total production and sales, but also sales to the domestic market, where they compete with imports under conditions of price discrimination.

155. However, although there is a significant drop in the Requesters' exports in the investigated period, this was offset by the growth of self-consumption; Therefore, the foreign market is not the determining factor in the performance of the domestic industry, since they represented on average 12% of its production and 28% of its sales to the domestic market during the period analyzed. This situation is confirmed by the participation of domestic sales of the domestic industry in total sales, going from 77% in the period April 2012-March 2013 to 85% in the period investigated, which

which denotes that despite the decrease in export sales, the performance of the domestic industry depends to a greater extent on domestic sales.

156. In fact, when analyzing the income of the domestic industry derived from total sales, the Secretariat observed that during the period analyzed:

In absolute terms, the decline in total sales revenue for the domestic industry is explained to a greater extent by the decline in revenue from domestic sales, since the total drop in revenue from domestic sales Domestic sales accounted for 59% of the total decrease in total revenue, while the remaining 41% was the result of sales to the foreign market, and

in absolute terms, revenues from sales to the domestic market decreased 43% more than the decrease recorded by those from the foreign market. Likewise, the decrease in total sales revenue was 26%, which is explained to a greater extent by a weighted fall in revenue from sales to the domestic market of 15.3%, while that of export revenue was 10.7%.

157. Likewise, by isolating the effects of export activity, the relevant economic and financial indicators of the domestic industry, mainly those oriented to the domestic market, where it competes with imports under conditions of price discrimination, registered negative behavior. The results of the subsequent points confirm this.

158. In effect, the behavior of PNOMI, or of sales to the domestic market, resulted in a loss of participation of the domestic industry in the domestic market, to the benefit of the investigated imports, which practically absorbed the growth recorded by the market in the period analyzed and investigated.

159. The results described in point 123 of this Resolution confirm that the investigated imports increased their participation in the CNA by 3.4 percentage points in the analyzed period (they lost less than one participation point in the April 2013-March period). 2014 but they gained 4 points in the investigated period); In the same period, PNOMI decreased its participation in the CNA by 3.7 percentage points (it gained about 1 participation point in the April 2013-March 2014 period but lost 4.5 points in the investigated period), attributable to imports in conditions of price discrimination, since there was practically no variation in the share of imports from other origins.

160. Likewise, the negative performance of sales to the domestic market translated into a loss of participation of the domestic industry in domestic consumption. The results described in points 125 to

127 of this Resolution confirm that total sales to the domestic market and those of the domestic industry decreased their participation in domestic consumption, being displaced by the investigated imports, since imports of other origins only gained about 1 percentage point in domestic consumption during the period analyzed.

161. In this regard, according to the Applicants' sales lists, as well as the official import list of the SIC-M, for the tariff fractions through which the steel wire rod enters, also considering the information on imports by company made Through the tariff fractions related to the Eighth Rule (Chapter 98), the Secretariat observed that in the period analyzed, seventeen clients of the domestic industry decreased their domestic purchases by 17%, while their imports from Mexico increased by 226%. China. These results allow the Secretariat to conclude that:

Considerable volumes of steel wire rod, which were imported from China, replaced purchases of similar domestic merchandise, since, as indicated in point 126 of this Resolution, the investigated imports with respect to the total volume of sales to the market The domestic industry of the domestic industry went from 3% in the April 2012-March 2013 period to 1% in the next comparable period, but in the investigated period they represented 11%, which was 10 points more than in the comparable period above (+8 points in the period analyzed), and

n order to face the conditions of competition with that country, the domestic industry had to decrease its selling price to the domestic market, by a sufficient magnitude to allow it to avoid further loss of sales and, therefore, of the market. According to the results described in point 132 of this Resolution, in the period analyzed the average price of the investigated imports decreased 23% (-12% in the period April 2013-March 2014 and -13% in the period investigated), while the national price decreased 14% (-10% in the period April 2013-March 2014 and -5% in the investigated period).

162. The loss of considerable sales volumes due to the investigated imports is explained by the fact that the latter had lower prices than those of the similar product, since according to the results described in point 134 of this Resolution, the following margins were recorded of undervaluation: 2% in the period April 2013-March 2014 and 10% during the investigation period, when the largest volume of subject imports made.

163. On the other hand, despite the decrease in sales, the average inventories of the domestic industry registered a decreasing trend of 15% in the period analyzed: they decreased by 17% in the period April 2013-March 2014 , although they increased 2% in the investigated period .

164. ArcelorMittal, Deacero and Ternium estimated the installed capacity that would correspond exclusively to steel wire rod similar to the one under investigation. These companies explained the methodology they used for their calculation. The installed capacity of the domestic industry to manufacture steel wire rod was practically unchanged during the period analyzed.

165. As a result of the performance of the installed capacity of the domestic industry and its production, the use of the first indicator decreased 3 percentage points in the analyzed period, from 75% in the period April 2012-March 2013 to 72% both in the period April 2013-March 2014 and in the investigated period.

166. On the other hand, ArcelorMittal, Deacero and Ternium provided the employment related to the total production of wire rod similar to that investigated. Likewise, in response to the request for information made by the Secretariat, the two production companies that allocate part of their production for self-consumption, disaggregated employment and wages for the production of wire rod that they used for sales and for self-consumption; one of these companies made adjustments regarding the level of employment and wages. Both companies explained the methodology they used to calculate them.

167. This information confirms that the performance recorded by the total production and total sales of wire rod of the domestic industry during the period analyzed, was translated into the decrease in employment related to the total production of the product similar to the one investigated, since it decreased 6% in the analyzed period; as a result of a 3% decrease in both the April 2013-March 2014 period and the investigated period.

168. The performance of production and employment translated into an increase in productivity (measured as the ratio of these indicators) of 2% in the period analyzed (-2% in the period April 2013-March 2014 and + 4% in the investigated period). In the same period, the wage bill increased 5% (+ 7% in the period April 2013-March 2014 and -1% in the period investigated).

169. The Secretariat also observed that the performance recorded by total employment is explained by the performance recorded by employment, both due to the link with the production of wire rod for sales and for self-consumption.

170. In effect, the employment that the domestic industry would have used for production for sale (to the domestic or foreign market) decreased 4% in the period analyzed (-3% from the period April 2012 - March 2013 to the following period comparable and -1% in the investigated period). Regarding the use

of production for self-consumption, this indicator fell 10% in the same period (-2% from the April 2012-March 2013 period to the next comparable period and -9% in the investigated period).

171. Regarding the wage bill related to the production of steel wire rod that the domestic industry would have allocated for sale, the Secretariat observed that during the period analyzed it practically remained at the same level (+ 6% in the April from 2012-March 2013 to the next comparable period and -5% in the investigated period). In the same period, this indicator corresponding to production for self-consumption increased 83% (+ 20% from the April 2012-March 2013 period to the next comparable period and + 52% in the investigated period).

172. The Requesters provided their statement of costs, sales and profits of the like product, both that corresponding to direct sales in the domestic market and that for self-consumption, for the period analyzed. Based on this information, the Secretariat analyzed the profit behavior of the domestic industry.

173. The behavior of domestic sales volumes and prices of the domestic industry was reflected in the performance of its revenues. In this regard, the Secretariat found that these revenues

accumulated a 19.5% decrease in the analyzed period: they decreased 17.3% in the April 2013-March 2014 period and 2.7% in the investigated period.

174. On the other hand, operating costs resulting from direct sales operations to the domestic market accumulated a decrease of 17.5% in the analyzed period: they decreased 10.1% in the period April 2013-March 2014 and 8.2% in the period analyzed.

175. The behavior of income and operating costs was translated into the following performance of operating profits derived from direct sales to the domestic market: in the period analyzed, the domestic industry recorded operating losses, which accumulated growth of 133%, they increased 531.3% in the period April 2013-March 2014 and decreased 63.1% in the investigated period, the above, due to the greater reduction in income in relative terms than operating costs in the period analyzed (-19.5% versus -17.5%).

176. As a result of the above, the operating margin for direct sales to the domestic market was negative throughout the period analyzed and accumulated a decrease of 2.5 percentage points: it fell 8.9 percentage points in the period April 2013-March 2014 and it recovered 6.3 percentage points in the investigated period, going from -1.3 in the April 2012-March 2013 period to -10.2 in the April 2013-March 2014 period and -3.9 in the investigated period.

177. In accordance with the provisions of point 186 of the Preliminary Resolution, the two Requesting companies that allocate part of their production to self-consumption operations presented the statement of sales costs and profits resulting from operations that derive from said indicator. At this stage of the procedure, in order to specify the information and assess the effect of self-consumption on the total financial performance on the operating profits of the domestic industry, the Secretariat requested that such information be specified.

178. These two companies presented the information requested by the Secretariat; Based on it, it analyzed the behavior of operating profits derived from operations for sales to the domestic market and self-consumption, during the analyzed period:

The information indicates that the value of the merchandise destined for self-consumption operations was equivalent to the operating cost, therefore, no operating profits associated with said indicator were recorded during the period under analysis, and

Consequently, the behavior of operating profits resulting from direct sales operations to the domestic market plus self-consumption, is fundamentally explained by the behavior recorded by operating profits derived from direct sales to the domestic market.

179. The results described in the previous points confirmed that the operating profits of the domestic industry resulting from direct sales in the domestic market and direct sales in the domestic market plus self-consumption, recorded operating losses, consequently, the operating margin was negative in the period analyzed.

180. In relation to the variables emanating from the financial statements, in accordance with the provisions of Article 3.6 of the Anti-Dumping Agreement, the effects of the investigated imports were evaluated considering the production of the most restricted group or range of products that include the product Similarity.

181. In this regard, the Return on Investment in Assets ("ROA", for its acronym in English of Return of the Investment in Assets) of the domestic industry, calculated at an operational level, was positive, although with a tendency to the decrease, as it registered a cumulative decrease of 3.4 percentage points between 2012 and 2014 (+ 6.5% in 2012, + 5.5% in 2013 and + 3.1% in 2014).

182. For its part, the contribution of the similar product to the return on the Requesters' investment (contribution to ROA), calculated at the operating level, registered a deterioration in the period analyzed, going from 0.2% in 2012 to -0.1% in 2013 and -0.2% in 2014.

183. Regarding operating cash flow, it registered a cumulative increase of 2.3% between 2012 and 2014: it decreased 46.4% in 2013 and increased 90.8% in 2014.

184. On the other hand, the Secretariat measures the capacity of a producer to obtain the necessary financial resources to carry out the productive activity, through the solvency, leverage and debt indices :

the solvency and liquidity levels of the domestic industry reported acceptable levels in the period 2012 to 2014, since the ratio between current assets and liabilities was greater than 1:

the current ratio (ratio between current assets and short-term liabilities) was 1.06 in 2012, 1.13 in 2013 and 1.42 in 2014, and

the acid test (current assets minus the value of inventories, relative to short-term liabilities) registered levels below 1: 0.54 in 2012, 0.61 in 2013 and 0.85 in 2014.

Regarding the level of leverage, it is considered that a proportion of total liabilities with respect to stockholders' equity below 100% is manageable. In this case, it was confirmed that the leverage was at inappropriate levels, although the ratio of total liabilities to total assets or debt was acceptable:

the total liability to stockholders' equity was 332% in 2012, 258% in 2013 and 263% in 2014, and

total liabilities to total assets registered levels of 77% in 2012, 72% in 2013 and 72% in 2014.

185. Based on the performance of the economic and financial indicators of the domestic industry described above, the Secretariat concluded that the concurrence of imports of steel wire rod originating in China, under conditions of price discrimination, had a negative impact on the performance of the relevant economic and financial indicators of the domestic industry.

186. The main effects were observed both in the investigated period and in the analyzed period. Regarding the latter, effects were recorded in the following indicators: production, production for sale, sales to the domestic market, market share (both in the CNA and in domestic consumption), use of installed capacity, employment, market prices domestic, revenues, operating profits and operating margins derived from the behavior of direct sales to the domestic market , as well as the contribution of the like product to the ROA of the domestic industry.

187. Likewise, the effect on these variables by the concurrence of imports of steel wire rod originating in China did not allow the domestic industry to register growth, in a context of favorable market development, nor did it allow to infer favorable expectations for This, given the entry of imports under conditions of price discrimination, which registered a growing trend during the analyzed period.

8. Additional elements

188. During the course of this investigation, the Applicants argued that the steel rod industry in China had a high export potential in 2014 (installed capacity minus CNA), which amounted to 49 million tons, equivalent to more than 23 times the size of the Mexican market for steel wire rod.

189. They reiterated that the increase in the investigated imports and the conditions in which they were carried out indicate that the Mexican market is a real destination for exports of steel wire rod from China, due to its favorable growth prospects and its open nature. coupled with the export potential of China's industry and the structural problems of that country. The arguments that the Requesters presented to support their assertion are indicated in point 188 of the Initiation Resolution.

190. At this stage of the investigation, in relation to the structural problems that China faces, the Requesters argued that there are elements that indicate that the situation in China is more serious than originally anticipated, since in 2015, this country registered growth 6.9%, the lowest economic growth rate in the last 25 years, while consumption decreased; SBB / Platts publications , specialized in the steel sector, confirm this.

191. During these proceedings, the appearing parties did not provide information or arguments tending to distort the information that the Requesters provided, referred to in point 190 of the Initiation Resolution, for which the Secretariat confirmed the results on the export potential of the industry of China, established in points 191 to 196 of said Resolution and in points 214 to 218 of the Preliminary Resolution. These results are indicated in the subsequent points.

192. China's steel wire rod production increased 10% from 2012 to 2013 and 2% in 2014, thus accumulating a 12% growth in the three years considered, going from 136.7 to 153.5 million tons. In the same period, the apparent consumption of this merchandise (calculated as production plus imports

minus exports) also increased 8%, going from 131.6 to 142.7 million tons. For its part, the installed capacity of that country to manufacture steel wire rod accumulated a growth of 4% from 2012 to 2014, going from 184.7 to 192 million tons. Based on these data, the Secretariat found that:

China's freely available capacity (installed capacity minus production) decreased 20%

from 2012 to 2014, going from 48 to 38.6 million tons; However, this last volume is significantly greater than the size of the Mexican market and the national production of steel wire rod in 2014 (17 and 16 times, respectively), and

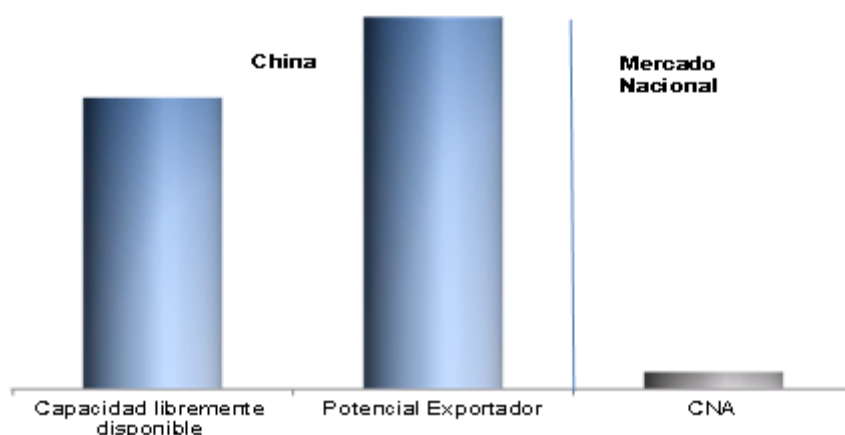
China's export potential (installed capacity minus consumption) decreased 7% from 2012 to 2014, from 53.2 to 49.3 million tons; however, this volume is equivalent to 20.6 and 21.1 times the magnitude of the production and the domestic market for steel wire rod in 2014, respectively.

193. Regarding China's export profile, the ISSB statistical information indicates that China was the main exporter of steel wire rod between 2012 and 2014; it participated with 33% of total exports worldwide. During this period, its export volumes increased 104%, from 5.5 to 11.3 million tons. This last volume is equivalent to 4.7 times the national production and 4.8 the size of the Mexican market in 2014.

194. At this stage of the investigation, the Requesters indicated that the increasing trend of Chinese wire rod exports sharpened in 2015, with an estimated 12 million tonnes.

195. The results described in the previous points allow the Secretariat to conclude that China has freely available capacity and considerable export potential in relation to the domestic market. The following graph illustrates the asymmetries between these indicators, which support that the use of a part of the freely available capacity that China has, or a marginal deviation of exports from that country, could be significant in the Mexican market for the domestic production of steel wire rod.

**National market vs freely available capacity and export potential of China in 2014
(million tons)**



Source: ArcelorMittal, Deacero and Ternium and own estimates.

196. Additionally, according to information from the Preliminary Resolution on Chinese steel wire rod, issued by the United States International Trade Commission, dated March 2014, it is expected that in 2015 the installed capacity of Chinese steel wire rod increases 1% from the 2014 level, going from 192 to 194.4 million tons and registers the same level in 2016 and 2017. On the other hand, the Requesters estimated China's production in 2015, 2016 and 2017 from the variation in production in the quarter from January to March 2015 with respect to the same comparable period of 2014, so that from 2014 to 2017, production would decrease 6%, from 153.5 to 143.6 million tons.

197. Consequently, in the same period, China's freely available capacity to manufacture steel wire rod would increase 32%, from 38.6 to 50.9 million tons; this latter volume is considerably higher than the domestic production that the Requesters estimate for 2016 and 2017.

198. On the other hand, from the initiation stage of the investigation, the Requesters provided estimates of the magnitude that the investigated imports could reach and the prices at which they would attend in the absence of a countervailing duty, as well as the impact they would cause to the domestic industry.

199. The evaluation that the Secretariat carried out in this regard in the preliminary stage is described in detail

in points 220 to 228 of the Preliminary Resolution. The Secretariat took into account the results of this examination to determine the well-founded probability that the investigated imports will continue to increase in the immediate future, under conditions that aggravate the pecuniary injury caused to the domestic industry, as indicated in point 229 of said Resolution.

200. At this stage and in accordance with the results of the effects on the domestic industry (points 144 to 187 of this Resolution), the Secretariat considered that it is not necessary to re-examine the arguments that the Requesters put forward in the course of the investigation, in relation to the projections of the volumes of imports under investigation and the conditions under which they would be carried out, nor to their effects on the domestic industry, given that in the present investigation, it was concluded that there is evidence positive statements that support that due to the presence of the investigated imports under conditions of price discrimination in the Mexican market, it was caused pecuniary damage to the domestic industry.

201. Based on the results described above, the Secretariat concluded that China has a freely available capacity and considerable export potential in relation to national production and the size of the Mexican market for similar merchandise, which added to the growth registered by imports. Investigated to the national market in absolute and relative terms, and their low price levels during the period analyzed, constitute sufficient elements that support that there is a well-founded probability that they will continue to increase in the immediate future, at levels that aggravate the material damage caused to the branch of national production.

9. Other damage factors

202. In accordance with the provisions of Articles 3.5 of the Anti-Dumping Agreement, 39 last paragraph of the LCE and 69 of the RLCE, the Secretariat examined the concurrence of factors other than imports originating in China, under conditions of price discrimination, which at the same time, they could be the cause of material damage to the domestic steel rod industry.

203. During the investigation, the Applicants stated that there were no factors other than imports under conditions of price discrimination that caused injury to the domestic industry. The arguments that support his assertion are indicated in points 199 of the Initiation Resolution and 197 of the Preliminary Resolution:

imports from countries other than China maintained their participation in the CNA at around 2 to 3% during the period analyzed; Likewise, the prices they registered were systematically above the prices of imports subject to price discrimination and domestic prices; so that they did not have distorting effects on the market and national production;

the demand for wire rod in the Mexican market registered an increase in the investigated period with respect to the two previous comparable periods; Likewise, according to CANACERO's forecasts, it is estimated that the national consumption of this product will continue to grow in the coming years;

domestic wire rod production is oriented to the domestic market, which makes it highly sensitive to imports under unfair trade conditions;

During the period analyzed, export sales could not absorb the negative impact of sales in the domestic market;

I. productivity was not a factor that affected the performance of the domestic industry, since it registered a positive variation of 7% in the investigated period with respect to the same comparable previous period;

because the investigated imports do not contribute to the production of the goods that the Applicants manufacture and commercialize internally, the volumes of self-consumption cannot be a direct cause of the damage, and

they stated that they had no knowledge of restrictive business practices or changes in technology that have affected the behavior of the national market; Furthermore, competition occurs under normal market conditions (supply-demand) and competitive advantages derive from offering reasonable prices, good service, quantity and quality available.

204. At this stage of the investigation, Aceros Titán argued that an objective and comprehensive analysis that aims to demonstrate that the investigated imports caused injury must include a complete evaluation, in economic terms, on the non-attribution of injury to factors unrelated to the imports originating in China.

205. In this regard, Aceros Titán requested to quantify the negative effects derived from the drop in exports and not attribute them to the investigated imports. His request was based on the determination of the Report of the Panel for the case Mexico-Anti-dumping duties on pipelines from Guatemala, where

it was determined that the magnitude of foreign sales was greater than the fall recorded by domestic sales.

206. The Secretariat examined factors that could be relevant to the analysis of the behavior of the domestic industry and found the results indicated in the subsequent points.

207. According to the available figures in the administrative file, the demand for the product under investigation, measured by the CNA, although it registered a 7% decrease in the period April 2013-March 2014, grew 16% in the investigated period, which meant an accumulated growth of 8% in the analyzed period, a behavior that, according to CANACERO forecasts, will continue in the near future. In this context of the performance of the domestic market, the Secretariat had no elements to indicate that imports from other origins could be the cause of injury to the domestic industry.

208. Indeed, although imports from other origins increased 21% in the period analyzed, they could not have affected the domestic industry, since: i) they practically maintained their market share at a percentage of just over 2% ; In fact, they only increased it by 0.3 percentage points during said period, and ii) during the period analyzed, their average price was higher than that of national sales to the domestic market, in percentages that fluctuated between 31% (April 2012-March 2012). 2013), 58% (April 2013-March 2014) and 61% in the investigated period (April 2014-March 2015).

209. In contrast, the investigated imports increased 282% throughout the analyzed period (- 51% from the period from April 2012 to March 2013 to the next comparable period and + 676% in the investigated period). This behavior allowed them to increase their participation in total imports and in the domestic market.

210. The investigated imports went from a contribution of 38% in total imports in the period April 2012-March 2013 to 66% in the investigated period; In the same periods, its participation in the CNA went from 1.3% to 4.7%, which meant an increase of 3.4 percentage points; In terms of domestic consumption, its share went from 2.5% to 9.1%, which translated into an increase of 6.6 percentage points .

211. In addition to this, the price of the investigated imports was lower than the price of domestic sales to the domestic market, in percentages of 2% in the period April 2013-March 2014 and 10% in the period investigated, just when the volume of investigated imports increased significantly.

212. On the other hand, the Secretariat considered that the productivity behavior of the Requesters could not cause harm to the domestic industry, since this indicator accumulated a growth of 2% during the analyzed period (it decreased by 2% in the April period 2013-March 2014, but increased 4% in the investigated period).

213. Likewise, the behavior of self-consumption could not cause damage to the domestic industry, since, as indicated in point 151 of this Resolution, the production that was destined for self-consumption accumulated a growth of 10% in the period analyzed (-3% in the period April 2013-March 2014, but increased 14% in the period investigated).

214. With regard to the export performance of the national industry, as indicated in points 112, 153 and 155 of this Resolution, the exports of the national industry decreased 33% in the period analyzed (+ 5% in the period April 2013-March 2014 and -36% in the investigated period). The exports of applicants recorded a similar behavior as in the same period decreased by 42% (+ 13% in the period April 2013-March 2014 and -49% during the investigation period).

215. However, although there is a drop in the Requesters' exports, the foreign market is not a determining factor in the performance of the domestic industry, since they represented on average 12% of its production and 28% of its sales to the domestic market during the period analyzed. Additionally, although export sales decreased in the investigated period, it should be noted that the performance of the domestic industry depends fundamentally on domestic sales , as this is confirmed by its share in total sales, as it passes from a contribution from the 77% in the period April 2012-March 2013 to 85% in the investigated period.

216. As indicated in point 156 of this Resolution, the Secretariat observed that during the period analyzed:

In absolute terms, the decline in total sales revenue for the domestic industry is explained to a greater extent by the decline in revenue from domestic sales, since the total drop in revenue from domestic sales internal sales

accounted for 59% of the total decrease in total revenue, while the remaining 41% was the result of sales to the foreign market, and

n absolute terms, revenues from sales to the domestic market decreased 43% more than the decrease recorded by those from the foreign market. Likewise, the decrease in total sales revenue was 26%, which is explained to a greater extent by a weighted fall in revenue from sales to the domestic market of 15.3%, while that of export revenue was 10.7% .

217. In addition to this, when isolating the results of the export activity of the domestic industry, the behavior of relevant indicators in the period analyzed was as follows: the PNOMI of the domestic industry registered an increase of 2%; Despite this, internal sales fell 4%; the employment associated with production sales fell 4%; capacity utilization decreased 3 percentage points, revenues decreased 19.5% and operating profits derived from sales to the domestic market were negative.

218. These results indicate that, even without considering the drop in exports in the period analyzed, there was a deterioration in the performance of the domestic industry in the domestic market motivated by imports under conditions of price discrimination (which increased their participation in the national market).

219. Additionally, the information in the administrative record does not indicate that technological innovations or changes in the consumption structure had occurred, or restrictive business practices that affected the performance of the domestic industry.

220. According to the results described, the Secretariat concluded that the available information in the administrative record does not indicate the concurrence of factors other than the imports of steel wire rod originating in China carried out under conditions of price discrimination, which at the same time, they could be the cause of pecuniary damage to the domestic industry.

H. Conclusions

221. Based on the comprehensive analysis of the arguments and evidence described in this Resolution, the Secretariat concluded that there are sufficient elements to support that, during the investigated period, imports of carbon steel wire rod and alloy steel originating in China, they were carried out under conditions of price discrimination and caused material injury to the domestic industry of the like merchandise. Among the main elements evaluated that support this conclusion, without these being considered exhaustive or limiting, the following stand out:

In the period investigated, imports originating in China were made with a price discrimination margin of \$ 0.49 per kilogram.

The investigated imports registered a growth of 282% during the analyzed period (+ 676% in the investigated period); its share in total imports went from 38% in the April 2012-March 2013 period to 66% in the investigated period.

The increase registered by the investigated imports allowed them to increase their participation in the CNA by 3.4 percentage points in the analyzed period (+4 points in the investigated period), going from 1.3% to 4.7%, or 6.6 points in consumption internal (7.8 points in the investigated period), going from 2.5% to 9.1%.

In the periods April 2013-March 2014 and the investigated period, the average price of imports of carbon steel wire rod and alloy steel, originating in China, was below the sales price to the domestic market of the industry. national (in percentages of 2% and 10%, respectively) and of the average price of imports from other origins (in percentages of 38% and 44%, respectively).

I. In the investigated period, the concurrence of the investigated imports under conditions of price discrimination had a negative impact on relevant economic and financial indicators of the domestic industry, including production for sale, sales to the domestic market, market share (both in the CNA and in domestic consumption), employment, prices to the domestic market, income, operating profits and operating margins derived from the behavior of direct sales to the domestic market, as well as the contribution of the similar product to the ROA of the domestic industry.

The available information indicates that China has freely available capacity and a

export potential several times greater than the size of the domestic market for the similar merchandise. This, coupled with the slowdown in its economy and the trade restrictions it faces due to anti-dumping and anti-subsidy measures in relevant markets, suggests that China could redirect part of its wire rod exports to the domestic market.

What is described in the previous paragraph, together with the decreasing trend in the prices of the investigated imports, constitute sufficient elements that support the probability that in the immediate future imports of carbon steel wire rod and alloy steel, originating in China, will increase considerably; to such an extent that they increase their participation in the domestic market and further displace the domestic industry and, consequently, deepen the negative effects on the economic and financial indicators of the domestic industry.

h. No injury factors other than imports originating in China were identified.

I. Compensatory fee

222. ArcelorMittal, Deacero and Ternium requested the application of definitive countervailing duties to the investigated imports, not less than the price discrimination margins found,

due to the existence of price discrimination and injury to the domestic industry. For its part, Aceros Titán requested to evaluate the appropriateness of applying definitive countervailing duties lower than the determined price discrimination margins .

223. In this regard, Articles 9.1 of the Anti-Dumping Agreement and 62, first paragraph of the LCE, provide that as a general rule the amount of the countervailing duty corresponds to the determined price discrimination margin , although the same legislation allows analyzing the feasibility of applying a countervailing duty less than the calculated price discrimination margin, provided that this is sufficient to eliminate the injury to the domestic industry.

224. In the present investigation, the results indicate that the domestic industry faces a vulnerable condition, since it was forced to decrease its selling price to the domestic market to face the conditions of competition of the investigated imports, which resulted in the negative performance during the analyzed period, particularly, in the investigated period, of its income and operating profits derived from the behavior of direct sales to the domestic market.

225. On the other hand, the information in the administrative record indicates that during the period analyzed, the steel wire rod was imported from twenty countries other than China, as established in point 112 of this Order.

226. Consequently, the Secretariat considered that given the vulnerability of the domestic industry, the application of a countervailing duty lower than the price discrimination margin would not be sufficient to eliminate the injury faced by the domestic industry in the face of concurrent imports of carbon steel wire rod and alloy steel originating in China under unfair conditions, for which it determined that it is appropriate to apply a definitive countervailing duty equivalent to the calculated price discrimination margin , in accordance with the provisions of Articles 9.1 of the Anti-Dumping Agreement and 62 first paragraph of the LCE.

227. Due to the foregoing and based on articles 9.1 of the Anti-Dumping Agreement and 59 section I and 62 first paragraph of the LCE, it is appropriate to issue the following

RESOLUTION

228. The investigation procedure regarding unfair international trade practices is declared closed , in its modality of price discrimination, and a definitive compensatory quota of \$ 0.49 (zero point forty-nine) dollars per kilogram is imposed on imports of wire rod. steel, including permanent and temporary, including those that enter under the Eighth Rule for the application of the TIGIE, originating in China, regardless of the country of origin, that enter through tariff items 7213.10.01, 7213.20.01, 7213.91.01, 7213.91.02, 7213.99.01, 7213.99.99, 7227.10.01, 7227.20.01, 7227.90.01, 7227.90.99 and under the Eighth Rule for fractions tariffs 9802.00.01, 9802.00.07, 9802.00.13, 9802.00.19 and 9802.00.23 of the TIGIE, or by any other.

229. The Ministry of Finance and Public Credit is responsible for applying the compensatory quota throughout the national territory.

230. Based on Articles 10.3 of the Anti-Dumping Agreement and 65 of the LCE, the guarantees that have been granted for the payment of the provisional countervailing duties become effective.

231. In accordance with the provisions of article 66 of the LCE, importers who, in accordance with this Resolution, must pay the final compensatory fee, will not be obliged to pay it if

They verify that the country of origin of the merchandise is different from China. The verification of the origin of the merchandise will be done in accordance with the provisions of the Agreement that establishes the rules for determining the country of origin of imported merchandise and the provisions for its certification, for non-preferential purposes (previously Agreement by the establishing the rules for determining the country of origin of imported goods and the provisions for their certification, in the matter of countervailing duties) published in the DOF on August 30, 1994, and its modifications published in the same organ of dissemination November 11, 1996, October 12, 1998, July 30, 1999, June 30, 2000, March 1 and 23, 2001, June 29, 2001, September 6, 2002, May 30, 2003, July 14 , 2004, May 19, 2005, July 17, 2008 and October 16, 2008.

232. Notify this Resolution to the interested parties of which it is known.

233. Communicate this Resolution to the Tax Administration Service for the corresponding legal effects .

234. This Resolution will enter into force the day after its publication in the DOF.

Mexico City , 15 July 2016.- The Minister of Economy , **Ildefonso Guajardo Villarreal** .- Heading.