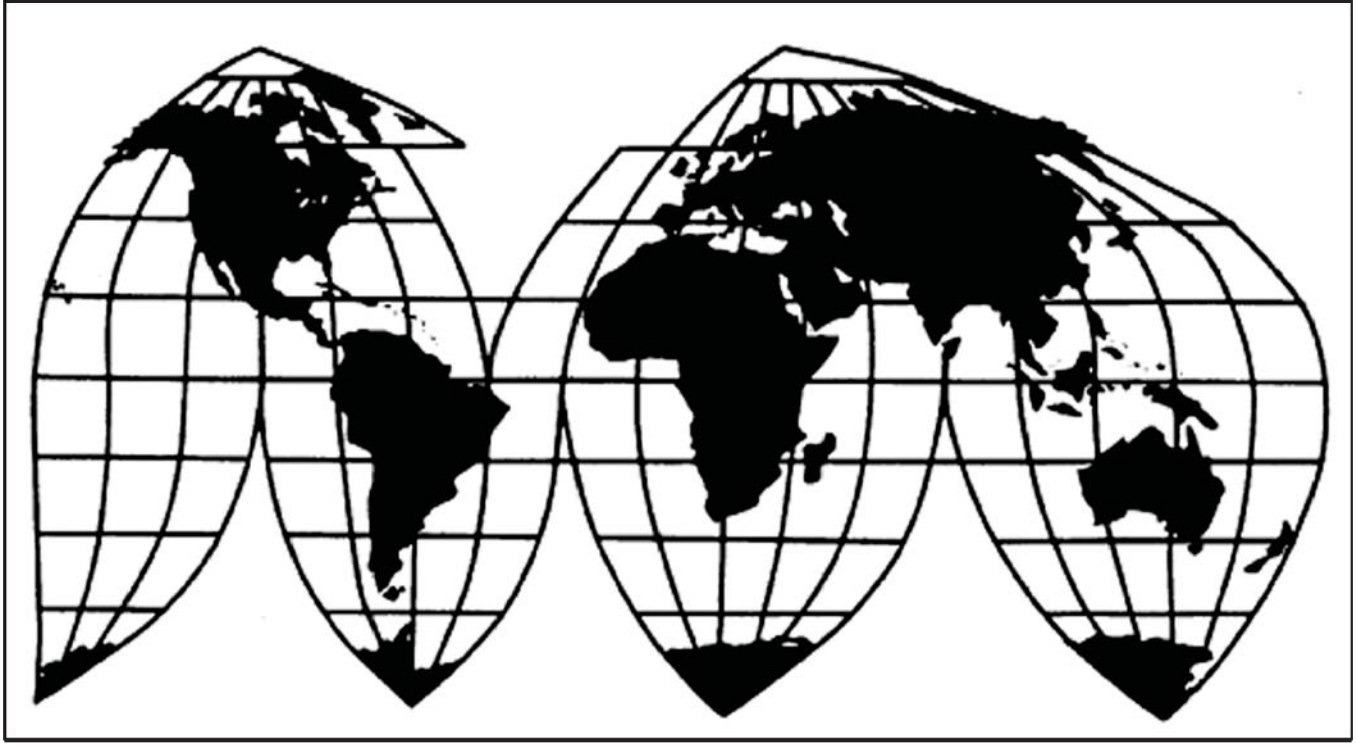
Steel Concrete Reinforcing Bar from Japan and Turkey

Investigation Nos. 701-TA-564 and 731-TA-1338 and 1340 (Final)

Publication 4705 **July 2017**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Rhonda K. Schmidtlein, Chairman
David S. Johanson, Vice Chairman
Irving A. Williamson
Meredith M. Broadbent
F. Scott Kieff

Catherine DeFilippo
Director of Operations

Staff assigned

Amelia Shister, Investigator
Gregory LaRocca, Industry Analyst
Craig Thomsen, Economist
David Boyland, Accountant
Onslow Hall, Statistician
Peter Sultan, Attorney
Douglas Corkran, Supervisory Investigator

Special assistance from

Joseph Laroski

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Steel Concrete Reinforcing Bar from Japan and Turkey

Investigation Nos. 701-TA-564 and 731-TA-1338 and 1340 (Final)

Publication 4705

July 2017

U.S. supply elasticity

The domestic supply elasticity[13] for rebar measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of rebar. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced rebar. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to increase or decrease shipments to the U.S. market by a moderate-to-large amount based on unused capacity and production flexibilities; an estimate in the range of 2.5 to 5 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for rebar measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of rebar. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the rebar in the production of any downstream products. Because of a lack of close, broadly accepted substitutes and the relatively low cost share in the cost of the end-use products which use rebar, it is likely that the demand for rebar is moderately inelastic, with values ranging between -0.25 and -0.75.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[14] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the overall elasticity of substitution between the majority of U.S.-produced rebar and imported rebar is likely to be in the range of 4 to 6. However, for certain projects that require domestically produced rebar, the substitution elasticity is much lower.

[13] A supply function is not defined in the case of a non-competitive market.

[14] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.