CERTAIN OFF-THE-ROAD TIRES FROM INDIA AND SRI LANKA
INV. NOS. 701-TA-552-553 AND 731-TA-1308 (FINAL)

PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

JANUARY 4, 2017

STATEMENT OF PAUL HAWKINS
VICE PRESIDENT, SALES
TITAN TIRE CORPORATION

Good morning. My name is Paul Hawkins. I am the Vice President of Sales at Titan Tire Corporation. I have been with Titan for ten years, and I have overseen the company's off-the-road tire business both on the operations side and the sales side.

More than eight years ago, I testified before this Commission's staff and appeared at the Commission's hearing in the investigation on OTR tires from China. We are grateful the Commission voted in the affirmative in that case, and we believe the facts once again support an affirmative determination here.

Since the orders were imposed on OTR tires from China, producers in India and Sri Lanka – both major producing nations for certain OTR tires – have increasingly focused their growing capacity on expanding exports to the U.S. Companies such as BKT and Alliance in India, and Solideal – now known as Camso – in Sri Lanka, have been inundating the market with exports of OTR tires in recent years. As our Chairman testified, this increase is even more significant given the overall decline in demand for OTR tires over the period.

The way these foreign producers were able to gain market share was through aggressive price undercutting. The underselling data in your staff report confirms this, as our President and

CEO Paul Reitz testified. The data the Commission has collected is also consistent with my own day-to-day experience as VP of sales for Titan.

Because price is such an important factor in our market, we are constantly trying to gather information on competitors' prices and doing everything we can to match those prices. We documented those efforts in my declaration included in our pre-hearing brief. Alarmed by the sales we were losing to BKT and Alliance, we put together a special team to map out exactly which accounts of ours carried those tires and at which prices they were being offered. We found product from BKT and Alliance at the majority of the accounts we examined, and always at lower prices. We have also worked to identify accounts where we compete with product from Camso/Solideal and at what prices, an found them at dozens of accounts at much lower prices. Much of this information is based on what our customers share with us, sometimes in a direct effort to get us to reduce our own prices.

When we see we are losing volume due to competition with tires from India and Sri Lanka, we act quickly to try to compete and maintain whatever volume possible. It is common in our industry to put out periodic price promotions on certain tire models. One of the ways we choose which models to include in these promotions is by targeting products where we are losing volume to low priced imports from India and Sri Lanka. Unfortunately, when import prices get too low, even these deep discounts are not enough to help us maintain volume. We have taken a double hit on our price and volume as a result of this import competition.

Our brands do not insulate us from this injury. Titan sells some ag tires that are Goodyear brand and some that are Titan brand. We also sell other OTR tires under the Titan brand. Goodyear is often identified as a "Tier One" brand and Titan as a "Tier Two" brand. Many Indian and Sri Lankan products are also identified as "Tier Two" brands, as your staff report shows. Thus, Titan and subject imports are competing directly with each other in the middle tier of the market. There is also competition among tiers. Sales of our Goodyear tires have also been affected by imports from India and Sri Lanka, and have also been included in the price promotions I mentioned above.

While there may be a small premium for tires in higher tiers, this premium cannot withstand the kind of deep price undercutting we have seen in the market. In the investigation on OTR tires from China, the Commission estimated that there was a brand premium of about 10 to 15 percent. In our experience, any brand premium has only narrowed if not disappeared since that time. This is because of the increased price-sensitivity in the market our President and CEO Paul Reitz testified to. Nonetheless, even if a premium of 10 to 15 percent continued to exist, this is dwarfed by the underselling margins of subject imports, which averaged 25.6 percent and ranged as high as 47.5 percent. Such deep price undercutting affects producers throughout the market, and higher tier brands must react if they want to maintain volume.

Finally, I want to address Camso's attempt to minimize the impact of its imports on U.S. producers by claiming it only sells into a narrow segment of the industrial/construction market. Even if Camso's sales are concentrated in the industrial/construction segment, this is a very important part of the OTR tire market for our company. Titan produces a broad array of industrial and construction tires that directly overlap with those produced by Camso. We are forced to compete with Camso at many of our customers, and that competition is based on price. The injury we have suffered is due to imports from both countries, and that is why we respectfully request that the Commission make affirmative determinations on OTR tires from both India and Sri Lanka. Thank you.