

**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 DENNIS NUTTER
FIELD SALES MANAGER
TITAN TIRE CORPORATION**

Good morning. My name is Dennis Nutter. I am a Field Sales Manager at Titan Tire Corporation. I have been with Titan since 1988. I have worked on the operations side managing tire manufacturing, worked on quality control with Titan's engineers, and for the past eleven years I have overseen sales to our largest OEM customers as well as some aftermarket sales. I have negotiated with all of Titan's major customers during that time.

In its prior investigation on OTR tires, the Commission found that price is likely to be the primary factor in purchasing decisions for many purchasers of OTR tires. That continues to be the case today. The market for OTR tires is extremely price-sensitive, and we are engaged in negotiations over price with our customers on a daily basis.

As my colleagues testified, OTR tires from India and Sri Lanka compete directly with Titan's OTR tires in the market and are highly interchangeable. As a result, when we compete with tires from these countries for sales, the competition comes down largely to price.

In the aftermarket, many sales are on a spot basis and there is constant price pressure from imports. Imports are consistently priced substantially below our prices, and our customers force us to lower our prices in order to continue to make sales. For example, our own internal

data on distributor prices for our own tires and for tires produced in India by BKT and Alliance show that the Indian tire undersold Titan's own competing model in every available comparison. Our records on tires sold by Camso / Solideal also show persistent underselling. This is consistent with the data in your pre-hearing staff report.

We also face import competition at our original equipment customers. Though most of our OE accounts are covered by multi-year contracts, these contracts do not shield us from price competition. First, all of our contracts with our major OE customers have had to be renegotiated at least once since 2013, and when contracts are up for re-negotiation, everything is on the table, including price. Second, even with a contract in place, there is no guarantee we will actually get the price we agreed to in the contract. Many of our contracts contain escape clauses that permit the customer to notify us when they have been offered the same tire we are under contract to provide at prices that are below the contract price. When this happens, we have two choices. We can lower our prices to make the sale, or we can lose that sales volume. Even when contracts do not have a formal escape clause, we face pressure from our OE customers to lower our prices when competitors offer the same tire at a lower price.

Since 2013, we have been under constant price pressure at our OE accounts, including in agriculture, earthmoving, and construction and industrial. Our pre-hearing brief shows that customers who are shopping for new off-road equipment can choose different tire options. The options often include our own Goodyear and Titan tires as well as tires from India and Sri Lanka for the same piece of equipment. The major difference between those options is price. We have had to make significant price concessions to make sales, and we have also lost sales volume where we are not able to match the import price. This pervasive price undercutting has forced Titan to sell some of its OTR tires at a loss simply to hold on to some sales volume.

In short, subject OTR tire imports from India and Sri Lanka have seized market share from Titan, and we believe other domestic producers, by persistently undercutting our prices. In a market where OTR tires from all sources are interchangeable and price is a key purchasing factor, this undercutting has caused Titan to lose sales volume and forced us to lower our prices to unsustainable levels. We have faced this unfair import competition in the aftermarket and the original equipment market, and in all kinds of OTR tires, including tires for agricultural, construction, and industrial applications.

Disciplining these imports is essential to the ability of Titan and other domestic producers to compete on a level playing field.

Thank you.