

UNITED STATES INTERNATIONAL TRADE COMMISSION

TAPERED ROLLER BEARINGS FROM CHINA
INV. NO. 731-TA-344 (THIRD REVIEW)

TESTIMONY OF GARY SCHALL
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The Timken Company

Good morning. My name is Gary Schall. I am the plant manager for Timken's Lincolnton, North Carolina plant. The Lincolnton plant opened in 1979 and employs 750 associates producing tapered roller bearings or TRBs. The plant produces cups and cone assemblies, which are used by end consumers together in sets or can be assembled into multiple row TRBs. We also produce finished and unfinished parts which are used either in our plant for further manufacturing or within other Timken TRB facilities. And, our plant produces large volumes of TRB wheel hub assemblies, each of which has a double row TRB configuration. Thus, we produce a very large array of TRBs to serve the many end markets for TRBs, whether original equipment market or aftermarket. Stated differently, the Lincolnton plant is one of the company's largest facilities and is one of the higher volume TRB facilities in Timken's U.S. operations. There are several points I would like to make.

First, my understanding is that some parties participating in this sunset review have argued that TRB wheel hub assemblies are not "like" other tapered roller bearings, partly because they are not manufactured using the same manufacturing facilities, production processes, and production employees as other tapered roller bearings. Indeed, the public prehearing staff report states that "{a}ll purchasers that responded to this question agree

that the manufacturing processes used to produce TRBs and wheel hub assemblies are not similar.” (Page I-29). As a plant manager that produces a wide range of TRB products, including TRB wheel hub assemblies, it is my view that that position is simply wrong. As I just reviewed, the Lincolnton plant produces a variety of TRBs, including single row TRBs and TRB wheel hub assemblies. All of these products are obviously made in the Lincolnton plant with many of the components made on the same lines by the same workers. While TRB wheel hub assemblies are high volume parts that have dedicated cells in the plant for final assembly, substantial assets in Lincolnton and in other Timken plants support the production of the bearing components that go into TRB wheel hub assemblies and many other TRBs. This is not secret information. Our OEM customers often request plant visits as part of a certification process, so we know that many OEM customers of ours know exactly the breadth of what we produce and the fact that many types of TRBs, including TRB wheel hub assemblies, are manufactured in our plant using much of the same equipment and many of the same workers. Indeed, a large portion of our workforce who work in TRB wheel hub cells in our plant have worked in other parts of our facility as well.

Let me be clear. The components that make up a stand-alone single row or double row TRB can be the same components that make up a TRB wheel hub assembly. A single row or double row TRB and various TRB wheel hub assemblies can have the same rollers, cones, cups, cages, and seals. They also have the same functionality, which is friction reduction and the ability to carry loads. A TRB wheel hub assembly is just a TRB put on a hub at the TRB production facility rather than at the OE manufacturer’s facility. In that regard, a TRB wheel hub assembly is like other bearings with additional material such as

housed bearings. You can see a number of the types of housed bearings Timken produces on the display table to my right, including the TRB rail package bearing, and as also seen in this photo.

Second, as Mr. Griffith mentioned, 70% of the volume at four of Timken's TRB facilities is currently offered by Chinese producers. Lincolnton is one of those four facilities. There can be little doubt that if the antidumping duty order were to be revoked, our plant and other Timken plants producing TRBs would be subject to significant adverse effects from a large increase in imports based on the large capacity in China, existing underselling by Chinese product and large volumes of exports to the world reported in the public staff report.

For Lincolnton, the challenge to our plant would be to all of the types of TRBs we produce, including TRB wheel hub assemblies. It is my understanding that members of the Coalition of Exporters and Importers of Wheel Hub Assemblies from China have represented that they produce Generation 2 and Generation 3 TRB wheel hub assemblies. Timken produces the same kinds of TRB wheel hub assemblies at Lincolnton for both OEM and aftermarket distribution. These wheel hub assemblies account for a significant share of the sales of the Lincolnton plant.

Thank you.