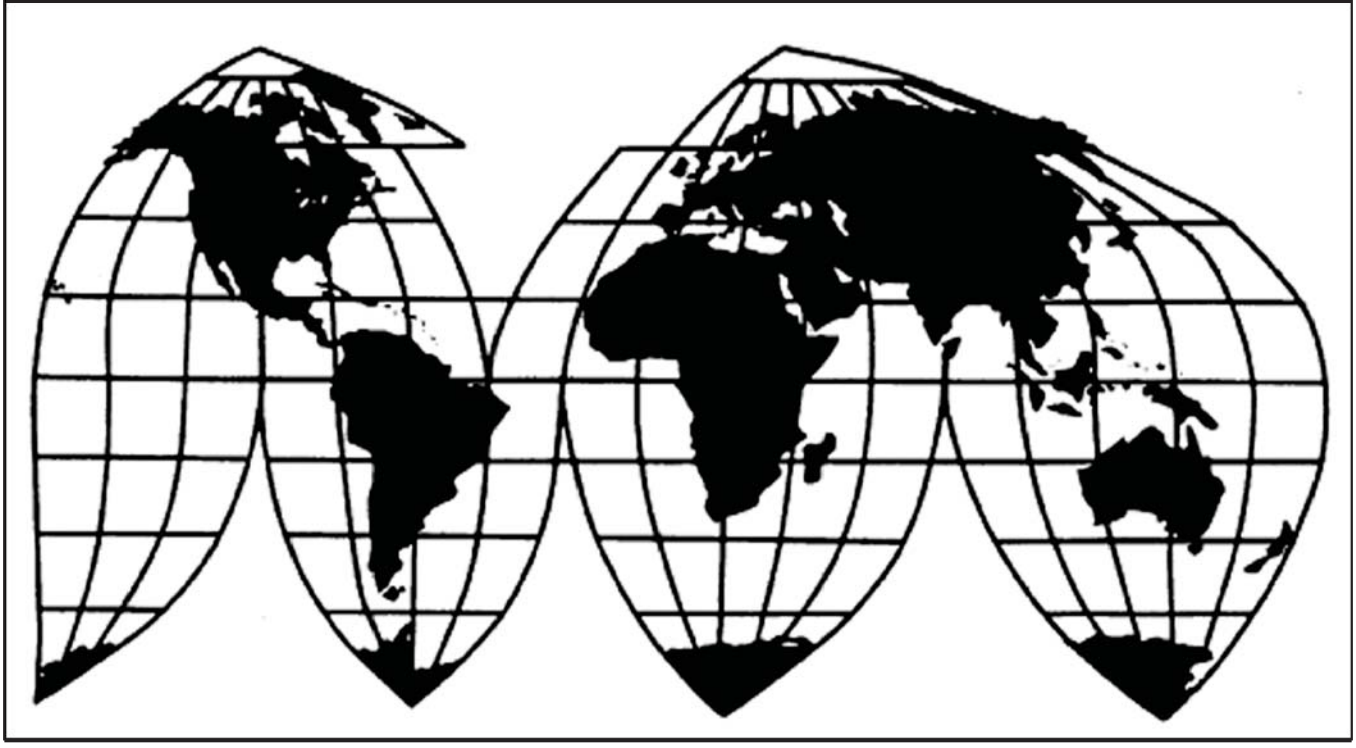
Certain New Pneumatic Off-the-Road Tires from India and Sri Lanka

Investigation Nos. 701-TA-552-553 and 731-TA-1308 (Final)

Publication 4669 **March 2017**

U.S. International Trade Commission



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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-552-553 and 731-TA-1308 (Final)
Certain New Pneumatic Off-the-Road Tires from India and Sri Lanka

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is materially injured by reason of imports of certain new pneumatic off-the-road tires from India, provided for in headings 4011, 8431, 8709, and 8716 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV") and subsidized by the government of India, and by reason of imports of certain new pneumatic off-the-road tires found by Commerce to be subsidized by the government of Sri Lanka.[2] [3]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective January 8, 2016, following receipt of petitions filed with the Commission and Commerce by Titan Tire Corporation of Des Moines, Iowa ("Titan") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC of Pittsburgh, Pennsylvania ("USW"). The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of certain new pneumatic off-the-road tires from India and Sri Lanka were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and that imports of certain new pneumatic off-the-road tires from India were not dumped within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 12, 2016 (81 FR 62760). The hearing was held in Washington, DC, on January 4, 2017, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] The Commission also finds that imports subject to Commerce's affirmative critical circumstances determination are not likely to undermine seriously the remedial effect of the countervailing duty orders on certain new pneumatic off-the-road tires from India and Sri Lanka.

[3] Commissioner Dean A. Pinkert did not participate in these investigations.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of certain new pneumatic off-the-road tires ("OTR tires") from India found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value and subsidized by the government of India, and by reason of imports of OTR tires from Sri Lanka found by Commerce to be subsidized by the government of Sri Lanka.[1] We also find that critical circumstances do not exist with regard to subject imports from India and Sri Lanka.

I. Background

On January 8, 2016, domestic producer Titan Tire Corp. ("Titan") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"), a labor union (collectively, "petitioners"), filed petitions with Commerce and the Commission. Petitioners jointly filed prehearing and posthearing briefs and appeared at the Commission's hearing accompanied by counsel.

Three respondent groups participated in the final phase of these investigations. Representatives and counsel for ATC Tires Pvt. Ltd. and Alliance Tire Americas Inc. (jointly "ATC"), producers and importers of OTR tires from India, appeared at the hearing and jointly submitted prehearing and posthearing briefs. Representatives and counsel for Balkrishna Industries Ltd. ("Balkrishna"), a producer of subject merchandise from India, appeared at the hearing and submitted prehearing and posthearing briefs. Representatives and counsel for Camso USA Inc. and Camso Loadstar Pvt. Ltd., producers and importers of subject merchandise from Sri Lanka, appeared at the hearing and jointly submitted prehearing and posthearing briefs.

U.S. industry data are based on the questionnaire responses from six domestic producers that accounted for the vast majority of domestic production of OTR tires in 2015.[2] U.S. import data are based on official Commerce import statistics and from questionnaire responses of 37 U.S. importers of OTR tires that accounted in 2015 for *** percent of subject imports from India and *** percent of subject imports from Sri Lanka.[3] Foreign producer data are based on questionnaire responses from 12 producers that accounted for *** percent of U.S. imports from India in 2015, and two producers that accounted for *** percent of U.S. imports from Sri Lanka in 2015.[4]

[1] Commissioner Pinkert did not participate in these investigations.
[2] Confidential Report ("CR") at III-1, Public Report ("PR") at III-1.
[3] CR at I-5, PR at I-4.
[4] CR at VII-3 and VII-12, PR at VII-3 and VII-9.

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[5] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[6] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[7]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[8] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[9] The Commission looks for clear dividing lines among

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[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(10).

[8] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

In a semi-finished products analysis, the Commission examines the following: (1) the significance and extent of the processes used to transform the upstream into the downstream articles; (2) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) whether there are perceived to be separate markets for the upstream and downstream articles; and (5) differences in the costs or value of the vertically differentiated articles. *See*, *e.g.*, *Glycine from India*, *Japan*, *and Korea*, Inv. Nos. 731-TA-1111-1113 (Preliminary), USITC Pub. No. 3921 at 7 (May 2007); *Artists' Canvas from China*, Inv. No. 731-TA-1091 (Final), USITC Pub. No. 3853 at 6 (May 2006); *Live Swine from Canada*, Inv. No. 731-TA-1076 (Final), USITC Pub. 3766 at 8 n.40 (Apr. 2005); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Preliminary), USITC Pub. No. 3533 at 7 (Aug. 2002).

[9] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

possible like products and disregards minor variations.[10] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[11] the Commission determines what domestic product is like the imported articles Commerce has identified.[12]

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

> Certain new pneumatic off-the-road tires (OTR tires). OTR tires are tires with an off road tire size designation. The tires included in the scope may be either tube-type or tubeless, radial, or nonradial, regardless of whether for original equipment manufacturers or the replacement market.
>
> Subject tires may have the following prefix or suffix designation, which appears on the sidewall of the tire:
>
> Prefix designations:
>
> **DH** – Identifies a tire intended for agricultural and logging service which must be mounted on a DH drop center rim.
> **VA** – Identifies a tire intended for agricultural and logging service which must be mounted on a VA multipiece rim.
> **IF** – Identifies an agricultural tire to operate at 20 percent higher rated load than standard metric tires at the same inflation pressure.
> **VF** – Identifies an agricultural tire to operate at 40 percent higher rated load than standard metric tires at the same inflation pressure.

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[10] *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[11] *See*, *e.g., USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[12] *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations in which Commerce found five classes or kinds).

Suffix designations:

ML – Mining and logging tires used in intermittent highway service.
DT – Tires primarily designed for sand and paver service.
NHS – Not for Highway Service.
TG – Tractor Grader, off-the-road tire for use on rims having bead seats with nominal +0.188" diameter (not for highway service).
K – Compactor tire for use on 5° drop center or semi-drop center rims having bead seats with nominal minus 0.032 diameter.
IND – Drive wheel tractor tire used in industrial service.
SL – Service limited to agricultural usage.
FI – Implement tire for agricultural towed highway service.
CFO – Cyclic Field Operation.
SS – Differentiates tires for off-highway vehicles such as mini and skid-steer loaders from other tires which use similar size designations such as 7.00-15TR and 7.00-15NHS, but may use different rim bead seat configurations. All tires marked with any of the prefixes or suffixes listed above in their sidewall markings are covered by the scope regardless of their intended use.

In addition, all tires that lack any of the prefixes or suffixes listed above in their sidewall markings are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the following sections of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set forth below.

The sections of the Tire and Rim Association Year Book listing numerical size designations of covered OTR tires include:

The table of mining and logging tires included in the section on Truck-Bus tires; The entire section on Off-the-Road tires; The entire section on Agricultural tires; and The following tables in the section on Industrial/ATV/Special Trailer tires:

- Industrial, Mining, Counterbalanced Lift Truck (Smooth Floors Only);
- Industrial and Mining (Other than Smooth Floors);
- Construction Equipment;
- Off-the-Road and Counterbalanced Lift Truck (Smooth Floors Only);
- Aerial Lift and Mobile Crane; and
- Utility Vehicle and Lawn and Garden Tractor.

OTR tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the scope. Subject merchandise includes OTR tires produced in the subject countries whether mounted on wheels or rims in a subject country or in a third country. OTR tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. OTR tires that enter attached to a vehicle are not covered by the scope.

In addition, specifically excluded from the scope are passenger vehicle and light truck tires, racing tires, mobile home tires, motorcycle tires, all-terrain vehicle tires, bicycle tires, on-road or on-highway trailer tires, and truck and bus tires. Such tires generally have in common that the symbol "DOT" must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following prefixes and suffixes included as part of the size designation on their sidewalls:

Prefix letter designations:

AT – Identifies a tire intended for service on All-Terrain Vehicles;
P – Identifies a tire intended primarily for service on passenger cars;
LT – Identifies a tire intended primarily for service on light trucks;
T – Identifies a tire intended for one-position "temporary use" as a spare only; and
ST – Identifies a special tire for trailers in highway service

Suffix letter designations:

TR – Identifies a tire for service on trucks, buses, and other vehicles with rims having specified rim diameter of nominal plus 0.156" or plus 0.250";
MH – Identifies tires for Mobile Homes;
HC – Identifies a heavy duty tire designated for use on "HC" 15" tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation. Example: 8R17.5 LT, 8R17.5 HC;
LT – Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service;
ST – Special tires for trailers in highway service; and
M/C – Identifies tires and rims for motorcycles.

The following types of tires are also excluded from the scope: Pneumatic tires that are not new, including recycled or retreaded tires and used

> tires; non-pneumatic tires, including solid rubber tires; aircraft tires; and turf, lawn and garden, and golf tires. Also excluded from the scope are mining and construction tires that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the number of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum 1500 pounds).
>
> The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0090, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020.
>
> Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.4590, 4011.99.8590, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035 and 8716.90.5055. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.[13]

All pneumatic (air pressurized) rubber tires, including OTR tires, have the same basic internal components, consisting of a base rubber inner liner or a rubber inner tube, impervious to air migration from the tire; rubberized reinforcing tire cord plies and belts that give the tire strength and stability; and a rubberized steel bead that provides an airtight seal of the tire rim with a given metal wheel. The outer components of a tire are the tread that runs around the outside of the tire, the sidewall, and the rubber rim. All tires generally contain varying amounts of natural and synthetic rubber in addition to several other components such as carbon black reinforcement, sulfur curing agents, textile fabric or steel reinforcing plies and belts, and steel bead wire that forms the rim of the tire.[14]

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[13] *Certain New Pneumatic Off-the-Road Tires from India: Final Affirmative Determination and Final Affirmative Critical Circumstances Determinations*, 82 Fed. Reg. 2946 (Jan. 10, 2017) ("Commerce Final India CVD Determination"); *Certain New Pneumatic Off-the-Road Tires from Sri Lanka: Final Affirmative Determination and Final Affirmative Critical Circumstances Determinations*, 82 Fed. Reg. 2949 (Jan. 10, 2017) ("Commerce Final Sri Lanka CVD Determination").

While tube-type tires are subject to the scope of these proceedings, tubes and flaps are not subject merchandise and therefore are not covered by the scope of these proceedings, regardless of the manner in which they are sold (*e.g.*, sold with or separately from subject merchandise).

[14] CR at I-13-14, PR at I-11-12.

Compared to on-the-road passenger and light truck tires, most OTR tires are designed for more rugged use in off-the-road applications, in which greater strength and heavier load-bearing characteristics are required. A generally higher content of stronger, more durable natural rubber is used in certain OTR tires relative to the more supple synthetic rubbers that are used in higher proportions in on-the-road consumer tires. Also, more substantial internal reinforcement is required, including rubberized textile and steel tire cord plies and belts, and heavy duty steel bead bundles for rim construction. OTR tires are produced in a wide variety of types and sizes depending upon end use, ranging from relatively small agricultural implement and industrial forklift tires, to larger tires found on farm tractors and harvesting equipment, as well as earthmover/construction equipment used in mining and construction.[15]

C. Arguments of the Parties

Petitioners' Arguments. Petitioners argue that the Commission should define a single domestic like product, coextensive with the scope.[16] They contend that the Commission's definition of the domestic like product in the preliminary phase of these investigations was appropriate and argue that the record in the final phase indicates that the Commission should continue to find a single domestic like product that is coextensive with the scope.[17]

Respondents' Arguments. Balkrishna states that it does not object to petitioners' definition of the domestic like product.[18] The remaining respondents do not address this issue.

D. Domestic Like Product Analysis

In the preliminary phase of these investigations, the Commission considered two arguments raised by respondents concerning the definition of the domestic like product: 1) whether unmounted and mounted OTR tires within the scope were separate domestic like products, and 2) whether the domestic like product should include wheel assemblies outside the scope. After analyzing these issues, the Commission defined a single domestic like product, coextensive with the scope.[19] The record in the final phase of these investigations does not contain any new information concerning the domestic like product factors and the parties that have addressed the issue have indicated that they agree with the definition of the domestic like product set forth in the preliminary determinations.[20] In the absence of any argument to the contrary, we continue to define a single domestic like product consisting of OTR tires that is coextensive with Commerce's scope for the reasons set forth in our preliminary determinations.

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[15] CR at I-13-17, PR at I-11-15.

[16] Petitioners' Prehearing Brief at 5-7.

[17] Petitioners' Prehearing Brief at 7.

[18] Balkrishna Prehearing Brief at 12.

[19] *Pneumatic Off-the-Road Tires from India and Sri Lanka*, Inv. Nos. 701-TA-552-553 and 731-TA-1307-1308 (Preliminary), USITC Pub. 4594 at 13-15 (March 2016) ("Preliminary Opinion").

[20] *See generally* CR at I-13-30, PR at I-10-24.

III. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[21] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

A. Sufficient Production-Related Activities

In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[22]

In the preliminary phase of these investigations, the Commission considered whether tire mounting operations were sufficient to constitute domestic production. The Commission found that tire mounting operations comprised a relatively small portion of capital investment in the domestic firms that performed such operations. The Commission also observed that such mounting operations required less training, required fewer workers, and paid *** wages than tire building operations. It found that mounting a tire added *** percent of the total value of a completed tire assembly. Finally, the Commission found that the raw materials and their cost were minor and that ***. The Commission concluded that tire mounting operations were not sufficient production-related activities to constitute domestic production.[23]

The record in the final phase of these investigations contains no new information pertaining to tire mounting operations. Petitioners and one respondent party state that they agree with the Commission's domestic industry findings in the preliminary determinations;[24] no party argues otherwise. In light of these considerations, we continue to find that tire mounting operations do not constitute domestic production.

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[21] 19 U.S.C. § 1677(4)(A).

[22] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Crystalline Silicon Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1190 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

[23] Preliminary Opinion, USITC Pub. 4594 at 15-16.

[24] Petitioners' Prehearing Brief at 7; Balkrishna Prehearing Brief at 12.

B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[25] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[26]

In the final phase of these investigations, two domestic producers are related parties; one, ***, because it imported subject merchandise and the other, ***, because it shares a parent company with an importer of subject merchandise.[27] The parties did not address the issue of related parties in their briefs. We discuss below whether appropriate circumstances exist to exclude either related party from the domestic industry.

***. *** is a related party because it imported subject merchandise during the January 2013-September 2016 period of investigation (POI).[28] *** and was the *** reporting domestic producer that year.[29] It ***.[30] It imported *** tires from India in 2013 and *** tires from India in January-September ("interim") 2016.[31] It imported *** tires from Sri Lanka throughout the POI.[32] *** ratio of subject imports to domestic production was *** percent in interim 2016.[33]

While *** began domestic production late in the POI, it imported subject merchandise

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[25] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem*., 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[26] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); *see also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[27] Domestic OTR tire producer Goodyear ***, but it *** import, nor did *** export to the United States, subject merchandise during the period of investigation. *See* CR at III-4, PR at III-3, CR/PR at Table III-8; Foreign Producers Questionnaire Responses of ***. Consequently, Goodyear is not a related party.

[28] CR/PR at Table III-8. *** is also related to ***. CR at III-5, PR at III-4.

[29] CR/PR at Table III-2 and VI-2.

[30] CR/PR at Tables III-2.

[31] CR/PR at Table III-8.

[32] CR/PR at Table III-8.

[33] CR/PR at Table III-8.

continually throughout the POI and its ratio of imports of subject merchandise to domestic production was very high during the period in which it engaged in such production. This indicates that, at least for purposes of the POI, its primary interest was not in domestic production.[34] We consequently find that appropriate circumstances exist to exclude *** from the domestic industry.

***. *** is a related party because it shares a parent company with an importer of subject merchandise; ***.[35] *** did not import any subject merchandise during the POI, and it ***.[36] Its share of domestic production was *** percent in 2015.[37] *** interests appear to lie in domestic production as it did not import any subject merchandise during the POI, and there is no evidence that it has benefitted from its relationship with the ***.[38] In light of these considerations, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

C. Conclusion

For the reasons stated above, and in light of our domestic like product definition, we define the domestic industry as consisting of all domestic producers of OTR tires except for *** and do not include in the domestic industry firms that engage in tire mounting operations but do not otherwise produce OTR tires.

[34] We acknowledge that *** financial performance was ***. *See* CR/PR at Table VI-2. Additionally, its capital expenditures were $*** in interim 2016, which were the highest reported by any domestic producer. CR/PR at Table VI-4.

[35] CR at III-4, PR at III-3-4; *see also* email from *** to Edward Petronzio, EDIS Doc. No. 596990 (Dec. 7, 2016). *See* 19 U.S.C. § 1677(4)(B)(ii)(III).

[36] *See* CR at III-12, PR at III-6, CR/PR at Table III-2.

[37] CR/PR at Table III-2.

[38] *** had the *** operating ratio of any domestic producer in 2013, 2014, and 2015, and the *** in interim 2016. CR/PR at Table VI-2.

IV. Cumulation [39]

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[40]

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[39] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). The statute further provides that subject imports from a single country which comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States. 19 U.S.C. § 1677(24)(A)(ii). In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent. 19 U.S.C. § 1677(24)(B).

Imports from each subject country exceed the statutory negligibility threshold. Imports of subsidized subject merchandise from India accounted for *** percent, imports of dumped subject merchandise from India accounted for *** percent, and imports of subsidized subject merchandise from Sri Lanka accounted for *** percent of total U.S. imports of OTR tires during calendar year 2015, the 12-month period preceding the filing of the petitions. CR/PR at Table IV-4; INV-PP-015 at Table IV-3.

[40] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[41] Only a "reasonable overlap" of competition is required.[42]

A. Arguments of the Parties

Petitioners' Arguments. Petitioners contend that the Commission should cumulate subject imports from India and Sri Lanka and argue that there is a reasonable overlap of competition between such imports. They argue that large majorities of responding firms indicated that subject imports from India and Sri Lanka are always or frequently interchangeable with each other and the domestic like product.[43] Petitioners contend that the Commission should reject respondents' argument that subject imports from India and Sri Lanka are not fungible because subject imports from India are mainly used for agricultural applications while subject imports from Sri Lanka are mainly used in the construction/industrial market.[44] They further argue that subject imports from India and Sri Lanka and the domestic like product were sold through the same channels of distribution throughout the POI, specifically the original equipment manufacturer ("OEM") and aftermarket channels.[45] Titan also states that, contrary to Camso's arguments, it does compete with imports from Sri Lanka.[46] Petitioners assert that Commission practice requires only a reasonable overlap of competition, not a complete overlap, and that the standard is met in this case.[47]

Respondents' Arguments. Camso contends that subject imports from Sri Lanka should not be cumulated with subject imports from India because they do not sufficiently compete with either subject imports from India or the domestic like product.[48] Camso argues that no shipments of subject merchandise from Sri Lanka were shipped to the ***, which is where *** were shipped.[49] It observes that U.S. producers sold primarily to OEMs whereas subject imports were sold primarily to distributors for the aftermarket.[50] Camso contends that subject imports from Sri Lanka only compete with the domestic like product in a narrow slice of the

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[41] *See*, *e.g.*, *Wieland Werke, AG v. United State*s, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[42] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[43] Petitioners' Prehearing Brief at 13.

[44] Petitioners' Prehearing Brief at 15.

[45] Petitioners' Prehearing Brief at 18-19.

[46] Tr. at 156, 211-12 (Bulger); Petitioners' Posthearing Brief at 4.

[47] Petitioners' Prehearing Brief at 15-17.

[48] Camso Prehearing Brief at 5-6.

[49] Camso Prehearing Brief at 6, 8.

[50] Camso Prehearing Brief at 6.

construction market that is performing relatively well.[51] It argues that there is little record evidence of head-to-head competition between imports from Sri Lanka on the one hand and imports from India or the domestic like product on the other.[52]

B. Analysis and Conclusion

We consider subject imports from India and Sri Lanka on a cumulated basis, because the statutory criteria for cumulation are satisfied.[53] As an initial matter, petitioners filed the antidumping/countervailing duty petitions with respect to both countries on the same day, January 8, 2016.

Fungibility. All domestic producers and a majority of importers and purchasers reported that subject imports from India and Sri Lanka and the domestic like product were always or frequently interchangeable.[54] Purchasers most frequently reported that subject imports from India and Sri Lanka were comparable with the domestic like product in most of the 17 purchasing factors identified in Commission questionnaires.[55] The majority of purchasers reported that subject imports from India and Sri Lanka were comparable with each other across all 17 purchasing factors.[56]

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[51] Camso Prehearing Brief at 9; Camso Posthearing Brief at 7.

[52] Camso Posthearing Brief at 8-10.

[53] None of the statutory exceptions to cumulation applies. These investigations involve subsidy findings regarding OTR tires from India and Sri Lanka and dumping findings regarding OTR tires from India. Although Commerce initially published a negative final determination in the antidumping case concerning OTR tires from India, before the record closed in this case, it issued a notice indicating that it had made administrative errors in its final antidumping determination and that it was modifying the determination to make an affirmative finding with respect to certain Indian exporters. *Certain New Pneumatic Off-the-Road Tires from India: Final Negative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances*, 82 Fed. Reg. 4848 (Jan. 17, 2017); *Commerce Memorandum Re: Amended India AD Results*, EDIS Doc. 602000 (Jan. 27, 2017). Commerce subsequently published notice of its determination in the Federal Register. *Certain New Pneumatic Off-the-Road Tires from India: Affirmative Amended Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 82 Fed. Reg. 9056 (Feb. 2, 2017).

Consequently, any decision to cumulate imports from all subject sources in these investigations will involve "cross-cumulating" dumped imports with subsidized imports. We have previously explained why we are continuing our longstanding practice of cross-cumulating. *See Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman,* Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 9-11 (April 2016).

[54] CR/PR at Table II-15.

[55] CR/PR at Table II-14. However, purchasers most frequently reported that subject imports were superior to the domestic like product with respect to price, and purchasers most frequently reported that domestic product was superior to subject imports from India with respect to delivery time and branding, and superior to subject imports from Sri Lanka with respect to delivery time, minimum quantity requirements, and technical support.

[56] CR/PR at Table II-14.

The record does not support Camso's assertion that subject imports from Sri Lanka serve markets that are entirely distinct from those served by the domestic like product or subject imports from India. It is true that the largest proportion of shipments of the domestic like product and subject imports from India are for agricultural uses, an end-use market in which there is minimal participation by subject imports from Sri Lanka.[57] Nevertheless, subject imports from Sri Lanka, the domestic like product, and subject imports from India all were sold for construction/industrial end uses in significant quantities. In particular, there were substantial shipments of the domestic like product, subject imports from India, and subject imports from Sri Lanka in both the OEM and aftermarket portions of the market for construction/industrial OTR tires with a rim diameter of below 25 inches.[58] We find this is more than sufficient to evince a reasonable overlap of competition between subject imports from both sources as well as the domestic like product. Head-to-head competition between products from domestic and subject import sources is also evident from the pricing data, which show that for two of the products, appreciable quantities of the domestic like product and subject imports from both India and Sri Lanka were sold during every quarter of the POI.[59] Further evidence of the degree of overlap between sources is provided by the fact that 12 purchasers indicated switching purchases from the domestic like product to subject imports from Sri Lanka during the POI.[60]

Channels of Distribution. During the POI, most shipments of the domestic like product were sold to OEMs, with a substantial and increasing minority of shipments (ranging from ***) being sold to the aftermarket. Most subject imports from India and Sri Lanka were sold to the aftermarket, and at least *** percent of shipments were sold to OEMs during each year and interim period of the POI from each subject country.[61] The pricing data discussed above also indicate that domestic producers and importers of subject merchandise from India and Sri Lanka have sold comparable products to the aftermarket channel of distribution. Consequently, the domestic like product and subject imports from India and Sri Lanka participate in similar channels of distribution.

Geographic Overlap. Domestic producers and importers of subject merchandise from India and Sri Lanka reported selling OTR tires to all regions in the contiguous United States.[62]

Simultaneous Presence in Market. Subject imports from India and Sri Lanka and the domestic like product were present in the U.S. market throughout the POI.[63]

Conclusion. The information in the record supports findings that imports from each subject country are fungible with the domestic like product and each other, are sold in similar

[57] CR/PR at Table IV-6.

[58] These two categories combined accounted for *** percent of the domestic industry's 2015 shipments, *** percent of subject imports from India, and *** percent of subject imports from Sri Lanka. CR/PR at Table IV-6.

[59] These are pricing product 4 (aftermarket sales) and pricing product 6 (aftermarket sales). CR/PR at Tables V-6 and V-8.

[60] CR/PR at Table V-19.

[61] CR/PR at Table II-1.

[62] CR/PR at Table II-2.

[63] CR/PR at Table II-1.

channels of distribution and geographic regions, and were simultaneously present in the U.S. market. Although *** subject imports from Sri Lanka are sold for construction/industrial uses and most domestically produced product and subject imports from India are sold for agricultural purposes, the record demonstrates substantial participation by the domestic industry and subject Imports from India in those end-use markets and channels of distribution where subject imports from Sri Lanka do participate. In addition, market participants also perceive subject imports from Sri Lanka to be interchangeable and comparable with the domestic like product and subject imports from India, and the pricing data indicate some degree of direct competition between and among the domestic like product, subject imports from India, and subject imports from Sri Lanka.

In light of the foregoing, we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country and among imports from each subject country. We therefore cumulate subject imports from India and Sri Lanka for our analysis of material injury by reason of subject imports.

V. Material Injury by Reason of Subject Imports

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of subject imports from India and Sri Lanka.

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[64] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[65] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[66] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[67] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected

[64] 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

[65] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[66] 19 U.S.C. § 1677(7)(A).

[67] 19 U.S.C. § 1677(7)(C)(iii).

industry."[68]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[69] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[70] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[71]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[72] In performing its examination, however, the Commission need not isolate

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[68] 19 U.S.C. § 1677(7)(C)(iii).

[69] 19 U.S.C. §§ 1671d(a), 1673d(a).

[70] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[71] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[72] SAA at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

the injury caused by other factors from injury caused by unfairly traded imports.[73] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[74] It is clear that the existence of injury caused by other factors does not compel a negative determination.[75]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[76] [77] Indeed, the Federal Circuit has examined and affirmed various

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[73] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[74] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[75] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[76] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[77] Commissioner Kieff does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or rigid formulas. The Court has not prescribed a specific method of exposition for this consideration. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market," the Commission would not fulfill its

(Continued...)

Commission methodologies and has disavowed "rigid adherence to a specific formula."[78]

The Federal Circuit's decisions in *Gerald Metals, Bratsk*, and *Mittal Steel* all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[79] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[80] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals, Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[81]

(…Continued)

> obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

[78] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[79] *Mittal Steel*, 542 F.3d at 875-79.

[80] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[81] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested (Continued...)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[82] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[83]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports.

1. Demand Considerations

Demand for OTR tires is driven by sales to the end-use markets in which they are used.[84] The parties have identified several primary end-use markets that consume OTR tires, including agricultural, construction/industrial, and mining.[85] The record in these investigations indicates that that each of these market sectors has "different requirements, physical attributes, different market characteristics, and demand variables."[86] Additionally, each of these end-use markets contains two distinct channels of distribution, also with distinct market characteristics and demand variables: 1) tires for new equipment sold to OEMs and 2) replacement tires for existing vehicles in the aftermarket.[87] Demand in the OEM channel of distribution is driven by the quantity of new vehicles being produced, and demand in the aftermarket channels is driven by customers that seek to replace worn tires on their vehicles with new tires. Aftermarket customers include farmers in the agricultural market, companies utilizing machinery in construction operations, and corporations engaging in commercial mining activity. The record indicates that demand drivers in the agricultural OEM market include ***, seasonal planting, harvest demand, climate, crop prices, and net farm income.[88] Demand in the construction/industrial market is driven by housing starts and commercial and government

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(…Continued)
information in the final phase of investigations in which there are substantial levels of nonsubject imports.

[82] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[83] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[84] CR at II-10-12, PR at II-7-8.

[85] The types of vehicles using OTR tires include farm tractors, combine harvesters, aerial work platforms, earthmoving vehicles, irrigation equipment, log skidders, off-the-road dump trucks, run-in-loaders, graders, mobile cranes, lift trucks, and skid-steer mini-loaders. CR at II-10-12, PR at II-7-8.

[86] Tr. at 130 (Nolan).

[87] *E.g.,* CR/PR at Table IV-6.

[88] CR at II-11, PR at II-8; Camso Prehearing Brief at 10; ATC Prehearing Brief at 12.

construction projects.[89] Demand in the mining market is driven by the prices of commodity metals such as copper, gold, and silver.[90]

The parties generally agree that overall demand for OTR tires decreased during the POI.[91] Total apparent U.S. consumption decreased from *** tires in 2013 to *** tires in 2014, and then to *** tires in 2015; it was *** tires in interim 2015 and *** tires in interim 2016.[92] Demand trends varied by sector during the POI. The number of OTR tires for agricultural uses, the largest end-use sector, declined during the period, with the entire decline attributable to OEM shipments. The number of OTR tires sold for construction/industrial uses, the second largest end-use sector, increased from 2013 to 2015, but was lower in interim 2016 than in interim 2015. The number of OTR tires sold for mining and other uses also increased between 2013 and 2015, but decreased between the interim periods.[93]

2. Supply Considerations

During the POI, the domestic industry was the largest source of supply to the OTR tire market. U.S. producers' share of the market, by quantity, declined from *** percent in 2013 to *** percent in 2014 and *** percent in 2015; it was *** percent in interim 2015 and *** percent in interim 2016.[94] The domestic industry reported unplanned shutdowns and production curtailments throughout the POI, which it attributed to increased subject import competition.[95]

By contrast, cumulated subject imports supplied an increasing portion of the U.S. OTR tire market. Cumulated subject imports as a share of apparent U.S. consumption increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015; their share was *** percent in interim 2015 and *** percent in interim 2016.[96]

Nonsubject imports were also present in the U.S. market and increased market share throughout the POI. The leading sources of nonsubject imports in these investigations were China, Thailand, Taiwan, Japan, Mexico, and Vietnam.[97] As a share of apparent U.S. consumption, nonsubject imports increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015; they accounted for *** percent in interim 2015 and *** percent in interim 2016.[98] Unmounted OTR tires from China have been subject to antidumping duty and countervailing duty orders in the United States since 2008.[99]

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[89] ATC Prehearing Brief at 13.
[90] ATC Prehearing Brief at 12-13.
[91] CR/PR at Table II-4.
[92] CR/PR at Table IV-9.
[93] CR/PR at Table D-7.
[94] CR/PR at Table C-2.
[95] CR/PR at Table III-3; Tr. at 42-43 (Johnson).
[96] CR/PR at Table IV-9.
[97] CR at II-9, PR at II-7.
[98] CR/PR at Table IV-9.
[99] CR at I-6, PR at I-5.

3. Substitutability and Other Conditions

The record indicates that there is a moderate-to-high degree of substitutability between domestically produced OTR tires and cumulated subject imports.[100] When comparing subject imports from India and Sri Lanka with each other and the domestic like product, the great majority of responding domestic producers indicated that OTR tires are always interchangeable, regardless of country pair.[101] The majority of responding importers and purchasers indicated that OTR tires are always or frequently interchangeable, regardless of country pair.[102] Purchasers were asked to compare OTR tires from India and Sri Lanka with each other and the domestic like product across 17 factors and the majority or plurality indicated that they were comparable in all factors except delivery time, price, and to a limited extent, minimum quantity requirements, technical support, and tier or branding.[103]

Market participants were also asked to report whether differences other than price were significant in purchasing decisions and the majority of producers and importers indicated that such differences were sometimes or never significant.[104] Price was one of several factors that most purchasers reported to be very important.[105] In light of the foregoing, we also find that price is one of several important factors in purchasing decisions.

The record indicates that while the OTR tire market is divided into tiers, parties and market participants disagree sharply over which brands and producers belong in which tier. Five of six responding producers, 23 of 31 responding importers, and 28 of 48 responding purchasers indicated that the OTR tire market is divided into three tiers.[106] Tier 1 is characterized by brand recognition and higher quality products and service; Tier 2 is characterized by lesser brand recognition and quality and tends to be focused on availability, price, and the best performance value; and Tier 3 is characterized by products with little or no brand recognition, lower prices, and lower warranties.[107]

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[100] CR at II-26, PR at II-18.

[101] CR/PR at Table II-15.

[102] CR/PR at Table II-15.

[103] CR/PR at Table II-14. Most purchasers reported that the domestic like product was superior to subject imports from India in delivery time and tier or branding and to subject imports from Sri Lanka in delivery time, minimum quantity requirements, and technical support. They reported that the domestic like product was inferior to imports from both subject countries as to price. *Id*.

[104] CR/PR at Table II-17. The majority of responding purchasers reported that differences other than price were sometimes or never significant when comparing the domestic like product and subject imports from India, but pluralities of purchasers reported that differences other than price were frequently significant when comparing subject imports from Sri Lanka with the domestic like product and subject imports from India. *Id*.

[105] CR/PR at Table II-12.

[106] CR at II-17, PR at II-13.

[107] CR at II-17, PR at II-13.

When asked to categorize domestic and subject producers by tier, purchasers provided a wide range of answers.[108] Responding purchasers placed a number of producers into two, and sometimes all three, tiers and *** were reported in tiers that also contained subject imports.[109] Responding purchasers generally placed a small number of domestic producers/brands (Michelin, BFNA, Goodyear, Titan, and Trelleborg) in Tier 1.[110] However, other responding purchasers placed each of these producers in either Tier 2 or Tier 3.[111] Purchasers included subject imports (Yokohama, Alliance, CEAT, Continental Maxam, Petlas, and Specialty Tires) in Tier 1 or Tier 2, but also reported several of them in Tier 3.[112] While Tier 3 generally contained more subject imports, we observe that purchasers placed at least two domestic producers in Tier 3 and that these same domestic producers (Titan and BFNA) also appeared in Tiers 1 and 2. Domestic producers and importers were also asked to self-report into which tiers they perceived their products fall. *** of five U.S. producers reported that all of their shipments were of OTR tires in Tier 1, and the remaining *** producers reported that their shipments were of OTR tires in Tiers 2 and 3. Subject importers self-reported products in all three tiers.[113]

We acknowledge that the record indicates that Tier 1 consists primarily of domestic producers and subject imports appear concentrated in Tiers 2 and 3. However, there is significant overlap between domestically produced OTR tires and subject imports in Tier 2. Purchasers provided conflicting reports regarding the appropriate tier for different suppliers or brands; suppliers of subject imports, by their own admission, reported that they sell OTR tires across multiple tiers; and some domestic producers also self-reported that their products are sold in more than one tier. Therefore, while we acknowledge that tiers exist in the OTR tire market, we do not find that this tiered system substantially limits competition between cumulated subject imports and the domestic like product.

A very small portion (five percent) of the OTR tire market is comprised of private label product.[114] Market participants reported that private label OTR tires are associated with lower prices and do not have the same reputation for quality as branded OTR tires.[115]

The primary raw materials for OTR tires are natural rubber, synthetic rubber, carbon black and other chemicals, textile, and steel.[116] Natural rubber prices decreased by *** percent

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[108] *See* CR/PR at Table II-6. Respondents argued that purchasers are in the best position to judge how each producer fits into the tier system. ATC Prehearing Brief at 8.

[109] CR/PR at Tables II-7-8. *** domestic producer of OTR tires, was reported by purchasers as present in all three tiers, and self-reported shipments in two of the three tiers. *Id*. at Tables II-6-8.

[110] Petitioners and market participants have observed that OTR tire producers should not be confused with brand name, as one producer may supply more than one brand of OTR tires. *E.g.,* Petitioners' Prehearing Brief at 31.

[111] CR/PR at Table II-6.

[112] CR/PR at Table II-6.

[113] CR/PR at Tables II-7-8.

[114] CR at II-21, PR at II-15.

[115] CR at II-22, PR at II-16.

[116] CR at V-1, PR at V-1.

over the POI and synthetic rubber prices decreased by *** percent.[117] Domestic producers and importers reported that their selling prices are adjusted to reflect changes in raw material prices.[118]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[119]

We find that the volume and the increase in volume of cumulated subject imports are significant, both in absolute terms and relative to apparent U.S. consumption. The volume of cumulated subject imports increased from 1.0 million tires in 2013 to 1.2 million tires in 2014 and 1.3 million tires in 2015; it was 1.1 million tires in interim 2015 and 991,000 tires in interim 2016.[120] Cumulated subject imports as a share of the U.S. market increased from *** percent in 2013 to *** percent in 2014, and then to *** percent in 2015; subject imports were *** percent of the market in interim 2015 and increased to the highest point of the POI, *** percent, in interim 2016.[121] The *** percentage points of market share that the subject imports gained from 2013 to 2015 and the *** percentage point increase in market share that the subject imports gained between the interim periods came entirely at the expense of the domestic industry, whose market share declined by *** percentage points between 2013 and 2015 and was *** percentage points lower in interim 2016 than interim 2015.[122]

Respondents argue that the domestic industry's loss in market share is due to a steep decline in demand in the agricultural OEM market, a very large market for the domestic industry.[123] Respondents also contend that cumulated subject imports were concentrated in the aftermarket channels and in the construction/industrial end-use markets, both of which experienced increased demand during the POI, and therefore competition between subject imports and the domestic like product was attenuated.[124]

The record indicates that demand decreased significantly in the agricultural OEM market during the POI, and petitioners concede that this contributed to the domestic industry's lost volume and market share.[125] Total commercial shipments from all sources to the agricultural OEM market declined from *** tires in 2013 to *** tires in 2014 and *** tires in 2015; these

[117] CR at V-1, PR at V-1; CR/PR at Figure V-1.

[118] CR at V-2-3, PR at V-1.

[119] 19 U.S.C. § 1677(7)(C)(i).

[120] CR/PR at Table IV-2.

[121] CR/PR at Table IV-9.

[122] CR/PR at Table C-2.

[123] Balkrishna Prehearing Brief at 4-6; ATC Prehearing Brief at 9, 11-14; Camso Prehearing Brief at 17; Tr. at 182 (Nolan) (stating that the agricultural OEM market was "probably the principal market for Titan").

[124] Tr. at 152 (Trendl) (discussing a "decline in demand for Titan's key sectors: OEM, ag, and mining").

[125] Tr. at 20, 69 (Stewart), 75 (Stewart), 168 (Bansal).

shipments were *** tires in interim 2015 and *** tires in interim 2016.[126] Nonetheless, the record shows that despite this declining demand, cumulated subject imports increased sales quantities and gained market share in this particular market. The volume of cumulated subject imports shipped to the agricultural OEM market increased from *** tires in 2013 to *** tires in 2014 and *** tires in 2015; it was *** tires in interim 2015 and *** tires in interim 2016.[127] Although these volumes were much smaller than the domestic industry's shipments in this portion of the market, we find it significant that cumulated subject imports were able to increase shipments in a declining market. Indeed, cumulated subject imports increased their market share in the agricultural OEM market over the POI from *** percent in 2013 to *** percent in 2015; their market share was *** percent in interim 2015 and *** percent in interim 2016.[128] Thus, while declining demand in the agricultural OEM market undoubtedly accounted for some of the domestic industry's lost market share, we find that cumulated subject imports contributed to this loss by seizing market share from the domestic industry as demand declined.

Additionally, we do not find that the domestic industry lacked interest in supplying the aftermarket. The record shows that the domestic industry began the POI with a nontrivial presence in the aftermarket channels in both the agricultural and the construction/industrial end-use markets. Of the domestic industry's total commercial shipments in 2013, the first year of the POI, *** percent were to the agricultural aftermarket, *** percent to the construction/industrial OEM market, and *** percent to the construction/industrial aftermarket.[129] These markets experienced increased demand during the POI. Total commercial shipments from all sources to the agricultural aftermarket increased from *** tires in 2013 to *** tires in 2015; shipments to the construction/industrial OEM market increased from *** tires in 2013 to *** tires in 2015; and shipments to the construction/industrial aftermarket increased from *** tires in 2013 to *** tires in 2015.[130] Yet despite this increased demand, the domestic industry shipped decreasing volumes of OTR tires to all three markets over the POI and lost market share to cumulated subject imports, which shipped increasing volumes and gained market share in each of these markets.[131]

This effect was particularly pronounced in the construction/industrial markets (both OEM and aftermarket) for OTR tires with a rim diameter of less than 25 inches, where

[126] CR/PR at Table D-10.

[127] CR/PR at Table D-10.

[128] CR/PR at Table D-10.

[129] CR/PR at Table D-1. By contrast, *** percent of the domestic industry's shipments in 2013 was to the mining OEM market, and *** percent was to the mining aftermarket. While domestic industry shipment data in the tables in Appendix D may be overstated due to the inclusion of ***, any such overstatement is ***.

[130] CR/PR at Table D-7. Shipments to all these markets also increased between the interim periods.

[131] CR/PR at Tables D-1, D-13 (showing shipment volume and market shares in the agricultural aftermarket), D-17 (showing shipment volume and market shares in the construction/industrial OEM market), and D-20 (showing shipment volume and market shares in the construction/industrial aftermarket).

cumulated subject imports were concentrated. In the construction/industrial OEM market for tires with a rim diameter of less than 25 inches, cumulated subject imports increased from *** tires in 2013 to *** tires in 2014 and *** tires 2015; they were *** tires in interim 2015 and *** tires in interim 2016.[132] Cumulated subject imports as a share of this particular portion of the market were *** percent in 2013, *** percent in 2014, and *** percent in 2015; their share was *** percent in interim 2015 and *** percent in interim 2016.[133] In the aftermarket channel for construction/industrial OTR tires with a rim diameter of less than 25 inches, cumulated subject imports increased in volume from *** tires in 2013 to *** tires in 2014 and *** tires in 2015; subject import volume was *** tires in interim 2015 and *** tires in interim 2016.[134] These imports also increased their share of that particular market, from *** percent in 2013 to *** percent in 2014 and *** percent in 2015; their share was *** percent in interim 2015 and *** percent in interim 2016.[135] In both of these portions of the market, the domestic industry's market share and the absolute volume of its shipments declined between 2013 and 2015.[136] Consequently, the record does not support either the proposition that cumulated subject imports gained market share in markets where domestic industry participation is limited or that the domestic industry's lost market share was simply a function of declining agricultural OEM demand.[137]

In light of the foregoing, we find that the volume and the increase in volume of cumulated subject imports were significant, both in absolute terms and relative to apparent U.S. consumption.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

[132] CR/PR at Table D-15.

[133] CR/PR at Table D-15.

[134] CR/PR at Table D-18.

[135] CR/PR at Table D-18.

[136] CR/PR at Tables D-15 and D-18.

[137] Balkrishna asserts that in the market for OTR tires with a rim diameter of under 35 {sic} inches, two domestic producers and seven purchasers reported supply constraints in early 2013 due to increased demand. Balkrishna Prehearing Brief at 10. We observe that the majority of domestic producers and purchasers did not report supply constraints and that domestic capacity utilization in 2013 was only *** percent. CR at II-7, PR at II-5; CR/PR at Table C-2.

> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[138]

As discussed above, the record indicates a moderate-to-high degree of substitutability between cumulated subject imports and the domestic like product and that price is an important factor in purchasing decisions.

Five domestic producers and 23 importers of cumulated subject imports provided usable quarterly pricing data for sales of eight OTR tire products, although not all firms reported pricing for all products in all quarters.[139] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of OTR tires in 2015, approximately 3.9 percent of commercial shipments of OTR tires from India, and 5.7 percent of commercial shipments of OTR tires from Sri Lanka in 2015.[140] Cumulated subject imports undersold the domestic like product in 132 of 135 instances at margins ranging from 3.6 to 47.5 percent.[141] On a quantity basis, there were *** tires from India and Sri Lanka in the underselling comparisons.[142] By contrast, cumulated subject imports were priced higher than the domestic like product in three of 135 quarterly price comparisons (*** tires) at margins ranging from *** percent.[143] [144] In light of the predominant underselling and the importance of price in purchasing decisions, we find the underselling to be significant.

Respondents contend that underselling by cumulated subject imports reflects brand or tier price premiums.[145] We acknowledge that there are performance/price tradeoffs in the OTR tire market, but observe that opinions differed widely as to the existence and range of such

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[138] 19 U.S.C. § 1677(7)(C)(ii).

[139] CR at V-10, PR at V-7-8. Product 1 is irrigation pivot tires, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches, unmounted, tire only; Product 2 is rear farm tires, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches, unmounted, tire only; Product 3 is front farm tires, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches, unmounted, tire only; Product 4 is skid steer tires, size 10-16.5, ply rating of 10, weight from 55 to 59 lbs., rim width 8.25 inches, unmounted, tire only; Product 5 is skid steer tires, size 10-16.5, ply rating of 10, weight from 60 to 67 lbs., rim width 8.25 inches, unmounted, tire only; Product 6 is skid steer tires, size 10-16.5, ply rating of 10, weight greater than 67 lbs., rim width 8.25 inches, unmounted, tire only; Product 7 is radial drive farm tires, metric size 380/85R24 (standard size 14.9R24), load index of 131, weight from 136 to 170 lbs., rim width 12 inches, unmounted, tire only; and Product 8 is radial drive farm tires, metric size 480/80R42 (standard size 18.4R42), load index 150 to 153, weight from 355 to 375 lbs., rim width 16 inches, unmounted, tire only.

[140] CR at V-12, PR at V-8.

[141] CR at V-40, PR at V-11.

[142] CR at V-40, PR at V-11.

[143] CR/PR at Table V-12.

[144] In response to our lost sales and lost revenue survey, 18 purchasers reported purchasing OTR tires from India instead of domestic product, and 10 of these purchasers reported that price was the primary reason. Twelve purchasers reported purchasing OTR tires from Sri Lanka instead of domestic product, five of which indicated that price was the primary reason. CR/PR at Table V-19.

[145] Balkrishna Prehearing Brief at 20; ATC Prehearing Brief at 27-28.

price premiums. Responding domestic producers reported an average price difference of 13 percent between tiers, responding importers estimated an average of 17 percent, and responding purchasers estimated an average of 22 percent.[146] We nonetheless observe that the average underselling margins exceeded the high end of the reported average price premium range. The average margin of underselling by cumulated subject imports in all markets was 28.6 percent, which is higher than the highest estimated average provided by responding purchasers of 22.0 percent.[147] We therefore conclude that reported price premiums for products in higher tiers cannot fully explain the margins of underselling, particularly taking into account that there is not a clear tier distinction between the domestic like product and subject imports, as discussed above in section V.B.3.

We have also examined changes in prices for the domestic like product and cumulated subject imports. Prices for domestically produced OTR tires showed declines ranging between *** percent over the POI in 10 of 12 pricing products.[148] Prices for cumulated subject imports generally fell to a greater extent, declining by between *** percent over the POI for all pricing products.[149] As noted above, however, the price of natural rubber, the predominant rubber input used in the production of OTR tires, decreased by *** percent during the POI, and the price of synthetic rubber decreased by *** percent during the POI.[150] Given the substantial drop in raw materials costs that occurred during a time of declining apparent consumption, we are unable to find that cumulated subject imports depressed prices of the domestic like product to a significant degree.

We have also examined whether cumulated subject imports prevented price increases that otherwise would have occurred during the POI. As discussed earlier, the POI was characterized by declining apparent consumption and decreasing raw material costs. Raw material prices are based on publicly available indexes and are therefore transparent and widely known throughout the OTR tire market.[151] Purchasers, especially in the aftermarket, have access to raw material price data.[152] As such, we find it is unlikely that the domestic industry would have been able to increase prices, particularly given that apparent consumption was declining. We consequently find that cumulated subject imports did not prevent price increases that otherwise would have occurred to a significant degree.

Accordingly, we find that the cumulated subject imports significantly undersold the domestic like product. As a result of this underselling, the subject imports gained market share

[146] CR at V-8, PR at V-5-6.

[147] CR/PR at Table V-15.

[148] CR/PR at Table V-11. Table V-11 examines the eight pricing products for which data were collected, and further subdivides them into two channels, OEM and aftermarket. Of these 16 comparisons, 12 contained cumulated subject imports, domestic product, and exhibited changes in price. We therefore focused on these 12 comparisons.

[149] CR/PR at Table V-11.

[150] CR at V-1, PR at V-1. The domestic industry's unit cost of goods sold ("COGS") declined from *** in 2013 to *** in 2015, while the domestic industry's unit raw material costs declined from *** in 2013 to *** in 2015. These declines are largely due to the decline in rubber prices. CR/PR at Table VI-2.

[151] CR at V-1-2, PR at V-1.

[152] CR at V-2, PR at V-1.

at the expense of the domestic industry, as described in section V.C. above. The low-priced subject imports consequently had significant effects on the domestic industry, which are described further below.

E. Impact of the Subject Imports[153]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[154] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[155]

During the POI, the domestic industry showed declines in all of its performance indicators. The domestic industry's capacity during the POI was fairly stable: *** tires in 2013, *** tires in 2014, and *** tires in 2015; it was *** tires in interim 2015 and *** tires in interim 2016.[156] Domestic production decreased from *** tires in 2013 to *** tires in 2014 and *** tires in 2015; it was *** tires in interim 2015 and *** tires in interim 2016.[157] Capacity utilization also declined, from *** in 2013 to *** in 2014 and *** in 2015; it was *** in interim 2015 and *** in interim 2016.[158] Domestic producers' U.S. shipments during the POI declined from *** tires in 2013 to *** tires in 2014, and then to *** tires in 2015; they were *** tires in

[153] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at less value, Commerce found dumping margins of 3.67 percent for ATC and all other companies excluding Balkrishna. *Certain New Pneumatic Off-the-Road Tires from India: Final Negative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances*, 82 Fed. Reg. 4848 (Jan. 17, 2017). We take into account in our analysis the fact that Commerce has made findings that certain producers in India are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling of the cumulated subject imports and the effects of that underselling, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

[154] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[155] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[156] CR/PR at Table C-2.

[157] CR/PR at Table C-2.

[158] CR/PR at Table C-2.

interim 2015 and *** tires in interim 2016.[159] Inventories as a ratio to total shipments were *** in 2013, *** in 2014, and *** in 2015; they were *** percent of total shipments in interim 2015 and *** percent in interim 2016.[160]

The domestic industry's employment indicators during the POI also declined. The number of production and related workers in the domestic industry decreased from *** workers in 2013 to *** workers in 2014 and *** workers in 2015; there were *** workers in interim 2015 and *** workers in interim 2016.[161] Total hours worked decreased from *** hours in 2013 to *** hours in 2014 and *** hours in 2015; they were *** hours in interim 2015 and *** hours in interim 2016.[162] The domestic industry's wages paid declined from $*** in 2013 to $*** in 2014 and $*** in 2015; they were $*** in interim 2015 and $*** in interim 2016.[163] The domestic industry's productivity, in tires per 1,000 hours, declined from *** in 2013 to *** in 2014 and *** in 2015; it was *** tires per 1,000 hours in interim 2015 and *** tires per 1,000 hours in interim 2016.[164]

All of the domestic industry's financial indicators also showed declines during the POI. Net sales revenues decreased from $*** in 2013 to $*** in 2014, and then to $*** in 2015; it was $*** in interim 2015 and $*** in interim 2016.[165] While COGS also declined, reflecting the decline in raw material costs, they declined less rapidly than did sales revenues. Thus, the ratio of COGS to net sales increased from 2013 to 2015, and was higher in interim 2016 than in interim 2015. Gross profits declined from $*** in 2013 to $*** in 2014 and $*** in 2015; they were $*** in interim 2015 and $*** in interim 2016.[166] Operating income fell from $*** in 2013 to $*** in 2014 and $*** in 2015; it was $*** in interim 2015 and $*** in interim 2016.[167] The domestic industry's operating income ratio declined from *** in 2013 to *** in 2014 and *** in 2015; it was *** in interim 2015 and *** in interim 2016.[168] Net income declined from $*** in 2013 to $*** in 2014 and $*** in 2015; it was $*** in interim 2015 and $*** in interim 2016. Reported capital expenditures were $*** in 2013, $*** in 2014, and $*** in 2015; they were $*** in interim 2015 and $*** in interim 2016.[169]

We find that cumulated subject imports had a significant impact on the domestic industry. While declining demand in the agricultural OEM market undoubtedly affected the domestic industry, cumulated subject import volume increased significantly during this time and low-priced subject imports undersold domestic OTR tires, gaining market share at the

[159] CR/PR at Table C-2.
[160] CR/PR at Table C-2.
[161] CR/PR at Table C-2.
[162] CR/PR at Table C-2.
[163] CR/PR at Table C-2.
[164] CR/PR at Table C-2.
[165] CR/PR at Table C-2.
[166] CR/PR at Table C-2.
[167] CR/PR at Table C-2.
[168] CR/PR at Table C-2.
[169] CR/PR at Table C-2. The domestic industry's research and development expenditures were $*** in 2013, $*** in 2014, and $*** in 2015; they were $*** in interim 2015 and $*** in interim 2016. Derived from CR/PR at Table VI-4.

expense of the domestic industry. As a result of lost market share, the domestic industry's production, shipments, and net sales revenues were lower than they would have been absent subject import competition, even when accounting for declining demand in the agricultural OEM market.[170]

We have considered whether there are additional factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. Nonsubject imports increased somewhat from 1.49 million tires in 2013 to 1.52 million tires in 2014, and then decreased to 1.44 million tires in 2015; they were 1.13 million tires in interim 2015 and 1.14 million tires in interim 2016.[171] While nonsubject imports were higher in volume than cumulated subject imports throughout the POI, they did not exhibit the same steady increase in volume as cumulated subject imports. Rather, nonsubject imports exhibited an overall decrease in volume between 2013 and 2015. As a

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[170] Respondents assert that any decline in the domestic industry's financial indicators was not by reason of subject imports, but rather due to declining demand. Balkrishna Prehearing Brief at 21; Camso Prehearing Brief at 29; ATC Prehearing Brief at 35. ATC and Balkrisha support this argument by presenting an alternative analysis in their prehearing briefs in which they purport to demonstrate that reduced demand accounted for all but *** percentage points of the decrease in the domestic industry's operating margin. ATC Prehearing Brief at 42-46, amended by ATC Prehearing Brief at Attachment A; also at Balkrisha Prehearing Brief at Exhibit 14. ATC also presents a second analysis in its posthearing brief. ATC Posthearing Brief at Answers to Question 4.

As an initial matter, our governing statute does not require us to weigh factors in our causation analysis. 19 U.S.C. § 1677(7)(C)(iii). The Commission is charged with ensuring that it does not attribute to subject imports injury caused by other factors, but neither the statute nor our reviewing courts specify how we must conduct this analysis. *Mittal Steel*, 542 F.3d at 873; s*ee also Swiff-Train*, 793 F.3d at 1361-63 ("{the} Commission need not isolate the injury caused by other factors from injury caused by unfair imports").

Moreover, assuming *arguendo* we were to engage in such a counterfactual analysis, we do not agree that the estimated remaining *** percentage point decline in operating margin would necessarily be immaterial. Respondents' posthearing model, which does show a benefit to U.S. producers but for the increase in subject imports also demonstrates that there was injury caused by subject imports.

Respondents' initial prehearing model does not fully address why subject imports increased during a time of declining apparent U.S. consumption. There are additional technical flaws in some portions of their prehearing model, such as the use of regression analyses that may not be statistically or analytically meaningful. *See, e.g.*, A.H. STUDENMUND, USING ECONOMETRICS: A PRACTICAL GUIDE 71, 72 (5th ed. 2005); Gregory T. Knofczynski & Daniel Mundfrom, *Sample Sizes When Using Multiple Linear Regression for Prediction*, 68 Educ. & Psychol. Measurement 431, 438 (2007).

The second model put forth by ATC in its posthearing brief addresses some of these issues by holding subject import volume stable at 2013 levels and omitting the questionable regression analysis. Nonetheless, we do not agree with respondents' baseline assumption that the absolute volume of subject imports should remain constant in a period of declining apparent consumption as this would result in an increased market share. As noted above, respondents' posthearing model indicates that there would have been an improvement in U.S. producer financial experience but for the increase in subject imports, as such, it does not detract from, much less rebut, our impact analysis.

[171] CR/PR at Table IV-2.

share of apparent U.S. consumption, shipments of nonsubject imports increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015; they were *** percent of the market in interim 2015 and *** percent in interim 2016.[172] This increase, however, is not nearly as sharp as the increase in market share gained by cumulated subject imports during the same period.[173] Consequently, nonsubject imports do not negate the domestic industry's losses in market share and the consequent adverse impact described above.

For the foregoing reasons, we conclude that a domestic industry in the United States has been materially injured by reason of cumulated subject imports of OTR tires from India and Sri Lanka.

VI. Critical Circumstances

A. Legal Standards and Party Arguments

In its final countervailing duty determinations concerning OTR tires from India and Sri Lanka, Commerce found that critical circumstances exist with respect to certain subject producers/exporters. Because we have determined that the domestic OTR tires industry is materially injured by reason of subject imports from India and Sri Lanka, we must further determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination ... are likely to undermine seriously the remedial effect of the countervailing duty orders to be issued."[174] The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[175] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by {Commerce}."[176] An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to the affirmative Commerce critical circumstances determination for a period 90 days prior to the suspension of liquidation.

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant,

(I) the timing and the volume of the imports,

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[172] CR/PR at Table C-2.

[173] *See* CR/PR at Table C-2.

[174] 19 U.S.C. §§ 1671d(b)(4)(A)(ii).

[175] SAA at 877.

[176] *ICC Industries, Inc. v United States,* 812 F.2d 694, 700 (Fed. Cir. 1987), *quoting* H.R. Rep. No. 96-317 at 63 (1979), *aff'g* 632 F. Supp. 36 (Ct. Int'l Trade 1986). *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

(II) a rapid increase in inventories of the imports, and

(III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[177]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.[178]

Petitioners' Arguments. Petitioners assert that subject imports from India and Sri Lanka each increased between the six month periods before and after the petitions were filed.[179] They contend that this rapid increase in subject import volume supports affirmative critical circumstances determinations.[180] Petitioners argue that inventories similarly increased and that the Commission has previously found that an increase in post-petition inventories supports an affirmative critical circumstances determination.[181]

Respondents' Arguments. ATC argues that the Commission should reach negative critical circumstances determinations. ATC contends that any increase in its own shipments of OTR tires were a result of normal seasonality in OTR tire shipments.[182] ATR asserts that its end-of-month inventories in September 2016 were lower than in September 2015.[183]

B. Analysis

The Commission is not required to analyze the same period that Commerce examined.[184] Unless the industry under investigation involves seasonality or the Commission decides that circumstances warrant otherwise,[185] the Commission generally compares six

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[177] 19 U.S.C. §§ 1671d(b)(4)(A)(ii).

[178] *See Lined Paper School Supplies from China, India, and Indonesia,* Inv. Nos. 701-TA-442-43, 731-TA-1095-97**,** USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India,* Inv. Nos. 701-TA-437 and 731-TA-1060-61 (Final), USITC Pub. 3744 at 26 (Dec. 2004); *Certain Frozen Fish Fillets from Vietnam,* Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 at 20-22 (Aug. 2003).

[179] Petitioners' Prehearing Brief at 9.

[180] Petitioners' Prehearing Brief at 10; Petitioners' Posthearing Brief at 2.

[181] Petitioners' Prehearing Brief at 10-11 (*citing Coumarin from the People's Republic of China*, Inv. No. 731-TA-677 (Final), USITC Pub. 2852 (Feb. 1995) at I-22-23).

[182] ATC Posthearing Brief at 12-13.

[183] ATC Posthearing Brief at 13.

[184] *Certain Polyester Staple Fiber from China*, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 at 35 (June 2007); *Steel Concrete Reinforcing Bars from Turkey*, Inv. No. 731-TA-745 (Final), USITC Pub. 3034 at 34 (Apr. 1997).

[185] *Certain Polyester Staple Fiber from China*, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 at 35 (June 2007) (declining to analyze different periods absent seasonality); *Lined Paper School Supplies from China, India, and Indonesia,* USITC Pub. 3884 at 46-48 (also analyzing period suggested by petitioner but finding any increase consistent with seasonal nature of industry); *Steel Concrete Reinforcing Bars from Turkey*, Inv. No. 731-TA-745 (Final), USITC Pub. 3034 (April 1997) (seasonal product).

months of data gathered from the periods immediately preceding and following the petitions' filing.[186]

The petitions in these investigations were filed on January 8, 2016. On January 10, 2017, Commerce published its final countervailing duty determinations, finding that critical circumstances exist with respect to certain imports of OTR tires from India and all subject imports from Sri Lanka. Specifically, Commerce found that critical circumstances exist for Camso and producers/exporters from Sri Lanka covered by the all-others rate, and that critical circumstances exist for producers/exporters from India covered by the all-others rate but not ATC or Balkrishna.[187] For purposes of our analysis, we consider the six months prior to the filing of the petition (July to December 2015) and the six months following the filing of the petition (January to June 2016).

India. Imports of OTR tires from India subject to affirmative critical circumstances findings in Commerce's CVD investigation increased from *** tires in the pre-petition period to *** tires in the post-petition period, for an increase of *** percent.[188] End-of-period inventories of subject OTR tires from India were higher in interim 2015, at *** tires than in interim 2016, at *** tires.[189] Notwithstanding the increase in subject imports of OTR tires, inventories of such imports did not exhibit any rapid increase between the interim periods and instead decreased. Thus, we do not find evidence of a massive increase in subject imports from India that would warrant retroactive application of suspension of liquidation – and imposition of duties – for a 90-day period. We do not find that the subject imports that entered the U.S. market after the petition filings would seriously undermine the remedial effect of the countervailing duty order. Consequently, we find that critical circumstances do not exist with

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[186] The Commission has used five-month periods in recent investigations where the timing of the first preliminary Commerce determination authorizing the imposition of provisional duties would have served to reduce subject import volume in the sixth month of the post-petition period. *See Cold-Rolled Steel Flat Products from China and Japan,* Inv. Nos. 701-TA-541 and 731-TA-1284 and 1286 (Final), USITC Pub. 4619 (July 2016); *Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman,* Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 31-32 (Apr. 2016); *Carbon and Certain Steel Wire Rod from China*, Inv. Nos. 701-TA-512, 731-TA-1248 (Final), USITC Pub. 4509 at 25-26 (Jan. 2015) (using five-month periods because preliminary Commerce countervailing duty determination caused reduction of subject import volume in sixth month). *See also Certain Orange Juice from Brazil*, Inv. No. 731-TA-1089 (Final), USITC Pub. 3838 at 29 n.203 (using seven month period because the petition was filed late in the month). *But see Certain Magnesia Carbon Bricks from China and Mexico*, Inv. Nos. 701-TA-468 (Final) & 731-TA-1166 to 1167 (Final), USITC Pub. 4182 at 24 (Sept. 2010); *Small Diameter Graphite Electrodes from China*, Inv. No. 731-TA-1143 (Final), USITC Pub. 462 at 24 (Feb. 2009).

We use six-month periods here because the petitions were filed at the beginning of January 2016 and Commerce's preliminary determinations were issued at the end of June 2016. We have also considered the five-month period prior to the filing of the petitions and the five-month period after the filing of the petitions and find this would not affect the conclusions we reach below.

[187] Commerce Final India CVD Determination, 82 Fed. Reg. 2946; Commerce Final Sri Lanka CVD Determination, 82 Fed. Reg. 2949.

[188] CR/PR at Table IV-4.

[189] CR/PR at Table VII-3.

respect to those imports from India of OTR tires that are subject to affirmative critical circumstances determinations in Commerce's final countervailing duty determination.

Sri Lanka. Subject imports from Sri Lanka increased from *** tires in the pre-petition period to *** tires in the post-petition period, for an increase of *** percent.[190] End-of-period inventories decreased from *** tires in interim 2015 to *** tires in interim 2016.[191] Given the limited increase in subject imports from Sri Lanka between the pre- and post-petition periods and the decline in inventory levels between the interim periods, we do not find that the subject imports that entered the U.S. market after the petition filings would seriously undermine the remedial effect of the countervailing duty order. Consequently, we find that critical circumstances do not exist with respect to subject imports from Sri Lanka of OTR tires which are subject to affirmative critical circumstances determinations in Commerce's final countervailing duty determination.

VII. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of OTR tires from India that are sold in the United States at less than fair value and subsidized by the government of India, and by reason of subject imports from Sri Lanka that are subsidized by the government of Sri Lanka. We also find that critical circumstances do not exist with regard to subject imports from India and Sri Lanka.

[190] CR/PR at Table IV-5.
[191] CR/PR at Table VII-10.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Titan Tire Corporation of Des Moines, Iowa ("Titan") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC of Pittsburgh, Pennsylvania ("USW") on January 8, 2016, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of certain new pneumatic off-the-road-tires ("OTR tires") from China, India, and Sri Lanka and by reason of imports of OTR tires sold at less-than-fair-value ("LTFV") from China and India.[1] The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
January 8, 2016	Petition filed with Commerce and the Commission; institution of Commission investigation (81 FR 2236, January 15, 2016)
February 3, 2016	Commerce's notice of initiation of AD and CVD investigations (81 FR 7073 and 81 FR 7067, February 10, 2016)
March 1, 2016	Commission's preliminary determinations (81 FR 10663)
June 20, 2016	Commerce's preliminary CVD determinations (81 FR 39900 (Sri Lanka) and 81 FR 39903 (India))
August 19, 2016	Commerce's preliminary AD determination (81 FR 55431); scheduling of final phase of Commission investigation (81 FR 62760, September 12, 2016)
January 4, 2017	Commission's hearing
January 10, 2017	Commerce's final CVD determinations (82 FR 2946 (India) and 82 FR 2949 (Sri Lanka))
January 17, 2017	Commerce's final AD determination (82 FR 4848)
February 2, 2017	Commerce's amended final AD determination (82 FR 9056)
February 3, 2017	Commission's vote
February 23, 2017	Commission's determinations and views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations. In the preliminary phase of these investigations, the Commission found that imports of OTR tires from China were negligible pursuant to section 771(24) of the Act, and its investigations with regard to imports from this country were thereby terminated pursuant to section 733(a)(1) of the Act. *Certain New Pneumatic Off-the-Road-Tires From China, India, and Sri Lanka*, 81 FR 10663, March 1, 2016.

[2] Pertinent *Federal Register* notices are referenced in Appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] Appendix B contains a list of witnesses that appeared at the Commission's hearing.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, subsidy/dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

OTR tires are used on a wide variety of vehicles and equipment employed in agricultural and forestry, construction, and industrial settings for hauling, towing, lifting, and/or loading. [6] The largest sector of the OTR tire market in the United States is agricultural applications.[7]

The leading U.S. producers of OTR tires are Bridgestone Firestone North American Tire, LLC ("BFNA") and Titan. Leading producers of OTR tires outside the United States include *** of India; and *** of Sri Lanka.

The leading U.S. importers of OTR tires from India are ***, while the leading importers of OTR tires from Sri Lanka are ***. Leading importers of OTR tires from nonsubject sources (primarily China and Thailand) include ***. The leading purchasers of OTR tires are primarily in the OEM market in the agricultural, construction, and mining sectors. These firms include ***, in order of size.[8]

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[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

[6] The types of vehicles that use OTR tires include: farm tractors, combine harvesters, irrigation equipment, log skidders, off-road dump trucks, front-end loaders, graders, mobile cranes, lift trucks, and skid-steer mini-loaders. Hearing transcript, pp. 35-36 (Brewer).

[7] Hearing transcript, p. 20 (Stewart).

[8] Purchaser *** is a distributor in the aftermarket.

Apparent U.S. consumption of OTR tires totaled approximately *** ($***) in 2015. U.S. producers' U.S. shipments of OTR tires totaled *** ($***) in 2015, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importer's U.S. shipments of OTR tires from subject sources totaled 1.3 million ($279.8 million) in 2015 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of OTR tires imported from nonsubject sources totaled 1.4 million ($797.1 million) in 2015 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1.[9] Except as noted, U.S. industry data are based on questionnaire responses of six firms that accounted for the vast majority of U.S. production of OTR tires during 2015.[10] U.S. imports are based on questionnaire responses of 37 firms that accounted for *** percent of subject imports from India; *** percent of subject imports from Sri Lanka; and *** percent of imports from nonsubject sources in 2015.[11]

[9] Table C-2 presents summary data excluding related party *** operations from U.S. producers' data.

[10] All known U.S. producers of OTR tires, except for Carlstar Group LLC ("Carlstar"), provided a response to the U.S. producers' questionnaire. Carlstar provided a response in the preliminary phase, but did not do so in the final phase investigations. When contacted by staff, ***. Email to staff from ***, November 17, 2016.

[11] U.S. import coverage is based on a comparison of U.S. importers' questionnaire responses as a share of imports derived from *** records using HTS statistical reporting numbers 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0050, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, excluding: (1) entries of tires weighting more than 1,500 pounds per tire, (2) entries where the average unit value was less than $25 per tire, and (3) entries from firms that certified that they do not import OTR tires.

PREVIOUS AND RELATED INVESTIGATIONS

OTR tires have been the subject of prior countervailing and antidumping duty investigations in the United States. On June 18, 2007, Titan and the USW filed petitions for antidumping and countervailing duties on OTR tires from China.[12] Commerce made affirmative final determinations in its antidumping and countervailing duty investigations in September 2008,[13] and in August 2008, the Commission determined that imports of OTR tires from China were a cause of material injury to the domestic industry.[14] In 2013, Commerce and the Commission conducted sunset reviews of the orders and determined that they should remain in place.[15] These orders remain in place today; however, mounted OTR tires from China are not subject to the existing orders.[16]

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On January 10, 2017, Commerce published a notice in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of OTR tires from India and Sri Lanka. Table I-1 presents Commerce's findings.

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[12] *Certain New Pneumatic Off-the-Road Tires from China: Institution of Countervailing Duty and Antidumping Investigations and Scheduling of Preliminary Phase Investigations*, 72 FR 34478, June 22, 2007.

[13] *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Notice of Amended Final Affirmative Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 73 FR 51624, September 4, 2008; *Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Countervailing Duty Order*, 73 FR 51627, September 4, 2008.

[14] *Certain New Pneumatic Off-the-Road Tires from China: Inv. Nos. 701-TA-448 and 731-TA-1117 (Final)*, USITC Publication 4031, p. 3.

[15] *Certain New Pneumatic Off-the-Road Tires from China: Inv. Nos. 701-TA-448 and 731-TA-1117 (Review)*, USITC Publication 4448, p. 1.

[16] In the preliminary phase of these investigations, the Commission found that imports of mounted OTR tires from China were negligible pursuant to section 771(24) of the Act, and its investigations with regard to imports from this country were thereby terminated pursuant to section 733(a)(1) of the Act.

Table I-1
OTR tires: Commerce's subsidy determinations with respect to imports from India and Sri Lanka

Entity	Countervailable subsidy rates (*percent*)
India	
ATC Tires Private Limited	4.90
Balkrishna Industries Limited	5.36
All Others	5.06
Sri Lanka	
Camso Loadstar (Private), Ltd.	2.18
All Others	2.18

Source: *Certain New Pneumatic Off-The-Road Tires from Sri Lanka: Final Affirmative Countervailing Duty Determination, and Final Determination of Critical Circumstances*, 82 FR 2949, January 10, 2017. *Countervailing Duty Investigation of Certain New Pneumatic Off-the-Road tires from India: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 2946, January 10, 2017.

Sales at LTFV

On January 17, 2017, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from India. Commerce determined that OTR tires are not being, or are not likely to be, sold in the United States at less than fair market value ("LTFV").[17]

THE SUBJECT MERCHANDISE

Commerce's scope[18]

Commerce has defined the scope of this investigation as follows:
Certain new pneumatic off-the-road tires (OTR tires). OTR tires are tires with an off road tire size designation. The tires included in the scope may be either

[17] *Certain New Pneumatic Off-the-Road Tires from India: Final Negative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances*, 82 FR 4848, January 17, 2017. On January 26, 2017, the Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations approved a staff recommendation in an Issues and Decision Memorandum that Commerce make an affirmative final determination. Approved Issues and Decision Memoranda provide the bases for Commerce determinations. The dumping margins for ATC and all others were calculated to be 3.67 percent. Less-Than-Fair-Value Investigation on Certain New Pneumatic Off-the-Road Tires from India: Allegation of Ministerial Errors in the Final Determination, United States Department of Commerce, International Trade Administration, January 26, 2017.

[18] *Certain New Pneumatic Off-The-Road Tires from Sri Lanka: Final Affirmative Countervailing Duty Determination, and Final Determination of Critical Circumstances*, 82 FR 2949, January 10, 2017.

tube-type[19] *or tubeless, radial, or nonradial, regardless of whether for original equipment manufacturers or the replacement market.*

Subject tires may have the following prefix or suffix designation, which appears on the sidewall of the tire:

Prefix designations:

***DH** – Identifies a tire intended for agricultural and logging service which must be mounted on a DH drop center rim.*

***VA** – Identifies a tire intended for agricultural and logging service which must be mounted on a VA multipiece rim.*

***IF** – Identifies an agricultural tire to operate at 20 percent higher rated load than standard metric tires at the same inflation pressure.*

***VF** – Identifies an agricultural tire to operate at 40 percent higher rated load than standard metric tires at the same inflation pressure.*

Suffix designations:

***ML** – Mining and logging tires used in intermittent highway service.*

***DT** – Tires primarily designed for sand and paver service.*

***NHS** – Not for Highway Service.*

***TG** – Tractor Grader, off-the-road tire for use on rims having bead seats with nominal +0.188" diameter (not for highway service).*

***K** – Compactor tire for use on 5° drop center or semi-drop center rims having bead seats with nominal minus 0.032 diameter.*

***IND** – Drive wheel tractor tire used in industrial service.*

***SL** – Service limited to agricultural usage.*

[19] While tube-type tires are subject to the scope of these proceedings, tubes and flaps are not subject merchandise and therefore are not covered by the scope of these proceedings, regardless of the manner in which they are sold (*e.g.*, sold with or separately from subject merchandise).

FI *– Implement tire for agricultural towed highway service.*

CFO *– Cyclic Field Operation.*

SS *– Differentiates tires for off-highway vehicles such as mini and skid-steer loaders from other tires which use similar size designations such as 7.00-15TR and 7.00-15NHS, but may use different rim bead seat configurations. All tires marked with any of the prefixes or suffixes listed above in their sidewall markings are covered by the scope regardless of their intended use.*

In addition, all tires that lack any of the prefixes or suffixes listed above in their sidewall markings are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the following sections of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set forth below.

The sections of the Tire and Rim Association Year Book listing numerical size designations of covered OTR tires include:

The table of mining and logging tires included in the section on Truck-Bus tires;

The entire section on Off-the-Road tires;

The entire section on Agricultural tires; and

The following tables in the section on Industrial/ATV/Special Trailer tires:

- *Industrial, Mining, Counterbalanced Lift Truck (Smooth Floors Only);*
- *Industrial and Mining (Other than Smooth Floors);*
- *Construction Equipment;*
- *Off-the-Road and Counterbalanced Lift Truck (Smooth Floors Only);*
- *Aerial Lift and Mobile Crane; and*
- *Utility Vehicle and Lawn and Garden Tractor.*

OTR tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the scope. Subject merchandise includes OTR tires produced in the subject countries whether mounted on wheels or

rims in a subject country or in a third country. OTR tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. OTR tires that enter attached to a vehicle are not covered by the scope.

In addition, specifically excluded from the scope are passenger vehicle and light truck tires, racing tires, mobile home tires, motorcycle tires, all-terrain vehicle tires, bicycle tires, on-road or on-highway trailer tires, and truck and bus tires. Such tires generally have in common that the symbol "DOT" must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following prefixes and suffixes included as part of the size designation on their sidewalls:

Prefix letter designations:

***AT** – Identifies a tire intended for service on All-Terrain Vehicles;*

***P** – Identifies a tire intended primarily for service on passenger cars;*

***LT** – Identifies a tire intended primarily for service on light trucks;*

***T** – Identifies a tire intended for one-position "temporary use" as a spare only; and*

***ST** – Identifies a special tire for trailers in highway service*

Suffix letter designations:

***TR** – Identifies a tire for service on trucks, buses, and other vehicles with rims having specified rim diameter of nominal plus 0.156" or plus 0.250";*

***MH** – Identifies tires for Mobile Homes;*

***HC** – Identifies a heavy duty tire designated for use on "HC" 15" tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation.*

Example: 8R17.5 LT, 8R17.5 HC;

***LT** – Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service;*

***ST** – Special tires for trailers in highway service; and*

***M/C** – Identifies tires and rims for motorcycles.*

The following types of tires are also excluded from the scope: Pneumatic tires that are not new, including recycled or retreaded tires and used tires; non-pneumatic tires, including solid rubber tires; aircraft tires; and turf, lawn and garden, and golf tires. Also excluded from the scope are mining and construction tires that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the number of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum 1500 pounds).

The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0090, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020.

Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.4590, 4011.99.8590, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035 and 8716.90.5055. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following provisions of the 2016 HTS: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0090,[20] 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Those tires imported under any provision of heading 4011 are

[20] In 2016, HTS subheading 4011.69.00 was annotated to provide separate data under statistical reporting numbers 4011.69.0020 (tires of a kind used on golf carts, all-terrain vehicles (ATVs), and for turf, lawn and garden, and trailer applications) and 4011.69.0090 (all others covered by the tariff rate line).

goods CBP determines are "new pneumatic tires," but a tire that may appear to be described in 4011 and is imported in combination with other components may be classified under another tariff rate line. Tires meeting the scope description may also be imported under the following HTS provisions: 4011.99.4590, 4011.99.8590, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035 and 8716.90.5055.[21]

THE PRODUCT

Description and uses[22]

All pneumatic (air pressurized) rubber tires, whether passenger car, truck, or OTR, have the same basic generic components but are markedly different in structure.[23] The basic components of a tire consist internally of a base rubber inner liner or a rubber inner tube, each impervious to air migration from the tire; rubberized reinforcing tire cord plies and belts that give the tire strength and stability; and a rubberized steel bead that provides an airtight seal of the tire rim with a given metal wheel. The outer components of a tire that can be seen on an assembled tire are the tread that runs around the outside of the tire, the sidewall, and the rubber rim. All tires generally contain varying amounts of natural and synthetic rubber in addition to several other components such as carbon black reinforcement, sulfur curing agents, textile fabric or steel reinforcing plies and belts, and steel bead wire that forms the rim of the tire.[24]

Compared to on-the-road passenger and light truck tires, most OTR tires are designed for more rugged uses which require physical strength like heavier load bearing and power traction characteristics. Natural and synthetic rubber blends are essential components, but the exact combinations of which vary, depending on the performance characteristics required of an enormous array of types and sizes of OTR tires. Natural rubber has a very high molecular weight

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[21] HTS statistical reporting number 8716.90.5055 was changed to 8716.90.5056 in July 2016 as a result of a decision by the 484(f) Committee.

[22] Unless otherwise noted this information is based on the following publications: *Certain-Off-The-Road Tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Final),* USITC Publication 4031, August 2008; *Certain Off-The-Road tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, and, *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary),* USITC Publication 4594, March 2016.

[23] Structurally, OTR tires are both radial and bias ply in design, while on-the-road passenger vehicle, truck and bus tires are predominately radial ply in design.

[24] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary),* USITC Publication 4594, March 2016, pp.I-12-13. Commission staff plant trips to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007, and Michelin BFGoodrich, Tuscaloosa, AL, tire plant, April 21, 2015.

compared to synthetic rubber, which makes it very strong, with good tear resistance and tensile strength, and excellent inherent tack, an essential property used in tire assembly and manufacture. Natural rubber compounds are generally very cool running under heavy loads, which reduces tire heat buildup in mining vehicles, for example. Synthetic rubber is easier to process and has better traction and cut resistance than natural rubber, an advantage in the agricultural sector.[25] Overall, a generally higher ratio of stronger, more durable natural rubber to synthetic rubbers is used across the full spectrum of OTR tires in contrast to consumer on-the-road tires, which, in general, use higher proportions of synthetic rubber.[26] [27] Also, more substantial internal reinforcement is required in OTR tires, including rubberized textile and steel tire cord plies and belts, and heavy duty steel bead bundles for rim construction as shown in figure I-1.[28] [29]

[25] Petitioners' posthearing brief, *response to staff question #2*, exh. 1.

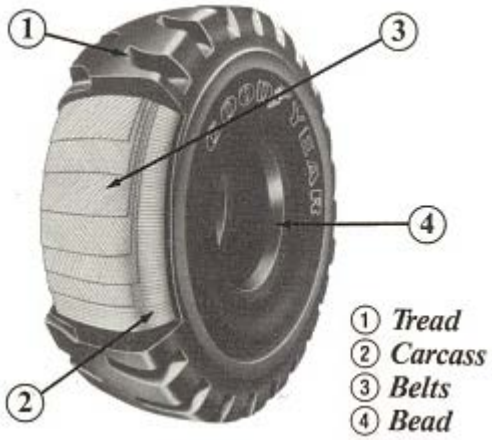
[26] *Anatomy of a Tire,* http://infohouse.p2ric.org/ref/11/10504/html/intro/tire.htm, retrieved June 15, 2014. "Natural rubber is much more adaptable for the product. It's not going real fast and there's very little synthetic rubber. Synthetic rubber is used in automotive and over-the-highway truck tires for high-speed temperature." Hearing transcript, p. 102 (Taylor).

[27] Titan reported that it uses ***, but "due to the wide range of tire designs and specific applications within any broad end-use segment (agriculture, commercial/industrial, and mining), it is difficult to provide a reliable estimate of overall mix of rubbers used on an end-use segment." Petitioners' posthearing brief, *response to staff question #2*, exh. 1. Indian respondent Alliance reported *** ratios of natural rubber to synthetic rubber for *** and a *** ratio for ***. Indian respondent Alliance's posthearing brief, *responses to Commissioner questions*, question 12. Indian respondent Balkrishna reported *** ratios of natural rubber to synthetic rubber for ***. Indian respondent Balkrishna's posthearing brief, *responses to Commissioners' and staff's questions*, pp. 6-7. Sri Lankan respondent Camso reported that its OTR tires are on average *** natural rubber and *** synthetic rubber. Sri Lankan respondent Camso's posthearing brief, *responses to questions from staff*, p. 2.

[28] *Certain New Pneumatic Off-The-Road-Tires from China, India, and Sri Lanka, Investigations. Nos. 701-TA-551-553 and 731-TA-1307-1308 (*Preliminary), USITC Publication 4594, March 2016, p. I-13.

[29] Hearing transcript, p. 84 (Taylor).

Figure I-1
OTR tires: Mining and construction tire features



Source: "Off-the-road engineering data," Goodyear, 2014. http://www.goodyearotr.com, retrieved January 22, 2016.

OTR tires are produced in a wide variety of types and sizes depending upon end use, ranging from relatively small agricultural implement and industrial forklift tires, to larger tires found on the more familiar farm tractors and harvesting equipment, and to earthmover/construction equipment type tires used in mining and construction such as on haulage and dump trucks, front end loaders, dozers, graders, lift trucks, and mobile cranes (figure I-1).[30] Unlike on-the-road tires, OTR tires are typically designed to run at lower speeds.[31] These tires may be of bias ply or radial construction depending upon the end use, and consist of multiple tread types depending on the types of equipment and end-use requirements (figure I-2). OTR tires may be of the tubeless or tube variety, but are predominately tubeless, while all are pneumatic (air pressurized) in nature, as defined in the scope.[32]

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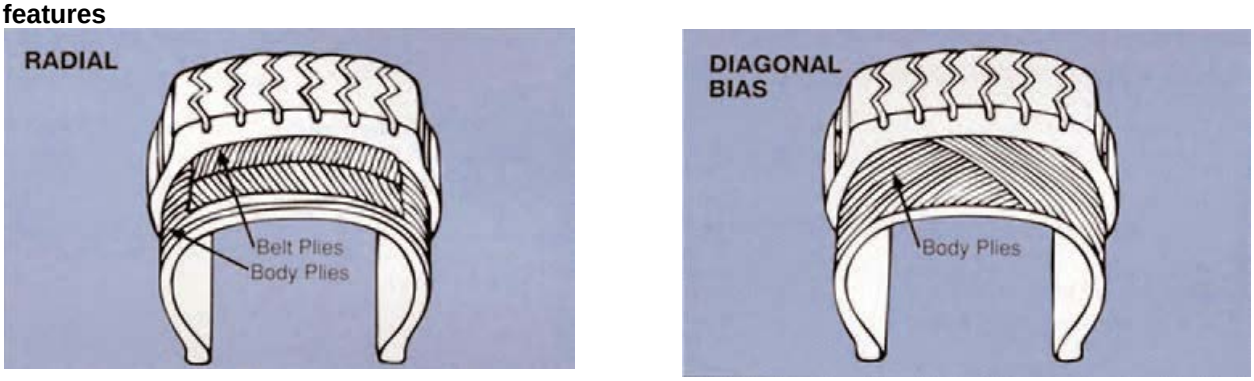
[30] In November 2016, Titan CEO and Chairman Maurice Taylor commented that Titan's business "continues to bounce around the bottom of this four year down cycle;" the Ag business downturn, however, was reported to have stabilized. Other Titan reports referenced private construction spending as carrying that industry, while mining remained weak with commodity prices low. The strong U.S. dollar was reported to be impacting U.S. exports and reported sales. Press Release, "Titan International Announces Third Quarter 2016 Results," and "Investor Presentation, Q3 2016," November 3, 2016, retrieved at , http://titan-intl.investorroom.com/investor-relations , December 1, 2016.

[31] *Certain Off-The-Road Tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-11. Hearing transcript, p. 102 (Taylor).

[32] *Certain Off-The-Road Tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-11. Titan's agricultural tire rim diameters range from 9 to 54 inches, with the 54-inch rim diameter being the largest agricultural wheel manufactured in North America. Titan's agricultural tires range from about 1 foot to 7 feet in outside diameter height, and from

(*continued*...)

Figure I-2
OTR tires: Radial and bias ply construction features



Source: National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005.

In radial construction, the reinforcing rubber-coated tire cord body plies run parallel from bead to bead, or perpendicular to the direction of travel, while bias ply tire cords run diagonally to the direction of travel. Radial tires typically have a longer tire life and higher speed rating than bias ply tires. Radials provide a wider footprint which affords excellent traction and superior performance in agricultural and other OTR tire sectors, including reduced soil compaction and improved handling, smoother ride, fuel economy, and higher resistance to cuts, punctures, and tears in selected applications. Bias ply tires are typically used in lower speed applications where sidewall strength, stiffness, and heavy load and lifting applications are important; however, both bias and radial ply tires are used on agricultural, mining, and construction/industrial equipment.[33]

(…*continued*)
5 to 55 inches in width. Earthmoving/construction tires range from 20 to 63 inches in rim diameter, with the 63 inch rim diameter being the largest in North America. The outside diameter of these tires range from 3 feet to 13 feet in height, and in weight from 50 to 12,500 pounds. Certain earthmoving/construction and agricultural tires are sold in value-added mounted wheel assembly form. Titan Form 10-K for the calendar year ending December 31, 2015, Securities and Exchange Commission, February 25, 2016, Part I, Item I, "Business." Bias ply tires make up the majority of the wide range of OTR tires produced at Titan's Des Moines, IA, plant. Bias ply and radial tires, although of different construction, are produced on the same equipment using the same workers. Hearing transcript, p. 36 (Brewer).

[33] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-11. Radial tire trends are growing in popularity in the agricultural sector and other OTR tire sectors due to superior performance characteristics compared to bias ply tires. In agriculture, Titan's Low Sidewall (LSW) and Michelin's Ultraflex radial technologies are providing for a wider footprint and reduced soil compaction, together with increased load bearing characteristics, speed ratings and handling demands associated with today's larger tractors and harvesting equipment. The same is true for increasing demands in the mining and construction areas for improved handing, speed, and load bearing characteristics. *Modern Tire Dealer*, "What to expect in 2016," December 2015, pp. 36-44.

In the United States, OTR tire producers have generally adopted the Tire and Rim Association ("TRA") standards: OTR tires are defined as construction tires on earthmover and construction vehicles; agricultural tires on farm tractors, farm implements, and other agricultural machinery; and industrial tires on counterbalanced lift trucks for mining, skid-steers/mini-loaders, and other industrial applications. TRA standards identify the type of equipment on which the tire is used, the tire type and size, and the speed and load carrying ply ratings. These designations are typically molded into the sidewall.[34] Foreign tires may not conform exclusively to TRA standards, but usually carry a manufacturer and tire name, tire size and country-of-origin markings, together with construction materials and end-use types.[35] Examples of TRA tire standards described in table I-2 compare the physical properties of a radial OTR tire construction and mining tire to smaller bias ply agricultural and industrial tires, although large agricultural tires may range up to 50 inches or more in rim diameter.

Table I-2
OTR tires: Tire and Rim Association specifications

OTR tire: 35/65/R33 NHS * L**		**Agricultural tire: 14.5/75-16.1 SL 10PR 121**		**Industrial tire: 23x10.50-12 NHS**	
35	Width of tire cross section (inches)	14.5	Width of tire cross section (inches)	23	Overall diameter (inches)
65	Aspect ratio (ratio of sidewall height to section	75	Aspect ratio	10.50	Width of tire cross section (inches)
R	Radial ply	-	Bias ply	-	Bias ply
33	Rim diameter (inches)	16.1	Rim diameter (inches)	12	Rim diameter (inches)
NHS	Suffix (Not for highway service)—Optional	SL	Service limited to agricultural usage	NHS	Suffix (Not for highway service)
		10PR	Ply rating	4PR	Ply rating
***	Load symbol (rated for 116 psi)	121	Load index (max. load)		
L	Loader/Dozer (5 mph)	A8	Speed symbol (25 mph)		

Source: *2016 Year Book*, Tire and Rim Association, pp. 4-02, 4-26, 5-02, 6-02.

[34] *2016 Year Book,* Tire and Rim Association.

[35] Indian respondent Balkrishna's postconference brief, exh. 5., February 4, 2016. Certain Chinese and Indian tire industry officials are affiliates of TRA. *Tire and Rim Association 2016 Year Book*.

Production process[36]

The fundamental production processes for OTR tires are generally comparable across the subject industries. OTR tires are more labor intensive and typically require more manual production sequences than for on-the-road passenger and truck tires.[37] This is due to the combination of larger sizes and heavier types, the number of components, and higher strength properties demanded in OTR tire end-use applications.

Several stages are required for the production of OTR tires, including rubber batch formulation and mixing, tire component processing, tire assembly, tire curing, and final inspection as shown in figure I-3. The initial stage is the receiving and testing of various raw materials. These include natural and synthetic rubbers, textile and steel tire cord, carbon black reinforcing pigment, steel wires for rim bead, and other rubber processing chemicals, including antioxidants, accelerators, plasticizers, sulfur curing agents, silica, processing oils, and resins.[38]

The rubber preparation stage involves the mixing of the various rubbers and other raw materials into several different types of compounds or recipes designed for specific downstream process end uses, as shown in figure I-3. Each batch is placed into a Banbury mixer where the rubber is heated, softened, and thoroughly mixed with the other ingredients under conditions of mixer blade shear and ram pressure. Following the discharge of a given rubber compound batch from the mixer, the mass is cooled, and sulfur curing agents are added. Subsequent Banbury mixing is usually required to complete this step.[39]

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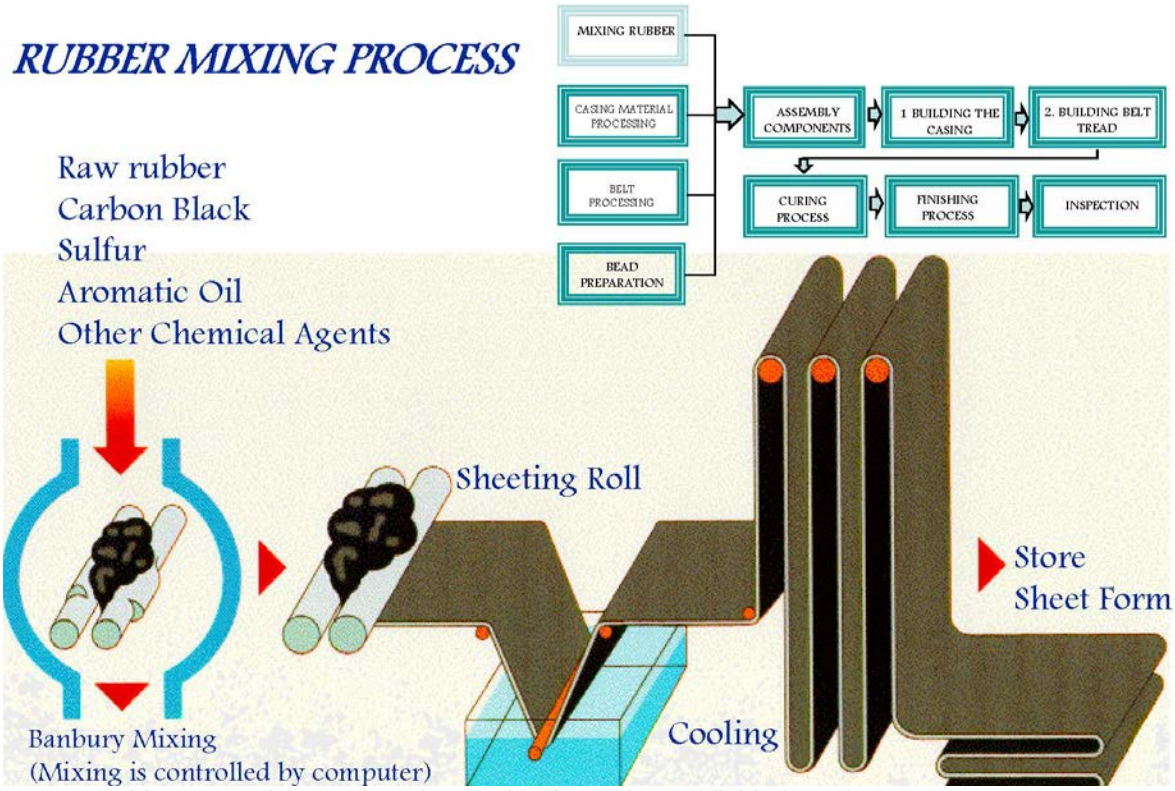
[36] Unless otherwise noted this information is based on the following publications: *Certain-Off-The-Road Tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Final),* USITC Publication 4031, August 2008; *Certain Off-The-Road tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, and, *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary),* USITC Publication 4594, March 2016.

[37] Hearing transcript, p. 86 (Johnson); pp. 104-105 (Taylor).

[38] *Certain Off-The-Road tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-13. Commission staff plant trips to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007, and Michelin BFGoodrich, Tuscaloosa, AL, tire plant, April 21, 2015.

[39] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review), USITC Publication 4448*, January 2014, p. I-13. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

Figure I-3
OTR tires: OTR process flow diagrams and rubber mixing process



Source: Bridgestone Firestone North America (BFNA), staff field trip, July 19, 2007.

During the mixing process, heat and friction soften the rubber for several applications, including a type of rubber compound designed to hold air on the inside of the tubeless tire; various types of rubber compounds designed to adhere to wire and fabric used to make the casing; and other types of rubber compounds designed for the outside of the tire (e.g., the steel bead, sidewalls, and tread). Following the mixing process, the various rubber compounds are milled into slab form for use in the factory.[40]

Several different types of equipment are used to process the rubber formulations into multiple OTR tire components. Large machines equipped with rollers known as calendars are used to produce sheets of butyl rubber interlining which prevent the migration of pressurized air through a tubeless tire casing. Calendars are also used to coat tire cord fabric or wire with selected rubber formulations for reinforcement of the tire casing which supports the weight of the vehicle.

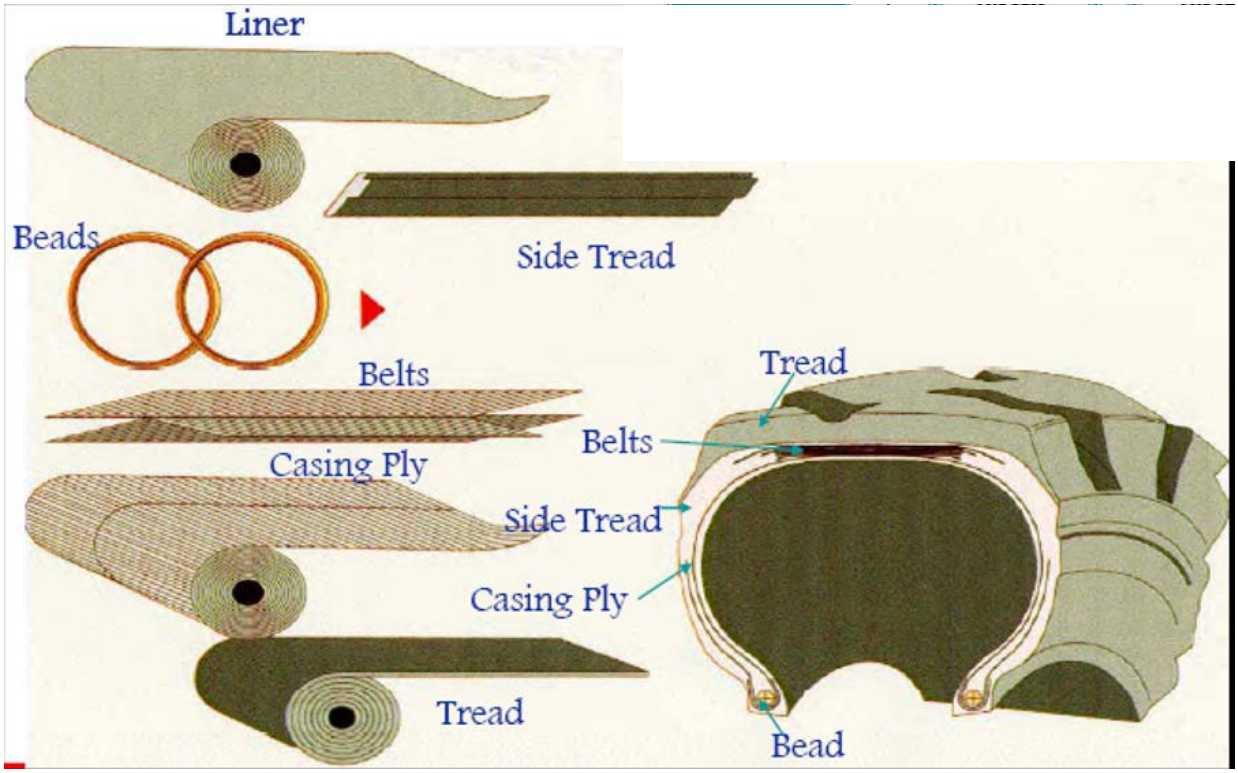
Machines called wire winders are used to apply a given rubber batch coating to the bead wire and wrap it into an exact circular dimension needed to hold the tubeless tire securely to the steel wheel. The smooth rubber pieces that will eventually become treads and sidewalls

[40] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-14. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

are produced with machines called extruders, which force various softened rubber compounds through a die to produce the desired configurations.

The multiple components that are processed into rubberized assembly elements in preparation for the tire building process are shown in the diagram of figure I-4.[41]

Figure I-4
OTR tires: OTR tire assembly components



Source: Bridgestone Firestone North America (BFNA), staff field trip, July 19, 2007. Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

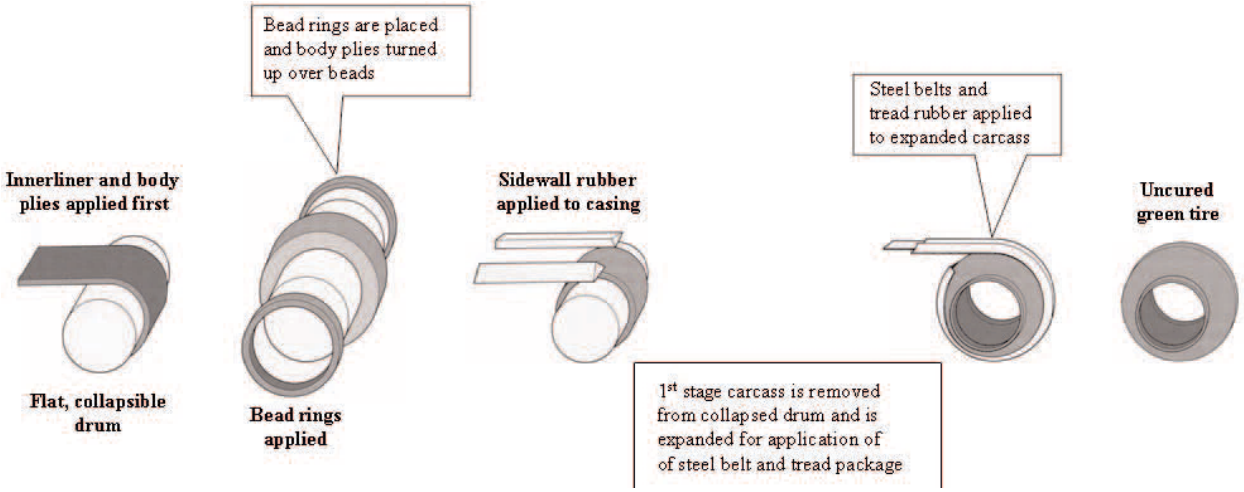
OTR tire building is the process in which all of the above individual components that make up the tire are sequentially assembled by employees around a about a horizontal cylindrical drum to create a green (uncured) tire structure. The tire assembly may proceed in either one or two stages. Many bias ply assemblies are completed in one stage,[42] while radial tire building often proceeds in two stages as shown in figure I-5. In the first stage, a radial body casing consisting of the innerliner, reinforcing plies, rim beads, and sidewall rubber is

[41] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-14. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

[42] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14; 15. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

assembled on a rotating, collapsible drum that is slightly larger than the bead diameter, while the steel belts and tread are assembled on another rotating drum to a diameter that is close to that of the final tire.[43] Several tire manufacturers and equipment vendors have devised automated tire assembly equipment that combines several assembly steps or links them into a continuous process.[44]

Figure I-5
OTR tires: OTR tire assembly process



OTR tire building is typically performed manually or semi-manually by employees,[45] and can be completed within a few minutes or more, depending upon the type of tire being assembled. In bias ply tire building, the tire cord reinforcement body plies are placed at alternating angles around the drum circumference as the assembly proceeds so that its configuration in the finished tire will result in a crisscross herringbone reinforcement pattern running from bead to bead at angles to the direction of travel; otherwise, radial construction involves placing parallel steel or fabric body plies that run "radially" from bead to bead at right angles to the direction of tire travel.[46]

In the final molding and curing process, the green tire assembly is placed around a bladder sleeve in a circular curing press tire mold as shown in figure I-6. After the curing press is closed, the bladder is injected with steam and expanded to force the green tire assembly out against the mold walls. The green tire thus takes on the configuration of the tire mold, including

[43] Commission staff plant trip to Michelin BFGoodrich, Tuscaloosa, AL, tire plant, April 21, 2015.

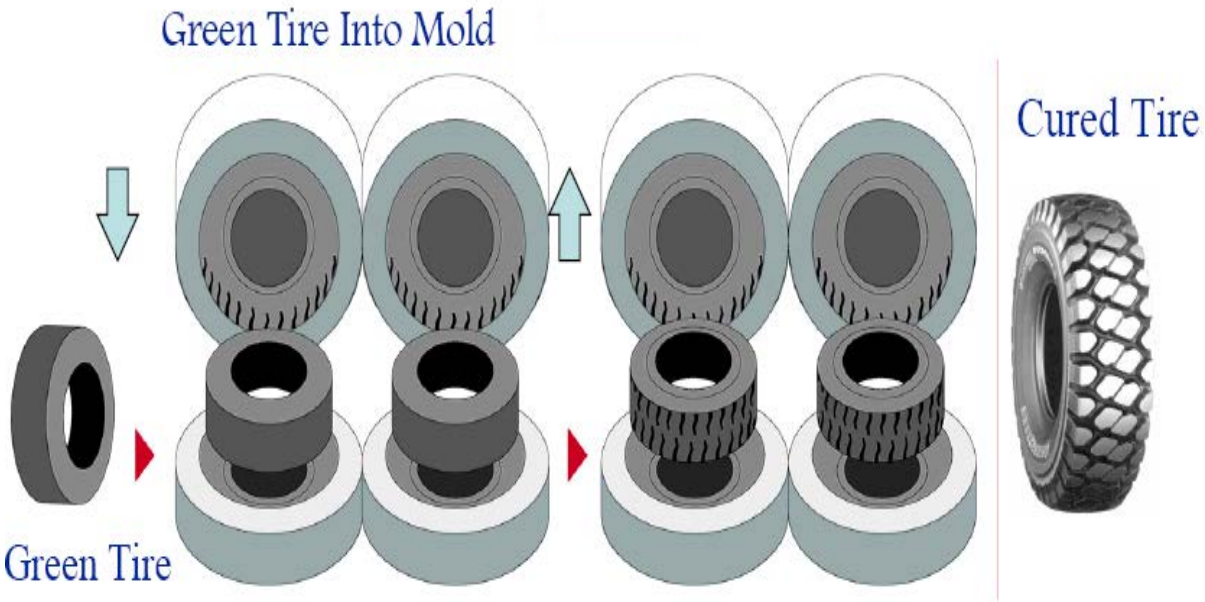
[44] If required by the specified speed rating, full width nylon cap plies or cap strips are wound over the belts before the extruded tread/subtread/undertread package is applied. "The Pneumatic Tire," NHTSA, 2005, p. 24.

[45] Hearing transcript, pp. 104-105 (Taylor).

[46] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14 and 15. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

that of the sidewall, sidewall size designations, and tread type. Vulcanization or curing of the green tire takes place in the mold at elevated temperature and pressure. Curing times vary widely depending upon the size of the tire, and may vary nominally from a few minutes to several hours; each tire model requires its own mold. During vulcanization, the original weak green tire rubber takes on a strong, durable nature (thermoset), and will not again soften with heat due to molecular cross-linking or bonding of the rubber with the sulfur chemical additives.[47]

Figure I-6
OTR tires: Tire Curing Process



Source: Bridgestone Firestone North America (BFNA), staff field trip, July 19, 2007. Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

Following the molding and curing process, the finished tire is moved to the quality control area for a final visual and x-ray inspection. The tires that pass inspection are then moved to a warehouse for storage and shipping. Finished, unmounted tires are coded to track their whereabouts, and to identify the plant of manufacture and other important information.[48]

[47] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14 and 15. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

[48] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-16. Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

OTR rims, wheels, and tire assemblies

Rim and wheel assembly manufacturing reportedly becomes more complex for most products depending on the end-use sectors, beginning with the more fundamental assemblies for certain nonsubject consumer wheels, to more advanced processes required for certain OTR agricultural equipment wheels, and heavier earthmoving/construction and industrial equipment wheels.[49]

Most of Titan's agricultural wheels are produced using a rim and center disc. A rim is produced by first cutting large steel sheets to required width and length specifications. These steel sections are rolled and welded to form a circular rim, which is flared and formed in the rollform operation. The majority of discs are manufactured using presses that both blank and form the center to specifications in multiple stage operations. This is followed by e-coating wheels using a multi-step process prior to the final paint top coating.

Large earthmoving mining and construction steel wheels are manufactured by Titan from hot-and cold-rolled steel sections. Hot-rolled sections are generally used to increase cross section thickness in high stress areas of large diameter wheels. A special cold forming process for certain wheels is used to increase cross section thickness while reducing the number of wheel components. Rims are built from a series of hoops that are welded together to form a rim base. The complete rim base is made from either three or five separate parts that lock together after the rubber tire has been fitted to the wheel and inflated. Many OTR rim and wheel assemblies for ease of mounting and tire change, are composed of multi piece design.[50]

In contrast, most nonsubject consumer wheels are manufactured from rims and center discs from steel sheets. Rims are rolled and welded, and discs are stamped and formed from the sheets. The completed wheel assembly entails welding the rims to the centers and painting the assembled product.[51]

The rim and center disc combination that make up a wheel are shown in figure I-7. The center piece configuration may be either welded or pressed in multiple stage operations.[52]

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[49] Titan's position as a manufacturer of both wheels and tires allows for the mounting and delivery of one of the largest selections of value-added off-the-road tire assemblies in North America. Titan International Form 10-K for the calendar year period 2015, Securities and Exchange Commission, February 25, 2016, Part I, Item 1, "Business."

[50] "Titan Wheel Brochures," http://www.titan-intl.com/wheel-brochures, retrieved November 30, 2016.

[51] Titan International Form 10-K for the calendar year period 2015, Securities and Exchange Commission, February 25, 2016, Part I, Item 1, "Business."

[52] Ibid.

Figure I-7
OTR tires: OTR Rim and Wheel

Assembly

Source: Dawson Tire Service website, http://www.dawsontireservice.com/oems, retrieved January 20, 2016.

A complete agricultural wheel and tire assembly is shown in figure I-8. The completed operation includes the process of mounting the tire to the wheel.

Figure I-8
OTR tires: OTR agricultural wheel and tire assembly

Source: LWS website, http://www.lswadvantage.com/lsw-technology/, retrieved January 20, 2016.

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary phase of these investigations, the domestic like product arguments raised by the parties involved two distinct issues. The first issue was whether there should be two domestic like products. The Commission analyzed this issue by examining whether there was a clear dividing line between the articles within the scope (i.e., unmounted tires and the tire portion of a mounted tire and wheel assembly). The second issue was whether the

domestic like product definition should encompass articles outside the scope (i.e., the assembly of a mounted tire).[53]

In its analysis of whether there should be two domestic like products, the Commission used a semi-finished product analysis because the issue involved products at different stages of processing, specifically, tires in unmounted form which ultimately would be mounted on a wheel.[54] The Commission concluded that the record evidence pertaining to the semi-finished product factors supported the inclusion of all in-scope merchandise within the same domestic like product.[55]

As to whether the domestic like product definition should encompass articles outside the scope, the Commission used its traditional six-factor like product analysis.[56] The Commission concluded that "given that the record evidence indicates that the differences between a tire and a mounted tire with wheel assembly outweigh the similarities, we do not define the domestic like product to encompass articles excluded from the scope definition for

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[53] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 11. Petitioners argued that both mounted and unmounted OTR tires should comprise a single domestic industry and that the wheel and rim assemblies should be included in the like product definition. Petitioners also argued that the Commission has previously found that there are no clear dividing lines between the various types of OTR tires and nothing has changed that would call that finding into question. Respondents argued that mounted and unmounted OTR tires should be considered two separate like products. Some respondents argued that because mounted OTR tires are attached to wheels or rims when imported, those items should also be included in the like product definition of mounted OTR tires. *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. I-24.

[54] In a semi-finished product analysis, the Commission typically examines: 1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; 2) whether there are perceived to be separate markets for the upstream and downstream articles; 3) differences in the physical characteristics and functions of the upstream and downstream articles; 4) differences in the costs or value of the vertically differentiated articles; and 5) the significance and extent of the processes used to transform the upstream into the downstream articles.

[55] The Commission stated that although there are some differences between the markets for tires in mounted form and tires in unmounted form, all tires in unmounted form are ultimately mounted. The available information suggests that the difference in value between a tire in unmounted form and one in mounted form is relatively small, less than *** percent, and that the process used to mount a tire does not involve complex equipment, specialized raw materials, or substantial technical expertise. Accordingly, the Commission did not find OTR tires in unmounted form and the tire portion of a mounted OTR tries to be separate like products. *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, Views of the Commission, p. 18.

[56] The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.

purposes of our preliminary determinations."[57] Therefore, based on its analysis in the preliminary phase, the Commission defined a single domestic like product that is coextensive with the scope.[58]

In the final phase of these investigations, petitioners argued that the Commission should continue to find a single domestic like product co-extensive with Commerce's scope.[59] Indian respondents Alliance and Balkrishna did not challenge the Commission's definition of the domestic like product from the preliminary phase investigations.[60]

DOMESTIC INDUSTRY ISSUES

In the preliminary phase of these investigations, the Commission considered whether tire mounting operations involve sufficient production-related activities to constitute domestic production.[61] In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.

In its Views, the Commission found that tire mounting operations were not sufficient production-related activities to constitute domestic production.[62] Accordingly, the Commission defined the domestic industry as all domestic producers of the domestic like product, but not including firms that perform tire mounting operations but do not otherwise produce OTR tires.[63]

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[57] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 15.

[58] *Certain New Pneumatic Off-the-Road-Tires ("OTR tires") from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 11.

[59] Petitioners' prehearing brief, p. 7.

[60] Indian respondent Alliance's prehearing brief, p. 5. Indian respondent Balkrishna's prehearing brief, p. 12.

[61] Petitioners argued that mounting operations are not sufficient to constitute domestic production, asserting that the capital investment, technical expertise, value-added, and employment associated with mounting activities are small on an absolute basis and minimal compared to the activities involved in the production of the tire itself. Respondents stated that mounting activities involve significant capital expenditures and costs and constitute sufficient production-related activities. *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 15, footnote 50.

[62] The Commission stated that: "the value added to the product by tire mounting operations appeared to be between *** and *** percent, and the capital investment, technical expertise required, employment levels, and raw materials all appear to be relatively modest, particularly in comparison to tire production." *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, Views of the Commission, p. 24.

[63] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 17.

In the final phase of these investigations, petitioners argue that the Commission should continue to find a domestic industry consisting of all producers of the domestic like product and their workers, but not the firms that perform tire mounting operations that do not otherwise produce OTR tires.[64] Indian respondents Alliance and Balkrishna do not challenge the Commission's definition of the domestic industry from the preliminary phase investigations.[65]

[64] Petitioners' prehearing brief, p. 7.

[65] Indian respondent Alliance's prehearing brief, p. 5. Indian respondent Balkrishna's prehearing brief, p. 12.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

OTR tires vary widely by size and are used on vehicles in a wide array of sectors, including the agriculture and forestry, construction, mining, and industrial sectors. The types of vehicles using OTR tires include farm tractors, combine harvesters, irrigation equipment, log skidders, off-road dump trucks, run-in loaders, graders, mobile cranes, life trucks, and skid-steer mini-loaders. These tires include a wide range of sizes and features, but are all designed specifically for off-road applications.[1]

Apparent U.S. consumption of OTR tires decreased *** percent during January 2013-December 2015 from *** tires to *** tires.[2] In 2015, most U.S. commercial shipments of domestically-produced OTR tires (*** percent) were shipped to the agriculture market whereas most U.S. commercial shipments of subject imports (*** percent) were shipped to the construction market.[3] In 2015, the majority of shipments of Indian OTR tires (*** percent) were to the agriculture market, and *** percent were to the construction/industrial market. The vast majority of shipments of Sri Lankan OTR tires (*** percent) were to the construction/industrial market (figure II-1).

Figure II-1
OTR tires: U.S. commercial shipments by country source and by sector, 2015

* * * * * * *

OTR tires may be bias ply or radial.[4] OTR tires are also sold as unmounted and mounted tires. Petitioner Titan *** offer unmounted and mounted tires.[5] Twelve U.S. importers also reported shipments of mounted tires from subject and nonsubject sources.[6]

---

[1] Conference transcript, p. 23 (Brewer); hearing transcript, p. 35-6 (Brewer).

[2] Apparent U.S. consumption was *** percent lower in January-September 2016 than in the same period in 2015.

[3] In 2015, *** percent of domestically-produced OTR tires were sold to the construction sector, and *** percent to the mining sector; *** percent of OTR tires from subject countries were to the agriculture sector, and there were no shipments to the mining sector. See part IV and appendix D for additional information.

[4] Radial tires are more expensive, are more likely to be used in larger tire sizes with heavier loads or used at higher speeds, and are used mainly in agricultural applications. Conference transcript, p. 84 (Brewer, Stewart) and Sri Lanka respondent Camso's prehearing brief, pp. 6-7. Smaller horsepower tractors such as compact and utility tractors, primarily use bias tires, but tractors with over 100 horsepower are increasingly likely to use radial tires. Conference transcript, p. 89 (Nutter). Radial tires have a longer life than bias tires. *** U.S. purchaser questionnaire, III-8b.

[5] Conference transcript, p. 25 (Brewer). *** importers (***) reported shipments of mounted tires during the preliminary phase of these investigations. *Investigation Nos. 701-TA-551-553 and 731-TA-*

(*continued*...)

OTR tires are sold both to original equipment manufacturers ("OEMs") and to the aftermarket. Tires sold to the aftermarket must fit the same machines and equipment that are served by OTR tires in the OEM market.[7] There are different distributors for different sectors. The construction and agricultural industries are serviced by specific dealers, and mining companies purchase directly and service their own tires.[8]

The OTR tire market is generally divided informally into three categories (or "tiers") based on quality. Responding purchasers generally recognized Titan tires in all three tiers, Indian respondents Alliance and BKT in "Tier 2" and "Tier 3," and Sri Lankan respondent Camso in "Tier 3." Other producers that were recognized by purchasers as "Tier 1" suppliers include Michelin, BFNA, Goodyear, and Trelleborg.

CHANNELS OF DISTRIBUTION

U.S. producers sold OTR tires mostly to OEMs while importers of subject OTR tires sold primarily to the aftermarket, as shown in table II-1.

Table II-1
OTR tires: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2013-September 2016

* * * * * * *

U.S. PURCHASERS

The Commission received 53 usable purchaser questionnaire responses from firms that bought OTR tires during January 2013-September 2016.[9] Thirty-one responding purchasers are aftermarket distributors[10] and 24 purchasers are OEMs.[11] In general, responding U.S.

(…*continued*)
1307-1308 (Preliminary): Certain New Pneumatic Off-the-Road Tires from China, India, and Sri Lanka—Staff Report, INV-00-009, February 12, 2016, Table IV-2.

[6] U.S. importers of mounted tires from India include ***; importers of mounted tires from Sri Lanka include ***. Importers *** reported shipments of mounted tires from nonsubject sources as well.

[7] Tires with the same SKU numbers can be sold unmounted or mounted, and are the same regardless of how they are sold. Conference transcript, pp. 24-6 (Brewer).

[8] Hearing transcript, p. 89 (Taylor). There are also large construction companies that have their own service teams and trucks, and will purchase from a large distributor.

[9] Of the 52 responding purchasers, 41 purchased the domestic OTR tires, 27 purchased imports of the subject merchandise from India, 15 purchased imports of subject merchandise from Sri Lanka, and 39 purchased subject merchandise from other sources. Fourteen purchasers reported purchases of unknown origin.

Purchaser Jerry's Tire appeared at the hearing, ***. See staff email to Elizabeth Drake, January 4, 2017.

[10] Purchaser *** reported primarily selling to the aftermarket, ***.

purchasers were primarily located in the Midwest and the Southeast. The responding purchasers represented firms in a variety of domestic industries, including agriculture, construction, mining/industrial, and ***. The largest purchasers of OTR tires in 2015, by order of size, are ***.

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling OTR tires to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facilities, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Subject U.S. importers sold 32.9 percent within 100 miles of their U.S. point of shipment, 44.0 percent between 101 and 1,000 miles, and 23.0 percent over 1,000 miles.

Table II-2
OTR tires: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers		
		India	Sri Lanka	Subject sources
Northeast	6	17	5	19
Midwest	6	21	6	23
Southeast	6	20	5	22
Central Southwest	6	19	6	21
Mountains	6	17	6	19
Pacific Coast	6	14	5	16
Other[1]	3	7	2	9
All regions (except Other)	6	12	5	14
Reporting firms	6	23	6	25

[1] All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of OTR tires have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced OTR tires to the U.S. market. The main contributing factors to this degree of responsiveness of

(…*continued*)

[11] Of these OEMs, 15 are in the agriculture sector, 12 are in the construction sector, and 7 are in the mining or industrial sector. Some purchasers identified with more than one sector. Purchaser *** reported that it is an OEM producing ***. Purchaser *** reported being both an OEM user *** and also participating in the aftermarket.

supply is the availability of unused capacity, the ability to shift shipments from alternative markets, and some available inventories, but responsiveness is constrained by a limited ability to switch production to other products.

Industry capacity

Domestic capacity remained steady from 2013 to 2014 (*** tires), and decreased to *** tires in 2015. Domestic capacity utilization decreased from *** percent in 2013 to *** percent in 2015. [12] This low level of capacity utilization suggests that U.S. producers may have a substantial ability to increase production of OTR tires in response to an increase in prices.

Alternative markets

U.S. producers' exports of OTR tires, as a percentage of total shipments, increased slightly from *** percent (*** tires) in 2013 to *** percent (*** tires) in 2015, indicating that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories as a ratio to total shipments increased from *** percent (*** tires) in 2013 to *** percent (*** tires) in 2015. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.[13]

Production alternatives

*** of six responding U.S. producers reported the ability to switch production from OTR tires to non-OTR tires using the same machinery. U.S. producer *** reported that it has some ability to shift production to other tires such as all-terrain vehicles ("ATVs"), lawn and garden, and power sports tires, but that there is no product shifting between subject OTR tires and large mining tires. U.S. producer *** reported that it is able to switch to other "non-OTR" tires, and stated that when facilities are not at full utilization, it adjusts to meet customer needs.

[12] Domestic capacity utilization for OTR tires was *** percentage points lower in January-September 2016 than the same period in 2015.

[13] Inventories were *** percent of total shipments in January-September 2015 and *** percent in January-September 2016.

Supply constraints

Two of six U.S. producers (***) reported supply constraints. *** reported that since 2013, its supply of certain tires less than or equal to 35 inches has been constrained and *** reported that high demand in 2013 led to supply constraints for OEM customers. U.S. importer *** reported that it was placed on allocation from U.S. suppliers for certain sizes.[14]

The majority of purchasers did not report supply constraints with their U.S. suppliers. Seven of 53 purchasers reported that they had faced supply constraints including supply restrictions, slow delivery, and unreliable supply chains. Purchaser *** reported that domestic production is sometimes dedicated to OEM sales during periods when the economy is strong and production of vehicles requiring OTR tires is high, while imported OTR tires are generally produced to order. Purchaser *** reported that "between 2013 and 2015, we were buying just about anything we could get our hands on to keep up with our OEM customers' requirements. It took several different manufacturers to supply everyone."

Most purchasers (30 of 49) reported that the availability of U.S.-produced OTR tires has not changed since 2013. Purchasers that did report changes cited increased availability due to decreased demand in the mining and agricultural sectors, and expansion of U.S. producers' (BFNA and Trelleborg) production facilities.

Subject imports

Table II-3 provides a summary of supply-related data for subject countries. Most purchasers (26 of 40) reported that availability of supply from subject countries has not changed since 2013. Purchasers that did report changes cited increases in availability from India, increased production from all countries and all producers, and decreased demand.

[14] U.S. importer ***'s importer questionnaire, III-19. This firm did not provide a purchaser questionnaire.

Table II-3

OTR tires: Foreign industry factors that affect ability to increase shipments to the United States

Item	Capacity (1,000 tires)		Capacity utilization (percent)		Inventories as a ratio to total shipments (percent)		Ability to shift to alternate product (number of firms)	Shipments to destinations other than the United States (percent)[1]
	2013	2015	2013	2015	2013	2015		
India	10,814	11,898	76.9	75.8	4.4	5.9	5 of 12	89.8
Sri Lanka	***	***	***	***	***	***	0 of 3	***
Subject industries	***	***	***	***	***	***	5 of 15	***

[1] Home market shipments in India accounted for 47.8 percent of total shipments in 2015, and 42.1 percent of total shipments were to other export markets. Home market shipments in Sri Lanka accounted for *** percent of total shipments in 2015, and *** percent of total shipments were to other export markets.

Source: Compiled from data submitted in response to Commission questionnaires.

Subject imports from India[15]

Based on available information, producers of OTR tires from India have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of OTR tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are shipments to alternative markets,[16] some ability to produce alternate products, and moderate capacity utilization rates,[17] but is tempered by low inventory levels.

Subject imports from Sri Lanka[18]

Based on available information, producers of OTR tires from Sri Lanka have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of OTR tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are available capacity, and shipments to alternative markets, though responsiveness is constrained by relatively small inventories and an inability to shift production to alternate products.

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[15] For data on the number of responding foreign firms and their share of U.S. imports from India, please refer to Part I, "Summary Data and Data Sources."

[16] Indian respondents stated that its home and alternative markets have been growing, and that they expect this trend to continue. They also stated that they have strong relationships with the Philippines, Vietnam, and Indonesia, and that as these countries continue to invest in infrastructure, the demand for OTR tires will grow. Hearing transcript, p. 168-69 (Bansal).

[17] Indian respondents stated that their capacity utilization rates are high because the variety of OTR tires requires producers to change molds and other equipment on a constant basis and this limits their effective capacity. Hearing transcript, p. 170 (Bansal).

[18] For data on the number of responding foreign firms and their share of U.S. imports from Sri Lanka, please refer to Part I, "Summary Data and Data Sources."

Nonsubject imports

Nonsubject sources accounted for 51.8 percent of OTR tire imports in 2015. Major nonsubject country sources included China, Thailand, Taiwan, Japan, Mexico, and Vietnam, in order of size, in 2015. Other nonsubject country sources reported by U.S. importers include Brazil, Costa Rica, Indonesia, Italy, Luxembourg, Mexico, the Netherlands, Poland, Spain, and Turkey.

New suppliers

Thirteen of 53 purchasers indicated that new suppliers entered the U.S. market since January 1, 2013. Purchasers cited new suppliers including U.S. producers Trelleborg[19] and Mitas. Additionally, purchasers identified Alliance and BKT (India) and other firms for which the source of OTR tires is unknown: Continental, GKN, GRI Industries, Harvest King, Maxam, Mcclaren, Petlas, Pomp's Tire, Starco, Techking Tires, and TY Cushion. Purchaser *** reported that there are Korean and Chinese companies that have entered the market since 2013. Purchaser *** reported that some of these brands were around before 2013, but that they have expanded offerings in many sizes and have been more aggressive in trying to gain market share.

U.S. demand

Based on available information, the overall demand for OTR tires is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors to this degree of responsiveness are the somewhat limited substitutes for OTR tires and the small cost share of OTR tires in most OEM vehicles and equipment.

End uses

U.S. demand for OTR tires depends on the demand for tractors, aerial work platforms, and earthmoving vehicles in the OEM market and replacement tires for these vehicles in the aftermarket.

Cost share

OTR tires account for a small cost share in the total cost of vehicles using OTR tires in the OEM market. Most responding firms reported that cost shares of OTR tires in OEM vehicles were less than 10 percent. The low cost share of OTR tires in the total cost of the vehicle essentially ensures that consumers will choose to replace their tires rather than replace their vehicle. Generally, OTR tires should last for four to five years before requiring replacement.[20]

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[19] Trelleborg also submitted a foreign producer questionnaire for India.

[20] Hearing transcript, p. 123 (Taylor).

Business cycles

Five of six U.S. producers, 22 of 32 importers, and 26 of 50 purchasers reported that the market was subject to business cycles. Demand is cyclical and tends to follow demand in agriculture, commodities, and construction sectors.

Demand for OTR tires in the agricultural sector is highest at the beginning of the year and in late summer, as farmers prepare for spring planting and fall harvest. Demand for agricultural tires is also driven by factors that affect agricultural production, such as climate and crop prices.[21] Demand in the mining and construction sectors is higher during the spring and summer months. Demand for tires for construction is driven by oil prices, residential and commercial construction, and highway construction, and demand in the mining sector is driven by commodity prices.

In addition to the demand cycles of the mining, construction, and agricultural sectors, purchaser *** reported that demand for OTR tires is driven by ***, and purchaser *** reported that hurricane seasons can lead to an increase in demand for OTR tires.

Demand trends

Most firms reported a decrease in overall U.S. demand for OTR tires since January 1, 2013 (table II-4). Most U.S. producers, importers, and purchasers reported that demand had declined in the agricultural and mining sectors.[22] Perceptions of demand trends in the construction/industrial sector varied. Two producers reported increased demand in the construction sector, two reported decreased demand, and one reported the demand fluctuated since 2013. Importers (12 of 26 importers) most frequently reported that demand in the construction sector had decreased, and purchasers most frequently reported that demand was unchanged since 2013.

[21] Petitioners reported that corn prices are below the breakeven point for most farmers, and that these low prices depress sales of new agricultural equipment. Hearing transcript, p. 20 (Taylor, read by Stewart).

[22] Indian respondents reported that sales of new equipment are closely tied to commodity prices. Indian respondent Alliance's prehearing brief, p. 9.

Table II-4

OTR tires: Firms' responses regarding demand in the United States overall and by sector

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States for overall market:				
U.S. producers	1	1	3	0
Importers	2	6	15	3
Purchasers	3	9	13	6
Demand inside the United States for agricultural market:				
U.S. producers	0	0	4	0
Importers	1	5	15	2
Purchasers	1	9	16	8
Demand inside the United States for construction/industrial market:				
U.S. producers	2	0	2	1
Importers	5	5	12	4
Purchasers	6	12	11	6
Demand inside the United States for mining market:				
U.S. producers	0	0	5	0
Importers	0	1	14	3
Purchasers	0	6	13	7

Source: Compiled from data submitted in response to Commission questionnaires.

The majority of firms reported that demand in both the U.S. OEM market and the U.S. aftermarket have decreased since 2013, and that demand outside of the United States in both the OEM market and aftermarket decreased or remained constant (table II-5). Most purchasers reported decreased demand for their final products.

Table II-5

OTR tires: Firms' responses regarding U.S. demand and demand outside the United States by channel of distribution

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States for OEM market:				
U.S. producers	0	0	5	0
Importers	1	2	17	1
Purchasers	0	6	20	5
Demand outside the United States for OEM market:				
U.S. producers	0	0	4	1
Importers	5	3	13	5
Purchasers	2	9	17	7
Demand inside the United States for aftermarket:				
U.S. producers	0	1	4	0
Importers	0	1	8	3
Purchasers	0	6	11	2
Demand outside the United States for aftermarket:				
U.S. producers	0	1	3	1
Importers	1	2	6	5
Purchasers	2	9	10	2
Demand for purchasers' final products:				
Purchasers	2	5	13	3

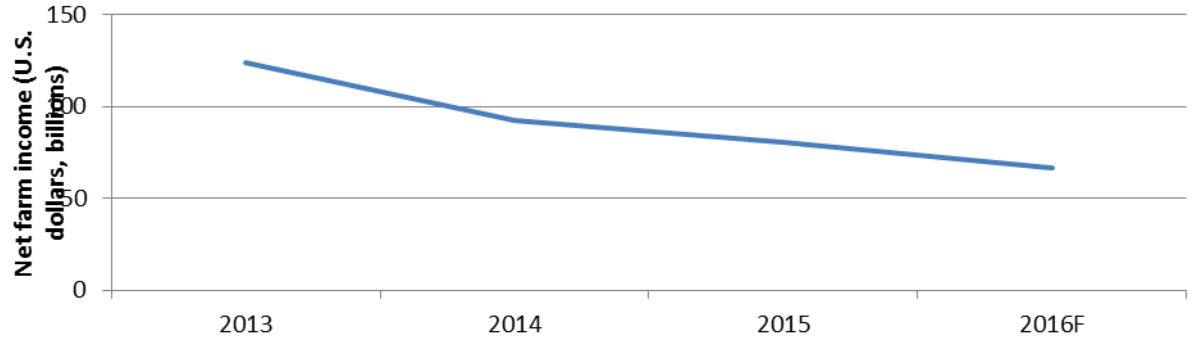
Source: Compiled from data submitted in response to Commission questionnaires.

This decrease in demand is largely attributable to decreased demand in the agricultural and mining sectors, for which the majority of responding firms reported decreasing demand (see also figures II-2 and II-4). Construction spending and housing starts have increased over the period (figure II-3).[23]

[23] However, there may be a countercyclical trend for OTR sales in the aftermarket, as consumers are more likely to replace tires on older equipment to extend its life. Hearing transcript, p. 215 (Clark). Respondents stated that there are countercyclical demand trends in the agricultural sector. For example, while agricultural commodity prices and farm income may have fallen, they argue that dairy and cattle farmers have benefitted from the low commodity prices, and that demand for smaller tractors used on those farms has increased. Hearing transcript, p. 217 (Mazzola).

Figure II-2

U.S. net farm income, annual, 2013-2016[1]



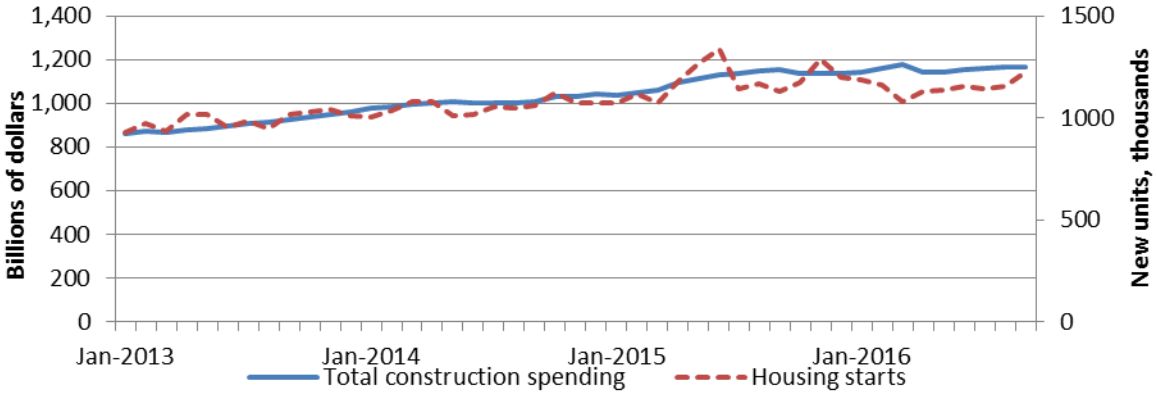
[1] Data for 2016 are forecast, and are denoted by "F".

Source: U.S. Department of Agriculture, "U.S. farm sector financial indicators, 2011-2016F," http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics.aspx, accessed November 30, 2016.

As shown in figure II-3, housing starts and total construction spending have increased overall since January 2013.[24] As shown in figures II-4 and II-5, income from mining operations has fallen, as have prices of nonferrous metals. Prices for lumber have increased slightly since 2013.

Figure II-3

Annual rate for total construction spending, seasonally adjusted, and annual rate for housing starts, January 2013-September 2016

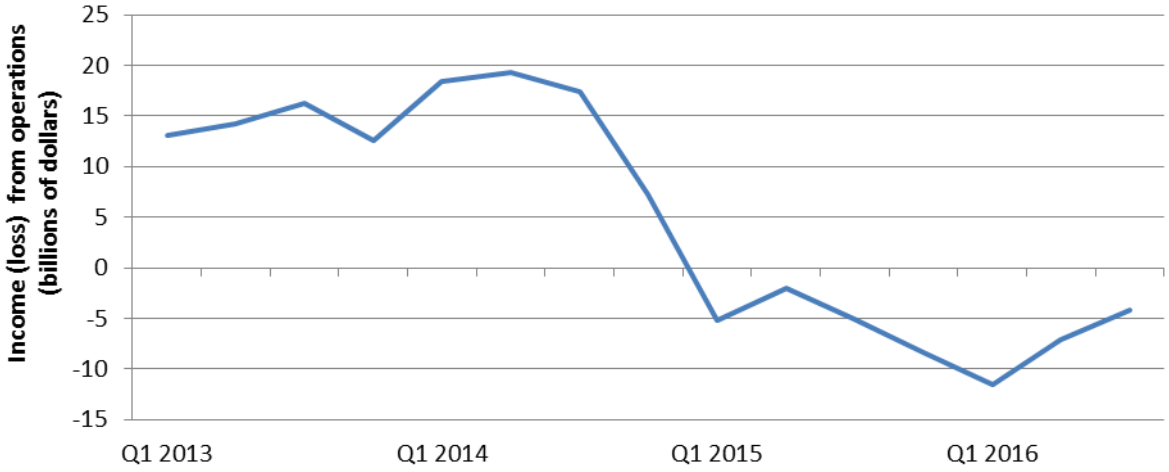


Source: U.S. Census Bureau, "Construction Spending," http://www.census.gov/econ/currentdata/, accessed January 18, 2017.

[24] Petitioners stated that demand for OTR tires in the construction and industrial sectors has been relatively flat, despite an increase in construction as the economy recovers. Hearing transcript, p. 20 (Taylor, read by Stewart).

Figure II-4

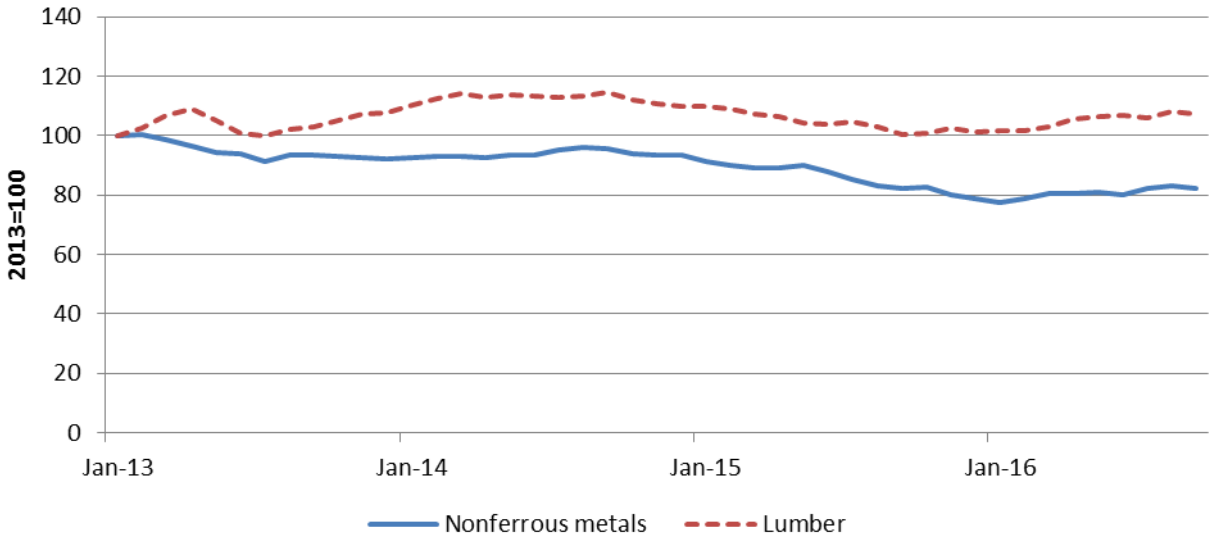
U.S. adjusted income (or loss) from mining operations, not seasonally adjusted, quarterly, Q1 2013-Q3 2016



Source: U.S. Census Bureau, "Quarterly Financial Report: Manufacturing, Mining, Trade, and Selected Service Industries," http://www.census.gov/econ/qfr/, accessed January 13, 2017.

Figure II-5

Price indices of nonferrous metals and lumber, not seasonally adjusted, monthly, January 2013 through September 2016[1]



[1] Data for July-October 2016 are subject to revision.

Source: Bureau of Labor Statistics, Producer Price Index - Commodities, http://data.bls.gov/cgi-bin/dsrv?wp, accessed December 1, 2016.

OTR quality tiers

Most producers (5 of 6), importers (23 of 31), and purchasers (28 of 48) reported that the U.S. OTR market is divided into categories.[25] However, competition may occur both within the same tiers and between different tiers.[26]

Most producers, importers, and purchasers reported that the U.S. market is divided into three categories: Tier 1, Tier 2, and Tier 3 (table II-6).[27] Tier 1 is composed primarily of a small number of U.S. producers which have brand recognition and are known for high quality, durability, and technical service and support.[28] Tier 2 producers tend to focus on availability and price, and are known for the best performance value, and Tier 3 producers have little brand recognition and are driven primarily by price. Suppliers falling under these tiers include U.S. producers in addition to foreign producers of OTR tires from subject sources.

[25] See part V for further discussion of how this affected pricing during the period of investigation. These tiers are not objectively defined, and there are some differences in perception of a particular brand's tier. Hearing transcript, p. 64 (Drake).

[26] Hearing transcript, pp. 31, 51 (Hawkins, Drake).

[27] U.S. producer *** reported that categories are unique to the customer. Three purchasers reported that OTR tires are differentiated by application and two purchasers reported that they are differentiated by customer preference.

[28] *** which does not produce OTR tires in the United States, but rather imports from nonsubject sources, is also a Tier 1 supplier. Some importers of imported subject OTR tires also reported selling to Tier 1.

Table II-6

OTR tires: Categories of OTR tires, as reported by purchasers[1]

Category	Characteristics	Suppliers/brands (and number of purchasers reporting this supplier)[2]
Tier 1	Brand recognition, quality image, marketing programs, service, durability, higher technology and R&D, premium, availability	Michelin (23), BFNA (22), Goodyear (11), Titan (5), and Trelleborg (2)
Tier 2	Lesser brand recognition, less quality, and focus on availability and price, value priced, best performance value	Titan (11), BKT (10), Yokohama (8), Alliance (8), Mitas (7), BFNA (6), Goodyear and Trelleborg (5 each), and Michelin, CEAT, Continental, Maxam, Petlas, and Specialty Tires (2 each)
Tier 3[3]	Little or no brand recognition, price driven, lower warranty	Alliance (5), Camso and Titan (4 each), BKT and Doublecoin (3 each), and BFNA, Carlstar, and Samson (2 each)

[1] Respondents argued in their prehearing brief that purchasers are in best position to judge into which tier a supplier should be placed, because producers may not have a clear understanding of their products relative to those of other producers. Indian respondent Alliance's prehearing brief, p. 8. Petitioners did not respond.

[2] Suppliers and brands are shown as reported by purchasers. Some suppliers produce multiple brands and these may be shown distinctly (e.g. Goodyear and Titan).

[3] Staff included suppliers/brands that purchasers listed as Tier 4 and Tier 5 in this category, based on the most prevalent tiering system reported by other firms.

Note.--Some producers were reported in multiple tiers. There was a large variety of suppliers listed under each tier. Suppliers that were listed by more than one purchaser have been included. Some purchasers reported market categories such as market sectors or other characteristics other than quality or brand. These responses were excluded and only responses reported according to a quality categorization were included. Also excluded were references to countries with no provided suppliers.

Source: Compiled from data submitted in questionnaire responses.

As shown in table II-7, U.S. producers *** reported that all of their shipments were Tier 1 tires to both the OEM and aftermarket. U.S. producer *** reported sales of both Tier 1 and Tier 2 tires to both the OEM and aftermarket, and producer *** reported sales of Tier 2 tires to the OEM market and sales of Tier 2 and Tier 3 tires to the aftermarket.

Table II-7

OTR tires: U.S. producers' self-reported category ("tier") by channel and by firm, in 2015

* * * * * * *

As shown in table II-8, importers of OTR tires from both India and Sri Lanka reported sales in all three tiers.

Table II-8
OTR tires: U.S. importers' self-reported category ("tier") by channel and by firm, in 2015

* * * * * * *

Importer *** reported that there has been a slow, but growing, acceptance of Tier 2 products as distributors and end users have started recognizing the high quality, product range, and reliability of some Tier 2 manufacturers.[29] Purchaser *** reported that imports erode the margin normally made on Tier 1 tires, and in many cases eliminate the ability to sell Tier 1 or Tier 2 tires. Purchaser *** reported that OEMs tend to purchase Tier 1 and some Tier 2 tires, while tire dealers in the aftermarket buy all three tiers. Purchaser *** indicated that Tier 1 tires are quality tires, and Tiers 2 and 3 are bought by more price sensitive customers, and *** reported that tiers are differentiated by quality, price, brand recognition, service levels, and OEM fittings. Purchaser *** indicated that "large equipment/large farms typically use Tier 1 brands, and Tier 2 and 3 are more commonly used by the small and recreational farmers" that tend to be more price-sensitive.

Branding and private label

U.S. producers, importers, and purchasers were asked about the role of branded or private-labeled tires in the U.S. market.[30] Importer *** reported that branded products in Tier 1 have the greatest brand recognition, and OTR tire purchasers that are not as knowledgeable about quality, product range, and reliability of Tier 2 and 3 tires often equate brand familiarity with product quality, and make purchasing decisions based on brand rather than performance or cost of ownership. The firm added that about 5 percent of the OTR market is comprised of private label tires. Importer *** reported that private label tires are generally in Tiers 3 and 4,[31] and that they are associated with lower prices.

Purchaser *** reported that BKT/Balkrishna (India) is now recognized as having "excellent quality, an excellent warranty, and great price." Purchaser *** reported that Michelin and BFNA tires have the history of a longer life, warranty, and on-site support.

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[29] *** importer questionnaire, at III-18.

[30] Petitioners note that a particular producer may produce multiple brands, and that these brands may span the market, and compete with each other. Petitioner's prehearing brief, p. 31.

[31] Few firms reported fourth and fifth categories. Importer *** reported five categories, defined as "Best" (Michelin, BFNA), "Better" (Titan, Goodyear, BFNA), "Good" (other major brands), "Economy" (Chinese and Thai tires), and "Sub Economy" (Indian tires). Importers *** reported four categories, defined as "Tier 1" (including, but not limited to, BFNA, Michelin, Mitas, Trelleborg, and Titan), "Tier 2" (including, but not limited to, Vredestein, BFNA, Goodyear, BKT, Trelleborg, and Yokohama), "Tier 3" including, but not limited to, Alliance, BKT, CEAT, Mitas, and Titan), and "Tier 4" (including, but not limited to, Chinese tires, Deestone, Harvest King, Petlas, and Speedways). Purchaser *** reported that "Tier 4" tires are from India and Sri Lanka, including BKT and CEAT, and "Tier 5" tires are from China.

Purchaser *** reported that when the economy is good, people are willing to pay higher prices for better brands. Purchaser *** reported that branded tires are associated with quality and that private label tires are associated with lower prices and are becoming more accepted by consumers. Purchaser *** reported that private label tires are sold in the aftermarket. Importer *** reported that large farmers and industrial users generally know which tires have the best value and care more about performance than brand name.

Purchaser *** reported that there is demand for both branded and private label OTR tires. Some companies look for the best value and will spend more money on products that give them the lowest overall "cost per hour,"[32] while other companies that use equipment infrequently prefer the least expensive product. Purchaser *** reported that private label tires offer exclusivity and additional supply during product shortages.

Some purchasers require private labeling for their OTR tires. Purchaser East Bay Tires stated that there is not enough interest by U.S. producers to produce private label product, and that it is not a question of price. East Bay approached U.S. producers Bridgestone, Firestone, Specialty Tires, and Goodyear.[33] Sri Lankan respondent Camso stated that it supplies *** with private label product, and that petitioner Titan does not compete in the private label business.[34]

Certain customers and certain market sectors may respond to branding differently. According to petitioners, the mining sector can be the most brand-intensive sector, followed by agriculture, and construction as the least brand-intensive sector.[35] Additionally, customers for OTR tires are businesses, not private individuals, which are generally less susceptible to marketing and more focused on price and value.[36]

Respondents stated that customers generally tend to replace existing tires with tires of the same brand, but that this brand loyalty becomes less over time, as equipment ages.[37] Respondents also stated that brand acceptance builds over time, as customers have good experiences using a particular brand, and that subject imports have been developing their brands for a shorter time than domestic producers, but that they are gaining market acceptance.[38] Lastly, respondents stated that tires in different tiers may be made of the same molds and come from the same facilities, but the tire which is branded will carry a premium.[39]

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[32] U.S. purchaser *** defined "cost per hour" as the price of the tire divided by hours of usage.

[33] Hearing transcript, pp.163, 165 (Van Ormer).

[34] Sri Lankan respondent Camso's posthearing brief, pp. 3, 7, 8.

[35] Hearing transcript, p.94 (Hawkins).

[36] Petitioners' posthearing briefs, p. 6 and *Responses to Commissioner Questions, Johanson Question #1,* p. 2.

[37] Hearing transcript, p. 209 (Clark, Robinson). Respondents stated that ***. Indian respondent Alliance's posthearing brief, *Responses to Commissioner Questions, Question #2*.

[38] Indian respondent Balkrishna's posthearing brief, p. 6.

[39] Hearing transcript, p. 211 (Clark).

Aftermarket distribution and customer service

*** of six U.S. producers and 11 of 31 importers reported that they owned their own aftermarket distributions networks. U.S. producer *** reported that its *** distributes and services its OTR tires in the U.S. market, and *** reported that it operates ***. Petitioner Titan stated that Goodyear and Titan tires have a robust and well-established aftermarket distribution network, and the largest aftermarket sales force of any producer.[40]

Importer *** reported that it owns a small part of its distribution network ***. Importers *** reported owning distribution centers in the Midwest; importer *** reported owning ***; importer *** reported owning its own ***; and importer *** reported that it has ***.

Most purchasers reported no significant differences in the level of customer service by supplier. The purchasers that did perceive significant differences in service cited technical assistance, training services, and full service tire handling.[41] Two purchasers reported that U.S. producers generally have better customer service, however purchaser *** reported that Titan has become "increasingly difficult to do business with, and sells products to end users at costs significantly below what they sell to their distributors." Petitioners reported that they do not sell to distributors that are unable to provide customer support, so as to maintain their brand premiums due to quality and service.[42]

Indian respondents stated that producers that focus on sales to the aftermarket are required to maintain and manage a more robust warehousing and inventory system to satisfy their customers' needs, and must be efficient at delivering smaller purchases.[43] Sri Lankan respondents stated that they do not sell much to the OEM market because they are unable to provide just-in-time delivery, nor do they have the inventory availability or price flexibility required by OEM customers.[44]

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[40] Hearing transcript, pp. 23, 40 (Maury, read by Stewart, Carpenter). Petitioner Titan has a "Grizz Squad" with dedicated tire servicers in each state. Hearing transcript, p. 96 (Carpenter). This service team works directly with end users. Other producers tend to sell OTR tires through distributors and dealers, that then provide services such as tire mounting. Hearing transcript, p. 187 (Clark).

[41] For purchaser Jerry's Tire, good service is having a properly equipped service truck available 24/7 to the farmer. Hearing transcript, p. 71 (Carpenter). ***. See staff email to Elizabeth Drake, January 4, 2017.

[42] Hearing transcript, p. 93 (Reitz).

[43] Hearing transcript, pp. 138-9, 160 (Mazzola, Bulger). This is in contrast to producers that sell to OEMs which typically buy larger quantities at a time, and can predict their needs with greater accuracy, as their demand for tires is based upon their own production schedules. Indian respondent Alliance's prehearing brief, p. 10. Respondents also stated that marketing to OEM customers is more intensive regarding product development and technical issues. ATA meets with OEM customers to help them better understand technical and performance issues, and must develop new tire designs to satisfy OEM customers demand for tires with improved performance characteristics. Hearing transcript, p. 140 (Mazzola).

[44] Hearing transcript, p. 134 (Robinson).

Substitute products

Substitutes for OTR tires are limited. Most U.S. producers (5 of 6), importers (25 of 30), and purchasers (48 of 51) reported that there are no substitutes for OTR tires. Solid tires may be substituted for OTR tires in telehandlers, mechanical irrigation systems, industrial machinery, skid steers, wheel loaders, and counter-balanced lift trucks; retreaded tires may be substituted in earthmoving applications and farm equipment; and tracks may be substituted for some construction applications, agricultural tractors and machinery, and skid steel loaders. Importer *** reported that both recapped tires and tracks affect the price of OTR tires.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported OTR tires depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is moderate-to-high degree of substitutability between domestically-produced OTR tires and OTR tires imported from subject sources.

Lead times

Overall, OTR tires are primarily sold from inventory (table II-9). U.S. producers reported that *** percent of their shipments of OTR tires were from U.S. inventories, with an average lead time of *** days, and importers reported that 73.1 percent of their shipments were sold from inventories, with an average lead time of 19 days in 2015[45]. However, most of U.S. producers' shipments to the OEM market were produced-to-order, while importers reported shipping primarily from inventories to both the OEM and aftermarkets.

[45] U.S. importers were not asked to distinguish between foreign and U.S. inventories.

Table II-9

OTR tires: U.S. producers' and U.S. importers' lead times, 2015

Item	Entire market		OEM market		Aftermarket	
	U.S. producers	Subject U.S. importers	U.S. producers	Subject U.S. importers	U.S. producers	Subject U.S. importers
	Share (percent)		Share (percent)		Share (percent)	
Share of commercial U.S. shipments.--						
Produced to order	***	26.9	***	7.6	***	34.1
From inventories	***	73.1	***	92.4	***	65.9
	Average number of days		Average number of days		Average number of days	
Weighted average number of days for order fulfillment.--						
Produced to order	***	90	***	86	***	90
From inventories	***	19	***	47	***	5

Note.--U.S. producers reported for U.S. inventories, but importers were not asked to differentiate between U.S. inventories and foreign inventories.

Source: Compiled from data submitted in response to Commission questionnaires.

Knowledge of country sources

Forty-two purchasers indicated they had marketing/pricing knowledge of domestic product, 24 of Indian product, 13 of Sri Lankan product, and 30 of nonsubject country Chinese product, and 25 of product from other nonsubject countries including Brazil, Canada, the Czech Republic, France, Germany, Turkey, Indonesia, Israel, Italy, Japan, Mexico, the Philippines, Poland, Romania, Serbia, Spain, Taiwan, Thailand, and Vietnam.

As shown in table II-10, most purchasers reported that they always or usually make purchasing decisions based on the producer, although a sizeable number reported that they sometimes or never do. Most purchasers' customers only sometimes or never make purchasing decisions based on the producer. Most purchasers and their customers sometimes or never make their purchasing decisions based on country of origin. Of the 27 purchasers that reported that they always or usually make decisions based on the producer, four firms cited a preference for quality product at a competitive price, five cited quality only, and two cited price only. Other reasons cited include availability, brand recognition, and relationships with long-term suppliers.

Table II-10

OTR tires: Purchasing decisions based on producer and country of origin

Decision	Always	Usually	Sometimes	Never
Purchases based on producer:				
Purchaser's decision	14	13	10	15
Purchaser's customer's decision	3	10	22	9
Purchases based on country of origin:				
Purchaser's decision	5	6	18	22
Purchaser's customer's decision	1	2	25	14

Source: Compiled from data submitted in response to Commission questionnaires.

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for OTR tires were quality (44 firms), price (41 firms), and availability/supply (21 firms) as shown in table II-11. Quality was the most frequently cited first-most important factor (cited by 26 firms), followed by price (8 firms); and price was the most frequently reported second- and third-most important factor (cited by 13 and 20 firms, respectively).

Table II-11

OTR tires: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price / Cost	8	13	20	41
Quality	26	12	6	44
Availability / Supply	1	11	10	21
Traditional supplier / Partner / Relationship	4	3	1	8
Product line / Selection	5	3	2	10
Service / Support	1	1	6	6
All other factors	8	9	7	NA

[1]Other factors include exclusivity, brand preference, durability, performance, delivery, willingness to negotiate, liability insurance, and short lead times.

Source: Compiled from data submitted in response to Commission questionnaires.

The majority of purchasers (31 of 52) reported that they only sometimes purchase the lowest-priced product.

When asked if they purchased OTR tires from one source although a comparable product was available at a lower price from another source, some purchasers (15 of 49) reported reasons including relationships with suppliers, customer preference, convenience, brevity of supply lines, and perceived quality, and six purchasers reported preferences for U.S. product for government purchases or Buy America requirements.

Thirteen of 49 purchasers reported that certain types of OTR tires were only available from a single source. Purchaser *** reported that some large-sized mining and haul truck tires are only built in the United States and Canada; and purchaser *** reported that a trax system kit is only available in the United States. Purchaser *** reported that it prefers bias-ply tires

from BKT and CEAT because they are readily available, heavier, have higher ply ratings, and better warranties when compared to the same products from U.S. producers. Purchaser *** reported that large agricultural "VF type" tires are only available from U.S. producers, and *** reported that certain sizes of wheel loader tires are only produced in Brazil, Canada, France, and Spain. Purchaser *** reported that sizes and specific tread patterns are only produced by certain manufacturers in certain countries.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-12). The factors rated as very important by more than half of responding purchasers were reliability of supply (52 purchasers), availability and product consistency (51 each), quality meets industry standards (49), delivery time (44), technical support/customer service and price (37 each), quality exceeds industry standards (36), delivery terms and product range (33 each), and discounts offered (29).

Table II-12
OTR tires: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very	Somewhat	Not
Aftermarket distribution/services	22	15	15
Availability	51	2	0
Delivery terms	33	16	4
Delivery time	44	9	0
Discounts offered	29	15	9
Extension of credit	12	27	14
Minimum quantity requirements	15	22	16
Packaging	6	18	28
Price	37	16	0
Product consistency	51	2	0
Product range	33	17	3
Quality meets industry standards	49	3	1
Quality exceeds industry standards	36	14	3
Reliability of supply	52	1	0
Technical support/customer service	37	15	1
Tier or branding	13	29	11
U.S. transportation costs	22	21	9

Source: Compiled from data submitted in response to Commission questionnaires.

Supplier certification

Most purchasers (34 of 52) do not require their suppliers to become certified. Of the 18 purchasers requiring certification, nine purchasers reported that the time to qualify a new supplier ranged from 6 months to a year. Two purchasers reported that qualification times

were two weeks or less; two reported a month; one reported 3 months; and two *** reported 140 days. Supplier certifications involve site visits, product testing including test of the tire handling and machine response, reviewing quality, pricing, availability, ISO certification and compliance, risks assessments, and financial evaluations.

Three purchasers reported that a supplier of foreign OTR tires had failed in its attempt to qualify product, or had lost its approved status since 2013. Purchaser *** reported that *** were no longer price competitive and purchaser *** reported that *** was no longer price competitive; and purchaser *** reported that *** failed to certify.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2013 (table II-13). Purchasers reported a variety of purchasing patterns, with about equal numbers reporting that their U.S. purchases increased, decreased, or remained constant. A majority of purchasers of Indian OTR tires reported increasing or constant purchases since 2013, and a majority of purchasers of Sri Lankan OTR tires reported decreasing or constant purchases since 2013.

Table II-13
OTR tires: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	5	14	13	14	5
India	14	5	13	11	3
Sri Lanka	23	7	3	6	2
All other sources	3	13	11	14	5
Sources unknown	19	0	5	6	2

Source: Compiled from data submitted in response to Commission questionnaires.

Of the purchasers reporting increased purchases of U.S.-produced OTR tires indicated that these increases were due to growing demand for OTR tires. Additionally, purchaser *** reported that in 2015, it *** and purchaser *** reported that the U.S. manufacturers' sales support has increased. Purchasers reported increased purchases of OTR tires from India for reasons including increased demand for less expensive tires, new production facilities in India, and better availability. Reasons cited for decreased purchases from Sri Lanka included high prices, changing to domestic suppliers, and declining demand in the OEM market.

Fifteen of 53 responding purchasers reported that they had changed suppliers since January 1, 2013. Specifically, firms dropped or reduced purchases from domestic producers because of better lead times, pricing, quality, and delivery costs from import sources, and purchaser *** reported that it terminated its relationship with U.S. producer Titan because of reduced sales terms that were "out of line" with the market. Firms added or increased purchases from import sources because of broader product lines with competitive pricing and terms, ordering efficiencies, and to meet unfilled product needs.

Importance of purchasing domestic product

Twenty-two of 48 responding purchasers reported that purchasing U.S.-produced OTR tires was not an important factor in their purchasing decisions, and that none of their purchases had domestic requirements. Eight purchasers reported that domestic product was required by law (for 1 to 10 percent of their purchases), 20 purchasers reported it was required by their customers (for 1 to 30 percent of their purchases),[46] and six purchasers reported other preferences for domestic OTR tires, for reasons including the availability of certain sizes.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing OTR tires produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-14) for which they were asked to rate the importance.

Thirty-two purchasers compared OTR tires from the United States with OTR tires from India, and reported that they were comparable in most factors, but that U.S.-produced tires were superior in regards to delivery time, which purchasers indicated was a very important factor in their purchasing decisions, and branding, which purchasers indicated was somewhat important in their purchasing decisions. [47] Sixteen purchasers compared U.S.-produced OTR tires with tires from India, and reported that U.S.-produced tires were inferior in regards to price (i.e., higher-priced). Seventeen purchasers compared OTR tires from the United States with OTR tires from Sri Lanka, and reported that they were comparable in most factors, but that U.S. product was inferior in regards to price. [48]

Most purchasers reported that U.S. and nonsubject product were comparable on all factors with the exception of superior U.S. delivery time. Purchasers most frequently reported that domestic OTR tires were inferior (i.e., higher priced) to OTR tires from nonsubject countries. Responding purchasers reported that OTR tires from India and Sri Lanka were comparable on all factors and were also comparable to OTR tires from nonsubject countries.

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[46] Four purchasers reported that more than 20 percent of their purchases were required by their customers to be domestic. Purchasers *** reported that 50-60 percent of their purchases are required to be domestic by its customers, and *** reported that 100 percent of its purchases are required to be domestic by its customers.

[47] Equal numbers of purchasers reported that domestic OTR tires were superior and comparable to OTR tires from India in regards to aftermarket distribution.

[48] Equal numbers of purchasers reported that domestic OTR tires were superior and comparable to OTR tires from Sri Lanka in regards to delivery time, meeting minimum quality requirements, and technical support/customer service.

Table II-14

OTR tires: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	United States vs India			United States vs Sri Lanka			United States vs Nonsubject sources		
	S	C	I	S	C	I	S	C	I
Aftermarket distribution/services	13	14	4	6	8	3	13	20	4
Availability	12	17	4	3	12	2	13	24	1
Delivery terms	13	20	1	6	11	0	14	21	2
Delivery time	18	13	3	8	8	1	19	17	2
Discounts offered	7	24	2	1	14	2	9	26	3
Extension of credit	6	26	1	2	14	0	8	29	0
Minimum quantity requirements	12	15	5	6	6	4	11	20	5
Packaging	2	30	0	1	16	0	4	31	1
Price	9	8	16	5	3	9	10	13	15
Product consistency	11	21	0	4	11	1	11	24	2
Product range	9	20	4	3	11	3	9	25	4
Quality meets industry standards	9	24	0	4	13	0	7	29	2
Quality exceeds industry standards	11	18	4	4	11	2	10	23	4
Reliability of supply	9	19	5	2	13	2	7	25	5
Technical support/customer service	13	17	3	7	7	3	12	19	6
Tier or branding	17	14	2	5	10	2	14	17	6
U.S. transportation costs[1]	8	22	3	3	12	2	10	24	3

Table continued.

Table II-14--Continued.

OTR tires: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	India vs. Sri Lanka			India vs. Nonsubject sources			Sri Lanka vs. Nonsubject sources		
	S	C	I	S	C	I	S	C	I
Aftermarket distribution/services	1	9	0	5	19	2	1	6	2
Availability	0	10	0	5	20	1	1	7	1
Delivery terms	1	9	0	4	21	2	1	6	2
Delivery time	1	9	0	3	19	4	0	8	1
Discounts offered	0	10	0	1	24	1	0	8	1
Extension of credit	0	9	1	2	21	3	0	8	1
Minimum quantity requirements	1	9	0	4	20	2	1	6	2
Packaging	0	10	0	1	23	1	0	8	1
Price[1]	1	8	1	4	17	5	2	5	2
Product consistency	1	9	0	6	18	2	1	7	1
Product range	2	8	0	7	18	1	1	6	2
Quality meets industry standards	0	10	0	4	21	1	0	8	1
Quality exceeds industry standards	0	10	0	5	18	3	0	8	1
Reliability of supply	0	10	0	4	19	3	0	8	1
Technical support/customer service	0	10	0	5	18	3	0	7	2
Tier or branding	1	9	0	4	20	2	0	7	2
U.S. transportation costs[1]	1	9	0	1	22	3	0	8	1

[1] A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Comparison of U.S.-produced and imported OTR tires

In order to determine whether U.S.-produced OTR tires can generally be used in the same applications as imports from India and Sri Lanka, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-15, most U.S. producers reported that OTR tires can always be used interchangeably, regardless of country pair. Most U.S. importers and purchasers also reported that OTR tires can always or frequently be used interchangeably, regardless of country pair, but a sizeable number of purchasers reported that OTR tires were only sometimes interchangeable with product from another country.

Table II-15

OTR tires: Interchangeability between OTR tires produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. India	5	1	0	0	12	11	3	1	10	15	6	2
United States vs. Sri Lanka	5	1	0	0	6	8	3	0	7	7	6	0
India vs. Sri Lanka	5	0	0	0	7	5	3	0	7	6	4	0
United States vs. China	5	1	0	0	9	12	5	0	11	17	8	1
United States vs. Other	5	1	0	0	9	13	5	0	6	17	8	0
India vs. China	5	0	0	0	8	7	6	0	9	15	7	0
India vs. Other	5	0	0	0	8	8	4	0	4	14	8	0
Sri Lanka vs. China	5	0	0	0	7	6	4	0	8	5	6	0
Sri Lanka vs. Other	5	0	0	0	7	7	3	0	4	8	5	0
China vs. Other	5	0	0	0	8	8	4	0	5	15	6	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

Importers indicating that OTR tires are sometimes or never interchangeable cited reasons including condition of usage, the type of service tire that is used, warranties, and limitations on tier and branding. Importer *** reported that there are some limits to interchangeability for tires from Sri Lanka and nonsubject country China due to quality differences and consumer perceptions and requirements. Importer *** reported that Indian producers generally manufacture a wider range of tires for the OTR market, including bias and radial tires of smaller diameters. Purchasers reported that interchangeability between U.S. and subject OTR tires can be limited by quality, brand reputation, and lack of production capabilities for some OTR applications.

As can be seen from table II-16, most responding purchasers (27 of 51) reported that domestically-produced product always met minimum quality specifications. Most purchasers reported that Indian and Sri Lankan product always or usually met minimum quality standards.

Table II-16

OTR tires: Ability to meet minimum quality specifications, by source

Source	Always	Usually	Sometimes	Rarely or never
United States	27	19	0	0
India	14	13	3	0
Sri Lanka	7	10	1	0
Other	10	21	3	0

Source: Compiled from data submitted in response to Commission questionnaires.

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of OTR tires from the United States, subject, or nonsubject countries. As seen in table II-17, most U.S. producers reported that differences between domestically-produced OTR tires and OTR tires from subject countries were sometimes or never significant for all country pairs, and most importers reported that

differences other than price were sometimes significant. Purchasers were most likely to report that differences other than price were sometimes significant between domestic OTR tires and Indian OTR tires, but were frequently significant between domestic OTR tires and tires from Sri Lanka.

Table II-17

OTR tires: Significance of differences other than price between OTR tires produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. India	1	1	2	2	7	4	12	3	6	9	15	2
United States vs. Sri Lanka	1	1	2	2	1	2	10	1	4	6	5	2
India vs. Sri Lanka	1	0	2	1	1	1	9	1	3	5	3	3
United States vs. China	1	1	2	2	4	3	16	3	10	7	17	1
United States vs. Other	1	1	2	2	2	4	17	2	3	9	13	4
India vs. China	1	0	2	1	1	2	14	3	6	9	12	1
India vs. Other	1	0	2	1	1	2	13	2	2	7	11	3
Sri Lanka vs. China	1	0	2	1	1	1	13	2	4	8	7	1
Sri Lanka vs. Other	1	0	2	1	1	1	12	1	2	5	5	3
China vs. Other	1	0	2	1	1	2	15	2	3	7	14	2

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers identified better field support and performance, availability, transportation networks, product range, technical support, and warranties of U.S. producers as important price factors. Purchaser *** reported that no U.S. producer can supply services such as mounting and assembly, and *** reported that it values exclusivity of brand, which it cannot get from U.S. producers.

Purchasers had varied experience with transportation and delivery. Purchaser *** reported that tires from India, Sri Lanka, and nonsubject country China are ordered through container programs with a fill rate of 70-90 days, whereas U.S.-produced OTR tires can be delivered on a weekly basis, but also stated that "the difference in these factors is not significant enough to offset the difference in price." Purchaser ***, on the other hand, reported that there are no significant delivery differences and that the transportation process has become "neutral" since in many cases it purchases both domestically produced and imported OTR from distribution warehouses in (or near) the United States.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their prehearing or posthearing brief, but none did so.

U.S. supply elasticity

The domestic supply elasticity[49] for OTR tires measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of OTR tires. 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 OTR tires. Analysis of these factors above indicates that the U.S. industry has the ability to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for OTR tires measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of OTR tires. 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 OTR tires in the production of any downstream products. Based on the available information, the aggregate demand for OTR tires is likely to be moderately inelastic; a range of -0.25 to -0.75 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[50] 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 elasticity of substitution between U.S.-produced OTR tires and imported OTR tires is likely to be in the range of 4 to 6.

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

[50] 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.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of six firms that accounted for the vast majority of U.S. production of OTR tires during 2015.

U.S. PRODUCERS

The Commission issued questionnaires to seven firms based on information contained in the petition and industry publications. Six firms provided usable data on their production operations. Staff believes that these responses represent the vast majority of U.S. production of OTR tires.

Table III-1 presents information from the industry publication Modern Tire Dealer ("MTD") regarding U.S. producers of OTR tires, unionization, plant locations, and production capacity as of January 1, 2016. The capacity reported in this table includes some large-diameter earth-moving, ATV, lawn and garden, and other out-of-scope OTR tires.

Table III-1[1]

OTR tires: U.S. producers, unionization, plant location, aggregate off-the-road tires, and shares of U.S. capacity as of January 1, 2016

Firm	Union	Plant Location(s)	Daily capacity (*1,000 tires*)	Share of total U.S. capacity (*percent*)
	USW	Bloomington, IL	0.3	0.4
BFNA[2]	USW	Des Moines, IA	4.6	6.0
	None	Jackson, TN	26.0	34.2
Carlstar[3]	None	Clinton, TN	15.0	19.7
	USW	Danville, VA	2.0	2.6
Goodyear[4]	USW	Topeka, KS	0.1	0.1
	None	Greenville, SC	0.1	0.1
Michelin[5]	None	Lexington, SC	0.1	0.1
	None	Indiana, PA	2.4	3.2
Specialty	None	Unicoi, TN	0.3	0.4
Sumitomo Rubber[6]	USW	Buffalo, NY (Tonawanda)	5.0	6.6
	USW	Bryan, OH	0.3	0.4
	USW	Des Moines, IA	11.3	14.8
Titan	USW	Freeport, IL	8.1	10.6
Trelleborg[7]	USW	Charles City, IA	0.5	0.7
Total			76.0	100.0

[1] These data are based on the "others" column in MTD which includes all subject OTR tires and some nonsubject tires, including wide-diameter mining tires, ATV, lawn and garden equipment tires. *Petitioners' response to the Department's January 12, 2016 supplemental questions regarding general issues,* January 14, 2016.

[2] BFNA has a plant in Aiken, SC that produces giant earthmoving tires, which are excluded from the scope. Petition, p. I-6 and exh. I-4.

[3] The capacity attributed to Carlstar in this table is comprised of mostly out-of-scope tires. Petitioners estimate that 73 percent of Carlstar's sales are out-of-scope OTR tires. Petition, p. I-6 and exh. I-8.

[4] Goodyear's Danville, VA plant produces out-of-scope truck and aircraft tires. Petition, p. I-6 and exh. I-7.

[5] Michelin's Lexington, SC and Starr, SC facilities only make out-of-scope giant earth moving tires. Petition, p. I-6 and exh. I-5. ***.

[6] Sumitomo produces out-of-scope passenger vehicle, light truck and bus, ATV, and motorcycle tires at its Tonawanda, New York plant. Petition, p. I-6 and exh. I-6.

[7] Trelleborg purchased Mitas' Charles City, IA plant on November 9, 2015. http://www.tirebusiness.com/article/20151109/NEWS/151109931, retrieved on December 1, 2016.

Note.-- Does not add to total because of rounding.

Source: *Modern Tire Dealer,* January 2016, pp. 68-69.

Table III-2 lists U.S. producers of OTR tires, their production locations, positions on the petition, and shares of production in 2015.

Table III-2
OTR tires: U.S. producers of OTR tires, their positions on the petition, location of production, and shares of reported production, 2015

Firm	Position on petition	Production location(s)	Share of production
BFNA	***	Bloomington, IL Des Moines, IA	***
Goodyear	***	Topeka, KS	***
Mitas	***	Charles City, IA	***
Specialty	***	Indiana, PA Unicoi, TN	***
Titan	Support	Bryan, OH Des Moines, IA Freeport, IL	***
Trelleborg	***	Spartanburg, SC	***
Total			100.0

Source: Compiled from data submitted in response to Commission questionnaires.

BFNA

BFNA is wholly-owned by Bridgestone Corporation of Tokyo, Japan. BFNA is ***. BFNA produces OTR tires in the United States at its Bloomington, Illinois, and Des Moines, Iowa, plants, which combined employed an average of *** OTR tire production-related workers in 2015, down from an average of *** production-related workers in 2013. BFNA indicated that *** percent of its commercial U.S. shipments in 2015 were sold mounted on a tire rim. BFNA's principal export markets include ***.

Goodyear

Goodyear is a publicly traded company on the NASDAQ exchange (symbol, "GT"), headquartered in Akron, Ohio. Goodyear is ***. Goodyear produces OTR tires in the United States at its Topeka, Kansas plant, which employed an average *** production related workers during 2015. Goodyear indicated that *** percent of its commercial U.S. shipments in 2015 were sold mounted on a tire rim. Its principal export markets for OTR tires are affiliates in ***.

Mitas

Mitas, formerly a wholly-owned subsidiary of CGS Holding A.S. (Czech Republic), is now a wholly-owned subsidiary of Trelleborg AB (Sweden). Mitas is ***. Mitas produces OTR tires in the United States at its facility in Charles City, Iowa, which employed an average of *** production related workers during 2015. Mitas indicated that *** percent of its commercial U.S. shipments in 2015 were sold mounted on a tire rim.

Specialty Tires

Specialty Tires is a wholly-owned subsidiary of Polymer Enterprises and produces OTR tires at its Indiana, Pennsylvania and Unicoi, Tennessee plants which combined, employed an average of *** OTR tire production-related workers in 2015. Specialty indicated that *** percent of its commercial U.S. shipments in 2015 were sold mounted on a tire rim. Its principal export markets for OTR tires are ***.

Titan

Titan, a wholly-owned subsidiary of Titan International Incorporated, is believed to be the largest OTR tire producer in the United States.[1] Titan is ***. Titan produces OTR tires in the United States at its Des Moines, Iowa; Freeport, Illinois; and Bryan, Ohio plants which combined employed an average of *** OTR tire production related workers and in 2015 compared to *** production related workers in 2013. Titan indicated that *** percent of its commercial U.S. shipments in 2015 were sold mounted on a tire rim. Its principal export markets for OTR tires are ***.

Trelleborg

Trelleborg is comprised of an Agricultural and Forestry Division and Industrial Tire Division. It is wholly-owned by Trelleborg Industries Inc., which is in turn owned by Trelleborg Corporation, a Delaware Corporation. Trelleborg Corporation is ultimately wholly owned by Trelleborg AB, which is headquartered in Trelleborg, Sweden. Trelleborg is ***. Trelleborg began producing OTR tires in the United States in 2016 at its Spartanburg, South Carolina plant, which employed an average of *** OTR tire production related workers in January-September 2016.

RELATED PARTIES

As noted above, *** related to foreign producers of the subject merchandise.[2] [3] In addition, as discussed in greater detail below, ***. No U.S. producers purchase the subject merchandise from U.S. importers.

---

[1] Hearing transcript, p. 11 (Stewart).

[2] In the preliminary phase of these investigations, the Commission noted that *** was an importer or exporter of subject merchandise into the U.S. market. Moreover, it noted that *** was not an importer of subject merchandise. Accordingly, the Commission determined that *** are not related parties. *Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary): Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka—Views of the Commission,* p. 21, footnote 49.

[3] ***. Petitioners do not seek the removal of any domestic producer from the industry who may be related to subject country producers. Hearing transcript, p. 12 (Stewart).

CHANGES IN OPERATIONS

Table III-3 presents U.S. producers' reported changes in operations.

Table III-3
OTR tires: U.S. producers' reported changes in operations, since January 1, 2013

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization for OTR tires. Between 2013 and 2015, domestic producers' capacity for OTR tires decreased by *** percent, while production decreased by *** percent; and capacity utilization for OTR tires decreased by *** percentage points.[4] When comparing January-September 2015 with January-September 2016, reported capacity was *** percent lower; production was *** percent lower; and capacity utilization was *** percentage points lower.

Table III-4
OTR tires: U.S. producers' capacity, production, capacity utilization, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Figure III-1
OTR tires: U.S. producers' capacity, production, and capacity utilization, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

*** U.S. producers indicate that they have the ability to shift OTR tire capacity to the production of other tires. ***. Table III-5 presents U.S. producers' overall capacity and production on the same equipment as subject production.

Table III-5
OTR tires: U.S. producers' overall capacity and production on the same equipment as subject production, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

[4] Titan and BFNA experienced prolonged shutdowns and production curtailments during the period of investigation. Hearing transcript, pp. 42-43 (Johnson). Between 2013 and 2015, reported production by Titan and BFNA decreased by *** and *** percent, respectively.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments of OTR tires. Domestic producers' U.S. shipment quantities of OTR tires decreased by *** percent from 2013 to 2015, and were *** percent lower during January to September 2016 than in the comparable period in 2015. U.S. shipment values decreased by *** percent from 2013 to 2015, and were *** percent lower during January to September 2016 than in the comparable period in 2015. The average unit value of domestic producers' U.S. shipments of OTR tires decreased by *** percent from 2013 to 2015.

Table III-6
OTR tires: U.S. producers' U.S. shipments, export shipments, and total shipments, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** Inventories of OTR tires remained between *** and *** percent of production between 2013 and 2015.

Table III-7
OTR tires: U.S. producers' inventories, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

***. ***. ***. ***. Table III-8 presents U.S. producers' reported U.S. imports.

Table III-8
OTR tires: U.S. producers' reported imports, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 shows U.S. producers' employment-related data. The number of production related workers involved in OTR tire production decreased by *** percent from 2013 to 2015, and was *** percent lower during January to September 2016 than in the comparable period in 2015. Total hours worked decreased by *** percent between 2013 and 2015 and were *** percent lower during January to September 2016 than the comparable period in 2015. Hourly wages increased by *** percent from 2013 to 2015, and were *** percent lower during January to September 2016 than the comparable period in 2015. Unit labor costs increased by ***

percent from 2013 to 2015 and was *** percent higher in January to September 2016 than the comparable period in 2015.

Table III-9
OTR tires: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 53 firms believed to be importers of subject OTR tires, as well as to all U.S. producers of OTR tires.[1] Usable questionnaire responses were received from 37 companies.[2] Table IV-1 lists all responding U.S. importers of OTR tires from subject and nonsubject sources, their locations, and their share of U.S. imports in 2015.

Table IV-1
OTR tires: U.S. importers, their headquarters, and share of total imports by source, 2015

Firm	Headquarters	Share of imports by source (percent)				
		India	Sri Lanka	Subject sources	Nonsubject sources	All sources
Alliance	Wakefield, MA	***	***	***	***	***
American Omni	Houston, TX	***	***	***	***	***
API	Scottsdale, AZ	***	***	***	***	***
Apollo	Metuchen, NJ	***	***	***	***	***
BKT USA	Akron, OH	***	***	***	***	***
BKT Tires	Brentwood, TN	***	***	***	***	***
Blackstone	Rome, GA	***	***	***	***	***
Bridgestone	Nashville, TN	***	***	***	***	***
Camso	Charlotte, NC	***	***	***	***	***
Caribbean	Bayamon, PR	***	***	***	***	***
Clark Equipment	West Fargo, ND	***	***	***	***	***
CMA	Monrovia, CA	***	***	***	***	***
Dunlap & Kyle	Batesville, MS	***	***	***	***	***
Duramax	City Of Industry, CA	***	***	***	***	***
Foreign Tire	Union, NJ	***	***	***	***	***
Goodyear	Akron, OH	***	***	***	***	***
GTC	Canton, OH	***	***	***	***	***
JCA Ventures	Medley, FL	***	***	***	***	***
JCB	Pooler, GA	***	***	***	***	***

Table continued on next page.

[1] The Commission issued questionnaires to those firms that, based on a review of data provided by ***, may have accounted for more than one percent of total imports of unmounted tires under HTS subheadings 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0050, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, and 4011.94.8000 in 2015. The Commission also issued questionnaires that, based on a review of data provided by ***, may have accounted for more than one percent of total imports of mounted tires under HTS subheadings 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020.

[2] For discussion of coverage, please refer to Part I, "Summary Data and Data Sources."

Table IV-1--Continued
OTR tires: U.S. importers, their headquarters, and share of total imports by source, 2015

Firm	Headquarters	Share of imports by source (percent)				
		India	Sri Lanka	Subject sources	Nonsubject sources	All sources
Kauffman	Atlanta, GA	***	***	***	***	***
Kenda	Reynoldsburg, OH	***	***	***	***	***
Michelin	Greenville, SC	***	***	***	***	***
OTR Wheel	Rome, GA	***	***	***	***	***
PB Global	Melville, NY	***	***	***	***	***
Pride	Mississauga, ON	***	***	***	***	***
Silverstone	Omaha, NE	***	***	***	***	***
Strategic Import Supply	Minnetonka, MN	***	***	***	***	***
Super Grip	Piney Flats, TN	***	***	***	***	***
TBC	Palm Beach Gardens, FL	***	***	***	***	***
Thompson	Beloit, KS	***	***	***	***	***
Tire Group Int'l	Miami, FL	***	***	***	***	***
Tire Wholesalers	Troy, MI	***	***	***	***	***
Titan	Des Moines, IA	***	***	***	***	***
Trelleborg (ID)	Wakefield, MA	***	***	***	***	***
Trelleborg (AG)	Spartanburg, SC	***	***	***	***	***
Tyres International	Stow, OH	***	***	***	***	***
West Worldwide	Adel, IA	***	***	***	***	***
Total		***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. importers' U.S. imports of OTR tires from subject and nonsubject sources. U.S. importers' U.S. imports from subject sources increased by 30.6 percent between 2013 and 2015 and were 7.7 percent lower in January-September 2016 compared to January-September 2015.[3] U.S. importers' U.S. imports from nonsubject sources decreased by 3.6 percent between 2013 and 2015, and were 0.7 percent higher in January-September 2016 compared to January-September 2015.

The average unit values of U.S. imports of OTR tires from subject sources decreased by 13.2 percent between 2013 and 2015 and were 8.4 percent lower in January-September 2016 compared to January-September 2015. The average unit values of OTR tires from nonsubject

[3] When measured in quantity of OTR tires, U.S. imports from India increased by *** percent between 2013 and 2015, while U.S. imports from Sri Lanka decreased by *** percent. When measured in value, U.S. imports from India increased by *** percent between 2013 and 2015, while U.S. imports from Sri Lanka decreased by *** percent.

sources decreased by 18.3 percent between 2013 and 2015 and were 10.5 percent lower in January-September 2016 compared to January-September 2015.

When measured by quantity, U.S. importers' U.S. imports from subject sources accounted for 40.7 percent of total imports in 2013; 43.9 percent in 2014; and 48.2 percent of total imports in 2015. When measured by value, subject imports accounted for 16.1 percent of total imports in 2013; 17.2 percent in 2014; and 21.6 percent in 2015.

Table IV-2
OTR tires: U.S. importers' U.S. imports, by source, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
U.S. imports from.--India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	1,023	1,191	1,336	1,073	991
Nonsubject sources	1,490	1,522	1,436	1,134	1,142
All sources	2,513	2,713	2,772	2,207	2,132
	Value (1,000 dollars)				
U.S. imports from.--India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	201,776	227,708	228,861	183,717	155,377
Nonsubject sources	1,053,882	1,095,524	829,443	655,422	590,761
All sources	1,255,658	1,323,232	1,058,304	839,139	746,138
	Unit value (dollars per tire)				
U.S. imports from.--India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	197	191	171	171	157
Nonsubject sources	707	720	578	578	517
All sources	500	488	382	380	350
	Share of quantity (percent)				
U.S. imports from.--India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	40.7	43.9	48.2	48.6	46.5
Nonsubject sources	59.3	56.1	51.8	51.4	53.5
All sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	16.1	17.2	21.6	21.9	20.8
Nonsubject sources	83.9	82.8	78.4	78.1	79.2
All sources	100.0	100.0	100.0	100.0	100.0

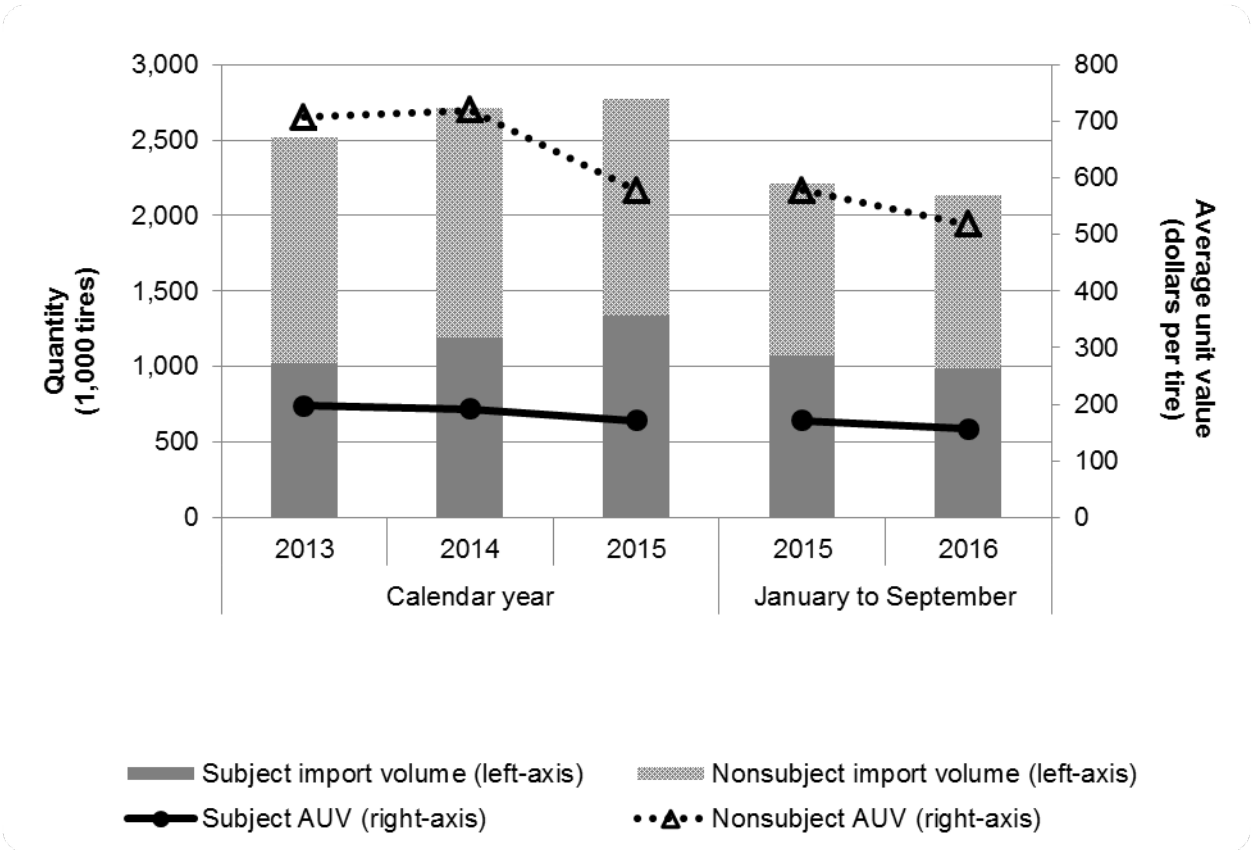
Table continued on following page.

Table IV-2--Continued
OTR tires: U.S. importers' U.S. imports, by source, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Ratio to U.S. production (percent)				
U.S. imports from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All sources	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-1
OTR tires: U.S. import volumes and prices, 2013-15, January to September 2015, and January to September 2016



Source: Compiled from data submitted in response to Commission questionnaires.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5]

In the preliminary phase of these investigations, the Commission found imports of OTR tires from China to be "well below the negligibility threshold" and noted that the record contained "clear and convincing evidence that it is unlikely that they will imminently surpass the 3 percent threshold given the trend during 2015 and there is no likelihood that evidence leading to a contrary result will arise in a final phase of these investigations." Accordingly, the Commission found that imports from China were negligible and terminated the investigations with respect to such imports.[6]

Table IV-3 presents data, based on questionnaire responses, for imports during 2015 for each subject source.[7]

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[4] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[5] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

[6] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 23.

[7] Petitioners argue that the Commission should find that imports or OTR tires from India and Sri Lanka are not negligible. Petitioners' prehearing brief, p. 7. Hearing transcript, p. 45 (Drake).

Table IV-3
OTR tires: U.S. imports in the twelve month period preceding the petition, 2015

Item	Calendar year 2015	
	Quantity (1,000 tires)	Share of quantity (percent)
U.S. imports from.--		
India—		
AD (all firms except Balkrishna)	***	***
CVD (all firms)	***	***
Sri Lanka	***	***
Subject sources	1,336	48.2
Nonsubject sources	1,436	51.8
All sources	2,772	100.0

Source: Compiled from data submitted in response to Commission questionnaires and compiled from proprietary Customs records using HTS statistical reporting numbers 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.50, 4011.92.00.00, 4011.93.40.00, 4011.93.8000, 4011.94.4000, excluding (1) entries of tires weighting more than 1,500 pounds per tire, (2) entries where the average unit value was less than $25 per tire, and (3) entries from firms that certified that they do not import OTR tires, accessed October 29, 2016.

CRITICAL CIRCUMSTANCES

When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

On May 24, 2016, petitioners filed a timely critical circumstances allegation, pursuant to section 703(e)(1) of the Act and 19 CFR 351.206(c)(1), alleging that critical circumstances exist with respect to imports of OTR tires from India and Sri Lanka.

In these investigations, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping duties retroactive by 90 days from June 20, 2016, the effective date of Commerce's preliminary affirmative LTFV determinations.

In its final countervailing duty determination regarding India, Commerce found that critical circumstances exist with respect to imports from ATC and all other producers or exporters, but do not exist for BKT.[8] Tables IV-4 and figure IV-2 present data relating to critical circumstances for India.

[8] *Countervailing Duty Investigation of Certain New Pneumatic Off-the-Road tires from India: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 2946, January 10, 2017.

Table IV-4

OTR tires: U.S. imports from India subject to Commerce's final affirmative critical circumstance findings, July 2015 through June 2016

* * * * * * *

Figure IV-2

OTR tires: Monthly U.S. imports for Commerce's final affirmative critical circumstance findings for India, July 2015 through June 2016

* * * * * * *

In its final countervailing duty determination regarding Sri Lanka, Commerce found that critical circumstances exist with respect Camso and the companies covered by the ''all others'' rate.[9] Tables IV-6 and figure IV-3 present data relating to critical circumstances for Sri Lanka.

Table IV-5

OTR tires: U.S. imports from Sri Lanka subject to Commerce's final affirmative critical circumstance findings, July 2015 through June 2016

* * * * * * *

Figure IV-3

OTR tires: Monthly U.S. imports for Commerce's final affirmative critical circumstance findings for Sri Lanka, July 2015 through June 2016

* * * * * * *

Petitioners assert that the Commission should find that critical circumstances exist because subject imports *** following the filing of the petitions, and rising volumes of post-petition imports may undermine the effectiveness of an order due to the moderate-to-high degree of substitutability between domestic and subject OTR tires.[10] Indian respondent Alliance and Sri Lankan respondent Camso argue that the Commission should make a negative final critical circumstances determination.[11]

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[9] *Certain New Pneumatic Off-The-Road Tires from Sri Lanka: Final Affirmative Countervailing Duty Determination, and Final Determination of Critical Circumstances*, 82 FR 2949, January 10, 2017.

[10] Hearing transcript, pp. 45-46 (Drake). Petitioners' posthearing brief, pp. 1-2.

[11] Indian respondent Alliance's posthearing brief, pp. 11-13. Sri Lankan respondent Camso's posthearing brief, p. 15 at footnote 71.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.[12]

Fungibility

In the preliminary phase of these investigations, the Commission noted the limited data regarding competition between the domestic like product and subject imports from India and Sri Lanka in different end use and customer segments that would permit it to evaluate the parties' arguments concerning the extent to which OTR tires from different sources compete in individual segments. The Commission added that "in any final phase of these investigations, we will seek data by customer and end use segments."[13]

In its questionnaires for these final phase investigations, the Commission requested that firms provide U.S. shipments of OTR tires by channel of distribution (i.e., original equipment manufacturers ("OEMs") and aftermarket); market segment (i.e., agriculture, construction/industrial, mining, and other); and sub-segment (i.e., agriculture radial, agriculture bias, construction/industrial up to and including 25" in rim diameter and construction/industrial greater than 25" in rim diameter).[14] Table IV-6 presents U.S. producers' and U.S. importers' commercial U.S. shipments by source and type. Lightly shaded rows in table IV-5 denote channel of distribution and darkly shaded rows with bolded characters denote market segment totals.[15]

When examining all commercially sold OTR tires in the United States in 2015 (i.e., OTR tires produced in the United States and OTR tires imported from subject and nonsubject sources), *** percent were sold in the aftermarket and *** percent were sold to OEMs. Of all

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[12] In the preliminary phase of these investigations, the Commission found that a reasonable overlap of competition between subject imports from India and Sri Lanka, and between subject imports from both countries and the domestic like product. The Commission accordingly considered subject imports from India and Sri Lanka on a cumulated basis for its analysis of whether there is a reasonable indication of material injury by reason of subject imports. *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 28.

[13] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka, Inv. Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)*, USITC Publication 4594, March 2016, p. 26.

[14] In some instances, U.S. importers reported U.S. shipments in the "other" market segment if they did not possess knowledge about the channel/market for particular shipments of OTR tires.

[15] Appendix D contains more detailed information regarding U.S. producers' and U.S. importers' commercial U.S. shipments by source and type.

commercially sold OTR in the United States, *** percent were sold for use in the agricultural market segment and *** percent were sold for use in the construction/industrial market segment. In terms of market sub-segments, bias OTR tires (versus radial OTR tires) accounted the vast majority of OTR tires used in agriculture, while tires below 25" in rim diameter accounted for the vast majority of OTR tires used for construction/industrial purposes.

With respect to OTR tires imported from individual subject countries, *** percent of OTR imported from Sri Lanka were sold for construction/industrial purposes, *** of which were sold to the aftermarket and *** of which were comprised of OTR tires that were 25" inches or below in rim diameter. With respect to OTR tires imported from India, *** percent were sold to the agricultural market and *** percent were sold to the construction/industrial market.

When comparing U.S.-produced OTR tires and OTR tires imported from combined subject sources (India and Sri Lanka), the majority (*** percent) of U.S.-produced OTR tires were sold to OEMs, while the majority (*** percent) of OTR tires imported from subject sources were sold to the aftermarket. In terms of market segments, the majority (*** percent) of U.S.-produced OTR tires were sold for use for the agricultural market segment, while the majority (*** percent) of OTR tires imported from subject sources was sold for use in the construction/industrial market segment.

Petitioners maintain that subject imports should be cumulated in the Commission's analysis of material injury and the Commission's evaluation of threat of material injury. With regard the Commission's evaluation of material injury, petitioners argue that there is a reasonable overlap of competition among imports of OTR tires from India and Sri Lanka and the domestic like product and that OTR tires from all three sources are highly fungible, are present in the same channels of distribution, overlap geographically, and have been simultaneously present.[16] Petitioners state that there is *** and direct competition among Indian and Sri Lankan subject imports and the domestic like product in at least one *** segment of the U.S. market—the construction/industrial segment. Petitioners add that "all three sources sent *** quantities of OTR tires to both OEMS and aftermarket distributors in the construction/industrial segment of the U.S. market, and all three were also *** in both the OEM and aftermarket channels of the agricultural market."[17]

Sri Lankan respondent Camso maintains that the Commission should not cumulate imports from Sri Lanka with imports from India for purposes of either the material injury or threat analysis because "Sri Lankan imports do not sufficiently compete with either Indian product or domestically-produced OTR tires in the U.S. market."[18] Camso argues that there is

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[16] Petitioners' prehearing brief, p. 21. Hearing transcript, pp. 46-47 (Drake).

[17] Petitioners' prehearing brief, pp. 15-19. Petitioners' posthearing brief, pp. 3-4. With regard to the Commission's evaluation of threat of material injury, petitioners argue because subject imports from both countries gained market share during the POI, are likely to *** absent an order, and had *** prices trends and margins of underselling, which are likely to continue and have further depressing or suppressing effects on U.S. prices. Petitioners' prehearing brief, p. 4.

[18] Sri Lankan respondent Camso's prehearing brief, p. 5. With regard to the Commission's evaluation of threat of material injury, Camso states that the Commission "should not cumulate as subject import

(*continued*...)

no reasonable overlap between subject imports from Sri Lanka and India in terms of end use or on price, stating that imports of OTR tires from Sri Lanka are "non-existent in the agricultural or mining market segments, unlike Indian imports" and that pricing data collected by the Commission shows "the significant lack of competition between Indian and Sri Lankan imports." Camso argues that imports from Sri Lanka "do not compete with domestically-produced OTRs, except in a narrow slice of the overall construction market that is doing relatively well."[19]

Table IV-6
OTR tires: U.S. producers' and U.S. importers' commercial U.S. shipments by source and type, 2015

* * * * * * *

Geographical markets

Table IV-7 presents data on U.S. imports by border of entry.

Table IV-7
OTR tires: U.S. imports by source and border of entry, 2015

* * * * * * *

Presence in the market

Table IV-8 and figure IV-4 present data on monthly subject U.S. imports of OTR tires from subject and nonsubject sources from January 2013 through September 2016. U.S. imports of OTR tires were present in *** between January 2013 and September 2016.

Table IV-8
OTR tires: U.S. imports by source and month of entry, January 2013 through September 2016

* * * * * * *

(…*continued*)
shipments from Sri Lanka show different volume, price, and market share trends during the period of investigation." Sri Lankan respondent Camso's posthearing brief, p. 14 at footnote 67.

[19] Sri Lankan respondent Camso's prehearing brief, pp. 8-9. Alliance stated that it "understands that Sri Lankan respondent Camso has presented compelling arguments why Indian and Sri Lankan imports should not be cumulated for any purpose, and Alliance incorporates those arguments herein." Indian respondent Alliance's prehearing brief, p. 47. Balkrishna states that it concurs with Camso's arguments regarding decumulating Sri Lankan imports from Indian imports. Indian respondent Balkrishna's prehearing brief, p. 12 at footnote 64.

Figure IV-4
OTR tires: Monthly U.S. imports, January 2013 through September 2016

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APPARENT U.S. CONSUMPTION

Table IV-9 and figure IV-5 presents data on apparent U.S. consumption for OTR tires. Between 2013 and 2015, apparent U.S. consumption decreased by *** percent. Over the same period, U.S. producers' market share decreased from *** percent to *** percent. U.S. importers' U.S. shipments of imports from subject sources increased by 28.9 percent between 2013 and 2015, while the market share for subject imports increased from *** percent to *** percent over the same period. U.S. importers' U.S. shipments of imports from nonsubject sources decreased by 1.2 percent between 2013 and 2015, while the market share for nonsubject imports increased from *** percent to *** percent.

Table IV-9
OTR tires: Apparent U.S. consumption and market shares, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	1,007	1,163	1,298	1,005	990
Nonsubject sources	1,429	1,479	1,413	1,092	1,119
All import sources	2,437	2,642	2,711	2,097	2,109
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	241,490	268,992	279,796	218,843	203,089
Nonsubject sources	826,850	920,582	797,082	615,408	573,153
All import sources	1,068,340	1,189,574	1,076,878	834,251	776,242
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-5
OTR tires: Apparent U.S. consumption, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials for OTR tires include natural rubber, synthetic rubber, carbon black, and various chemicals, textiles, and steel.[1] The ratio of raw materials to COGS declined from *** percent in 2013 to *** percent in 2015.[2] This decline has largely been driven by the decline in rubber prices. The prices of synthetic rubber decreased by *** percent during January 2013-September 2016, and the prices of natural rubber decreased by *** percent during January 2013-September 2016 (figure V-1).

Figure V-1
Rubber prices: Natural rubber SGX TSR20 futures, and synthetic rubber SBR USA, January 2013-September 2016

* * * * * * *

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Most U.S. producers (5 of 6) and importers (29 of 33) reported that raw material prices have decreased since 2013. U.S. producers and importers reported that their selling prices are adjusted for raw materials, and U.S. producer *** reported that OTR prices have fallen because of low raw material costs and aggressive competition in a weak market. Importer *** reported that fluctuating raw material price changes make it difficult for customers to place long-term orders because of the risk of price changes and an overstock situation. Importer *** reported that Tier 3 tire manufacturers are able to respond to changes in raw materials as they occur and have reduced prices in direct proportion to the decline in raw material prices, but that Tier 1 and Tier 2 manufacturers prefer to support their brand position, rather than respond to decreases in raw material prices.

Raw material prices are transparent in the OTR market. Contracts are based on publicly available indexes, and these indexes usually effect price adjustments within three to six months, depending on the specific contract. Purchasers in the aftermarket also have access to these public raw material prices and will use this information in price negotiations. [3]

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[1] *Certain Off-the-Road Tires from China (Inv. Nos.701-TA-448 and 731-TA-1117 (Review)*, USITC Publication 4448, p. 16.

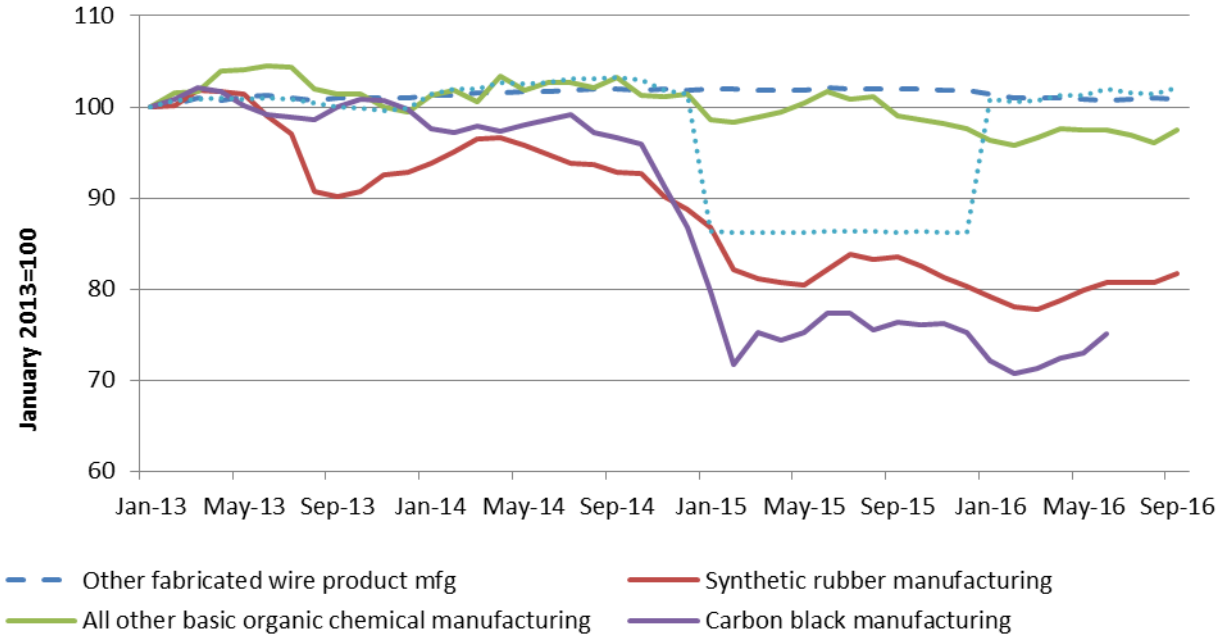
[2] The ratio of raw materials to COGS was *** percent during January-June 2015, and *** percent during the same period in 2016.

[3] Hearing transcript, pp. 81-82 (Reitz), 142 (Mazzola), and 244 (Nolan).

Purchasers reported a variety of raw material indexes that they use in negotiations including: natural rubber and synthetic rubber (figure V-1 above), carbon black, organic chemicals, and steel cord (figure V-2). U.S. producer *** reported that its prices ***.

Figure V-2

Raw material indexes: Commonly used price indexes in contracts, monthly, January 2013-September 2016



Source: Bureau of Labor Statistics, *Producer Price Index,* Other fabricated wire product mfg (PCU332618332618), Synthetic rubber manufacturing (PCU325212325212P), All other basic organic chemicals (PCU325199325199P), Carbon black manufacturing (PCU3251803251802), and Chemical mfg (PCU325---325---), retrieved December 8, 2016.

U.S. inland transportation costs

All responding U.S. producers and most importers (22 of 24) reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 2 to 5 percent of total delivered costs[4] while importers reported costs of 1 to 8 percent (averaging 4.4 percent).

[4] U.S. producer *** reported that transportation costs accounted for *** percent of total delivered costs and its estimate has been excluded from the analysis. Staff has followed up for a revision.

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producers and importers use a variety of pricing methods, including transaction-by-transaction negotiations, contracts, and price lists, but producers and importers reported that they were most likely use set price lists. A large number of importers also reported using transaction-by-transaction negotiations. U.S. producer *** reported that depending on the customer, prices may be determined by transaction-specific negotiations.[5]

Table V-1

OTR tires: U.S. producers and importers reported price setting methods, by number of responding firms[1]

Method	U.S. producers	U.S. importers
Transaction-by-transaction	3	22
Contract	4	10
Set price list	6	22
Other	2	3
Total responding firms	6	35

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers and importers reported that most of their OTR sales were spot sales (table V-2). The majority of producers' shipments to the OEM market were sold through long-term contracts (ranging from 2 to 4 years). Almost half of importers' shipments to the OEM market were sold through long-term contracts (ranging from 3 to 5 years), and another 35.3 percent were through short-term contracts (for 180 days). Both U.S. producers and importers reported that the vast majority of their shipments to the aftermarket were sold on the spot market.

[5] Respondent Camso reported that U.S. producer ***. Commission staff has verified that pricing data were reported accurately. See email from ***, January 9, 2017.

Table V-2

OTR tires: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2015

Item	Entire market		OEM market		Aftermarket	
	U.S. producers	Subject U.S. importers	U.S. producers	Subject U.S. importers	U.S. producers	Subject U.S. importers
	Share (percent)		Share (percent)		Share (percent)	
Share of commercial U.S. shipments.--						
Long-term contracts	***	13.6	***	49.1	***	0.2
Annual contract	***	0.7	***	2.4	***	0.0
Short-term contracts	***	12.0	***	35.3	***	3.3
Spot sales	***	73.8	***	13.1	***	96.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Twelve purchasers reported that they purchase OTR tires daily, 17 purchase weekly, 15 purchase monthly, 2 purchase quarterly, and 1 purchases annually. Four purchasers reported purchasing "as needed" and purchaser *** reported that it purchases every ***. Forty-two of 53 purchasers reported that their purchasing frequency had not changed since 2013. Most purchasers (42 of 53) contact one to five suppliers before making a purchase. Purchaser *** reported contacting up to 20 suppliers.

Most purchasers (35 of 52) reported that their purchases involved negotiations with suppliers. Purchasers reported that they negotiate pricing, warranty, distribution, freight terms, delivery, aftermarket support, force majeure, minimum guarantees, and productivity guarantees. Five purchasers reported that they quote competing prices during negotiations and four purchasers reported that they do not quote competing prices.

Most purchasers (34 of 53) reported that raw material costs affect their price negotiations. Fifteen purchasers reported that their contract purchase prices are indexed to raw materials and four purchasers reported that their spot market purchase prices are indexed to raw materials.

Petitioner reported that the types of pricing methods prevalent in the OTR tire market, combined with the frequency with which purchasers purchase tires, allow for purchasers to press for price concessions and switch suppliers with relative ease.[6] Indian respondents stated that it is an industry norm for long-term supply contracts to include provisions that allow for price adjustment about twice a year, based on changes in raw material costs, and that aftermarket customers are equally aware of raw material costs.[7]

[6] Petitioner's prehearing brief, p. 40.

[7] Indian respondent Alliance's prehearing brief, pp. 23-24.

During the preliminary phases of these investigations, Petitioner Titan stated that although some of its OEM customers are covered by multiyear contracts, many of its contracts contain escape clauses by which the customer can request a lower price if faced with a better offer from another seller. It also argued that it faces pressure to lower prices from OEM customers even without a formal escape clause.[8]

Sales terms and discounts

Most U.S. producers and importers typically quote prices on a delivered basis. All U.S. producers reported offering quantity and total volume discounts. U.S. producer and importer *** reported that its discounts are based on quantities purchased and market conditions. A plurality of importers (16 of 34) reported offering quantity discounts. Three importers *** reported offering early payment discounts; importer *** reported offering discounts for *** freight and *** reported offering discounts for ***.

U.S. producers reported offering a variety of sales terms: two of six responding producers reported net 30 days sales terms, two reported net 60 days, and one reported 2/10 net 30 days. U.S. producer *** also reported sales terms of ***. Twelve of 28 importers reported commonly offering sales terms of net 30 days, eight reported net 60 days, and three reported 2/10 net 30 days. Fifteen importers reported offering other sales terms including net 10th prox,[9] net 75 days, net 90 days, wire against shipment, and 100 percent upon receipt.

Petitioner reported that it is common in the OTR tire industry to have periodic price promotions on particular models, and often the models that are included in these promotions are those which face competition from imports.[10]

Quality tiers and branding

As discussed in part II, most U.S. producers, importers, and purchasers reported that the U.S. OTR market is divided into three tiers. U.S. producers, importers, and purchasers were asked if these categories affect the price of otherwise similar tires, and if they did, the estimated price difference, and if price premiums vary by market segment. All responding U.S. producers, most importers (18 of 25), and most purchasers (25 of 44) reported that prices in one tier do affect prices in another tier. U.S. producers reported that the estimated price difference between these tiers ranged from 5 to 20 percent of total cost (averaging 13 percent), importers estimated that price differences ranged between 0.3 and 70 percent (averaging 17 percent), and purchasers estimated that price differences ranged between 0.3 and 50 percent (averaging 22 percent). Purchaser *** reported that there is a 15-20 percent premium between

[8] Conference transcript, p. 30 (Nutter); Petitioners' postconference brief, p. 23; hearing transcript, p. 34 (Nutter).

[9] Net 10th prox means payment is due on the 10th of the month following the month the invoice is dated or goods received.

[10] Hearing transcript, p. 30 (Hawkins).

Tier 1 and Tier 2, but a 35 percent premium between Tier 1 and Tier 3. Petitioner stated that competition may occur between tiers and that when prices in one tier change, prices in other tiers follow.[11]

U.S. producer *** reported that many OEM customers prefer Tier 1 product, but in recent years market conditions have reduced or eliminated any price premium in both the OEM market and aftermarket. Importer *** reported that price premiums are based on brand recognition and presumed quality, and importer *** reported that prices in each tier decrease or increase at the same rate. Importer *** reported that "with the market slowdown, the difference among premium and commodity pricing is getting smaller…making it difficult to compete with a premium product."

Price by market sector or tire type

Petitioner stated that a decline in price in one sector (i.e., agriculture, construction, or mining) is not likely to directly affect prices in other sectors, however if a plant is capable of making tires for multiple sectors, a decline in price in one sector could effect a shift in production to a tire in the sector with higher prices.[12]

However, U.S. importer *** reported that price premiums vary by market segment, and that Tier 1 tires always command the highest premium, as do sales to OEMs. Some U.S. producers, importers, and purchasers indicated reported that bias ply tires are lower priced, and U.S. producer *** reported that the biggest difference in price is between bias and radial tires is in the construction sector. U.S. importer *** reported that tires that are unique in size or design also command higher premiums.

Price leadership

Eight purchasers named BFNA as a price leader, seven purchasers named Michelin, five purchasers named Titan, four purchasers named Alliance, two purchasers each named BKT and Yokohama, and one purchaser each named Camso, Goodyear, GTC, K&M, Silverstone, and West Worldwide. Purchaser *** reported that the OTR market has become increasingly price-driven whereas several years ago, suppliers with the best service were preferred.[13]

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following OTR tires products shipped to unrelated U.S. customers during January 2013-September 2016. Products 1, 2, 3, 7, and 8 are tires used in the

[11] Hearing transcript, p. 51 (Drake).
[12] Hearing transcript, pp. 78-80 (Hawkins).
[13] *** purchaser questionnaire, at III-11.

agricultural sector, and products 4, 5, and 6 are used in the construction, mining, and/or industrial sectors.[14]

Product 1.-- Irrigation pivot tire, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches, unmounted, tire only.[15]

Product 2.-- Rear farm tire, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches, unmounted, tire only.[16]

Product 3.-- Front farm tire, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches, unmounted, tire only.[17]

Product 4.-- Skid steer tire, size 10-16.5, ply rating of 10, weight from 55 to 59 lbs., rim width 8.25 inches, unmounted, tire only.[18]

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[14] Some firms submitted pricing data for alternative products that they considered comparable to the defined pricing product. Commission staff requested additional information from parties and firms that submitted alternative data for more description to determine whether these alternative products are comparable. Petitioner Titan stated that OTR tires are not sold by weight, and that tires of the same size, ply, and load specifications compete with one another regardless of weight. Petitioner's posthearing brief, *Responses to Staff Questions #1, Exhibit 1.* Alliance stated that ***.

On the other hand, they stated that ***. Indian respondent Alliance posthearing brief, *Responses to Commissioner Questions,* #13. See also staff email with ***, January 6, 2017. Camso stated that products with differing ply ratings could be comparable, depending on other tire characteristics. Sri Lankan respondent Camso posthearing brief, Exhibit 4.

Staff conducted price analysis and found that prices submitted for alternative products may not be comparable. Based on this analysis, and the information provided by parties and responding firms, staff has excluded pricing data reported for alternative products that did not match the weight or load index characteristics. Pricing data for alternative products that have different ply ratings, but match the other definition characteristics have remained. U.S. producer *** submitted pricing data for products that met the exact pricing product definitions. See submission from ***, January 11, 2017.

[15] U.S. importer *** reported pricing data that included tires that are "***". Commission staff excluded pricing data reported by U.S. importer ***. These excluded data accounted for *** percent of sales to the aftermarket of pricing product 1 from India since 2013.

[16] U.S. producer ***'s revisions exclude over *** percent of the pricing data for pricing product 2 in the OEM market and *** percent in the aftermarket that were presented in the prehearing report. U.S. importer *** reported prices for product that "***."

[17] Commission staff excluded pricing data reported by U.S. importer *** for alternative products that were out of the defined weight range. These excluded data accounted for less than *** percent of sales to the aftermarket of pricing product 3 from India since 2013.

[18] U.S. producer *** provided pricing data that "***." Commission staff has included ***'s original data for pricing product 4, because the differentiating characteristic was ply, but the alternative product was consistent on weight and load index. U.S. importer *** reported prices for ***." The prices for these data have not been removed, as they are less than *** percent of the quantity of products the firm reported. Commission staff excluded pricing data reported by U.S. importers *** and *** for

(*continued*...)

Product 5.-- Skid steer tire, size 10-16.5, ply rating of 10, weight from 60 to 67 lbs., rim width 8.25 inches, unmounted, tire only.[19]

Product 6.-- Skid steer tire, size 10-16.5, ply rating of 10, weight greater than 67 lbs., rim width 8.25 inches, unmounted, tire only.[20]

Product 7.-- Radial drive farm tire, metric size 380/85R24 (standard size 14.9R24), load index of 131, weight from 136 to 170 lbs., rim width 12 inches, unmounted, tire only.[21]

Product 8.-- Radial drive farm tire, metric size 480/80R42 (standard size 18.4R42), load index 150 to 153, weight from 355 to 375 lbs., rim width 16 inches, unmounted, tire only.

Five U.S. producers and 23 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[22] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of OTR tires in 2015.[23] Pricing data reported by importers accounted for approximately 3.6 percent of commercial shipments of OTR tires from India and 5.7 percent of commercial shipments of OTR tires from Sri Lanka in 2015.[24]

Price data are presented in tables V-3 to V-10 and figures V-2 to V-9. Nonsubject country prices for OTR tires from China are presented in Appendix E.

(…*continued*)
alternative products that were out of the defined weight range. These excluded data accounted for less than *** percent of sales to the aftermarket of pricing product 4 from India, and *** percent of sales of product from nonsubject country China since 2013.

[19] U.S. producer ***'s revisions exclude *** pricing data for pricing product 5 in the OEM market and in the aftermarket that were presented in the prehearing report. U.S. importer *** (Sri Lanka) reported prices that included "***" from Sri Lanka.

[20] U.S. importer *** (Sri Lanka) reported prices for "***."

[21] U.S. producer ***'s revisions exclude *** for pricing product 7 in the OEM market and *** percent of sales in the aftermarket that were presented in the prehearing report.

[22] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[23] Pricing data reported by U.S. producers accounted for *** percent of commercial shipments to the OEM market, and *** percent of commercial shipments to the aftermarket in 2015.

[24] Pricing data reported by U.S. importers for OTR tires from India accounted for *** percent of commercial shipments to the OEM market, and *** percent of commercial shipments to the aftermarket in 2015. Pricing data for OTR tires from Sri Lanka accounted for *** percent of commercial shipments to the OEM market and *** percent of commercial shipments to the aftermarket in 2015.

Table V-3

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table V-4

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table V-5

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table V-6

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table V-7

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table V-8

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table V-9

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

. Table V-10

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 8[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

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Figure V-2

OTR tires: Weighted-average prices and quantities of domestic and imported product 1[1], by quarters, January 2013-September 2016

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Figure V-3

OTR tires: Weighted-average prices and quantities of domestic and imported product 2[1], by quarters, January 2013-September 2016

* * * * * * *

Figure V-4

OTR tires: Weighted-average prices and quantities of domestic and imported product 3[1], by quarters, January 2013-September 2016

* * * * * * *

Figure V-5

OTR tires: Weighted-average prices and quantities of domestic and imported product 4[1], by quarters, January 2013-September 2016

* * * * * * *

Figure V-6

OTR tires: Weighted-average prices and quantities of domestic and imported product 5[1], by quarters, January 2013-September 2016

* * * * * * *

Figure V-7

OTR tires: Weighted-average prices and quantities of domestic and imported product 6[1], by quarters, January 2013-September 2016

* * * * * * *

Figure V-8

OTR tires: Weighted-average prices and quantities of domestic and imported product 7[1], by quarters, January 2013-September 2016

* * * * * * *

Figure V-9

OTR tires: Weighted-average prices and quantities of domestic and imported product 8[1], by quarters, January 2013-September 2016

* * * * * * *

Price trends

Most prices decreased during January 2013-September 2016. Table V-11 summarizes the price trends, by country and by channel. As shown in the table, domestic price decreases ranged from *** to *** percent during January 2013-September 2016 for most pricing products shipped to both OEM and aftermarket channels.[25] Decreases in price for OTR tires from India ranged from *** to *** percent, and decreases in price for OTR tires from Sri Lanka ranged from *** to *** percent for most pricing products shipped to both OEM and aftermarket channels.[26]

Table V-11
OTR tires: Summary of weighted-average f.o.b. prices from the United States, India, and Sri Lanka

* * * * * * *

Price comparisons

As shown in table V-12, prices for OTR tires imported from subject countries were below those for U.S.-produced product in 132 of 135 instances (*** tires); margins of underselling ranged from 3.6 to 47.5 percent.

[25] U.S. prices for pricing product *** shipped to the aftermarket increased by *** percent and prices for pricing product 4 shipped to the OEM market increased by *** percent during January 2013-September 2016.

[26] Prices of pricing product *** from India shipped to the aftermarket increased by *** percent during January 2013-September 2016. Prices of pricing product *** from Sri Lanka shipped to the aftermarket increased by *** percent during January 2013-September 2016.

Table V-12

OTR tires: Instances of underselling/overselling and the range and average of margins for products sold to both OEM and aftermarket, by country, January 2013-September 2016

Source	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
India	105	***	***	***	***
Sri Lanka	27	***	***	***	***
Total, underselling	132	177,914	28.6	3.6	47.5
Source	**(Overselling)**				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
India	0	0	---	---	---
Sri Lanka	3	***	***	***	***
Total, overselling	3	***	***	***	***

Note.--These data present calculated margins for aggregated pricing data for OEM and aftermarket sales, as if they were not collected by separate channel.

Source**:** Compiled from data submitted in response to Commission questionnaires.

As shown in tables V-13 through V-16, prices for OTR tires imported from subject countries and shipped to the OEM market were below those for U.S.-produced product in 44 of 46 instances (*** tires); margins of underselling ranged from 2.3 to 44.8 percent. In the remaining 2 instances, prices for OTR tires from India and Sri Lanka were between 1.6 and 4.9 percent above prices for the domestic product. Similarly, prices for OTR tires imported from subject countries and shipped to the aftermarket were below those for U.S.-produced product in 131 of 135 instances (*** tires); margins of underselling ranged from *** to*** percent. In the remaining 4 instances, prices for OTR tires from India and Sri Lanka were between *** and *** percent above prices for the domestic product.

Table V-13

OTR tires: Instances of underselling/overselling and the range and average of margins for products sold to OEM, by product, January 2013-September 2016[1]

Product	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	0	***	***	***	***
Product 2	0	***	***	***	***
Product 3	15	***	***	***	***
Product 4	5	***	***	***	***
Product 5	0	***	***	***	***
Product 6	21	***	***	***	***
Product 7	1	***	***	***	***
Product 8	2	***	***	***	***
Total, underselling OEM	44	23,589	22.8	2.3	44.8
Product	**(Overselling)**				
	Number of quarters	**Quantity (tires)**	**Average margin (percent)**	**Margin Range (percent)**	
				Min	**Max**
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Product 6	***	***	***	***	***
Product 7	***	***	***	***	***
Product 8	***	***	***	***	***
Total, overselling OEM	2	4	(3.3)	(1.6)	(4.9)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-14

OTR tires: Instances of underselling/overselling and the range and average of margins for products sold to the aftermarket, by product, January 2013-September 2016[1]

Product	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	15	***	***	***	***
Product 2	15	***	***	***	***
Product 3	15	***	***	***	***
Product 4	26	***	***	***	***
Product 5	0	***	***	***	***
Product 6	30	***	***	***	***
Product 7	15	***	***	***	***
Product 8	15	***	***	***	***
Total, underselling Aftermarket	131	***	***	***	***
Product	**(Overselling)**				
	Number of quarters	**Quantity (tires)**	**Average margin (percent)**	**Margin Range (percent)**	
				Min	**Max**
Product 1	0	***	***	***	***
Product 2	0	***	***	***	***
Product 3	0	0	---	---	---
Product 4	4	***	***	***	***
Product 5	0	***	***	***	***
Product 6	0	***	***	***	***
Product 7	0	***	***	***	***
Product 8	0	***	***	***	***
Total, overselling Aftermarket	4	***	***	***	***

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

Source**:** Compiled from data submitted in response to Commission questionnaires.

Table V-15

OTR tires: Instances of underselling/overselling and the range and average of margins for products sold to OEM, by country, January 2013-September 2016

Source	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
India	37	***	***	***	***
Sri Lanka	7	***	***	***	***
Total, underselling OEM	44	23,589	22.8	2.3	44.8
Source	**(Overselling)**				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
India	2	***	***	***	***
Sri Lanka	0	***	***	***	***
Total, overselling OEM	2	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-16

OTR tires: Instances of underselling/overselling and the range and average of margins for products sold to the aftermarket, by product, January 2013-September 2016

Source	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
India	105	***	***	***	***
Sri Lanka	26	***	***	***	***
Total, underselling Aftermarket	131	152,045	30.0	0.0	52.2
Source	**(Overselling)**				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
India	0	0	---	---	---
Sri Lanka	4	***	***	***	***
Total, overselling Aftermarket	4	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

In the final phase of these investigations, all five responding U.S. producers reported that they had to either reduce prices or roll back announced price increases, and all five firms reported that they had lost sales.[27]

[27] U.S. producer *** did not respond to these questions.

Staff contacted over 150 purchasers and received responses from 53 purchasers.[28] Responding purchasers reported purchasing *** OTR tires during 2013-2015 (table V-17).

Table V-17
OTR tires: Purchasers' responses to purchasing patterns

* * * * * * *

Of the 53 responding purchasers, 22 purchasers reported that they had purchased imported OTR tires from India or Sri Lanka instead of U.S.-produced product since 2013.[29] Nineteen purchasers reported that subject import prices were lower than U.S.-produced product, and 13 of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product (table V-18).[30] Purchasers identified quality, long-standing relationships with suppliers, better availability, better terms offered, and a wider range of products as non-price reasons for purchasing imported OTR tires rather than U.S.-produced product.

Table V-18
OTR tires: Purchasers' responses to shifting supply sources, by firm

* * * * * * *

Eighteen purchasers reported shifting purchases from domestic producers to imports from India, and 12 purchasers reported shifting to imports from Sri Lanka (table V-19). Most purchasers reported that subject imports were priced lower than domestic OTR tires, and about half of those purchasers reported that price was a primary reason for the shift.

[28] One purchaser *** submitted lost sales lost revenue survey responses in the preliminary phase, but did not submit purchaser questionnaire responses in the final phase.

[29] Eighten purchasers reported purchasing OTR tires from India instead of domestic product, and 12 purchasers reported purchasing OTR tires from Sri Lanka instead U.S.-produced tires.

[30] Ten purchasers reported purchasing *** OTR tires from India instead of U.S.-produced tires, and five purchasers reported purchasing *** tires from Sri Lanka instead of U.S.-produced tires.

Table V-19

OTR tires: Purchasers' responses to shifting supply sources, by country

Source	Firms reporting shifting purchases from domestic sources (count)	Firms reporting that imports were priced lower (count)	Firms indicating the price was a primary reason for shift (count)	Quantity shifted (tires)
India	18	16	10	***
Sri Lanka	12	10	5	***
All subject sources	22	19	13	***

Source: Compiled from data submitted in response to Commission questionnaires

Of the 50 responding purchasers, seven reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries (table V-20; 31 reported that they did not know). The reported estimated price reduction ranged from 4 to 40 percent to compete with imports from India, and 15 to 30 percent to compete with imports from Sri Lanka (table V-21). Of the few purchasers reporting that producers had reduced prices to compete with subject imports, *** reported that while U.S. producers had lowered prices to compete, they have since raised prices again and purchaser *** reported that it had not shifted purchases from domestic producers because of prices, but because they were not able to supply its needs.

Table V-20

OTR tires: Purchasers' responses to U.S. producer price reductions, by firm

* * * * * * *

Table V-21

OTR tires: Purchasers' responses to U.S. producer price reductions, by country

Source	Count of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (percent)	Range of estimated U.S. price reductions (percent)
India	7	15.6	4.0 to 40.0
Sri Lanka	2	22.5	15.0 to 30.0
All subject sources	7	14.9	4.0 to 40.0

Source: Compiled from data submitted in response to Commission questionnaires.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

The financial results of six U.S. producers of OTR tires are presented in this section of the report. *** responding U.S. producers reported their financial results on the basis of U.S. generally accepted accounting principles ("GAAP") and all U.S. producers reported their financial results for calendar-year periods.[1]

While OTR tire revenue primarily represents commercial sales, *** also reported internal consumption[2] and a small volume of transfers to related firms were reported by ***. Internal consumption and transfers to related firms represented *** percent of net sales, by quantity, during the period examined, and thus are not presented separately in this section of the report.

Staff verified the financial results of *** with its company records. The verification adjustments were incorporated into this report.[3] The financial data of *** were changed to ***. These adjustments for *** resulted in ***.

OPERATIONS ON OTR TIRES

Table VI-1 presents aggregated data on U.S. producers' operations in relation to OTR tires over the period examined, while table VI-2 presents selected company-specific financial data.

BFNA and Titan account for the *** of sales presented in table VI-1: ***, of total sales value. The remaining producers Specialty Tires, Goodyear, Mitas, and Trelleborg[4] accounted for *** percent, respectively, of total sales value. The industry's total net sales value decreased by *** percent from 2013 to 2015 and was *** percent lower in interim 2016 when compared to interim 2015. As shown in table VI-2, net sales unit values varied greatly between companies, with the lowest net sales unit value being *** and the highest being ***. This is due to different product mixes between the companies reporting data. All responding companies reported lower net sales unit values in 2015 when compared to 2013 and lower net sales unit values in interim 2016 compared to interim 2015.[5]

---

[1] ***.

[2] ***.

[3] ***.

[4] Trelleborg began producing OTR tires at its Spartanburg, South Carolina plant in January 2016. The new manufacturing plant represented a $50 million investment by Trelleborg and is forecast to create 150 jobs by 2018. *Trelleborg Inaugurates its new Manufacturing Facility for Agricultural Tires in South Carolina,* http://www.trelleborg.com/en/media/products--and--solutions--news/trelleborg--inaugurates--its--new--manufacturing--facility--for--agricultural--tires--in--south--carolina, retrieved December 5, 2016.

[5] ***.

Table VI-1
OTR tires: Results of operations of U.S. producers, 2013-15, January-September 2015, and January-September 2016

* * * * * * *

Table VI-2
OTR tires: Results of operations of U.S. producers, by firm, 2013-15, January-September 2015, and January-September 2016

* * * * * * *

Cost of goods sold and gross profit or (loss)

The total cost of raw materials as a share of COGS decreased from 2013 to 2015 and was lower in January-September 2016 compared to the same period in 2015 (see table VI-1). This pattern is generally consistent with available information which indicates that primary input costs decreased throughout the period examined.

With respect to their U.S. operations, ***.[6] [7]

Other factory costs as a share of COGS were the second largest component after raw material costs during the period examined, ranging from *** percent of total COGS in 2013 to *** percent in interim 2016. On an overall basis, other factory costs decreased from 2013 to 2015 and were *** higher in interim 2016 than interim 2015. Direct labor, as a share of total COGS, ranged from *** percent in 2013 to *** percent in interim 2016.[8]

The industry's gross profits decreased from $*** in 2013 to $*** in 2015, and were lower in January-September 2016 ($***) than in the same period in 2015 ($***). The decrease in the industry's per-unit COGS from 2013 to 2015 (of $*** per tire) did not offset the larger decrease in net sales unit values (of $*** per tire). The same was true between the interim periods, where the per-unit COGS was $*** per tire lower and the net sales unit value was $*** per tire lower in interim 2016 compared to the same period in 2015. This, combined with a decrease in the net sales quantities, resulted in gross profits decreasing by *** percent from 2013 to 2015 and being *** percent lower in interim 2016 when compared to interim 2015.

---

[6] ***.

[7] The Commission's current practice requires that relevant cost information associated with input purchases from related suppliers correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records. *See 1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37.

[8] In January-September 2016, Trelleborg's reported ***. This is due to Trelleborg beginning production in January 2016. In response to questions by staff, Trelleborg indicated these ***. Douglas Heffner, counsel to Trelleborg, email message to USTIC auditor, December 1, 2016.

SG&A expenses and operating profit or (loss)

Overall SG&A expense ratios (the ratio of total SG&A expenses to revenue) ranged from a period low of *** percent in 2013 to a period high of *** percent in interim 2015 and 2016 (see table VI-1). Total SG&A expenses, in absolute terms, decreased by *** percent from 2013 to 2015 and were *** percent lower in interim 2016 compared to interim 2015. Thus, the increase in the SG&A expense ratio is mainly attributable to the decrease in net sales value throughout the period.

Table VI-2 shows that company-specific SG&A ratios were at somewhat different levels but remained within a relatively narrow range. ***.[9]

Due to the relatively stable SG&A expense, the industry's operating profits followed the same pattern as gross profits with operating profit decreasing from 2013 to 2015 and being lower in interim 2016 than interim 2015. On a company-specific basis, *** companies reported an operating loss in 2013, *** reported an operating loss in 2014 and 2015, and *** reported an operating loss in interim 2016.

All other expenses and net income (or loss)

All other expenses (net of all other income) decreased from $*** in 2013 to $*** in 2015, and were lower in interim 2016 ($***) when compared to interim 2015 ($***).[10] By definition, items classified at this level in the income statement only affect net income or (loss).

Overall net income of the OTR tires industry followed the same pattern as gross and operating profits, decreasing from 2013 to 2015, and being lower in interim 2016 than in interim 2015.

Variance analysis

A variance analysis for the operations of U.S. producers of OTR tires is presented in table VI-3.[11] The information for this variance analysis is derived from table VI-1. The analysis illustrates that from 2013 to 2015, the decrease in operating income is primarily attributable to

---

[9] As mentioned previously, due to Trelleborg beginning production in January 2016, ***.

[10] ***.

[11] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

a higher unfavorable price variance despite a favorable cost/expense variance (i.e., net sales unit values decreased more than costs and expenses).

Table VI-3
OTR tires: Variance analysis on the operations of U.S. producers, between fiscal years and between partial year periods

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents capital expenditures and research and development ("R&D") expenses by firm. As shown in table VI-4, ***.[12] In January-September 2016, ***. Overall, capital expenditures decreased by *** percent from 2013 to 2015 and increased when comparing interim 2016 to interim 2015, due to the investment by ***.[13]

Table VI-4
OTR tires: Capital expenditures and research and development expenses of U.S. producers, 2013-15, January-September 2015, and January-September 2016

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producers' total assets,[14] their return on assets ("ROA"), and their asset turnover ratio (net sales/net assets). As reported by the industry, total assets decreased from $*** in 2013 to $*** in 2015.

Table VI-5
OTR tires: U.S. producers' total assets and return on investment, 2013-15

* * * * * * *

[12] ***.

[13] ***.

[14] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for OTR tires.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of OTR tires to describe any actual or potential negative effects of imports of OTR tires from China, India, or Sri Lanka on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-6 presents the number of firms reporting an impact in each category, while table VI-7 provides the narrative responses.

Four U.S. producers responded "yes" and one responded "no" to actual negative effects on investment.[15] Four of six U.S. producers responded "yes" and two responded "no" to actual negative effects on growth and development. Five U.S. producers responded "yes" and zero U.S. producers responded "no" to anticipated negative effects of imports.[16]

Table VI-6
OTR tires: Actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2013

Item	No	Yes
Negative effects on investment	1	4
Cancellation, postponement, or rejection of expansion projects		1
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		3
Return on specific investments negatively impacted		3
Other		1
Negative effects on investment differ by country	5	0
Negative effects on growth and development	2	4
Rejection of bank loans		0
Lowering of credit rating		1
Problem related to the issue of stocks or bonds		0
Ability to service debt		0
Other		3
Negative effects on growth differ by country	5	0
Anticipated negative effects of imports	0	5
Anticipated negative effects differ by country	4	1

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-7
OTR tires: Narratives relating to the actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2013

* * * * * * *

[15] ***.
[16] ***.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN INDIA

Overview

The Commission issued foreign producers'/exporters' questionnaires to 18 firms believed to produce and/or export OTR tires from India.[3] Useable responses to the Commission's questionnaire were received from 12 firms: Asian Tire Factory Ltd. ("Asian Tire"); Apollo Types, Ltd. ("Apollo"); ATC; Balkrishna; Goodyear India Limited ("Goodyear India"); Goodyear South Asia Tyres Pvt. Ltd. ("Goodyear South Asia"); KRM Tyres ("KRM"); Malhotra Rubbers, Ltd. ("Malhotra"); MRF Limited ("MRF"); Speedways Rubber Co. ("Speedways"); Superking Manufacturers Pvt, Ltd. ("Superking"); and TVS Srichakra, Ltd. ("TVS").[4] The Indian respondents' exports of OTR tires to the United States accounted for *** percent of the quantity of U.S. imports of OTR tires from India during 2015.[5] Table VII-1 presents information on the OTR tires operations of the responding producers/exporters in India.

[3] These firms were identified through a review of information submitted in the petition and contained in ***.

[4] Two firms, CEAT, Ltd. ("CEAT") and JK Tyre and Industries ("JK"), provided responses in the preliminary phase of the investigations, but did not provide a questionnaire response on the final phase of these investigations. These two firms accounted for approximately *** percent of reported production and *** percent of reported exports of OTR tires to the United States from January 2012 through September 2015. In the preliminary phase of these investigations, petitioners noted that they believed Indian respondents' data comprised about *** percent of OTR tire exports to the United States. Petitioners' postconference brief, answers to staff questions no. 2, p. 1.

[5] ***. Indian firms were asked to report their share of 2015 exports to the United States related to mounted OTR tires. Based on the responses of ***, exports from India of mounted OTR tires to the United States totaled *** in 2015.

Table VII-1
OTR tires: Summary data on firms in India, 2015

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Apollo	***	***	***	***	***	***
Asian Tire	***	***	***	***	***	***
ATC	***	***	***	***	***	***
Balkrishna	***	***	***	***	***	***
Goodyear India	***	***	***	***	***	***
Goodyear South Asia	***	***	***	***	***	***
KRM	***	***	***	***	***	***
Malhotra	***	***	***	***	***	***
MRF	***	***	***	***	***	***
Speedways	***	***	***	***	***	***
Superking	***	***	***	***	***	***
TVS Srichakra	***	***	***	***	***	***
Total	9,021	100.0	911	100.0	8,967	10.2

Source: Compiled from data submitted in response to Commission questionnaires.

Changes in operations

As presented in table VII-2, producers in India reported a number of changes in operations. Based on testimony at the hearing, Indian producers have increased capacity to produce OTR tires during the period of investigation.

Table VII-2
OTR tires: Reported changes in operations of producers in India, since January 1, 2013

* * * * * * *

Anticipated changes in operations

Three Indian firms reported that they anticipated any changes in the character of their operations relating to the production of OTR tires in the future. ***. ***. ***.

Operations of OTR tires producers in India

Table VII-3 presents information on the OTR tires operations of the responding producers/exporters in India. From 2013 to 2015, Indian OTR capacity increased by 10.0 percent, production increased by 8.5 percent, capacity utilization decreased by 1.1 percentage points, total shipments increased by 7.7 percent, and inventories increased by 44.1 percent. Indian OTR exports to the United States accounted for 8.8 percent of total shipments in 2013, 9.5 percent during 2014, 10.2 percent in 2015, and 9.3 percent during January-September 2016. Export markets other than the United States accounted for 39.6 percent of the Indian producers' OTR total shipments in 2013, 40.4 percent in 2014, 42.1 percent in 2015 and 40.5 percent in January-September 2016.[6] Home market shipments accounted for roughly half of total shipments between 2013 and 2015.[7]

Table VII-3
OTR tires: Data on industry in India, 2013-15, January to September 2015, January to September 2016, and projection calendar years 2016 and 2017

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2013	2014	2015	2015	2016	2016	2017
	Quantity (1,000 tires)						
Capacity	10,814	11,651	11,898	9,064	9,393	12,368	12,976
Production	8,315	9,421	9,021	6,859	7,630	10,179	10,933
End-of-period inventories	367	474	529	827	479	422	463
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	4,296	4,667	4,284	3,140	3,878	4,762	5,211
Export shipments to:							
United States	733	883	911	649	722	1,023	1,138
All other markets	3,297	3,766	3,771	2,901	3,127	4,186	4,477
Total exports	4,031	4,650	4,682	3,550	3,850	5,209	5,616
Total shipments	8,326	9,317	8,967	6,690	7,728	9,971	10,827

Table continued on next page.

[6] Balkrishna states that the Philippines, Vietnam, and Indonesia are consistently among the top export markets for Indian OTR tires that the Philippines, Malaysia, and Singapore have continually invested in infrastructure development and food production, driving the demand for OTR vehicles in the Asia-Pacific region. Indian respondent Balkrishna's prehearing brief, p. 30. Hearing transcript, p. 168 (Bansal).

[7] Balkrishna states that "similar to countries in the Asia-Pacific region, India is also projected to invest heavily in infrastructure development and food production." Indian respondent Balkrishna's prehearing brief, p. 31. Hearing transcript, p. 169 (Bansal).

Table VII-3--Continue
OTR tires: Data on industry in India, 2013-15, January to September 2015, January to September 2016, and projection calendar years 2016 and 2017

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2013	2014	2015	2015	2016	2016	2017
	Ratios and shares (percent)						
Capacity utilization	76.9	80.9	75.8	75.7	81.2	82.3	84.3
Inventories/production	4.4	5.0	5.9	9.0	4.7	4.1	4.2
Inventories/total shipments	4.4	5.1	5.9	9.3	4.6	4.2	4.3
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial shipments	***	***	***	***	***	***	***
Subtotal, home market shipments	51.6	50.1	47.8	46.9	50.2	47.8	48.1
Export shipments to:							
United States	8.8	9.5	10.2	9.7	9.3	10.3	10.5
All other markets	39.6	40.4	42.1	43.4	40.5	42.0	41.4
Total exports	48.4	49.9	52.2	53.1	49.8	52.2	51.9
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Alternative products

As shown in table VII-4, between *** percent of Indian production on the same equipment in each period was subject merchandise. The other products produced on the same machinery as subject merchandise consist of ***.

Table VII-4
OTR Tires: Indian producer's overall capacity and production on the same equipment as subject production, 2013-15, January to September 2015, January to September 2016

* * * * * * *

Exports

According to GTA, the top export markets for OTR tires produced in India during 2015 were the United States, Germany, and the Philippines (table VII-5). During 2015, the United States accounted for 12.1 percent of exports from India, Germany accounted for 5.6 percent of exports from India, and the Philippines accounted for 5.3 percent of exports from India.

Table VII-5
OTR tires: Indian exports of OTR tires, by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
India exports to the United States	422	700	769
India's exports to other major destination markets.--			
Germany	142	318	352
Philippines	362	393	334
Bangladesh	346	300	280
Vietnam	89	68	243
Indonesia	365	251	234
United Arab Emirates	380	296	229
Pakistan	221	177	224
France	81	198	204
All other destination markets	2,777	3,837	3,464
Total India exports	5,186	6,538	6,332
	Value (1,000 dollars)		
India's exports to the United States	93,109	155,065	141,162
India's exports to other major destination markets.--			
Germany	41,800	89,314	77,827
Philippines	73,148	69,529	58,625
Bangladesh	47,596	53,915	44,837
Vietnam	17,705	11,614	7,896
Indonesia	56,062	47,452	38,961
United Arab Emirates	77,089	55,018	40,296
Pakistan	35,830	31,904	38,494
France	23,817	55,185	43,423
All other destination markets	535,495	792,999	645,043
Total India exports	1,001,651	1,361,995	1,136,563

Table continued on next page.

Table VII-5--Continued
OTR tires: Indian exports of OTR tires, by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per tire)		
India exports to the United States	221	221	184
India's exports to other major destination markets.--			
Germany	295	281	221
Philippines	202	177	176
Bangladesh	137	180	160
Vietnam	199	171	32
Indonesia	154	189	166
United Arab Emirates	203	186	176
Pakistan	162	180	172
France	294	279	213
All other destination markets	193	207	186
Total India exports	193	208	179
	Share of quantity (percent)		
India's exports to the United States	8.1	10.7	12.1
India's exports to other major destination markets.--			
Germany	2.7	4.9	5.6
Philippines	7.0	6.0	5.3
Bangladesh	6.7	4.6	4.4
Vietnam	1.7	1.0	3.8
Indonesia	7.0	3.8	3.7
United Arab Emirates	7.3	4.5	3.6
Pakistan	4.3	2.7	3.5
France	1.6	3.0	3.2
All other destination markets	53.6	58.7	54.7
Total India exports	100.0	100.0	100.0

Source: Official India exports statistics under HTS subheading 4011.20, 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by India's Ministry of Commerce in the IHS/GTA database, accessed October 29, 2016.

THE INDUSTRY IN SRI LANKA

Overview

The Commission issued foreign producers'/exporters' questionnaires to eight firms believed to produce and/or export OTR tires from Sri Lanka.[8] Usable responses to the Commission's questionnaire were received from the following firms: Camso and Trelleborg Lanka.[9] The Sri Lankan respondents' exports to the United States accounted for *** percent of the quantity of U.S. imports of OTR tires from Sri Lanka during 2015.[10] Table VII-6 presents information on the OTR tires operations of the responding producers and exporters in Sri Lanka.

Table VII-6
OTR tires: Summary data on firms in Sri Lanka, 2015

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Camso	***	***	***	***	***	***
Trelleborg Lanka	***	***	***	***	***	***
Total	***	***	***	100.0	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Operations of OTR tires producers in Sri Lanka

Table VII-7 presents information on the OTR tires operations of the responding producers in Sri Lanka. From 2013 to 2015, capacity increased by *** percent, production decreased by *** percent, capacity utilization decreased by *** percentage points, total shipments decreased by *** percent and inventories increased by *** percent. In January-September 2016 compared to January-September 2015, capacity was higher by *** percent, production was lower by *** percent, capacity utilization was lower by *** percentage points, and total shipments were lower by *** percent and inventories were higher by *** percent.

[8] These firms were identified through a review of information submitted in the petition and contained in ***.

[9] The Commission also received a response from Global Rubber Industries Private Limited ("Global Rubber"). Global Rubber ***. Email to USITC staff, November 17, 2016.

[10] ***. Sri Lankan firms were asked to report their share of 2015 exports to the United States related to already mounted OTR tires. Based on the responses of ***, exports from Sri Lanka of mounted OTR tires to the United States totaled *** in 2015.

From 2013 to 2015, exports to the United States decreased by *** percent while exports to all other markets decreased by *** percent. In January-September 2016 compared to January-September 2015, Sri Lankan exports to the United States were lower by *** percent while exports to all other markets were higher by *** percent.

Table VII-7
OTR tires: Data on OTR tires in Sri Lanka, 2013-15, January to September 2015, January to September 2016, and calendar year projections for 2016 and 2017

* * * * * * *

Alternative products

Sri Lankan OTR tire producers reported *** of other products on the same machinery and equipment used for the production of OTR tires.

Exports

According to GTA (table VII-8), the top export markets for OTR tires produced in Sri Lanka during 2015 were the United States, Latvia, and Italy, which accounted for 32.1, 13.0, and 7.8 percent of total exports from Sri Lanka, respectively.

Table VII-8
OTR tires: Sri Lanka exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
Sri Lanka's exports to the United States	4	343	341
Sri Lanka's exports to other major destination markets.--			
Latvia	229	217	138
Italy	39	70	83
Germany	42	65	66
France	32	36	52
United Kingdom	6	30	37
Singapore	48	58	36
Sweden	32	32	35
India	52	46	33
All other destination markets	187	325	246
Total Sri Lankan exports	669	1,222	1,065

Table continued on next page.

Table VII-8--Continued
OTR tires: Sri Lanka exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Value (1,000 dollars)		
Sri Lanka's exports to the United States	142	51,736	48,265
Sri Lanka's exports to other major destination markets.--			
Latvia	5,502	4,884	2,578
Italy	2,835	5,787	4,628
Germany	3,723	6,809	4,400
France	1,869	2,751	2,864
United Kingdom	301	3,391	3,556
Singapore	4,715	4,438	2,824
Sweden	1,686	1,902	1,325
India	4,870	4,208	3,448
All other destination markets	12,187	31,699	26,347
Total Sri Lankan exports	37,830	117,605	100,235
	Unit value (dollars per tire)		
Sri Lanka's exports to the United States	39	151	141
Sri Lanka's exports to other major destination markets.--			
Latvia	24	23	19
Italy	72	83	56
Germany	88	105	67
France	59	76	56
United Kingdom	54	113	97
Singapore	99	77	79
Sweden	52	59	38
India	94	91	105
All other destination markets	65	98	107
Total Sri Lankan exports	57	96	94
	Share of quantity (percent)		
Sri Lanka's exports to the United States	0.5	28.1	32.1
Sri Lanka's exports to other major destination markets.--			
Latvia	34.2	17.8	13.0
Italy	5.9	5.7	7.8
Germany	6.3	5.3	6.2
France	4.7	3.0	4.8
United Kingdom	0.8	2.5	3.4
Singapore	7.1	4.7	3.3
Sweden	4.8	2.6	3.2
India	7.7	3.8	3.1
All other destination markets	27.9	26.6	23.1
Total Sri Lankan exports	100.0	100.0	100.0

Source: Official Sri Lanka exports statistics under HTS subheading 4011.20, 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by Sri Lanka's Ministry of Commerce in the IHS/GTA database, accessed October 29, 2016.

Table VII-9 presents summary data on OTR tires produced in subject countries. Between 2013 and 2015, capacity for OTR producers in India and Sri Lanka increased by *** percent; production increased by *** percent; and capacity utilization decreased by *** percentage points. Export shipments to the United States increased by *** percent, while export shipments to all other markets increased by *** percent between 2013 and 2015.

Table VII-9
OTR tires: Data on OTR tires in subject countries (India and Sri Lanka), 2013-15, January to September 2015, and January to September 2016 and projection calendar years 2016 and 2017

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-10 presents data on U.S. importers' reported inventories of OTR tires.

Table VII-10
OTR tires: U.S. importers' end-of-period inventories of imports of OTR tires by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

ARRANGED IMPORTS

Table VII-11 presents data on U.S. importers' arranged imports from October 2016 to September 2017.

Table VII-11
OTR tires: Arranged imports, October 2016 through September 2017

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Turkey has had an antidumping duty order in effect on imports of new pneumatic tires from China since 2005, and Brazil initiated an antidumping investigation on imports of agricultural tires from China in 2015.[11]

[11] It is not clear from the available information whether subject mounted tires from China are within the scope of either the Turkish order or the Brazilian investigation. Petition, p. I-61 and exh. I-35.

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[12]

The data of table VII-12 detail global export values of certain unmounted OTR exports by subject and nonsubject countries, together with exports from the United States. Global exports decreased by 17.7 percent between 2013 and 2015. China, the United States, and Japan are the top three exporting countries in order of importance, and in 2015 accounted for 45.8 percent of the global total shipment value of $30.3 billion. China increased its share of total global exports by 2.0 percentage points, while Japan decreased its share of total global exports by 1.8 percentage points between 2013 and 2015. India's market share increased by 1.0 percentage point ($1.0 billion to $1.1 billion) and Sri Lanka increased its market share by 0.2 percentage points ($38 million to $100 million).

[12] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

Table VII-12
OTR tires: Global exports by exporting countries, 2013-15

Item	Calendar year		
	2013	2014	2015
	Value (1,000 dollars)		
United States	3,125,873	3,165,332	2,933,738
Subject exporters.--			
India	1,001,651	1,361,995	1,136,563
Sri Lanka	37,830	117,605	100,235
All subject exporters	1,039,481	1,479,600	1,236,799
All other major exporting countries.--			
China	9,111,308	9,489,277	8,106,193
Japan	4,098,465	3,518,624	2,823,456
Thailand	1,229,620	1,194,896	1,125,111
Slovakia	1,038,905	1,073,808	1,121,022
Germany	1,514,828	1,449,815	1,118,015
Spain	1,536,043	1,406,803	1,100,551
Canada	1,245,804	1,192,281	1,017,290
France	1,413,967	1,252,944	995,781
South Korea	1,437,892	1,295,607	988,311
Poland	1,097,097	1,021,690	838,509
All other exporters	8,912,608	8,155,103	6,879,338
Total global exports	36,801,559	35,695,959	30,284,488
	Share of value (percent)		
United States	8.5	8.9	9.7
Subject exporters.--			
India	2.7	3.8	3.8
Sri Lanka	0.1	0.3	0.3
All subject exporters	2.8	4.1	4.1
All other major exporting countries.--			
China	24.8	26.6	26.8
Japan	11.1	9.9	9.3
Thailand	3.3	3.3	3.7
Slovakia	2.8	3.0	3.7
Germany	4.1	4.1	3.7
Spain	4.2	3.9	3.6
Canada	3.4	3.3	3.4
France	3.8	3.5	3.3
South Korea	3.9	3.6	3.3
Poland	3.0	2.9	2.8
All other exporting countries.	24.2	22.8	22.7
Total global exports	100.0	100.0	100.0

Note.-- Note.--Quantity data are not reported since there is no consistent unit used across reporting countries. Some report in tires, others in weight measures such as kilograms. Estimates used for exporters that have not yet reported their 2015 exports to the GTA.

Source: Official exports statistics under HTS subheadings 4011.20, 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by national statistical authorities in the IHS/GTA database, accessed October 29, 2016.

The global tire industry is made up of large multinational producers that are active throughout the world, with plants located in both the developed and developing countries. Strategic supplies of natural rubber that are integral to the production of certain OTR tires are situated near the equator in many of the Asian countries, including Malaysia, Indonesia, Thailand, India, China, and Sri Lanka; there is also significant production in Brazil and several West African countries.[13] Tire plants are also found in all of these countries. Large global tire plants in many regions of the world have the capability to produce a variety of tires, including passenger car, truck and bus, and certain OTR tires, depending on logistics, demand, and affiliation. The most recent global new tire sales data are presented in table VII-13.

Global new tire sales figures for all types of tires as reported by about 75 international firms reflect an approximate 11 percent decline in overall value of sales, from $179.9 billion in 2014 to $160.1 billion in 2015.[14] The 15 leading firms in tire sales in 2015 accounted for about 72 percent of the global total. These sales were led by Bridgestone of Japan, Michelin of France, and Goodyear of the United States. These firms' sales in aggregate were reported at about $61 billion or 53 percent of the top 15 leading global tire manufacturer sales, and 38.1 percent of the global total. The next largest producers were Continental of Germany, Pirelli of Italy, Sumitomo of Japan, and Hankook of Korea, which accounted for another $29 billion or about 25.2 percent of the value of sales by the top 15 tire producers, and 18.2 percent of the global total.

[13] International Rubber Study Group (IRSG) data, 2015.

[14] The value of the U.S. dollar, or more precisely, the shifting value of global currencies against the dollar, was said to play as big a role in the 2014-15 decline as the companies' performances. "Value of U.S. dollar plays role in world rankings," Rubber and Plastics News, September 5, 2016, pp. 15-18.

Table VII-13
OTR tires: Global leaders in new tire sales of all types by firm, 2014-15

2015 Rank	Firm and headquarters location	Estimated value of tire sales ($ million)		Share of global sales (percent)
		2014	2015	2015
1	Bridgestone Corp., Tokyo, Japan [1]	26,045	24,045	15.0
2	Michelin, Clermont-Ferrand, France	24,669	22,130	13.8
3	Goodyear Tire & Rubber Co., Akron, OH [2]	16,355	14,800	9.2
4	Continental A.G., Hanover, Germany	11,875	10,780	6.7
5	Pirelli & C. S.p.A., Milan, Italy [3]	7,992	6,934	4.3
6	Sumitomo Rubber Industries Ltd., Kobe, Japan [4]	6,918	6,051	3.8
7	Hankook Tire Co. Ltd., Seoul, South Korea	5,595	5,320	3.3
8	Yokohama Rubber Co. Ltd., Tokyo, Japan [5 6]	4,703	4,153	2.6
9	Maxxis International/Cheng Shin Rubber, Yuanlin, Taiwan	4,441	3,847	2.4
10	Zhongce Rubber Group Co. Ltd., Hangzhou, China	4,119	3,395	2.1
11	Giti Tire Pte. Ltd., Singapore [7]	3,474,	3,131	2.0
12	Cooper Tire & Rubber Co., Findlay, OH	3,425	2,973	1.9
13	Toyo Tire & Rubber Co. Ltd., Osaka, Japan	2,959	2,690	1.7
14	Kumho Tire Co. Inc., Seoul, South Korea [5]	3,878	2,663	1.7
15	Triangle Group Co., Ltd., Shandong, China	2,870	2,438	1.5
	Subtotal	125,843	115,350	72.0
	All others	54,057	44,785	28.0
	Total	179,900	160,135	100.0

[1] Bridgestone owns 16 percent of Nokian Tyres P.L.C. (No. 19 on 2015 ranking) and 44 percent of BRISA Bridgestone (No. 31).

[2] Sold Tonawanda, N.Y., tire plant to Sumitomo Rubber Industries Ltd., 4th quarter 2015; acquired rights to Dunlop brand in North America and Europe as part of dissolution of global alliance with Sumitomo.

[3] Pirelli acquired by China National Chemical Corp., 2nd quarter 2016; spinning off commercial vehicle tire business.

[4] Sumitomo acquired Tonawanda, N.Y., tire plant, Dunlop motorcycle tire brand rights in North America from Goodyear, 4th quarter 2015, as part of dissolution of global alliance with Goodyear.

[5] Yokohama and Kumho (No. 14) are participating in a joint R&D agreement.

[6] Yokohama acquired Alliance Tire Group (No. 41), 2nd quarter 2016; $529 million in annual sales.

[7] Giti's 2013-15 sales include revenue exceeding ($1 billlion) of P.T. Gajah Tunggal of Indonesia, in which Giti owns 49.7 percent stake; Michelin also owns a 10 percent share of Gajah Tunggal.

Note.-- Where possible, non-tire revenue from company-owned retail operations is excluded.

Source: Rubber and Plastics News, September 5, 2016.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
81 FR 2236 January 15, 2016	*Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-01-15/pdf/2016-00618.pdf
81 FR 7073 February 10, 2016	*Certain New Pneumatic Off-the-Road-Tires from China and India; Initiation of Less-Than-Fair-Value Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-10/pdf/2016-02701.pdf
81 FR 7067 February 10, 2016	*Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka; Initiation of Countervailing Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-10/pdf/2016-02713.pdf
81 FR 10663, March 1, 2016	*Certain New Pneumatic Off-the-Road-Tires From China, India, and Sri Lanka*	https://www.gpo.gov/fdsys/pkg/FR-2016-03-01/pdf/2016-04400.pdf
81 FR 39900, June 20, 2016	*Certain New Pneumatic Off-the-Road Tires From Sri Lanka: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, and Alignment of Final Determination With Final Antidumping Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-06-20/pdf/2016-14538.pdf
81 FR 39903, June 20, 2016	*Certain New Pneumatic Off-the-Road Tires From India: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-06-20/pdf/2016-14537.pdf

81 FR 55431, August 19, 2016	*Certain New Pneumatic Off-the-Road Tires from India: Negative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-08-19/pdf/2016-19867.pdf
81 FR 62760, September 12, 2016	*Certain New Pneumatic Off-the-Road Tires From India and Sri Lanka; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-09-12/pdf/2016-21847.pdf
82 FR 2949, January 10, 2017	*Certain New Pneumatic Off-The-Road Tires from Sri Lanka: Final Affirmative Countervailing Duty Determination, and Final Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2017-01-10/pdf/2017-00266.pdf
82 FR 2956, January 10, 2017	*Countervailing Duty Investigation of Certain New Pneumatic Off-the-Road tires from India: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part*	https://www.gpo.gov/fdsys/pkg/FR-2017-01-10/pdf/2017-00264.pdf
82 FR 4848, January 17, 2017	*Certain New Pneumatic Off-the-Road Tires From India: Final Negative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2017-01-17/pdf/2017-00869.pdf
82 FR 9056, February 2, 2017	*Certain New Pneumatic Off-the-Road Tires From India: Affirmative Amended Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2017-02-02/pdf/2017-02325.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Certain New Pneumatic Off-the-Road-Tires from India and Sri Lanka
Inv. Nos.:	701-TA-552-553 and 731-TA-1308 (Final)
Date and Time:	January 4, 2017 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (Room 101), 500 E Street, S.W., Washington, DC.

OPENING REMARKS:

Petitioners (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Eric C. Emerson**, Steptoe & Johnson LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

Titan Tire Corporation ("Titan")
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW")

Maurice M. Taylor, Jr., Chairman, Titan International, Inc
Paul G. Reitz, President *and* Chief Executive Officer, Titan International, Inc.
Paul Hawkins, Vice President, Sales, Titan International, Inc.
Greg Schoessler, Senior Controller, Titan International, Inc.
Dennis Nutter, Field Sales Manager, Titan
Lester Brewer, General Manager, Des Moines, Titan
Mark Carpenter, Owner and President, Jerry's Tire
Stan Johnson, International Secretary-Treasurer, USW

Terence P. Stewart)
Elizabeth J. Drake) – OF COUNSEL
Jennifer M. Smith)
Leah N. Scarpelli)

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Steptoe & Johnson LLP
Washington, DC
on behalf of

ATC Tires Private Ltd. ("ATC")
Alliance Tire Americas, Inc. ("ATA")

James Clark, President, ATA
Domenic Mazzola, Vice President, Engineering/OE Sales, ATA
Bob Arnold, Vice President, Aftermarket Sales, ATA

Eric C. Emerson)
Thomas J. Trendl) – OF COUNSEL
Gregory S. McCue)

Arent Fox LLP
Washington, DC
on behalf of

Balkrishna Industries Limited ("BKT")

B.K. Bansal, Director (Finance), BKT
Minoo Mehta, President, BKT Tires Inc. and BKT USA Inc.
Brian Robinson, Vice President, BKT Tires Inc. and BKT USA Inc.

Matthew M. Nolan)
John M. Gurley) – OF COUNSEL
Aman Kakar)

Baker & McKenzie LLP
Washington, DC
on behalf of

Camso USA, Inc.
Camso Loadstar (Private) Limited
(collectively "Camso")

Robert Bulger, Vice President *and* General Manager, Camso USA, Inc.
Catherine Conides, Vice President, Legal Affairs and General Counsel, Camso Inc.
Thomas Van Ormer, Director of Purchasing, East Bay Tire Co.

Kevin M. O'Brien)
) – OF COUNSEL
Christine M. Streatfeild)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Elizabeth J. Drake,** Stewart and Stewart)
Respondents (**Matthew M. Nolan**, Arent Fox LLP *and* **Kevin M. O'Brien,** Baker & McKenzie LLP)

APPENDIX C

SUMMARY DATA

Table C-1
OTR tires: Summary data concerning the U.S. market, 2013-15, January to September 2015, and January to September 2016
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sept
	2013	2014	2015	2015	2016	2013-15	2013-14	2014-15	2015-16
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
India	***	***	***	***	***	***	***	***	***
Sri Lanka	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
India	***	***	***	***	***	***	***	***	***
Sri Lanka	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
India:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Sri Lanka:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	1,007	1,163	1,298	1,005	990	28.9	15.4	11.6	(1.5)
Value	241,490	268,992	279,796	218,843	203,089	15.9	11.4	4.0	(7.2)
Unit value	$239.72	$231.29	$215.53	$217.76	$205.11	(10.1)	(3.5)	(6.8)	(5.8)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other source:									
Quantity	1,429	1,479	1,413	1,092	1,119	(1.2)	3.4	(4.4)	2.5
Value	826,850	920,582	797,082	615,408	573,153	(3.6)	11.3	(13.4)	(6.9)
Unit value	$578.42	$622.60	$564.13	$563.81	$512.04	(2.5)	7.6	(9.4)	(9.2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	2,437	2,642	2,711	2,097	2,109	11.3	8.4	2.6	0.6
Value	1,068,340	1,189,574	1,076,878	834,251	776,242	0.8	11.3	(9.5)	(7.0)
Unit value	$438.40	$450.32	$397.21	$397.93	$367.98	(9.4)	2.7	(11.8)	(7.5)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars)	***	***	***	***	***	***	***	***	***
Productivity (tires per 1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled data submitted in response to Commission questionnaires. .

Table C-2
OTR tires: Summary data concerning the U.S. market excluding one U.S. producer, 2013-15, January to September 2015, and January to September 2016
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sept
	2013	2014	2015	2015	2016	2013-15	2013-14	2014-15	2015-16
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers	***	***	***	***	***	***	***	***	***
Excluded producers	***	***	***	***	***	***	***	***	***
All U.S. producers	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
India	***	***	***	***	***	***	***	***	***
Sri Lanka	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers	***	***	***	***	***	***	***	***	***
Excluded producers	***	***	***	***	***	***	***	***	***
All U.S. producers	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
India	***	***	***	***	***	***	***	***	***
Sri Lanka	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
India:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Sri Lanka:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	1,007	1,163	1,298	1,005	990	28.9	15.4	11.6	(1.5)
Value	241,490	268,992	279,796	218,843	203,089	15.9	11.4	4.0	(7.2)
Unit value	$239.72	$231.29	$215.53	$217.76	$205.11	(10.1)	(3.5)	(6.8)	(5.8)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other source:									
Quantity	1,429	1,479	1,413	1,092	1,119	(1.2)	3.4	(4.4)	2.5
Value	826,850	920,582	797,082	615,408	573,153	(3.6)	11.3	(13.4)	(6.9)
Unit value	$578.42	$622.60	$564.13	$563.81	$512.04	(2.5)	7.6	(9.4)	(9.2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	2,437	2,642	2,711	2,097	2,109	11.3	8.4	2.6	0.6
Value	1,068,340	1,189,574	1,076,878	834,251	776,242	0.8	11.3	(9.5)	(7.0)
Unit value	$438.40	$450.32	$397.21	$397.93	$367.98	(9.4)	2.7	(11.8)	(7.5)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars)	***	***	***	***	***	***	***	***	***
Productivity (tires per 1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled data submitted in response to Commission questionnaires. .

APPENDIX D

COMMERCIAL U.S. SHIPMENTS BY TYPE

Table D-1

OTR tires: U.S. producers commercial U.S. shipments by type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-2

OTR tires: U.S. importers' commercial U.S. shipments of imports from India by type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-3

OTR tires: U.S. importers' commercial U.S. shipments of imports from Sri Lanka by type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-4

OTR tires: U.S. importers' commercial U.S. shipments of imports from subject sources by type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-5

OTR tires: U.S. importers' commercial U.S. shipments of imports from nonsubject sources by type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-6

OTR tires: U.S. importers' commercial U.S. shipments of imports from all import sources by type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-7

OTR tires: Total commercially sold OTR tires in the US market by product type, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-8

OTR tires: Agriculture OEM radial tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-9

OTR tires: Agriculture OEM bias tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-10

OTR tires: Agriculture OEM tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-11

OTR tires: Agriculture aftermarket radial tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-12

OTR tires: Agriculture aftermarket bias tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-13

OTR tires: Agriculture aftermarket tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-14

OTR tires: Agriculture tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-15

OTR tires: Construction/Industrial OEM below 25" tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-16

OTR tires: Construction/Industrial OEM above 25" tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-17

OTR tires: Construction/Industrial OEM tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-18
OTR tires: Construction/Industrial aftermarket below 25" tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-19
OTR tires: Construction/Industrial aftermarket above 25" tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-20
OTR tires: Construction/Industrial aftermarket tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-21
OTR tires: Construction/Industrial tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-22
OTR tires: Mining OEM tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-23
OTR tires: Mining aftermarket tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-24
OTR tires: Mining tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-25
OTR tires: Other OEM commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-26
OTR tires: Other aftermarket commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-27
OTR tires: Other tires commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-28
OTR tires: All in-scope commercially sold in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-29
OTR tires: All in-scope commercially sold to OEMs in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table D-30
OTR tires: All in-scope commercially sold to aftermarket in the US market by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

APPENDIX E

NONSUBJECT COUNTRY PRICE DATA

Fourteen importers reported price data for nonsubject product from China. Data were reported for all eight pricing products.[1] Price data reported by these firms accounted for *** of U.S. commercial shipments of OTR tire shipments from all other sources (including China).[2] These price items and accompanying data are comparable to those presented in tables V-2 through V-10. Price and quantity data for China E-1 to E-8 and in figures E-1 to E-8 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data for shipments to both the OEM market and aftermarket, prices for product imported from China were lower than prices for U.S.-produced product in 94 instances and higher in 14 instances. In comparing nonsubject country pricing data with subject country pricing data for shipments to both the OEM market and aftermarket, prices for product imported from China were lower than prices for product imported from India in 52 instances and higher in 59 instances, and lower in than prices from product imported from Sri Lanka in 37 instances and higher in 14 instances. A summary of margins of underselling and overselling is presented in table E-9.

Table E-1

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table E-2

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table E-3

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table E-4

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

[1] However, staff removed anomalous data for pricing products 7 and 8.See staff email to ***, December 7, 2016.

[2] No shipment data were collected for OTR tires from China.

Table E-5

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table E-6

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table E-7

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Table E-8

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 8 and margins of underselling/(overselling), by quarters, January 2013-September 2016

* * * * * * *

Figure E-1

OTR tires: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2013-September 2016

* * * * * * *

Figure E-2

OTR tires: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2013-September 2016

* * * * * * *

Figure E-3

OTR tires: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2013-September 2016

* * * * * * *

Figure E-4

OTR tires: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2013-September 2016

* * * * * * *

Figure E-5

OTR tires: Weighted-average prices and quantities of domestic and imported product 5, by quarters, January 2013-September 2016

* * * * * * *

Figure E-6

OTR tires: Weighted-average prices and quantities of domestic and imported product 6, by quarters, January 2013-September 2016

* * * * * * *

Figure E-7

OTR tires: Weighted-average prices and quantities of domestic and imported product 7, by quarters, January 2013-September 2016

* * * * * * *

Figure E-8

OTR tires: Weighted-average prices and quantities of domestic and imported product 8, by quarters, January 2013-September 2016

* * * * * * *

Table E-9

OTR tires: Summary of underselling/(overselling), by country, January 2013-September 2016

Comparison	Total number of comparisons	Nonsubject lower than the comparison source		Nonsubject higher than the comparison source	
		Number of quarters	Quantity (tires)	Number of quarters	Quantity (tires)
Nonsubject vs United States.--					
China vs United States OEM	34	20	***	14	***
China vs United States Aftermarket	74	74	***	0	0
Nonsubject vs subject.--					
China vs. India OEM	23	8	***	15	***
China vs Sri Lanka OEM	7	7	***	0	0
China vs. India Aftermarket	88	44	***	44	***
China vs. Sri Lanka Aftermarket	44	30	***	14	***

Note.--Subtotal quantity for nonsubject countries is not reported to avoid potential double-counting.

Source: Compiled from data submitted in response to Commission questionnaires.