

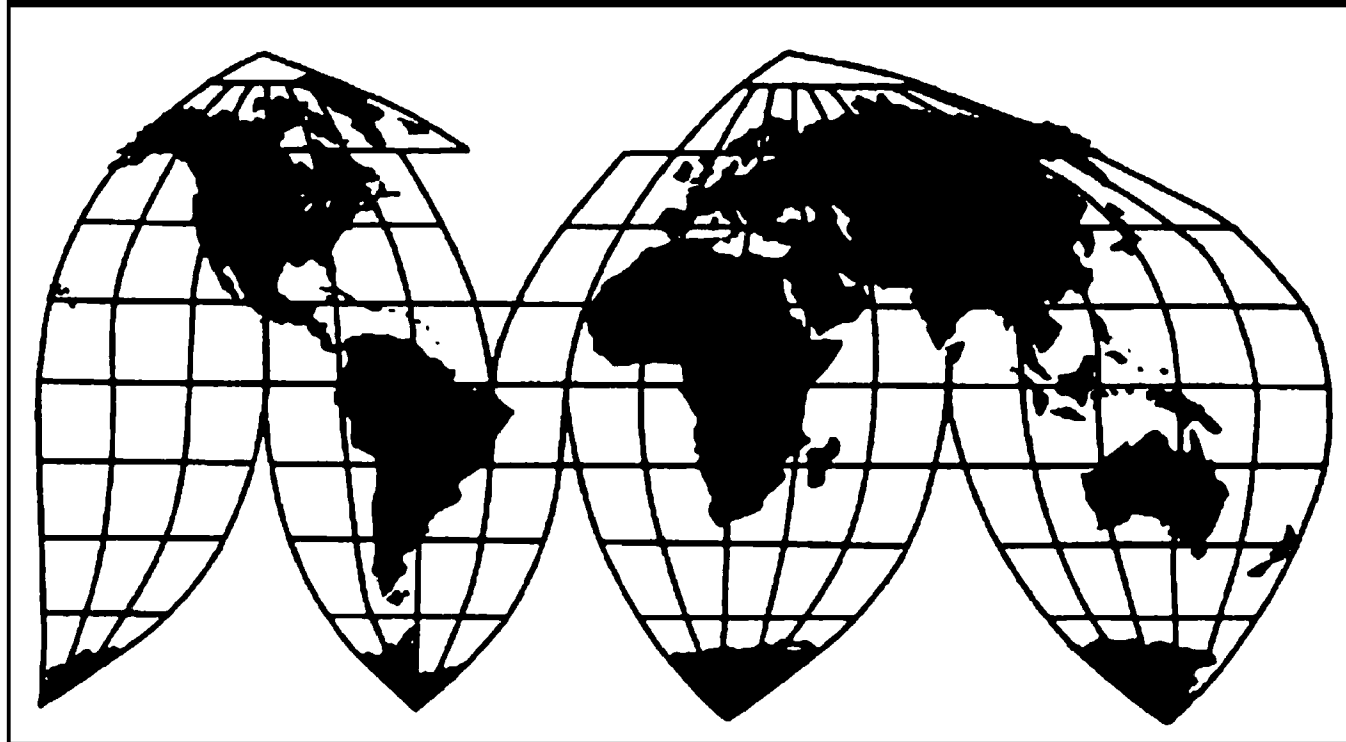
# **Passenger Vehicle and Light Truck Tires from China**

Investigation Nos. 701-TA-522 and 731-TA-1258 (Review)

**Publication 5158**

**February 2021**

**U.S. International Trade Commission**



Washington, DC 20436

# **U.S. International Trade Commission**

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**Alejandro Orozco, Investigator**  
**Raymond Cantrell, Industry Analyst**  
**Katherine Stubblefield, Industry Analyst**  
**Pamela Davis, Economist**  
**David Goldfine, Attorney**  
**Lawrence Jones, Supervisory Investigator**

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

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## **UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation Nos. 701-TA-522 and 731-TA-1258 (Review)

Passenger Vehicle and Light Truck Tires from China

### **DETERMINATIONS**

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping and countervailing duty orders on passenger vehicle and light truck tires from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup>

### **BACKGROUND**

The Commission instituted these reviews on July 1, 2020 (85 FR 39581) and determined on October 5, 2020 that it would conduct expedited reviews (86 FR 2456, January 12, 2021).

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<sup>1</sup> The record is defined in § 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).

<sup>2</sup> Commissioner David S. Johanson dissenting.





## Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping and countervailing duty orders on passenger vehicle and light truck (“PVL” tires from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. Background

*Original Investigations.* The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (“USW” or “domestic interested party”), which represents workers producing PVL tires in the United States, filed antidumping and countervailing petitions concerning PVL tires from China on June 3, 2014. The Commission determined on August 3, 2015, that a domestic industry was materially injured by reason of PVL tires from China sold at less than fair value and subsidized by the government of China.<sup>2</sup> Commerce issued antidumping and countervailing duty orders on August 10, 2015.<sup>3</sup> After being challenged on appeal by Chinese respondents, the Commission’s original injury determinations were affirmed by the U.S. Court of International Trade and the U.S. Court of Appeals for the Federal Circuit.<sup>4</sup>

*Current Reviews.* The Commission instituted these first five-year reviews of the antidumping and countervailing duty orders on PVL tires from China on July 1, 2020.<sup>5</sup> USW filed the sole response to the notice of institution. On October 5, 2020, the Commission found

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<sup>1</sup> Commissioner David S. Johanson determines that revocation of the antidumping and countervailing duty orders on PVL tires from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Separate and Dissenting Views of Commissioner David S. Johanson. He joins sections I-III.B.2. of the majority views.

<sup>2</sup> *Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 & 731-TA-1258 (Final), USITC Pub. 4545 (Aug. 2015) (“*Original Determinations*, USITC Pub. 4545”). The Commission’s affirmative determinations reflect the findings of then-Vice Chairman Pinkert and Commissioners Williamson and Schmidlein. Then-Chairman Broadbent and Commissioners Johanson and Kieff reached negative determinations. Pursuant to 19 U.S.C. § 1677(11), an evenly divided vote is deemed an affirmative determination by the Commission.

<sup>3</sup> 80 Fed. Reg. 47000 (Aug. 6, 2015), as amended by 80 Fed. Reg. 47902 (Aug. 10, 2015).

<sup>4</sup> *ITG Voma Corp. et al. v. United States International Trade Commission*, 253 F.Supp.3d 1339 (Ct. Int’l Trade, July 28, 2017), aff’d *ITG Voma et al. v. United States International Trade Commission*, 753 Fed. Appx. 919 (Fed. Cir., Feb. 19, 2019).

<sup>5</sup> 85 Fed. Reg. 39581 (July 1, 2020).

the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate and did not find any other circumstances that would warrant conducting full reviews. The Commission therefore determined that it would conduct expedited reviews.<sup>6</sup> USW filed final comments pursuant to Commission rule 207.62(b) on January 14, 2021.

U.S. industry data for these reviews are based on the information USW provided in its response to the notice of institution and information from the recent preliminary phase investigations in *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam*, Inv. Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary).<sup>7</sup> Fourteen firms accounted for all U.S. production of PVLT tires in 2019.<sup>8</sup> No U.S. importer or foreign producer/exporter participated in these reviews. U.S. import data are based on official import statistics and information from the original investigations.<sup>9</sup> Foreign industry data and related information are based on information from the original investigations, information from public sources including industry publications, and data USW provided.<sup>10</sup>

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<sup>6</sup> *Explanation of Commission Determination on Adequacy*, EDIS Doc. 723172 (Oct. 26, 2020). Commissioner Johanson voted for a full review.

<sup>7</sup> The confidential Commission Report from the preliminary phase of the investigations in PVLT Tires from Korea, Taiwan, Thailand, and Vietnam is part of the record in these expedited five-year reviews. *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam*, Inv. Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary), Confidential Report, INV-SS-079 (July 7, 2020) (“INV-SS-079, CR/PR”), EDIS Doc. 718975.

<sup>8</sup> INV-SS-079, CR/PR at I-4 & Table III-1. USW represents workers at five domestic producers of PVLT tires, which accounted for an estimated \*\*\* percent of domestic production of PVLT tires in 2019. *Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 & 731-TA-1258 (Review), Confidential Report (“CR/PR”) at Table I-1, INV-SS-113 (Sept. 22, 2020). As a union, USW represents workers engaged in the manufacturing of PVLT tires at certain plants owned by the five domestic producers of PVLT tires discussed above. USW estimates that the plants where it represents workers accounted for \*\*\* percent of domestic production of PVLT tires in 2019. CR/PR at Table I-1; USW’s Substantive Response to the Commission’s Notice of Institution at 20, (July 31, 2020) (“USW’s Response”); USW’s Comments Concerning Adequacy of Responses to the Notice of Institution at 4-5, (Sept. 14, 2020) (“USW’s Comments”).

<sup>9</sup> CR/PR at I-30-32 & Tables I-4-5.

<sup>10</sup> CR/PR at I-33-35.

## II. Domestic Like Product and Domestic Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>11</sup> 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 under this subtitle.”<sup>12</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original determinations and consider whether the record indicates any reason to revisit the prior findings.<sup>13</sup>

Commerce has defined the scope of the antidumping and countervailing duty orders in these five-year reviews as follows:

{P}assenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this investigation may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

*Prefix designations:*

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

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

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<sup>11</sup> 19 U.S.C. § 1677(4)(A).

<sup>12</sup> 19 U.S.C. § 1677(10); *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); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>13</sup> *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

*Suffix letter designations:*

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

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix 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 passenger car section or light truck section of the *Tire and Rim Association Year Book*, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.<sup>14</sup>

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<sup>14</sup> *Certain Passenger and Light Truck Tires from the People’s Republic of China and the Socialist Republic of China: Final Results of Expedited First Sunset Reviews of Antidumping Duty Order*, 85 Fed. Reg. 70128, 70129 (Dep’t of Comm. Nov. 4, 2020); *Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China: Final Results of Expedited First Sunset Reviews of Countervailing Duty Order*, 85 Fed. Reg. 71313, 71314 (Dep’t of Comm. Nov. 9, 2020); *Commerce Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Review of the Antidumping Duty Order on Certain Passenger and Light Truck Tires from the People’s Republic of China*, A-570-016 (Oct. 29, 2020); *Commerce Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Review of the Countervailing Duty Order on Certain Passenger and Light Truck Tires from the People’s Republic of China*, A-570-017 (Oct. 29, 2020). Commerce expressly excluded the following types of tires from the scope of the investigations:

(1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation; (2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the *Tire and Rim Association Year Book*; (3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; (4) non-pneumatic tires, such as solid rubber tires; (5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics: (a) the size designation and load index combination molded on the tire’s sidewall are listed in Table PCT- 1B (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) of the *Tire and Rim Association Year Book*; (b) the designation “T” is molded into the tire’s sidewall as part of the size designation, and (c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the *Tire and Rim Association Year Book*, and the rated speed is 81 MPH or a “M” rating; (6) tires designed and

(Continued...)

Passenger vehicle tires are designed for use on standard-type passenger cars and associated vehicles such as sport utility vehicles (“SUVs”) and other multipurpose passenger vehicles, including light trucks, whereas light truck tires are those usually used specifically on light trucks or multipurpose passenger vehicles.<sup>15</sup> All PVLT tires sold in the U.S. market must meet the same National Highway Traffic Safety Administration (“NHTSA”) standards and comply with NHTSA and United States Department of Transportation (“DOT”) marking requirements.<sup>16</sup> PVLT tires are used by original equipment manufacturers (“OEMs”) for new vehicles or are used

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marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions: (a) The size designation molded on the tire’s sidewall is listed in the ST sections of the *Tire and Rim Association Year Book*; (b) the designation “ST” is molded into the tire’s sidewall as part of the size designation; (c) the tire incorporates a warning, prominently molded on the sidewall that the tire is “For Trailer Service Only” or “For Trailer Use Only”; (d) the load index molded on the tire’s sidewall meets or exceeds those load indexes listed in the *Tire and Rim Association Year Book* for the relevant ST tire size, and (e) either (i) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the *Tire and Rim Association Year Book*, and the rated speed does not exceed 81 MPH or an “M” rating; or (ii) the tire’s speed rating molded on the sidewall is 87 MPH or an “N” rating, and in either case the tire’s maximum pressure and maximum load limit are molded on the sidewall and either (1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the *Tire and Rim Association Year Book*; or (2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the *Tire and Rim Association Year Book*, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the *Tire and Rim Association Year Book*; (7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics: (a) The size designation and load index combination molded on the tire’s sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the *Tire and Rim Association Year Book*; (b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is “Not For Highway Service” or “Not for Highway Use”; (c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the *Tire and Rim Association Year Book*, and the rated speed does not exceed 55 MPH or a “G” rating; and (d) the tire features a recognizable off-road tread design.

Commerce explained that the products covered by these investigations are currently classified under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 4011.10.10.10; 4011.10.10.20; 4011.10.10.30; 4011.10.10.40; 4011.10.10.50; 4011.10.10.60; 4011.10.10.70; and 4011.10.50.00; 4011.20.10.05; and 4011.20.50.10 and may also enter under 4011.99.45.10, 4011.99.45.50; 4011.99.85.10; 4011.99.85.50; 8708.70.45.45; 8708.70.45.60; 8708.70.60.30; 8708.70.60.45; and 8708.70.60.60, but that the written description of the subject merchandise is dispositive. *Id.*

<sup>15</sup> CR/PR at I-13.

<sup>16</sup> CR/PR at I-13-18.

by consumers as replacements on used vehicles; each are subject to the same motor vehicle standards for safety, performance, quality, grade, and marking.<sup>17</sup> In the U.S. market, PVLT tires typically range from 13 to 26 inches in rim diameter and are principally of tubeless, steel-belted, radial-ply design.<sup>18</sup>

In the original investigations, the Commission found a single domestic like product coextensive with Commerce's scope.<sup>19</sup> The parties did not dispute the definition of the domestic like product in either the preliminary phase or final phase of the investigations.<sup>20</sup>

In these current five-year reviews, USW states that it agrees with the Commission's definition of the domestic like product in the original investigations.<sup>21</sup> The record of these expedited reviews does not contain information that calls into question the Commission's domestic like product definition in the original investigations.<sup>22</sup> Therefore, we define a single domestic like product as consisting of PVLT tires, coextensive with the scope of the orders under review.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry 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."<sup>23</sup> 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.

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<sup>17</sup> CR/PR at I-13.

<sup>18</sup> CR/PR at I-13.

<sup>19</sup> *Original Determinations*, USITC Pub. 4545 at 7-9. In finding a single domestic like product, the Commission emphasized that all domestic PVLT tires corresponding to those articles in the scope were produced using the same basic raw materials, had the same basic components, and had the same end uses. *Id.* at 8. While acknowledging that in-scope PVLT tires varied in size and other features, the Commission found that there did not appear to be any clear dividing lines among domestic PVLT tires corresponding to those in the scope. *Id.*

<sup>20</sup> *Original Determinations*, USITC Pub. 4545 at 8-9; *Certain Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 & 731-TA-1258, USITC Pub. 4482 at 7 (Preliminary) (Aug. 2014).

<sup>21</sup> USW Response at 22.

<sup>22</sup> *See generally* CR/PR at I-13-24.

<sup>23</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

In the original investigations, the Commission found that \*\*\* firms qualified as related parties by virtue of their imports of subject merchandise during the period of investigation.<sup>24</sup> The Commission found that appropriate circumstances did not exist to exclude any of the producers from the domestic industry except for one firm, (\*\*\*).<sup>25</sup> Accordingly, the Commission defined the domestic industry as all U.S. producers of PVLT tires except \*\*\*.<sup>26</sup>

In the current reviews, USW takes no position as to whether the Commission should find that appropriate circumstances exist to exclude any firms from the domestic industry pursuant to the related parties provision.<sup>27</sup> Although there is information in the current record indicating that nine firms are subject to the related parties provision since they imported subject merchandise in 2019, the ratio of subject imports to domestic production for each of these firms in 2019 was extremely low (ranging from less than \*\*\* percent to \*\*\* percent).<sup>28</sup>

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<sup>24</sup> The seven related parties were domestic producers \*\*\*. *Confidential Original Determinations* at 13-20 (EDIS Doc. 718968).

<sup>25</sup> For the six firms that the Commission found appropriate circumstances did not exist to exclude them from the domestic industry, the Commission found that their ratio of subject imports to domestic production was low and/or that their financial performance did not indicate that they had benefited from importation of subject PVLT tires. *Confidential Original Determinations* at 13-20 (EDIS Doc. 718970). With respect to \*\*\*, the Commission found that appropriate circumstances existed to exclude that particular firm from the domestic industry since its subject imports exceeded its domestic production for most of the period of investigation and its financial performance was considerably better than the domestic industry average. *Id.* at 18-19. In the original investigations, the dissenting Commissioners found that appropriate circumstances did not exist to exclude \*\*\* from the domestic industry. *Confidential Original Determinations* at 18-20 & n.80 (EDIS Doc. 718970); *Original Determinations*, USITC Pub. 4545 at 13.

<sup>26</sup> *Confidential Original Determinations* at 20 (EDIS Doc. 718970).

<sup>27</sup> USW Response at 22. USW notes that the Commission found that appropriate circumstances existed to exclude two firms from the domestic industry in the recent preliminary phase investigations in *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam*, Inv. Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary), USITC Pub. 5093 (July 2020). See USW Response at 22 n.78.

<sup>28</sup> *Derived from* OINV Worksheet (Jan. 8, 2021) (EDIS Doc. 720243) (“OINV Worksheet”) & INV-SS-079, CR/PR at Table III-4. \*\*\* imports of subject merchandise in 2019 were \*\*\* tires whereas its production of PVLT tires in 2019 was \*\*\* tires. OINV Worksheet & INV-SS-079, CR/PR at Table III-4. \*\*\* ratio of subject imports to domestic production in 2019 was \*\*\* percent. *Derived from* OINV Worksheet & INV-SS-79, CR/PR at Table III-4.

\*\*\* imports of subject merchandise in 2019 were \*\*\* tires whereas its production of PVLT tires in 2019 was \*\*\* tires. OINV Worksheet & INV-SS-079, CR/PR at Table III-4. \*\*\* ratio of subject imports to domestic production in 2019 was \*\*\* percent. *Derived from* OINV Worksheet & INV-SS-79, CR/PR at Table III-4.

\*\*\* imports of subject merchandise in 2019 were \*\*\* tires whereas its production of PVLT tires in 2019 was \*\*\* tires. OINV Worksheet & INV-SS-079, CR/PR at Table III-4. \*\*\* ratio of subject imports (Continued...)

Accordingly, given the relatively small volumes of subject imports and predominance of domestic production with respect to each of these firms, we find that appropriate circumstances do not exist to exclude any firms as related parties and define the domestic industry as all domestic producers of PVLT tires.

### **III. Revocation of the Antidumping and Countervailing Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>29</sup>

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to domestic production in 2019 was \*\*\* percent. *Derived from OINV Worksheet & INV-SS-79, CR/PR at Table III-4.*

\*\*\* imports of subject merchandise in 2019 were \*\*\* tires whereas its production of PVLT tires in 2019 was \*\*\* tires. OINV Worksheet & INV-SS-079, CR/PR at Table III-4. \*\*\* ratio of subject imports to domestic production in 2019 was \*\*\* percent. *Derived from OINV Worksheet & INV-SS-79, CR/PR at Table III-4.*

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<sup>29</sup> 19 U.S.C. § 1675a(a).



The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>30</sup> Thus, the likelihood standard is prospective in nature.<sup>31</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>32</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>33</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original determinations.”<sup>34</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute

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<sup>30</sup> SAA, H.R. Rep. 103-316, vol. I, at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended determinations that were never completed.” *Id.* at 883.

<sup>31</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>32</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>33</sup> 19 U.S.C. § 1675a(a)(5).

<sup>34</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>35</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>36</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>37</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>38</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.<sup>39</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

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<sup>35</sup> 19 U.S.C. § 1675a(a)(1).

<sup>36</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning the order under review. See 81 Fed. Reg. 71482 (Oct. 17, 2016); 80 Fed. Reg. 32527 (June 9, 2015); 79 Fed. Reg. 78396 (Dec. 30, 2014).

<sup>37</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>38</sup> 19 U.S.C. § 1675a(a)(2).

<sup>39</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>40</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>41</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>42</sup>

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the current condition of the PVL tire industry in China. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigations and the limited new information on the record in these first five-year reviews.

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors

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<sup>40</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in determinations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>41</sup> 19 U.S.C. § 1675a(a)(4).

<sup>42</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

“within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>43</sup> The following conditions of competition inform our determinations.

## **1. Demand Conditions**

*Original Investigations.* In the original investigations, the Commission observed that PVLT tire demand is derived from demand for new passenger vehicles and light trucks and the need to replace tires on existing vehicles.<sup>44</sup> The Commission also noted that demand for PVLT tires generally tracks overall economic activity in the United States.<sup>45</sup> Apparent U.S. consumption of PVLT tires increased by 9.7 percent from 2012 to 2014, and was 301.0 million tires in 2014.<sup>46</sup>

The Commission found that during the period of investigation (“POI”) the replacement segment accounted for a larger share of the U.S. market for PVLT tires than the OEM segment.<sup>47</sup> The parties agreed that the U.S. market for higher-value and larger-diameter PVLT tires had grown during the original investigations.<sup>48</sup> Purchasers reported that 78.6 percent of their sales in 2014 involved branded PVLT tires, whereas private-label PVLT tires accounted for the remainder of their sales in that same year.<sup>49</sup>

*Current Reviews.* There is no new information on the record indicating that the drivers of U.S. demand for PVLT tires have changed since the original investigations. Reported apparent U.S. consumption of PVLT tires was 320.9 million tires in 2019.<sup>50</sup> One purchaser responding to the questionnaire in the adequacy phase of these reviews reported greater U.S. demand during the period of review for PVLT tires for cross-over vehicles, sport utility vehicles, and trucks as compared to PVLT tires for compact vehicles and sedans.<sup>51</sup>

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<sup>43</sup> 19 U.S.C. § 1675a(a)(4).

<sup>44</sup> *Original Determinations*, USITC Pub. 4545 at 14-15.

<sup>45</sup> *Original Determinations*, USITC Pub. 4545 at 14-15.

<sup>46</sup> *Original Determinations*, USITC Pub. 4545 at 14 & n.89.

<sup>47</sup> *Original Determinations*, USITC Pub. 4545 at 14.

<sup>48</sup> *Original Determinations*, USITC Pub. 4545 at 14.

<sup>49</sup> *Original Determinations*, USITC Pub. 4545 at 15.

<sup>50</sup> CR/PR at Table I-5. Reported apparent U.S. consumption in 2019 was higher than in any year of the original period of investigation. *Id.* However, the apparent U.S. consumption data from these reviews may not be entirely comparable with data from the original investigations due to differences in domestic industry coverage. Fourteen U.S. producers of PVLT tires provided the Commission with data for 2017-2019 and January-March 2020 (“interim 2020”), whereas nine U.S. producers of PVLT tires provided data in the original investigations. INV-SS-079, CR/PR at III-1 & Table III-1; *Original Determinations*, USITC Pub. 4545 at 3.

<sup>51</sup> CR/PR at Appendix D-3.

## 2. Supply Conditions

*Original Investigations.* In the original investigations, the Commission noted that nine firms accounted for all known U.S. production of PVLT tires between 2012 and 2014, and that eight of these firms were part of global corporations with PVLT tire production plants elsewhere in the world.<sup>52</sup> The domestic industry's share of apparent U.S. consumption, by quantity, declined from \*\*\* percent in 2012 to \*\*\* percent in 2013 and \*\*\* percent in 2014, for an overall loss of \*\*\* percentage points from 2012 to 2014.<sup>53</sup>

The Commission found that subject imports from China were the largest single source of imported PVLT tires in the U.S. market, by quantity, throughout the period of investigation.<sup>54</sup> Subject imports increased their share of the U.S. market from 11.5 percent in 2012 to 17.5 percent in 2013 and 19.3 percent in 2014.<sup>55</sup> The Commission noted that the first nine months of the period of investigation (which began on January 1, 2012) overlapped with the section 421 bilateral safeguard measure that the President imposed on imports of tires from China effective September 26, 2009 and expired on September 26, 2012.<sup>56</sup> Thus, imports of PVLT tires from China were subject to additional duties under the section 421 safeguard measure for an initial portion of the POI.

The Commission found that Canada and Korea were the two largest nonsubject sources of PVLT tires in the U.S. market between 2012 and 2014.<sup>57</sup> Nonsubject imports accounted for a generally declining share of the U.S. market during the original investigations.<sup>58</sup> Nonsubject imports' share of apparent U.S. consumption declined from 41.9 percent in 2012 to 40.0 percent in 2013 and 38.8 percent in 2014.<sup>59</sup>

*Current Reviews.* Domestic producers were the second-largest source of supply in the U.S. market in 2019, accounting for 43.3 percent of apparent U.S. consumption.<sup>60</sup> Subject imports were the smallest single source of supply in 2019. Their share of 2019 apparent U.S.

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<sup>52</sup> *Original Determinations*, USITC Pub. 4545 at 15.

<sup>53</sup> *Confidential Original Determinations* at 43 n.199 (EDIS Doc. 718970).

<sup>54</sup> *Original Determinations*, USITC Pub. 4545 at 15.

<sup>55</sup> *Original Determinations*, USITC Pub. 4545 at 16-17.

<sup>56</sup> *Original Determinations*, USITC Pub. 4545 at 15-16.

<sup>57</sup> *Original Determinations*, USITC Pub. 4545 at 17.

<sup>58</sup> *Original Determinations*, USITC Pub. 4545 at 17.

<sup>59</sup> *Original Determinations*, USITC Pub. 4545 at 17 n.116.

<sup>60</sup> CR/PR at Table I-5.

consumption was 1.0 percent.<sup>61</sup> Nonsubject imports were the largest source of supply and accounted for 55.7 percent of apparent U.S. consumption in 2019.<sup>62</sup>

In July 2020, the Commission made affirmative preliminary determinations concerning imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam,<sup>63</sup> and the final phase of those investigations is currently pending before the Commission. In November 2020, Commerce made an affirmative preliminary countervailing duty determination on PVLT tires from Vietnam; additionally, Commerce made affirmative preliminary antidumping duty determinations and imposed provisional duties on PVLT tires from Korea, Taiwan, Thailand, and Vietnam in January 2021.<sup>64</sup>

### **3. Substitutability and Other Conditions**

*Original Investigations.* In the original investigations, the Commission found a moderate-to-high degree of substitutability between the domestic like product and subject imports.<sup>65</sup> The Commission observed, among other things, that: both domestic and Chinese producers of PVLT tires manufacture products with a broad range of sizes, styles, and performance characteristics; all PVLT tires sold in the U.S. market must meet NHTSA performance standards and be marked in accordance with NHTSA and DOT requirements; and the majority of questionnaire respondents reported that domestic PVLT tires and subject imports are “always” or “frequently” interchangeable.<sup>66</sup>

The Commission further found that, although purchasers considered a variety of factors, price was an important consideration in purchasing decisions, noting that 37 out of 46 responding purchasers reported price to be a “very important” factor.<sup>67</sup> The Commission also found that there was an overlap of competition between the domestic like product and subject

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<sup>61</sup> CR/PR at Table I-5.

<sup>62</sup> CR/PR at Table I-5. Thailand and Korea were the two largest nonsubject sources of PVLT tires in the U.S. market in 2019, followed by Canada, Mexico, and Indonesia. CR/PR at Table I-4.

<sup>63</sup> *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam*, Inv. Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary), USITC Pub. 5093 (July 2020) (EDIS No. 718976).

<sup>64</sup> 86 Fed. Reg. 501, 502 (Jan. 6, 2021) (Korea preliminary less than fair value determination); 86 Fed. Reg. 508, 509 (Jan. 6, 2021) (Taiwan preliminary less than fair value determination); 86 Fed. Reg. 517, 518 (Jan. 6, 2021) (Thailand preliminary less than fair value determination); 86 Fed. Reg. 504, 505 (Jan. 6, 2021) (Vietnam antidumping duty order); 85 Fed. Reg. 71607, 71608-71609 (Nov. 10, 2020) (Vietnam preliminary countervailing duty determination).

<sup>65</sup> *Original Determinations*, USITC Pub. 4545 at 17.

<sup>66</sup> *Original Determinations*, USITC Pub. 4545 at 17-18.

<sup>67</sup> *Original Determinations*, USITC Pub. 4545 at 18.

imports in terms of branded and private label tires,<sup>68</sup> as well as in the OEM and replacement sectors,<sup>69</sup> and among different “categories” of tires.<sup>70</sup> In light of the degree of substitutability and overlap of competition between the domestic like product and subject imports, the Commission found that competition between domestically produced PVLT tires and subject imports depended primarily on price.<sup>71</sup>

*Current Reviews.* There is no indication that the substitutability between the subject imports and the domestic like product has changed since the original investigations, nor is there any indication that the importance of price in purchasing decisions for PVLT tires has changed. Accordingly, we continue to find a moderate-to-high degree of substitutability between subject

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<sup>68</sup> *Original Determinations*, USITC Pub. 4545 at 18-20. The Commission observed that both the domestic industry and Chinese producers of PVLT tires manufacture branded tires (which were defined in the Commission’s questionnaires as tires produced or packaged for sale under the name of the manufacturer of the tire or a brand name owned by the manufacturer) as well as private-label tires (which were defined in the questionnaires as tires produced or packaged for sale under a name other than the manufacturer’s name or a brand name owned by the manufacturer). *Id.* at 18-19. As the Commission found, with respect to those tires, the substantial majority of sales that purchasers reported in 2014 involved branded tires and the greater share of the U.S. commercial shipments from both U.S. producers and U.S. importers of PVLT tires from China consisted of branded tires. *Id.* at 19. U.S. producers, importers, and purchasers reported that brand influenced the price consumers were willing to pay for PVLT tires. *Id.* In particular, questionnaire respondents reported that brand names communicated the quality and performance of the tires and that consumers were willing to pay more for perceived higher quality and performance levels. *Id.*

<sup>69</sup> *Original Determinations*, USITC Pub. 4545 at 20-21. The Commission found that PVLT tires manufactured in the United States and in China were sold in both the OEM and replacement segments of the U.S. market, although the vast majority of the OEM segment was supplied by domestic and nonsubject producers. *Id.* at 20. The domestic industry consistently directed a greater share of its total U.S. shipments to the replacement segment during the POI, and importers reported selling an even greater share of their PVLT tires imported from China in the replacement segment. *Id.*

<sup>70</sup> *Original Determinations*, USITC Pub. 4545 at 19-23. In the original investigations, respondents argued that the U.S. PVLT tires market was characterized by the existence of three to five tiers divided primarily by brand, quality, and selling price. *Id.* at 20. According to respondents, the domestic industry at most only competed with subject imports from China in a limited way in Tier 3 (which they estimated to account for about 10-12 percent of the market). *Id.* at 20-21. Petitioner argued that there was no common industry definition of any tiers and considerable overlap among the tiers. *Id.* at 21. The Commission observed that the majority of U.S. producers (5 of 7) and some importers (8 of 35) and purchasers (11 of 45) reported that the U.S. PVLT tires market was not divided into categories. *Id.* The Commission found that those questionnaire respondents reporting the existence of categories did not agree on the number of categories, the characteristics that differentiated one category from another, or how to categorize specific brands/producers. *Id.* at 23. The Commission also found that questionnaire respondents reported that PVLT tires manufactured in the United States competed in the same categories, however defined, where subject imports from China also competed. *Id.*

<sup>71</sup> *Original Determinations*, USITC Pub. 4545 at 23.

imports and the domestic like product and that price is an important factor in purchasing decisions for PVLT tires.

As in the original investigations, the principal raw materials used to produce PVLT tires are natural rubber, synthetic rubber, carbon black, fabric, and steel.<sup>72</sup>

### **C. Likely Volume of Subject Imports**

#### **1. The Original Investigations**

In the original investigations, the Commission observed that the United States had maintained a bilateral safeguard measure under Section 421(b)(1) of the Trade Act of 1974<sup>73</sup> on subject imports of PVLT tires, which had been in effect at the beginning of the period of investigation until being terminated on September 26, 2012.<sup>74</sup> The Commission found that the volume of subject imports increased from 31.4 million PVLT tires in 2012 to 50.8 million PVLT tires in 2013 and 58.0 million tires in 2014.<sup>75</sup> Although apparent U.S. consumption of PVLT tires increased during the period of investigation, the Commission observed that the volume of subject imports increased at a substantially faster rate than the increase in apparent U.S. consumption.<sup>76</sup>

The Commission found that subject imports nearly doubled their market share from 2012 to 2014, increasing their share of apparent U.S. consumption from 11.5 percent in 2012 to 17.5 percent in 2013 and 19.3 percent in 2014.<sup>77</sup> While acknowledging that subject imports captured market share from both the domestic industry and nonsubject imports, the Commission found that most of the increase in subject imports' market share during the period of investigation came directly at the expense of the domestic industry.<sup>78</sup>

The Commission found the increase in market share by subject imports at the expense of the domestic industry to be particularly noteworthy in light of the fact that subject imports competed with domestically produced PVLT tires in overlapping segments of the U.S. market for PVLT tires.<sup>79</sup> It observed that subject imports gained both branded and private-label sales at

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<sup>72</sup> CR/PR at I-13.

<sup>73</sup> 19 U.S.C. §2451(b)(1).

<sup>74</sup> *Original Determinations*, USITC Pub. 4545 at 28.

<sup>75</sup> *Original Determinations*, USITC Pub. 4545 at 28.

<sup>76</sup> *Original Determinations*, USITC Pub. 4545 at 28 & n.196.

<sup>77</sup> *Original Determinations*, USITC Pub. 4545 at 28 & n.198.

<sup>78</sup> *Original Determinations*, USITC Pub. 4545 at 29.

<sup>79</sup> *Original Determinations*, USITC Pub. 4545 at 29.



the domestic industry's expense during the period of investigation.<sup>80</sup> It also emphasized that between 2012 and 2014 subject imports captured market share from the domestic industry in the replacement sector of the U.S. market for PVLT tires, which was much larger than the OEM sector of the market.<sup>81</sup>

Based upon the foregoing, the Commission found that the volume of subject imports and the increase in that volume was significant, absolutely and relative to consumption and production.<sup>82</sup>

## **2. The Current Reviews**

During the original investigations, the quantity of subject imports peaked in 2014, the last year of the original period of investigation, at 58.0 million tires.<sup>83</sup> Since the orders were imposed, subject imports have declined, but have remained in the U.S. market in substantial quantities. Subject imports declined from 26.3 million tires in 2015 to 17.5 million tires in 2016, 11.8 million tires in 2017, 9.8 million tires in 2018, and 3.3 million tires in 2019.<sup>84</sup> Subject import's share of apparent U.S. consumption was 1.0 percent in 2019.<sup>85</sup>

Due to the lack of participation by subject producers, the record in these expedited reviews contains limited current information on the subject industry producing PVLT tires in China. The information available indicates that subject producers continue to maintain capacity to produce PVLT tires at or above the levels observed prior to the imposition of the antidumping and countervailing duty orders.<sup>86</sup> The record indicates that seven new PVLT tire plants in China opened during the period of review with the capacity to produce 41.5 million PVLT tires per year. This reported new capacity by itself is equivalent to approximately 12.9 percent of apparent U.S. consumption in 2019.<sup>87</sup> Information available also indicates that two

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<sup>80</sup> *Original Determinations*, USITC Pub. 4545 at 29-30.

<sup>81</sup> *Original Determinations*, USITC Pub. 4545 at 30.

<sup>82</sup> *Original Determinations*, USITC Pub. 4545 at 30. The ratio of subject imports to domestic production was \*\*\* percent in 2012, \*\*\* percent in 2013, and \*\*\* percent in 2014. *Confidential Original Determinations* at 43 n.98 (EDIS Doc. 718968).

<sup>83</sup> *Original Determinations*, USITC Pub. 4545 at 28.

<sup>84</sup> CR/PR at Table I-4.

<sup>85</sup> CR/PR at Table I-5. Subject imports' share of apparent U.S. consumption was \*\*\* percent in 2012, \*\*\* percent in 2013, and \*\*\* percent in 2014. *Id.*

<sup>86</sup> USW Final Comments at 6-7 (Jan. 14, 2021) ("USW Final Comments"). Capacity of subject producers in China was \*\*\* tires in 2012, \*\*\* tires in 2013, and \*\*\* tires in 2014. Original Investigations Confidential Report INV-NN-043 at Table VII-4 (July 2, 2015) (EDIS Doc. 718968) ("INV-NN-043, CR/PR").

<sup>87</sup> CR/PR at Table I-6; *Derived from* CR/PR at I-5; USW Final Comments at 7.

PVLT tire plants in China expanded capacity in 2020.<sup>88</sup> The record of the original investigations indicated that unused capacity of the reporting subject producers exceeded \*\*\* tires in 2014, and was anticipated to be greater in 2015 and 2016.<sup>89</sup> There is no information in the current record suggesting any declines in subject producers' unused capacity since the original investigations.<sup>90</sup> Consequently, on the basis of the facts available, we find that subject producers continue to have substantial capacity to produce PVLT tires.

The information available also indicates that the industry in China producing PVLT tires is export oriented.<sup>91</sup> GTA data indicate that China was the leading exporter of passenger car tires in 2019, a category that includes PVLT tires; China accounted for approximately \*\*\* percent, by value, of global exports of passenger car tires in 2019.<sup>92</sup> According to USW, due to declining demand for automobiles in their home market in 2019 and 2020, subject producers now have more incentive to increase exports of PVLT tires.<sup>93</sup> Moreover, as observed above, subject imports have maintained a substantial presence in the U.S. market since the imposition of the orders, indicating the continued interest of subject producers in supplying the U.S. market. Trade barriers to imports of PVLT tires in other markets provide a further incentive for subject producers to ship subject merchandise to the United States if the orders were to be revoked, as there are trade remedy measures in effect against imports of PVLT tires from China in Brazil, Colombia, Egypt, India, Turkey.<sup>94</sup> Consequently, the information available indicates that the subject industry in China has the ability and incentive to increase exports of subject merchandise to the United States to a significant level, as it did during the original investigations.<sup>95</sup>

Based on the behavior of subject imports during the original investigations, as well as subject producers' substantial production capacity, excess capacity, and export orientation, we find that the likely volume of subject imports would increase from the current levels absent the discipline of the orders. Consequently, we find that the likely volume of subject imports, both

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<sup>88</sup> CR/PR at Table I-6; USW Final Comments at 7.

<sup>89</sup> INV-NN-043, CR/PR at Table VII-4 (July 2, 2015) (EDIS Doc. 718968).

<sup>90</sup> *See generally* CR/PR at I-33-35; *see also* USW Response at 10 & USW Final Comments at 7.

<sup>91</sup> USW Response at 10-11; USW Final Comments at 7-8.

<sup>92</sup> *Derived from* CR/PR at Table I-8.

<sup>93</sup> USW Final Comments at 10.

<sup>94</sup> CR/PR at I-36-37; USW Final Comments at 10.

<sup>95</sup> Because of the expedited nature of these reviews, the record does not contain any information about inventories of the subject merchandise or the likelihood of product shifting.

in absolute terms and as a share of the U.S. market, would be significant if the orders were revoked.

## **D. Likely Price Effects**

### **1. The Original Investigations**

As a starting point for its price effects analysis, the Commission reiterated its earlier findings in conditions of competition that subject imports were moderately-to-highly substitutable with domestic PVLT tires and that price was an important factor in purchasing decisions for PVLT tires.<sup>96</sup> The Commission found that subject imports undersold the domestic like product in 72 out of 72 (or 100 percent) available quarterly price comparisons and that subject imports pervasively undersold the domestic like product at sizeable and increasing margins throughout the POI.<sup>97</sup> The Commission also noted that a majority of purchasers reported PVLT tires from China were priced lower than PVLT tires made in the United States.<sup>98</sup> Accordingly, the Commission found that the underselling by subject imports during the POI was significant.<sup>99</sup>

Although the Commission did not find significant price depression or price suppression,<sup>100</sup> it found that the pervasive underselling by subject imports put competitive pressure on domestic producers, which in turn resulted in a loss of sales, shipments, and

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<sup>96</sup> *Original Determinations*, USITC Pub. 4545 at 31.

<sup>97</sup> *Original Determinations*, USITC Pub. 4545 at 31.

<sup>98</sup> *Original Determinations*, USITC Pub. 4545 at 32 (indicating that 22 of 33 responding purchasers reported that domestic PVLT tires were “inferior” to subject imports with respect to price).

<sup>99</sup> *Original Determinations*, USITC Pub. 4545 at 32.

<sup>100</sup> Specifically, the Commission considered movements in prices for the six pricing products. It observed that for each of the six pricing products, the subject import prices declined by a greater percentage than the prices of the domestic like product, and in some cases the decline in prices for subject imports was double the corresponding decline in prices for the domestic like product. *Original Determinations*, USITC Pub. 4545 at 32. At the same time, however, the Commission found that raw material cost declines had a downward impact on U.S. prices during the POI. *Id.* at 32-34. Accordingly, the Commission concluded that, although the lower prices of subject imports may have contributed to declining domestic producer prices, there was insufficient evidence in the record to conclude that subject imports depressed the prices of the domestic like product to a significant degree. *Id.* at 33-34. The Commission also considered whether subject imports prevented increases in the prices of the domestic like product that otherwise would have occurred. It observed that, notwithstanding declines in prices and average unit sales values, the industry’s raw materials costs, total costs of goods sold (“COGS”), and ratio of COGS to net sales also declined. *Id.* at 35. Consequently, the Commission determined that, absent evidence that the domestic industry faced a cost-price squeeze, it could not conclude that subject imports prevented increases in prices of the domestic like product that would have otherwise occurred. *Id.* at 35.

market share.<sup>101</sup> In arriving at this conclusion, the Commission again explained that the evidence showed competition between subject imports and domestic product across product type and market segment. Specifically, the Commission cited to record evidence indicating that subject imports and the domestic like product (1) consisted of both branded and private-label PVLT tires,<sup>102</sup> (2) were sold in both the OEM and replacement segments of the market,<sup>103</sup> (3) were purchased by overlapping purchasers,<sup>104</sup> (4) were advertised and displayed for sale beside one another,<sup>105</sup> and (5) were moderately to highly substitutable.<sup>106</sup> Further, the Commission noted that all purchasers sold (and therefore first purchased from producers and/or importers) branded tires and most, including three of the four largest purchasers, sold private label tires as well.<sup>107</sup> In addition, record evidence relied on by the Commission showed that PVLT tires of the same size but different features competed with one another,<sup>108</sup> that prices of private-label tires influenced what purchasers were willing to pay for branded tires,<sup>109</sup> that prices of tires sold in the replacement segment influenced what purchasers were willing to pay for tires sold in the OEM segment,<sup>110</sup> and that prices of lower-category tires influenced what purchasers were willing to pay for higher-category tires, regardless of how the categories were defined.<sup>111</sup> This competitive pressure, the Commission concluded, manifested in a loss of market share for the domestic industry.<sup>112</sup> By competing across the U.S. PVLT tires market and consistently underselling the domestic product in a price-competitive market, the Commission found that subject imports had significantly increased their presence in the market, taking market share from domestic producers.<sup>113</sup>

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<sup>101</sup> *Original Determinations*, USITC Pub. 4545 at 35-36.

<sup>102</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>103</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>104</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>105</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>106</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>107</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>108</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>109</sup> *Original Determinations*, USITC Pub. 4545 at 33.

<sup>110</sup> *Original Determinations*, USITC Pub. 4545 at 33-34.

<sup>111</sup> *Original Determinations*, USITC Pub. 4545 at 34.

<sup>112</sup> *Original Determinations*, USITC Pub. 4545 at 34.

<sup>113</sup> *Original Determinations*, USITC Pub. 4545 at 35-36.

## **2. The Current Reviews**

Due to the expedited nature of these reviews, there is no new product-specific pricing information on the record. In the absence of any evidence to the contrary, we adopt the findings from the original investigations that there is a moderate-to-high degree of substitutability between subject imports from China and the domestic like product and that price is an important factor in purchasing decisions for PVLT tires.<sup>114</sup>

Given these conditions of competition regarding the substitutability of the products and the importance of price in purchasing decisions, subject imports would likely significantly undersell the domestic like product in order to gain market share, as they did during the original investigations. Moreover, if the orders were revoked, the likely significant volume of subject imports would again place competitive pressure on the prices of the domestic like product, resulting either in lower domestic prices or in a recurrence of the domestic industry's lost sales, shipments, and market share that occurred during the original investigations. We consequently conclude that the subject imports will likely have significant price effects if the orders were revoked.

### **E. Likely Impact of Subject Imports**

#### **1. The Original Investigations**

In examining the domestic industry's performance factors, the Commission noted that the period was marked by two events that may have distorted the condition of the industry vis-à-vis the subject imports.<sup>115</sup> First, the Commission reiterated that the first nine months of the POI (which began on January 1, 2012) overlapped with the section 421 bilateral safeguard measure that the President imposed on imports of tires from China effective September 26, 2009.<sup>116</sup> The import relief provided by the Section 421 measure consisted of ad valorem duties of varying levels above the column 1 general rate of duty from 2009 through 2012.<sup>117</sup> The Commission noted that “the domestic industry appeared well-positioned after the section 421 safeguard measure expired, but a surge of low-priced PVLT tire imports from China immediately followed.”<sup>118</sup>

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<sup>114</sup> *Original Determinations*, USITC Pub. 4545 at 17-18.

<sup>115</sup> *Original Determinations*, USITC Pub. 4545 at 37.

<sup>116</sup> *Original Determinations*, USITC Pub. 4545 at 37.

<sup>117</sup> *Original Determinations*, USITC Pub. 4545 at I-4.

<sup>118</sup> *Original Determinations*, USITC Pub. 4545 at 37.

With respect to the end of the POI, the Commission noted that Petitioner reported that the filing of the petitions in these investigations (in June 2014) led to increased production in the United States, capacity expansion plans, and the launch of new product lines in the second half of 2014 and thereafter.<sup>119</sup> The Commission also observed that, even after the POI, the domestic industry's U.S. shipments, according to Petitioner, increased in the first quarter of 2015 as the volume of subject imports from China continued to decline.<sup>120</sup>

Although the domestic industry's profitability improved during the POI, the Commission explained that this was not unexpected in a time when apparent U.S. consumption was increasing and raw material costs were declining.<sup>121</sup> As the Commission further found, despite the increasing apparent U.S. consumption and declining costs, the domestic industry's U.S. shipments, net sales volumes, net sales values, production, and employment declined overall during the POI.<sup>122</sup> Also, the Commission again emphasized that the domestic industry lost market share in a growing U.S. market to low-priced subject imports.<sup>123</sup>

The Commission also observed that manufacturing PVL tires is capital intensive and requires continuous investment to improve technology.<sup>124</sup> It further observed that the domestic industry made capital expenditures and incurred research and development ("R&D") expenditures, but that the sizeable expenditures did not increase the domestic industry's production capacity.<sup>125</sup> The Commission noted that the domestic industry's average production capacity remained below apparent U.S. consumption throughout the POI and that the domestic industry did not operate at full capacity utilization during the investigation period.<sup>126</sup> The Commission concluded that this record evidence indicated that the domestic industry was capable of supplying additional demand during the POI.<sup>127</sup>

The Commission addressed respondents' arguments that the domestic industry was already operating at full capacity, and therefore could not supply additional demand during the POI. The Commission concluded that, contrary to respondents' arguments, the record

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<sup>119</sup> *Original Determinations*, USITC Pub. 4545 at 39-40.

<sup>120</sup> *Original Determinations*, USITC Pub. 4545 at 40 n.269.

<sup>121</sup> *Original Determinations*, USITC Pub. 4545 at 37.

<sup>122</sup> *Original Determinations*, USITC Pub. 4545 at 37-38.

<sup>123</sup> *Original Determinations*, USITC Pub. 4545 at 38.

<sup>124</sup> *Original Determinations*, USITC Pub. 4545 at 38.

<sup>125</sup> *Original Determinations*, USITC Pub. 4545 at 38.

<sup>126</sup> *Original Determinations*, USITC Pub. 4545 at 38-39.

<sup>127</sup> *Original Determinations*, USITC Pub. 4545 at 38-39.

demonstrated that the domestic industry had additional available capacity during the POI.<sup>128</sup> Specifically, the Commission noted that the domestic industry's capacity utilization declined from 2012 to 2013 when subject imports surged into the U.S. market after the expiration of the safeguard measures.<sup>129</sup> The Commission further noted that, after the petitions in these investigations were filed in June 2014, the monthly volume of subject imports declined between July and December 2014, allowing the domestic industry to increase its capacity utilization for the full-year of 2014.<sup>130</sup> In addition, the Commission observed that domestic producers confirmed that the domestic industry had additional capacity to produce PVLТ tires during the POI, which could have allowed it to sell more PVLТ tires and obtain additional revenues.<sup>131</sup> Moreover, the Commission found, petitioners reported that the filing of the petitions led to increased production in the United States as well as capacity expansion plans and the launch of new product lines.<sup>132</sup>

Accordingly, the Commission found that the significant volume of subject imports, which were good substitutes for the domestic like product, had undersold the domestic like product at significant margins. Further, these low-priced subject imports had significantly increased their market share at the expense of the domestic industry by competing in the OEM and replacement segments with a variety of branded and private-label PVLТ tires and by putting pricing pressure on the domestic industry throughout the PVLТ tires market.<sup>133</sup> The Commission therefore concluded that, because of subject imports, the domestic industry had fewer shipments and consequently obtained lower revenues than it otherwise would have, and determined that, for these reasons, subject imports had a significant adverse impact on the domestic industry during the POI.<sup>134</sup>

The Commission also considered whether factors other than subject imports had an impact on the domestic industry during the POI, to ensure that it was not attributing to subject imports any injury caused by other factors. In particular, the Commission closely examined the role of nonsubject imports in the market. It noted that, although the absolute volume of nonsubject imports increased during the POI, their share of apparent U.S. consumption declined. It found that nonsubject imports consisted primarily of branded PVLТ tires and were

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<sup>128</sup> *Original Determinations*, USITC Pub. 4545 at 39.

<sup>129</sup> *Original Determinations*, USITC Pub. 4545 at 39.

<sup>130</sup> *Original Determinations*, USITC Pub. 4545 at 39.

<sup>131</sup> *Original Determinations*, USITC Pub. 4545 at 39 & n.268.

<sup>132</sup> *Original Determinations*, USITC Pub. 4545 at 39-40.

<sup>133</sup> *Original Determinations*, USITC Pub. 4545 at 40.

<sup>134</sup> *Original Determinations*, USITC Pub. 4545 at 40.

frequently priced higher than subject imports from China.<sup>135</sup> As a result, the Commission found that the significant adverse effects the domestic industry experienced by reason of subject imports, particularly in terms of lost market share and reduced shipments, were not attributable to nonsubject imports.<sup>136</sup>

## 2. The Current Reviews

As discussed above, the information available on the record in these expedited reviews concerning the recent performance of the domestic industry includes the domestic industry data from the recent preliminary investigations in *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam*. In assessing the domestic industry's current condition,<sup>137</sup> we observe that the domestic industry's production,<sup>138</sup> capacity,<sup>139</sup> and shipments<sup>140</sup> increased overall from 2017 to 2019, and were generally higher than in 2014, the final year of the original investigations.<sup>141</sup> However, the domestic industry's capacity utilization

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<sup>135</sup> *Original Determinations*, USITC Pub. 4545 at 40-41.

<sup>136</sup> *Original Determinations*, USITC Pub. 4545 at 40-41. In conducting its non-attribution analysis, the Commission also addressed respondents' arguments that nonsubject imports were a significant factor in the U.S. market during the POI and that any benefit of the orders would favor nonsubject imports instead of the domestic industry. *Id.* As the Commission explained, respondents' argument misinterpreted Federal Circuit precedent, which held that "the focus of {the Commission's} inquiry is on the cause of the injury in the past, not the prospect of effectiveness in the future." *Original Determinations*, USITC Pub. 4545 at 40 (citing *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 876 (Fed. Cir. 2008)). Thus, as the Commission found, presence and behavior of nonsubject imports during the POI did not negate the fact that subject imports caused material injury to the domestic industry. *Original Determinations*, USITC Pub. 4545 at 40.

<sup>137</sup> USW argues that the domestic industry is in a vulnerable condition. USW Response at 16; USW Final Comments at 13. In particular, USW observes that domestic producer Goodyear laid off 740 workers in 2019 at its PVLt tire facility in Gadsden, Alabama. USW Response at 16. USW claims that revoking the orders would quickly lead to additional closures of U.S. plants producing PVLt tires and additional domestic industry layoffs. USW Response at 17; USW Final Comments at 14.

<sup>138</sup> Production was \*\*\* tires in 2014, compared to \*\*\* tires in 2017, \*\*\* tires in 2018, \*\*\* tires in 2019. Production was \*\*\* tires in interim 2019 and \*\*\* tires in interim 2020. CR/PR at Table I-3; INV-SS-079, CR/PR at Table III-4.

<sup>139</sup> Capacity was \*\*\* tires in 2014, compared to \*\*\* tires in 2017, \*\*\* tires in 2018, \*\*\* tires in 2019. Capacity was \*\*\* in interim 2019 and \*\*\* in interim 2020. CR/PR at Table I-3; INV-SS-079, CR/PR at Table III-4.

<sup>140</sup> U.S. producers' U.S. shipments were \*\*\* tires in 2014, compared to \*\*\* tires in 2017, \*\*\* tires in 2018, and \*\*\* tires in 2019. U.S. producers' U.S. shipments were \*\*\* tires in interim 2019 and \*\*\* tires in interim 2020. CR/PR at Table I-3; INV-SS-079, CR/PR at Table III-6.

<sup>141</sup> As discussed above, domestic industry data in these reviews are not fully comparable with those from the original investigations due to differences in coverage.



declined steadily during the period of review, and remained below its 2014 level throughout the current reviews.<sup>142</sup> The domestic industry's employment indicia were mixed during the period of review, although they were virtually all higher than in 2014 at the end of the original investigations.<sup>143</sup> Virtually all the domestic industry's financial performance indicators declined during the period of review, although they were all higher throughout 2017-2019 than in the original investigations.<sup>144</sup> While we have more information than typical regarding the domestic industry's performance in these expedited reviews, we nonetheless find the evidence overall is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury should the orders be revoked.

As previously discussed, revocation of the orders on PVL tires from China would likely lead to a significant volume of subject imports that would undersell the domestic like product and have significant price effects on the domestic industry. Consequently, given these findings, we also find that revocation of the orders would likely result in a recurrence of the domestic

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<sup>142</sup> The domestic industry's capacity utilization was \*\*\* percent in 2014, compared to 82.5 percent in 2017, 82.3 percent in 2018, and 80.4 percent in 2019. Its capacity utilization was 83.7 percent in interim 2019 and 75.2 percent in interim 2020. CR/PR at Table I-3; INV-SS-079 at Table III-4.

<sup>143</sup> The domestic industry employed \*\*\* production and related workers ("PRWs") in 2014, compared to 46,634 PRWs in 2017, 45,900 PRWs in 2018, 46,386 PRWs in 2019, 46,291 in interim 2019, and 43,544 PRWs in interim 2020. Wages paid were \$\*\*\* in 2014, compared to \$2.3 billion in 2017 and 2018, \$2.4 billion in 2019, \$600.6 million in interim 2019, and \$567.4 million in interim 2020. Hourly wages were \$\*\*\* per hour in 2014, compared to \$24.88 per hour in 2017, \$25.30 per hour in 2018, \$25.47 per hour in 2019, \$24.99 per hour in interim 2019, and \$25.75 per hour in interim 2020. Total hours worked were \*\*\* hours in 2014, compared to 93.7 million hours in 2017, 93.4 million hours in 2018, 94.7 million hours in 2019, 24.0 million hours in interim 2019, and 22.0 million hours in interim 2020. Productivity was \*\*\* tires per hour in 2014, compared to 1.6 tires per hour in 2017, 1.7 tires per hour in 2018, 1.6 tires per hour in 2019, and 1.7 tires per hour in interim 2019 and interim 2020. INV-NN-043, CR/PR at Table III-11; INV-SS-079, CR/PR at Table III-9.

<sup>144</sup> The domestic industry's net sales were \$\*\*\* in 2014, compared to \$13.7 billion in 2017, \$14.0 billion in 2018, and \$13.8 billion in 2019. Net sales were \$3.3 billion in interim 2019 and \$3.0 billion in interim 2020. Gross profit was \$\*\*\* in 2014, compared to \$4.5 billion in 2017, \$4.4 billion in 2018, \$4.3 billion in 2019, \$1.1 billion in interim 2019, and \$919.6 million in interim 2020. Operating income was \$\*\*\* in 2014, compared to \$3.1 billion in 2017, \$3.0 billion in 2018, \$2.8 billion in 2019, \$694.5 million in interim 2019, and \$539.2 million in interim 2020. Net income was \$\*\*\* in 2014, compared to \$2.9 billion in 2017, \$2.7 billion in 2018, \$2.6 billion in 2019, \$634.3 million in interim 2019, and \$483.8 million in interim 2020. As a ratio to net sales, operating income was \*\*\* percent in 2014, compared to 22.8 percent in 2017, 21.2 percent in 2018, 20.4 percent in 2019, 20.8 percent in interim 2019, and 18.2 percent in interim 2020. As a ratio to net sales, net income was \*\*\* percent in 2014, compared to 21.3 percent in 2017, 19.3 percent in 2018, 18.6 percent in 2019, 19.0 percent in interim 2019, and 16.3 percent in interim 2020. CR/PR at Table I-3; INV-NN-043, CR/PR at Tables VI-1 and VI-3; INV-SS-079, CR/PR at Table VI-3.

industry's lost sales, shipments, and market share that occurred during the original investigations. The likely significant volume of subject imports and their likely significant price effects would negatively affect the domestic industry's capacity, production, capacity utilization, shipments, net sales values and quantities, employment levels, operating income, operating income margins, and capital investments.

We have also considered the role of nonsubject imports in the U.S. market. Nonsubject imports were the largest source of supply to the U.S. market for PVLT tires in 2019, with their share of apparent U.S. consumption at 55.7 percent.<sup>145</sup> As discussed above, the Commission made affirmative preliminary determinations in July 2020 concerning nonsubject imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam, and Commerce made affirmative preliminary determinations and imposed provisional antidumping duties on imports of PVLT tires from these countries in January 2021. The final phase investigations concerning PVLT tires from these four nonsubject countries are currently pending before the Commission. There is no indication on the record of these expedited reviews that the presence of nonsubject imports would prevent subject imports from China from significantly increasing their presence in the U.S. market in the event of revocation of the orders, given the large size, excess capacity, and export orientation of the subject industry. Given the substitutability between the subject imports and the domestic like product, the likely increase in subject imports upon revocation would likely take significant market share from the domestic industry or otherwise cause significant adverse price effects despite the growing and significant presence of nonsubject imports in the U.S. market.<sup>146</sup> Competition for sales between low-priced subject imports and nonsubject imports would in any event likely affect market prices negatively to the detriment of the domestic industry. Therefore, the subject imports are likely to have adverse effects on the domestic industry distinct from the effects of nonsubject imports in the event of revocation.<sup>147</sup>

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<sup>145</sup> CR/PR at Table I-5.

<sup>146</sup> CR/PR at Table I-5.

<sup>147</sup> Even if nonsubject imports or some other factors may cause injury to the domestic industry upon revocation of an order, subject imports can also be a cause of material injury to the domestic industry, as long as they represent more than a minimal or tangential cause of the material injury that is likely to be suffered by the industry upon revocation. *See, e.g., Nippon Steel Corp. v. United States*, 345 F.3d 1379, 1381 (Fed. Cir. 2003); see also SAA at 885 (factors other than subject imports may be causing injury to the industry but “also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports. . . If the Commission finds that an industry is vulnerable to injury from subject imports, it may determine that injury is likely to continue or recur, even if other causes, as well as future imports, are likely to contribute to future injury”).

Accordingly, we conclude that, if the orders on PVLT tires were revoked, subject imports would likely have a significant adverse impact on domestic producers of PVLT tires within a reasonably foreseeable time.

#### **IV. Conclusion**

For the foregoing reasons, we determine that revocation of the antidumping and countervailing duty orders on PVLT tires from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.



## **Dissenting Views of Commissioner David S. Johanson**

Section 751(d)(2) of the Tariff Act of 1930, as amended (“the Act”), requires that the U.S. Department of Commerce (“Commerce”) revoke a countervailing duty or an antidumping duty order in a five-year (“sunset”) review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the U.S. International Trade Commission (“Commission”) determines that material injury to a U.S. industry would be likely to continue or recur within a reasonably foreseeable time.

Based on the record in these first five-year reviews, I determine that material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping and countervailing duty orders on passenger vehicle and light truck (“PVL””) tires from China are revoked.

I join my colleagues’ discussion regarding background (Section I), domestic like product and domestic industry (Section II), legal standards (Section III(A)), and conditions of competition (Section III(B)(1)&(2)). I write separately to explain why I conclude that, despite a likely significant increase in subject import volume in the event of revocation of the antidumping and countervailing duties orders, adverse price effects are unlikely given the attenuated competition between low-value Chinese tires generally aimed at the replacement market, and predominately branded, higher valued domestic PVL” tires produced in the United States.

### **I. Revocation of the Antidumping and Countervailing Duty Orders on Passenger Vehicle And Light Truck Tires From China Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **A. Information Available in These Expedited Reviews**

As an initial matter I note that, in these reviews, I am basing my decision on a limited record.<sup>1</sup> In an expedited review, the Commission does not issue questionnaires, but the Commission’s notice of institution affords interested parties the opportunity to provide information relevant to the review. In these reviews, information provided by interested parties was constrained by the USW’s circumstances. In a letter dated July 10, 2020;<sup>2</sup> in its July 31,

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<sup>1</sup> I note that, on October 5, 2020, I voted to conduct full reviews of these orders. *Explanation of Commission Determination on Adequacy*, EDIS Doc. 723172 (Oct. 26, 2020).

<sup>2</sup> USW’s Notice of Difficulty in Obtaining Requested Information, EDIS Doc. 714309 (July 10, 2020).

2020, response to the Commission’s notice of institution;<sup>3</sup> in a September 1, 2020, response to Commission questions;<sup>4</sup> and in the USW’s September 14, 2020, Comments on Adequacy,<sup>5</sup> the USW repeatedly stated that because it is a union representing workers engaged in the manufacture of the domestic like product, it did not have direct access to all information requested on the operating and financial results of the companies manufacturing the domestic like product. The USW further requested in each of those communications that the Commission place on the record of these reviews the preliminary phase staff report from the ongoing investigations of *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam*. In early September 2020, the Commission granted this request and placed the confidential and public versions of the staff report on the record of these reviews. While the staff report does provide useful information regarding the composition and performance of the domestic industry, it is less helpful with respect to imports from China, the subject of these reviews. Also, because it is a preliminary phase staff report, it lacks data reported by purchasers and is untested by the more rigorous process of the final phase. Accordingly, I have relied on the facts available in these reviews, which consist primarily of the staff report and views in the original investigations (including the dissenting views which I joined); information collected by the Commission since the institution of this five-year review; and information submitted by the USW, including the preliminary phase staff report from the ongoing *PVLT Tires from Korea, Taiwan, Thailand, and Vietnam* investigations.

## **B. Conditions of Competition**

While I join the majority’s discussion on conditions of competition, I note that during the original investigations, the dissenting views that I joined put additional emphasis on attenuated competition between subject imports from China and the domestic like product, as well as on the importance of branding.

*Original Investigations.* At the most basic level, the dissenting Commissioners found that domestic producers focused on high-end, branded tires for the original equipment manufacturers (OEMs) while subject imports from China were directed to the low-value replacement market. “In 2014, U.S. producers’ shipments accounted for a dominant \*\*\* percent of all shipments to the OEM market, with subject imports accounting for only \*\*\*

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<sup>3</sup> USW’s Substantive Response to the Commission’s Notice of Institution (“USW’s Response”) at 4 (July 31, 2020).

<sup>4</sup> USW’s Response to Commission Question, EDIS Doc. 718564 at 1 (September 1, 2020).

<sup>5</sup> USW’s Comments Concerning Adequacy of Responses to the Notice of Institution at 2-4 (Sept. 14, 2020) (“USW’s Comments”).

percent of shipments to the OEM market.”<sup>6</sup> The dissent also found it important that the vast majority of importers and purchasers believed there were tiers in the market and that “thirty-eight of 45 responding purchasers reported that brand was either very important (17) or somewhat important (21) to their purchasing decisions.”<sup>7</sup> Given the importance of branding, the dissent then established that the top 5 global producers with the highest brand recognition were responsible for more than \*\*\* of the PVL T tire production in the United States.<sup>8</sup> These top global producers were focused on meeting the growing demand in the U.S. market for larger, high-performance tires for SUVs and crossovers. In contrast, a large majority of subject imports from China were in the low-value replacement segment of the U.S. market; of the 14 Chinese tire brands that were purported to be high-value, purchasers did not even rank six of them and placed a seventh in tier 5. Another five Chinese brands were ranked no higher than tier 3, and only two brands were considered to occupy tier 2. The dissent found that these distinctions between subject imports and tires produced by U.S. producers greatly limited competition between the two and a brand premium served to dampen any price effects from imports of low-priced Chinese tires.

*Current Reviews.* In these reviews, there is little additional or updated information regarding purchasers’ perceptions of tiers or brands. The USW did not address market segments in their Response to the Notice of Institution, other than in summarizing the Commission’s final phase views. The 2020 preliminary phase report in the multicounty PVL T tires investigations, by its nature, was not able to address purchaser perceptions as purchaser questionnaires are not a part of preliminary phase Commission proceedings. There were, however, three purchasers that responded to the Commission’s mini-questionnaire during the adequacy phase of these reviews regarding conditions of competition: \*\*\*.<sup>9</sup> These comments provide support for the position that trends relied upon by the dissent in the original investigations remain relevant today. Specifically, \*\*\*.

### **C. Likely Volume of Subject Imports**

In evaluating the likely volume of imports of subject merchandise if the antidumping and countervailing duty orders were revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to

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<sup>6</sup> Original Confidential Dissenting Views of Chairman Meredith M. Broadbent and Commissioners David S. Johanson and F. Scott Kieff (“Dissent”) at 2.

<sup>7</sup> Dissent at 3-4.

<sup>8</sup> Dissent at 5 n.17.

<sup>9</sup> Confidential Report (“CR”) and Public Report (“PR”) (“CR/PR”) at D-3 to D-4.

production or consumption in the United States.<sup>10</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.<sup>11</sup>

*Original Investigations.* Subject import volume rose by 84.3 percent between 2012 and 2014, rising from 31.5 million PVL tires in 2012 to 58.0 million in 2014; subject imports also gained market share over the POI, rising from 11.5 percent in 2012 to 19.3 percent in 2014.<sup>12</sup> The dissenting Commissioners acknowledged that volume and the increase in volume of subject imports were significant in absolute terms and relative to consumption.<sup>13</sup>

*Current Reviews.* Subject imports from China declined steadily and substantially over the period of review. From a total of 26,339,000 tires in 2015, subject imports declined by 87.6 percent to 3,254,000 tires in 2019.<sup>14</sup> In 2019, there were at least seven nonsubject import sources with larger U.S. import volumes than China.<sup>15</sup> Subject import volumes were significantly lower than those observed during the period of the original investigations, when subject import volume peaked at over 58 million tires in 2014.<sup>16</sup> The market share held by subject imports from China in apparent U.S. consumption was 1.0 percent in 2019; this is down significantly from the 19.3 percent share observed in 2014.<sup>17</sup> While subject imports lost 18.3 percentage points of U.S. market share from 2014 to 2019, nonsubject imports gain 16.9 percentage points of market share.<sup>18</sup>

Despite the steep decline in exports to the U.S. market, China’s global exports of PVL tires in HS subheading 4011.10 rose from \$4.9 billion in 2015 to \$5.6 billion in 2019 (or by an annual growth rate of 3.4 percent),<sup>19</sup> but Chinese exports in every year of the period of review (2015–2019) were lower than in every year of the period of investigation (2012–2014), when

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<sup>10</sup> 19 U.S.C. § 1675a(a)(2).

<sup>11</sup> 19 U.S.C. § 1675a(a)(2).

<sup>12</sup> Dissent at 11.

<sup>13</sup> Dissent at 11.

<sup>14</sup> CR/PR at Table I-4.

<sup>15</sup> CR/PR at Table I-4.

<sup>16</sup> CR/PR at Table I-5.

<sup>17</sup> CR/PR at Table I-5.

<sup>18</sup> CR/PR at Table I-5.

<sup>19</sup> CR/PR at I-35 & Table I-7.



they increased from \$5.9 billion to \$6.1 billion.<sup>20</sup> China was the largest global exporter of PVLT tires in HS subheading 4011.10 in every year of the period. Other leading nonsubject exporters in 2019 were Germany, Thailand, South Korea, and Japan.<sup>21</sup> It was reported that about 41.5 million tires of annual capacity was added to the Chinese PVLT tire industry.<sup>22</sup> At the same time, there were reports that in 2017–2018, “35 tiremakers in {Shandong} province have been shuttered and declared bankruptcy.”<sup>23</sup> Observers speculated that these closures represented “the phase-out of less competitive firms” that would “make way for the more competitive producers.”<sup>24</sup> The China Rubber Industry Association estimated capacity utilization in the Chinese industry to have been about 75 percent in 2019.<sup>25</sup> In the original investigations, the capacity utilization reported by the Chinese industry was \*\*\* percent in 2014.<sup>26</sup>

While I conclude it is likely that subject imports from China would increase if the antidumping and countervailing duty orders were revoked, there are four factors that indicate subject imports would not likely rise to the levels observed during the original period of investigation. First, subject imports of PVLT tires from China became subject to an additional 10 percent ad valorem section 301 duties on or after September 24, 2018. That rate of duty increased to 25 percent on May 10, 2019.<sup>27</sup> Additionally, effective July 1, 2020, the United States-Mexico-Canada Agreement (USMCA) trade pact between the U.S., Mexico, and Canada specifies local content requirements encompassing passenger vehicle and light truck tires, disfavoring the use of subject imports by OEMs.<sup>28</sup> Third, as noted above, nonsubject imports have largely replaced subject imports from China and it is not clear that all of that volume would return to Chinese suppliers even if the orders on China were revoked. Finally, of the five new domestic producers,<sup>29</sup> \*\*\* imported tires from China and were responsible for a cumulative \*\*\* percent of subject imports from China over the period of investigation;<sup>30</sup> these firms’ presence as domestic producers in the United States is likely to serve as a disincentive for them to import as much from China as they did during the period of the original investigations. This will especially be the case as these \*\*\* producers ramp up production in the U.S. market.

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<sup>20</sup> Compare CR/PR at Table I-8 with Original Confidential Staff Report at Table VII-6; Pub. 4545 at Table VII-6 (Aug. 2015).

<sup>21</sup> CR/PR at Table I-8.

<sup>22</sup> CR/PR at I-34 & Table I-6.

<sup>23</sup> USW’s Response at Exhibit 6 (including Aug. 22, 2019 article from *Tire Review Magazine*).

<sup>24</sup> USW’s Response at Exhibit 6 (including Aug. 22, 2019 article from *Tire Review Magazine*).

<sup>25</sup> USW’s Response at 10.

<sup>26</sup> Original Confidential Staff Report at Table VII-2; Pub. 4545 at Table VII-2 (Aug. 2015).

<sup>27</sup> CR/PR at I-12 n.24.

<sup>28</sup> CR/PR at I-27.

<sup>29</sup> CR/PR at Table I-2.

<sup>30</sup> Original Confidential Staff Report at Table IV-1; Pub. 4545 at Table IV-1 (Aug. 2015).

Four new state-of-the art greenfield plants completed by Giti, Kumho, Hankook, and Nokian will add 18.5 million tires of annual capacity when fully operational.<sup>31</sup> Further supplementing this new capacity, established producers Bridgestone, Continental and Toyo added 10 million tires of incremental capacity during the period.<sup>32</sup>

Accordingly, based on the record in these reviews and the record in the original investigations, I find that the likely volume of subject imports from China would be significant if the order were revoked, both in absolute terms and relative to production and consumption in the United States. Nevertheless, while I acknowledge (as did the dissenting Commissioners in the original investigations) that a significant volume of subject imports is likely in the reasonably foreseeable time, I cannot conclude that such a significant volume will adversely impact the domestic industry in the reasonably foreseeable future. First, as explained above, I do not expect subject import volume will rise to the levels observed during the original period of investigation. Second, I expect that attenuation of competition between the domestic like product and subject imports, based largely on branding, will continue, as it did during the original investigations, to limit the effects of any increased volume of subject imports on the domestic industry. As I will detail below, the likely significant, albeit smaller, volume of subject imports from China that will enter the U.S. market following revocation would compete in the lower-value segments of the market (i.e. private labels and tier 4 and 5 brands in the replacement segment) that were not well served during the POI by a capacity-constrained domestic industry that was primarily interested in producing higher-value, larger PVL tires that were more profitable.

#### **D. Likely Price Effects of Subject Imports**

In evaluating the likely price effects of subject imports if the antidumping and countervailing duty orders were revoked, the Commission considers whether there is likely to be significant underselling by the subject imports as compared to the domestic like product, and if the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.<sup>33</sup>

In performing this analysis, I have considered the previous findings regarding price effects in the original investigations, including those of the dissenting Commissioners, of which I was a part. The Commission did not collect specific pricing data in these expedited reviews, nor did domestic interested parties provide such data.

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<sup>31</sup> CR/PR at I-25.

<sup>32</sup> CR/PR at I-25.

<sup>33</sup> 19 U.S.C. § 1675(a)(3).

*Original Investigations.* In the original investigations, the dissenting Commissioners found little clear evidence of price effects by the subject imports from China.<sup>34</sup> In particular, the dissenting Commissioners found that, while subject imports from China were uniformly imported at average unit values lower than the domestic industry's prices for comparable products, the underselling by subject imports was not responsible for declining prices; rather, it was raw material costs, which fell by 14.6 percent over the period, and not subject imports, that led to the modest decline in AUVs of 3.5 percent.<sup>35</sup> This conclusion was further supported by steadily declining trends in the COGS-to-net-sales ratio, which fell by \*\*\* percentage points, from \*\*\* percent in 2012 to \*\*\* percent in 2014.<sup>36</sup>

That uniform underselling did not result in significant price effects was explained by the dissenting Commissioners as resulting from attenuated competition due to differences in branding and a lack of competition between subject imports and U.S.-produced PVL tires in the OEM segment in the market. While the six pricing products accounted for several characteristics of comparable tires, they did not account for branding.<sup>37</sup> The dissenting Commissioners concluded that the \*\*\* percent average margin of underselling was largely accounted for by differences between brands and between branded tires and private label tires.<sup>38</sup>

*Current Reviews.* In these five-year reviews, there is no information on the record that would compel me to alter the conclusions reached in the original investigations regarding likely price effects. The only new data related to price are the average unit values of imports. Those from China fell initially from \$40.80 per tire in 2015 to \$35.42 per tire in 2016, but then increased each year to reach \$49.38 per tire in 2019.<sup>39</sup> The AUV of subject imports from China in 2019 was lower than the overall average AUV for all imports in every year of the period of review and, in 2019, was 16.9 percent lower than the overall average AUV for all imports, which was \$59.43.<sup>40</sup> By comparison, AUV data collected through questionnaires in the original investigations showed AUVs of subject imports from China declined steadily from \$\*\*\* per tire in 2012 to \$\*\*\* per tire in 2014.<sup>41</sup> While of limited probative value due to likely product mix, and other, issues, these AUV data show that AUVs of subject imports of China were higher in

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<sup>34</sup> Dissent at 12-16 & 24-25.

<sup>35</sup> Dissent at 14.

<sup>36</sup> Original Confidential Staff Report at Table C-1.

<sup>37</sup> Dissent at 13.

<sup>38</sup> Dissent at 13.

<sup>39</sup> CR/PR at Table I-4.

<sup>40</sup> CR/PR at Table I-4. Note that imports from Thailand, Indonesia, and Vietnam had lower import AUVs than did China in 2019. *Id.*

<sup>41</sup> Original Confidential Staff Report at Table VII-5; Pub. 4545 at Table VII-5 (Aug. 2015).

three of the five years of the period of review than they were in 2014, the last year of the POI.<sup>42</sup> The AUV of subject imports, and of imports in general, was lower than the AUV of U.S. producers' U.S. shipments, which was \$90.68 in 2019.<sup>43</sup>

Thus, the record of these reviews shows that, as was the case in the original investigations, the unit value of subject imports from China is lower than both other imports and U.S. producers' U.S. shipments. I conclude, therefore, that subject imports would likely significantly undersell the domestic industry's PVL tires. I do not, however, conclude that this likely underselling will lead to any price effects. The dissenting Commissioners determined in the original investigations that raw material prices explained declining U.S. prices rather than subject imports. The only information on the record of these reviews regarding raw material costs indicates that the vast majority of market participants viewed raw material costs as either fluctuating or decreasing.<sup>44</sup> As was the case in the original investigations, the trends in raw material costs correspond with data on pricing products showing that U.S. prices for two products modestly increased (by \*\*\* and \*\*\* percent for products \*\*\*, respectively) and U.S. prices for two products modestly decreased (by \*\*\* and \*\*\* percent for products \*\*\*, respectively).<sup>45</sup> Another point of comparison with the period of the original investigation is that the COGS-to-net-sales ratio in 2019 was 68.8 percent, lower than at any time during the period of investigation, when the ratio declined from \*\*\* percent in 2012 to \*\*\* percent in 2014.<sup>46</sup> The record thus indicates that despite persistent gaps in AUVs, the domestic industry COGS-to-net-sales ratio was lower than it had been at any point during the period of investigation. This indicates that, as was the case during the original investigations, attenuated competition in the form of a brand premium, prevents price effects from being transmitted from undersold subject imports to the prices of the higher-end products produced by U.S. producers. Therefore, I find that subject imports from China are not likely to depress or suppress domestic like product prices to a significant degree after revocation.

Accordingly, on the basis of the record in these reviews, I find that revocation of the antidumping and countervailing duty orders on imports of PVL tires from China would not be

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<sup>42</sup> CR/PR at Table I-4.

<sup>43</sup> CR/PR at Table I-3.

<sup>44</sup> Preliminary Korea, Taiwan, Thailand, and Vietnam Confidential Staff Report at V-1; Pub. 5093 (July 2020), at V-1. Thirteen of 14 U.S. producers and 34 of 45 U.S. importers viewed raw material costs as either fluctuating or decreasing. *Id.*

<sup>45</sup> Preliminary Korea, Taiwan, Thailand, and Vietnam Confidential Staff Report at Table V-11; Pub. 5093 (July 2020), Table V-11.

<sup>46</sup> Original Confidential Staff Report at Table C-1.

likely to lead to a significant depressing or suppressing effect on the price of the domestic like product, within a reasonably foreseeable time.

### **E. Likely Impact of Subject Imports**

In evaluating the likely impact of imports of subject merchandise if the antidumping and countervailing duty orders are revoked, the Commission considers all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including, but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>47</sup>

*Original Investigations.* During the original investigations, the dissenting Commissioners, including me, found that the impact of subject imports was not significant. I based my conclusion on the steady overall performance of the domestic industry. Capacity, production, capacity utilization, and most employment measures were all essentially the same in 2014 as in 2012.<sup>48</sup> Financially, the domestic industry improved significantly over the period of investigation. The industry's ratio of operating income to net sales rose from 9.2 percent in 2012 to 12.9 percent in 2014; \*\*\* reported gross or operating losses for any Year of the POI.<sup>49</sup> The level of total capital expenditures was 10.5 percent higher in 2014 than in 2012 as established producers faced constraints and new producers prepared to enter the domestic industry.<sup>50</sup>

While the domestic industry lost 4.7 percentage points as its market share fell from 46.6 percent in 2012 to 41.9 percent in 2014, the dissenting Commissioners noted that the domestic industry was operating at high levels of capacity utilization, with little additional practical capacity to meet demands as the industry responded to demand for larger, more complex tires.<sup>51</sup> With apparent U.S. consumption having increased by 9.7 percent from 2012 to 2014,<sup>52</sup> many U.S. producers were already producing at capacity, with \*\*\* U.S. producers producing at over \*\*\* percent capacity utilization in 2014.<sup>53</sup> Productivity was relatively flat over the POI, but the lack of improvement was linked to the shift to production of more time-consuming

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<sup>47</sup> 19 U.S.C. § 1675(a)(4).

<sup>48</sup> Dissent at 18.

<sup>49</sup> Dissent at 18-19.

<sup>50</sup> Dissent at 19.

<sup>51</sup> Dissent at 19-20.

<sup>52</sup> Original Confidential Staff Report at Table C-1; Pub. 4545 at Table C-1 (Aug. 2015).

<sup>53</sup> Dissent at 19.

products. The domestic industry's end of year inventories declined in each year of the POI.<sup>54</sup> Several U.S. producers noted capacity constraints as the reason for their having imported subject merchandise during the period of investigation.<sup>55</sup> Therefore, the dissenting Commissioners concluded that it was primarily capacity constraints, and not subject imports, that prevented the domestic industry from maintaining its market share. That the domestic industry, despite being capacity constrained, still viewed the U.S. market as attractive and healthy was demonstrated by the investments being made both by incumbent U.S. producers and by new producers.<sup>56</sup>

*Current Reviews.* Although the Commission elected not to conduct a full review, and we would normally have limited new information on the current condition of the domestic industry, in this instance, our record regarding the domestic industry is supplemented by the confidential record in the preliminary phase of the *PVLT Tires from Korea, Taiwan, Thailand, and Vietnam* investigations. On balance, I find that the economic health of the U.S. PVLT tires industry appears better than it was at the time of the original investigations. The domestic industry has been attractive for capital expenditures, totaling \$2.9 billion over the period 2017 to 2019.<sup>57</sup> Given its high level of profitability, with operating income margins in excess of \*\*\* percent in every year of the period of review,<sup>58</sup> I do not conclude that it is vulnerable to future imports.

Consistent with the recent entry of five new PVLT tire producers,<sup>59</sup> the capacity of the domestic industry has increased from about 163 million tires in 2014 to about 190 million tires in 2019, or by about 16.5 percent.<sup>60</sup> Production by the domestic industry also increased but did not keep pace with the rapid expansion in capacity and, as a result, capacity utilization declined from \*\*\* percent in 2014 to 80.4 percent in 2019.<sup>61</sup> Nevertheless, five U.S. producers accounting for \*\*\* percent of U.S. production were still operating in 2019 with capacity

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<sup>54</sup> Dissent at 20.

<sup>55</sup> Dissent at 19-20.

<sup>56</sup> Dissent at 26.

<sup>57</sup> Preliminary Korea, Taiwan, Thailand, and Vietnam Confidential Staff Report at Table C-1; Pub. 5093 (July 2020), Table C-1.

<sup>58</sup> Preliminary Korea, Taiwan, Thailand, and Vietnam Confidential Staff Report at Table C-1; Pub. 5093 (July 2020), Table C-1.

<sup>59</sup> CR/PR at Table I-2.

<sup>60</sup> Original Confidential Staff Report at Table C-1; Pub. 4545 at Table C-1 (Aug. 2015); and CR/PR at Table I-3.

<sup>61</sup> CR/PR at Table I-3.

utilization rates in excess of 90 percent.<sup>62</sup> Further, the financial performance of the domestic industry actually improved between 2014 and 2019 despite the decline in capacity utilization.<sup>63</sup>

While I find it likely that subject imports from China will return to the significant presence that they held in the U.S. market, I do not find there will likely be significant price effects from these imports for the reasons stated above. I similarly find that despite their likely significant volumes, subject imports from China are unlikely to have a significant impact. Because any likely price effects of the subject imports will be limited due to attenuated competition and are unlikely to affect significantly pricing for the domestic like product, the likely return of significant subject import volumes is unlikely to impair domestic industry performance in light of the lack of impairment that occurred during the period of investigation.

I therefore find that revocation of the antidumping and countervailing duty orders on China is not likely to lead to the continuation or recurrence of material injury to the domestic PVLT tires industry within a reasonably foreseeable time.

## **II. CONCLUSION**

For the foregoing reasons, I determine that revocation of the antidumping and countervailing duty orders on PVLT tires from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>62</sup> Preliminary Korea, Taiwan, Thailand, and Vietnam Confidential Staff Report at Table III-4; Pub. 5093 (July 2020), Table III-4.

<sup>63</sup> CR/PR at Table I-3. In our original dissenting views, the dissenting Commissioners noted that \*\*\*. Dissent at 26 n.110. While the domestic industry was not asked in these expedited reviews for their position on continuation, I note that no domestic producer filed a notice of appearance in these reviews.





# Information obtained in these reviews

## Background

On July 1, 2020, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of the antidumping and countervailing duty orders on passenger vehicle and light truck tires (“PVL tires”) from China would be likely to lead to continuation or recurrence of material injury.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective date	Action
July 1, 2020	Notice of initiation by Commerce (85 FR 39526, July 1, 2020)
July 1, 2020	Notice of institution by Commission (85 FR 39581, July 1, 2020)
October 5, 2020	Commission’s vote on adequacy
November 4, 2020	Commerce’s results of its expedited review of the antidumping duty order
November 9, 2020	Commerce’s results of its expedited review of the countervailing duty order
February 5, 2021	Commission’s determinations and views

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> 85 FR 39581, July 1, 2020. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders. 85 FR 39526, July 1, 2020. Pertinent Federal Register notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in the original investigations are presented in app. C.

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in this proceeding.

# Responses to the Commission's notice of institution

## Individual responses

The Commission received one submission in response to its notice of institution in these subject reviews. It was filed on behalf of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"), a union representing workers engaged in the manufacturing of the domestic like product (referred to herein as the "domestic interested party"). The USW represents workers at certain plants owned by five domestic producers of PVL tires: Cooper Tire & Rubber Company ("Cooper"); the Goodyear Tire & Rubber Company ("Goodyear"); Michelin North America Inc. ("Michelin"); Sumitomo Rubber USA, LLC ("Sumitomo"); and the Yokohama Rubber Co., Ltd. ("Yokohama").<sup>5</sup>

A complete response to the Commission's notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and an estimate of coverage is shown in table I-1.<sup>6</sup>

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<sup>5</sup> In 2019, the USW represented workers at the following plants: (1) Cooper: Findlay, Ohio and Texarkana, Arkansas; (2) Goodyear: Fayetteville, North Carolina, Gadsden, Alabama and Topeka, Kansas; (3) Michelin: Fort Wayne, Indiana and Tuscaloosa, Alabama; (4) Sumitomo: Tonawanda, New York; and (5) Yokohama: Salem, Virginia. Domestic interested party's response to the notice of institution, July 31, 2020, pp. 1, 18-19, and exh. 2.

<sup>6</sup> On July 10, 2020, the domestic interested party submitted to the Commission a *Notice of Difficulty in Obtaining Requested Information*, explaining that the USW did not have access to certain operations and financial information requested in the *Notice of Institution*. Concurrently, the Commission had completed preliminary antidumping and countervailing investigations on PVL tires from Korea, Taiwan, Thailand, and Vietnam. Given both circumstances, the preliminary report was placed on the record to inform these investigations.

*See generally*: Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam, Inv. Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary), USITC Publication 5093, July 2020 ("Korea et al preliminary publication"); and, Investigations Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary): Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam, Confidential Report, INV-SS-079, July 7, 2020 ("Korea et al preliminary confidential report").

**Table I-1**

**PVLT tires: Summary of responses to the Commission's notice of institution**

Type of interested party	Completed responses	
	Number of firms	Coverage
Domestic:		
U.S. union	5	***

Note: In 2019, U.S. producers manufactured approximately 152,980,000 PVLT tires. That same year, the five firms produced \*\*\* PVLT tires. Accordingly, these firms accounted for an estimated \*\*\* percent of U.S. production of PVLT tires in 2019.

Note: As a union, the USW represents workers engaged in the manufacturing of PVLT tires at certain plants owned by the five firms. The USW estimates the plants it represented accounted for \*\*\* percent of domestic production in 2019.

Source: Firm-specific data is derived from the Korea et al preliminary confidential staff report; the plant-specific estimate is present in the domestic interested party's response to the notice of institution, July 31, 2020, p. 20 and the domestic interested party's comments on adequacy, September 14, 2020, pp. 4-5.

**Party comments on adequacy**

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from the USW. The USW requests that the Commission conduct expedited reviews of the antidumping and countervailing duty orders on PVLT tires.<sup>7</sup>

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<sup>7</sup> Domestic interested party's comments on adequacy, September 14, 2020, pp. 2, 5-7.

## The original investigations

The original investigations resulted from petitions filed on June 3, 2014 with Commerce and the Commission by the USW, Pittsburgh, Pennsylvania.<sup>8</sup> On June 18, 2015, Commerce determined that imports of PVL tires from China were being sold at less than fair value (“LTFV”) and subsidized by the Government of China.<sup>9</sup> The Commission determined on August 3, 2015 that an industry in the United States was materially injured by reason of imports of PVL tires from China that had been found by Commerce to be sold in the United States at LTFV and subsidized by the Government of China.<sup>10</sup> On August 10, 2015, Commerce issued its antidumping and countervailing duty orders with the final weighted-average dumping margins ranging from 14.35 to 87.99 percent and net subsidy rates ranging from 20.73 to 116.33 percent.<sup>11</sup>

## Previous investigations

Following receipt of a petition filed on April 20, 2009, on behalf of the USW, the Commission instituted investigation No. TA-421-7 under section 421(b) of the Trade Act of 1974 (19 U.S.C. 2451(b)) to determine whether new pneumatic tires, of rubber, from China, of a kind used on motor cars (except racing cars) and on-the-highway light trucks, vans, and sport utility vehicles, provided for in subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50 of the Harmonized Tariff Schedule of the United States (HTSUS), were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products.<sup>12</sup>

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<sup>8</sup> Certain Passenger Vehicle and Light Truck Tires from China, Inv. Nos. 701-TA-522 and 731-TA-1258 (Final), USITC Publication 4545, August 2015 (“Original publication”), p. I-1.

<sup>9</sup> 80 FR 34893 and 34888, June 18, 2015; and 80 FR 47902, August 10, 2015 (amended final antidumping and countervailing duty determinations).

<sup>10</sup> 80 FR 47000, August 6, 2015.

<sup>11</sup> 80 FR 47902, August 10, 2015 (amended final antidumping and countervailing duty determinations).

<sup>12</sup> 74 FR 19593, April 29, 2009.

On the basis of information developed in that investigation, the Commission determined that certain passenger vehicle and light truck tires from China were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products.<sup>13</sup>

With regard to the Commission's recommendation on proposed remedy, Chairman Shara L. Aranoff and Commissioners Charlotte R. Lane, Irving A. Williamson, and Dean A. Pinkert proposed that the President, for a three-year period, impose a duty, in addition to the current rate of duty, on imports of certain passenger vehicle and light truck tires from China as follows: 55 percent ad valorem in the first year, 45 percent ad valorem in the second year, and 35 percent ad valorem in the third year. They further proposed that, if applications were filed, the President should direct the U.S. Department of Labor and the U.S. Department of Commerce to provide expedited consideration of Trade Adjustment Assistance for firms and/or workers that are affected by subject imports.<sup>14</sup>

Effective September 26, 2009, President Obama determined to provide import relief in the form of a 35 percent ad valorem duty above the column 1 general rate of duty in the first year; a 30 percent ad valorem duty above the column 1 general rate of duty for the second year; and a 25 percent ad valorem duty above the column 1 general rate of duty in the third year. In order to assist workers, firms, and their communities that had been or were affected by the market disruption, President Obama directed the Secretary of Commerce and the Secretary of Labor to expedite consideration of any Trade Adjustment Assistance applications received from domestic passenger vehicle and light truck tire producers, their workers, or communities and to provide such other requested assistance or relief as they deem appropriate, consistent with their statutory mandates.<sup>15</sup>

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<sup>13</sup> 74 FR 34363, July 15, 2009. Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun made a negative determination.

<sup>14</sup> 74 FR 34363, July 15, 2009. Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun, having made a negative determination regarding market disruption, were not eligible to vote on a proposed remedy.

<sup>15</sup> *Presidential Proclamation No. 8414*, 74 FR 47861, September 17, 2009. *Imports of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, Presidential Determination No. 2009-28, Memorandum for the Secretary of Commerce, the Secretary of Labor, the United States Trade Representative*, 74 FR 47433, September 16, 2009.

On September 14, 2009, China requested consultations with the United States under the World Trade Organization (“WTO”) Understanding on Rules and Procedures Governing the Settlement of Disputes concerning the import relief measures imposed on certain passenger vehicle and light truck tires from China. In its panel report issued on December 13, 2010, the WTO Dispute Settlement Body (“DSB”) ruled that the measures were not in violation of WTO rules. On May 24, 2011, China notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation covered in the panel report. On September 5, 2011, the Appellate Body upheld the Panel’s findings and at its meeting on October 5, 2011, the Dispute Settlement Body adopted the Panel and Appellate Body reports.<sup>16</sup>

Under the statute, the USW had the right to request an extension of the relief up to six months in advance of its expiration. In March 2012, in advance of the six-month renewal request deadline, the USW indicated to the Administration that such a request would not be made.<sup>17</sup>

## **Related investigations**

On May 13, 2020, the USW filed petitions with the Commission and Commerce, alleging that an industry in the United States was materially injured or threatened with material injury by reason of subsidized imports of PVLT tires from Vietnam and LTFV imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam.<sup>18</sup> On July 17, 2020, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam, that were alleged to be sold in the United States at LTFV and to be subsidized by the government of Vietnam.<sup>19</sup> Accordingly, the Commission will continue with the final phase of those investigations.

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<sup>16</sup> [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds399\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds399_e.htm) and [http://www.wto.org/english/news\\_e/news11\\_e/dsb\\_05oct11\\_e.htm](http://www.wto.org/english/news_e/news11_e/dsb_05oct11_e.htm).

<sup>17</sup> “USW Acclaim Success of Trade Relief for Tire Sector; Extension Not Requested,” September 24, 2012. <http://www.usw.org/news/media-center/releases/2012/usw-acclaim-success-of-trade-relief-fortire-sect-or-extension-not-requested>, retrieved July 7, 2014.

<sup>18</sup> Korea et al preliminary publication, pp. 1-2.

<sup>19</sup> 85 FR 44322, July 22, 2020.

## Commerce's five-year reviews

Commerce is conducting expedited reviews with respect to the orders on imports of PVLT tires from China and intends to issue the final results of these reviews based on the facts available not later than October 29, 2020.<sup>20</sup> Commerce's Issues and Decision Memoranda, published concurrently with Commerce's final results, will contain complete and up-to-date information regarding the background and history of the orders, including scope rulings, duty absorption, changed circumstances reviews, and anti-circumvention. Upon publication, a complete version of the Issues and Decision Memoranda can be accessed at <http://enforcement.trade.gov/frn/>. The Issues and Decision Memoranda will also include any decisions that may have been pending at the issuance of this report. Any foreign producers/exporters that are not currently subject to the antidumping and countervailing duty orders on imports of PVLT tires from China are noted in the sections titled "The original investigations" and "U.S. imports," if applicable.

## The product

### Commerce's scope

Commerce has defined the scope as follows:

*The scope of these orders is passenger vehicle and light truck tires.*

*Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by these orders may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.*

*Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:*

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<sup>20</sup> Letter from Melissa G. Skinner, Senior Director, Office VII, Office of AD/CVD Operations, U.S. Department of Commerce to Nannette Christ, Director of Investigations, August 20, 2020.

*Prefix designations:*

*P—Identifies a tire intended primarily for service on passenger cars.*

*LT—Identifies a tire intended primarily for service on light trucks.*

*Suffix letter designations:*

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

*All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.*

*In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix 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 passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.*

*Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.*

*Specifically excluded from the scope are the following types of tires:*

*(1) Racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;*

*(2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;*

*(3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;*

*(4) non-pneumatic tires, such as solid rubber tires;*



*(5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:*

*(a) The size designation and load index combination molded on the tire's sidewall are listed in Table PCT-1B ("T" Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,*

*(b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,*

*(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;*

*(6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:*

*(a) The size designation molded on the tire's sidewall is listed in the ST sections of the Tire and Rim Association Year Book,*

*(b) the designation "ST" is molded into the tire's sidewall as part of the size designation,*

*(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",*

*(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and*

*(e) either*

*(i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or*

*(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either*

*(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or*

*(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;*

*(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:*

*(a) The size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,*

*(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",*

*(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and*

*(d) the tire features a recognizable offroad tread design.*

*The products covered by the orders are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.<sup>21</sup>*

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<sup>21</sup> 80 FR 47902, August 10, 2015 (amended final antidumping and countervailing duty determinations).

## U.S. tariff treatment

Based upon the scope set forth by Commerce, the merchandise subject to these investigations are imported under the following provisions of the HTSUS: 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005, and 4011.20.5010. Subject merchandise may also be imported under HTSUS subheadings 4011.99.4510, 4011.99.4550, 4011.99.8510, 4011.99.8550, 8708.70.4545, 8708.70.4560, 8708.70.6030, 8708.70.6045, and 8708.70.6060. Effective May 10, 2019, passenger vehicle and light truck tires produced in China became subject to an additional 25 percent ad valorem duty under Section 301 of the Trade Act of 1974.<sup>22 23</sup> Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection (CBP).

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<sup>22</sup> Section 301 of the Trade Act of 1974, as amended (19 U.S.C. § 2411) authorizes the Office of the United States Trade Representative (“USTR”), at the direction of the President, to take appropriate action to respond to a foreign country’s unfair trade practices. On August 18, 2017, USTR initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation (82 FR 40213, August 24, 2017). On April 6, 2018, USTR published its determination that the acts, policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under section 301(b) of the Trade Act (83 FR 14906, April 6, 2018).

<sup>23</sup> All passenger radial and bias ply tires listed under HTSUS 4011.10.10 and 4011.10.50 respectively, together with light truck radial tires under HTSUS 4011.20.1005 and bias ply tires under HTSUS 4011.20.5010 were included in the USTR’s third enumeration (“Tranche 3”) of products originating in China that became subject to an additional 10 percent ad valorem section 301 duties (Annexes A and C of 83 FR 47974), on or after September 24, 2018. Tranche 3 covered 6,031 tariff subheadings, with an approximate annual trade value of \$200 billion (83 FR 47974, September 21, 2018).

Escalation of this duty to 25 percent ad valorem was rescheduled from January 1, 2019 (annex B of 83 FR 14906, April 6, 2018) to March 2, 2019 (83 FR 65198, December 19, 2018), but was subsequently postponed until further notice (84 FR 7966, March 5, 2019), and then was implemented as of May 10, 2019 (84 FR 20459, May 9, 2019).

## Description and uses<sup>24</sup>

Subject new pneumatic (air pressurized) passenger vehicle (PV) and light truck (LT) tires (PVLТ tires) are strategic to the operation and safe driving characteristics of on-the-road motor vehicles, providing the only contact footprint or interface between a given vehicle and the road. PV tires are designed for use on standard-type passenger cars and associated vehicles such as sport utility vehicles (SUVs) and other multipurpose passenger vehicles, including light trucks, while LT tires are those usually used specifically on light trucks or multipurpose passenger vehicles.<sup>25</sup> PVLТ tires of varying sizes and design configurations, radial or non-radial, tube-type or tubeless, are produced domestically or imported into the United States for fitment to original equipment (OE) vehicles or for the replacement requirements on used vehicles, each subject to the same U.S. Department of Transportation (DOT) motor vehicle safety, quality, and marking standards. Today's PVLТ tires typically range from 13 to 26 inches in rim diameter and are principally of tubeless steel belted radial ply.<sup>26</sup> Both the domestic and global tire industries are predominately multinational in structure.

PVLТ tires compositions are reported to consist for example of 43 percent rubber (24 percent synthetic—butadiene, styrene butadiene, and butyl rubbers—and 19 percent natural rubber), 24 percent carbon black and silica performance additives, 18 percent reinforcing fabric cord ply and other additives (polyester, rayon, nylon, and aramid cord, antioxidants and sulfur curing agents), together with 12 percent steel (belts and bead wire). Heavier load bearing PVLТ tires may contain more natural rubber and steel than shown.<sup>27</sup>

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<sup>24</sup> Unless otherwise noted, this information is based on the Original publication, pp. I-14-1-23.

<sup>25</sup> Federal Motor Vehicle Safety Standard No. 139 (49 CFR 571.139).

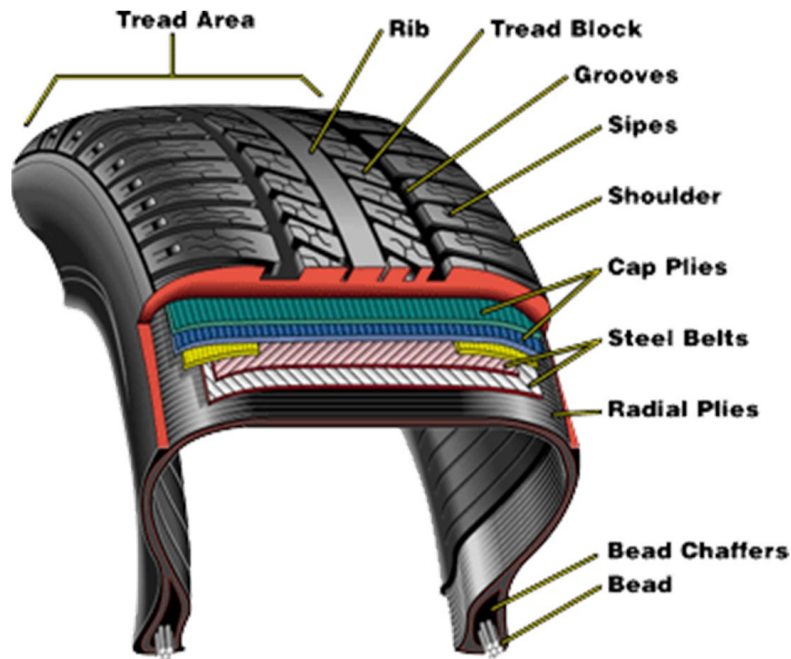
<sup>26</sup> *Tire and Rim Association Year Book, 2019*, Preliminary Petition, Volume I, Exhibit I-7, May 13, 2020.

<sup>27</sup> *What's in a Tire*, U.S. Tire Manufacturers Association, <https://www.ustires.org/whats-tire-0>, retrieved June 13, 2020. Rubber properties and additives determine overall tire performance (rolling resistance, wear, temperature and traction). Carbon black and silica contribute to enhanced handling, treadwear, traction, fuel mileage, temperature and abrasion resistance. Carbon black additive is also responsible for the black color of tires.

The construction design features of a tubeless steel belted radial PVLT tire, today's predominant tire design, are shown in figure I-1.

**Figure I-1**

**PVLT tires: Tubeless steel belted radial tire construction design**



Source: <http://www.abbsrytire.com/diagramtire.htm>, retrieved June 21, 2020.

Radial tire design began to replace the bias ply design in the United States in the early-1970s, and by the mid-1990s dominated both the replacement and OE markets.<sup>28</sup> Radial tires provide superior strength, handling, ride quality, wear resistance and improved mileage, fuel economy, and resistance to heat buildup. The tire casing is the load bearing component of the radial tire consisting of a rubber innerliner impervious to air migration and rubberized reinforcing plies (tire cord) that run parallel across the tire to the rubberized steel bead on each side. The beads form the inner circular rim diameter of a finished tire which is fitted in an airtight manner to a given steel, aluminum, or composite wheel to form a complete tire assembly ready for mounting. Bead chaffers are a key component of the tire that provide the direct contact points between the tire and the wheel, designed to withstand forces (chafing) that the wheel puts on the tire during mounting as well as the dynamic forces of driving and braking.

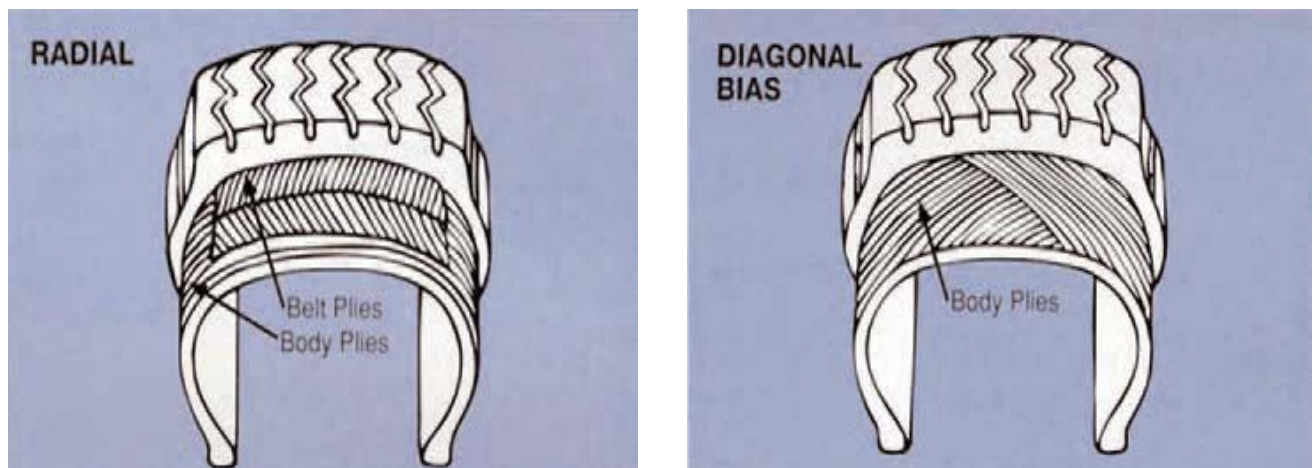
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<sup>28</sup> National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005.

Above the tire casing are steel belts which provide a stable foundation for better tread wear and traction and protect the casing against impacts and punctures. Other components include cap plies usually built into performance tires to enhance cornering and stability at higher speeds. Tread designs are multiple in nature consistent with their intended end use. The tread block provides traction at its leading and trailing edge. Within the block, sipes are often molded or cut to provide additional traction. Grooves are built into tread design for channeling away water and promoting wet traction. Shoulder designs provide protection as well as additional traction during hard cornering.

The diagram of Figure I-2 compares today's dominant steel belted radial body ply construction (left) to that of the bias ply tire standard that dominated the U.S. tire manufacturing sector up to the mid-1970s (right).

**Figure I-2**  
**PVLT tires: Radial and bias ply construction**



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

PVLT tire definitions and standards are articulated under Title 49 of the Code of Federal Regulations (CFR), Federal Motor Vehicle Safety Standards, Part 571, Standard No. 139.<sup>29</sup> These standards apply to new pneumatic radial tires for use on light motor vehicles that have a gross vehicle weight rating (GVWR) of 10,000 pounds or less and that were manufactured after 1975.

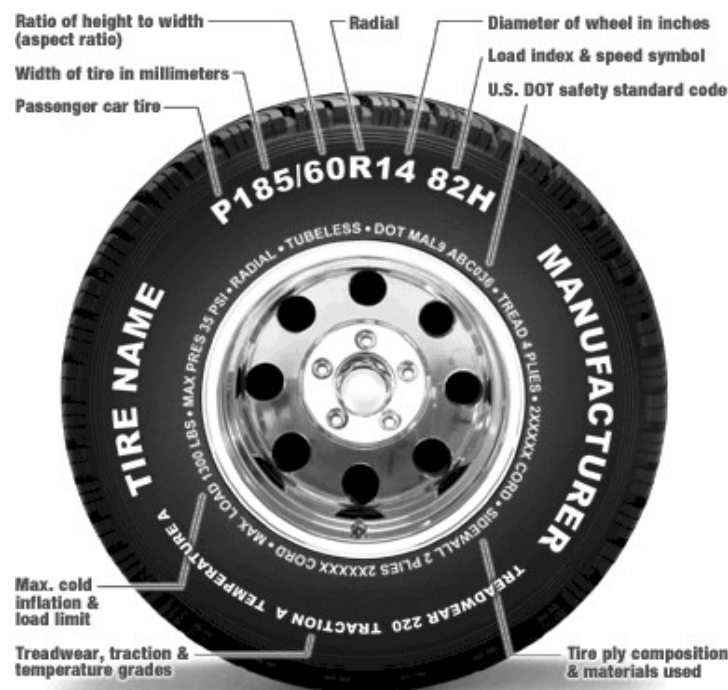
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<sup>29</sup> Electronic code of federal regulations, [https://www.ecfr.gov/cgi-bin/text-idx?SID=f772e1e6cae23772f2b9d32e7c330a7b&mc=true&node=pt49.6.571&rgn=div5#se49.6.571\\_1139](https://www.ecfr.gov/cgi-bin/text-idx?SID=f772e1e6cae23772f2b9d32e7c330a7b&mc=true&node=pt49.6.571&rgn=div5#se49.6.571_1139), retrieved August 18, 2020.

A passenger car tire is defined as intended for use on passenger cars, multipurpose passenger vehicles, and trucks that have a GVWR of 10,000 pounds or less. LT tires are defined as a tire designated by its manufacturer as primarily intended for use on lightweight trucks or multipurpose passenger vehicles. Bias ply tires are included in the definitions; rules and regulations and testing procedures are promulgated under the authority of the National Highway Traffic Safety Administration (NHTSA), U.S. Department of Transportation (DOT). Additional standards, 49 CFR 571.119 (S3), apply to new pneumatic tires for motor vehicles with a GVWR of more than 10,000 pounds manufactured after 1948.<sup>30</sup> The maximum upper load limit per tire of the LT tires reported by the Tire and Rim Association in its LT tire chapter is about 4,190 pounds at 65 pounds per square inch (psi) air pressure.

NHTSA regulations cited above require multiple markings on PVLV tire sidewalls certified for use in the United States as shown in the passenger tire diagram of Figure I-3.

**Figure I-3**  
**PVLV tires: PVLV tire designations**



Source: TBC Corp. (formerly Del-Nat Tire Corp).

<sup>30</sup> Electronic code of federal regulations, [https://www.ecfr.gov/cgi-bin/text-idx?SID=f02bdd70411f89922361df2f63832890&mc=true&node=pt49.6.571&rgn=div5#se49.6.571\\_1119](https://www.ecfr.gov/cgi-bin/text-idx?SID=f02bdd70411f89922361df2f63832890&mc=true&node=pt49.6.571&rgn=div5#se49.6.571_1119), retrieved August 18, 2020.



The specifications molded into the tire sidewall provide a wealth of information, including the tire brand name and manufacturer; the PVL tires type, passenger “P”; tire dimensions and construction; rim diameter in inches and tire width in millimeters (mm); tube or tubeless; load index, and speed symbol; and the U.S. DOT identification number indicating that the tire meets all federal standards. Within the DOT designation is also the plant code where the tire was manufactured, and the year and date produced.

Other designations include treadwear, traction, and temperature grades which provide a consumer with comparative producer and brand performance indicators for tires through NHTSA’s Uniform Tire Quality Grading System (UTQGS) wherein NHTSA has rated more than 5,000 tire lines, including most used on passenger cars, minivans, SUVs and light pickup trucks.<sup>31</sup> Other designations include the tire load limits in pounds and maximum tire pressure limits in pounds per square inch (psi).

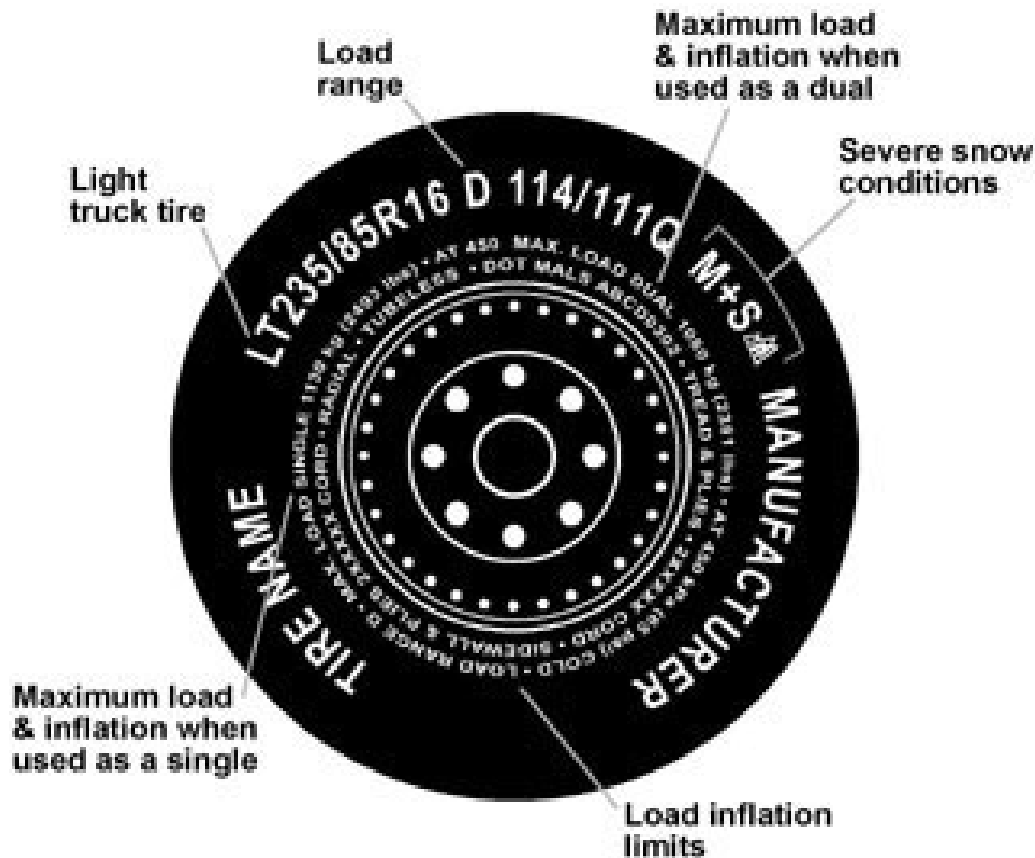
Speed symbol indicators range from a low of N (87 mph) to midrange H (130 mph) to Y (186 mph), with ZR indicating anything above 186 mph. Load index designations for consumer passenger vehicles and light trucks having a GVWR of 10,000 pounds or less, run from a low of about 75 (853 pounds per tire at 35 psi) to an average high of around 112 (2,469 pounds per tire). Additionally, placards found on the inside passenger door panels of vehicles purchased in the United States detail original equipment tire size and the vehicle weight rating (passengers and goods) for guidance in purchasing replacement tires.

Tires designed for multiple use on PVL vehicles carry the “P” designation, known as “P-metric,” or the “P” may be omitted altogether on “metric” tires having basically the same sidewall designations and tire sizes. In addition to the above PVL designations shown in figure I-3, tires specifically marked “LT” for light truck are also required to carry added designations as shown in the diagram of figure I-4.

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<sup>31</sup> National Highway Traffic Safety Administration (NHTSA), <https://nhtsa.gov/equipment/tires>, retrieved June 26, 2020.

**Figure I-4**  
**PVLT tires: Additional LT tire designations**



Source: National Highway Traffic Safety Administration (NHTSA).

As indicated, the symbol “LT” designates the tire is for use on light trucks; the “Load Range” symbol is a gauge of the tire’s load-carrying capabilities at a given pressure and speed. For example, the above tire as shown has a “load range” of D that is equivalent to a “ply rating” of 8, or a “load index” maximum of 114 (2,600 pounds at 65 psi) at speed Q (99 mph). Load range designations for light trucks typically run from C (ply rating of 6) to E (ply rating of 10), and load indices from 100 (1,765 pounds) up to around 128 (3,970 pounds). “Maximum Load & Inflation, Dual,” indicates the maximum weight bearing capacity of a light truck tire at the stated pressure when the tire is used as a dual; that is, when four tires are installed on each rear axle (a total of six or more tires on the vehicle). The above tire as shown has a dual load index rating of 111 (2,405 pounds).<sup>32</sup>

<sup>32</sup> *Tire and Rim Association Year Book, 2019*, Preliminary Petition, Volume I, Exhibit I-7, May 13, 2020.

## **Manufacturing process<sup>33</sup>**

PVLT tire production technology in U.S. plants has continued to evolve since the introduction of the tubeless steel belted radial tire in the 1970s, accompanied by rising consumer demand for multiple types of tires to fit the large array of today's multipurpose passenger and light truck vehicles. Higher levels of automation and other efficiency measures have followed these trends. Each producer typically employs variable types of proprietary processes in the production of its particular lines of tires utilizing a large variety of rubberized tire component compounds produced from natural and synthetic rubber, textile and steel reinforcement plies and belts, and rubberized steel bundles that form the tire's rim.<sup>34</sup>

Initially, raw materials are received and undergo quality control testing. These materials include natural and synthetic rubbers, textile tire cord and steel fabric, carbon black performance additive and black pigment, silica, steel wires for rim bead, and other processing chemicals, including antioxidants, plasticizers, sulfur curing agents, processing oils, and resins.

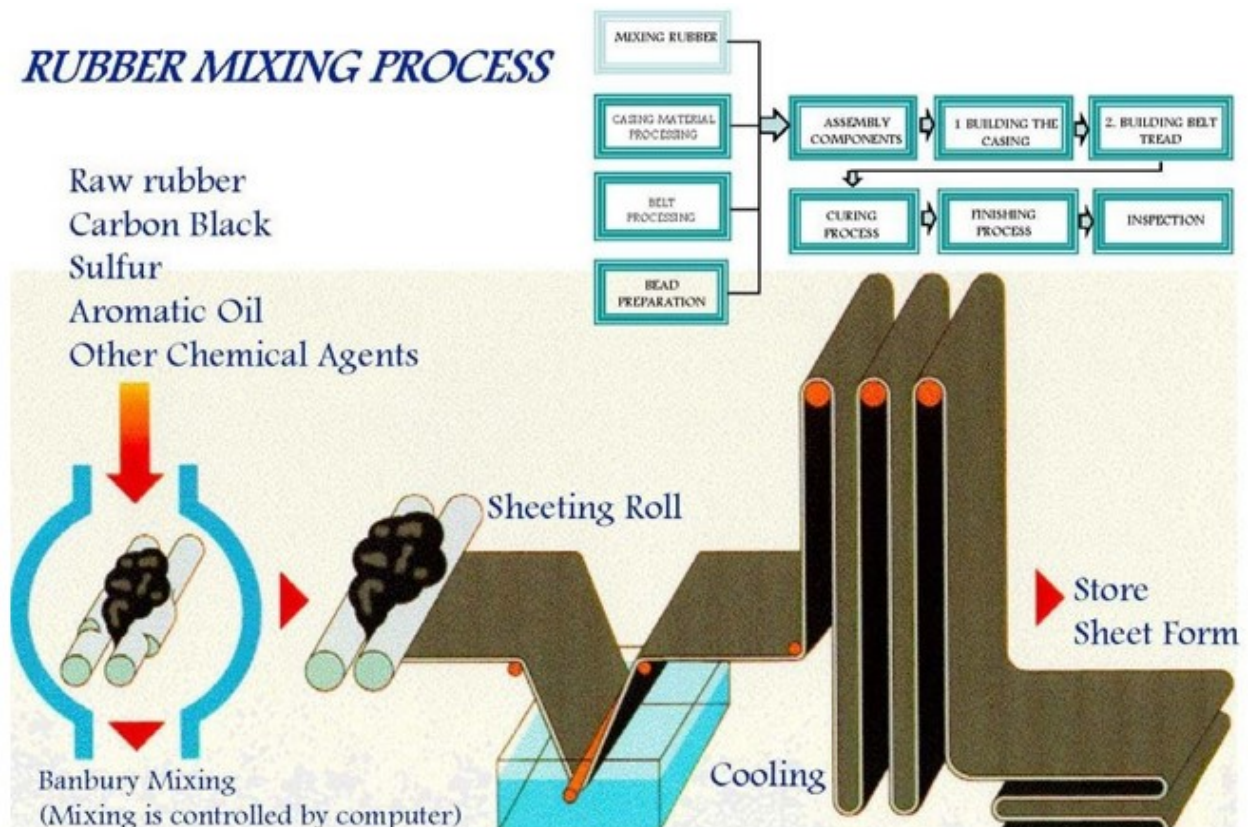
Several basic operations are required in the production of PVLT tires as shown in the process flow diagrams presented in figure I-5. The major categories are (1) base rubber batch formulation and mixing, (2) tire component processing, (3) tire component assembly (tire building), (4) tire curing (molding and vulcanization), and (5) finishing and inspection.

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<sup>33</sup> Unless otherwise noted, this information is based on the Original publication, pp. I-14-1-23.

<sup>34</sup> National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005. Tire building machines can make a wide variety of PVLT tires depending on programming and components.

**Figure I-5**  
**PVLT tires: PVLT process flow diagrams and rubber mixing process**



Source: Original publication, p. I-20.

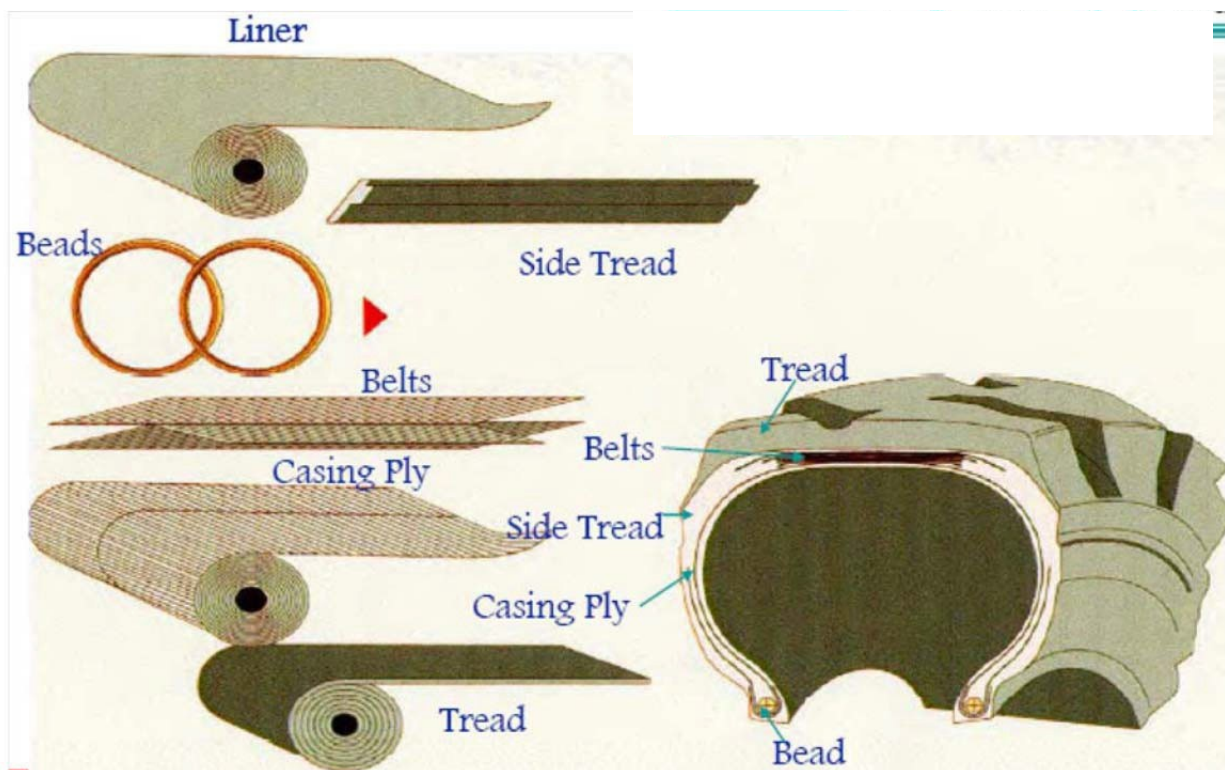
The base rubber batch formulation preparation stage involves the mixing of the various rubbers and selected raw materials into several different types of compounds or recipes designed for specific downstream process end uses, as shown in Figure I-5. Each batch is placed into a Banbury mixer where the 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 added. Subsequent Banbury mixing is usually required to complete this step.

Several different types of equipment are used to process the rubber formulations into multiple PVLT tire components. Large machines equipped with rotating rollers known as calendars are used to produce sheets of butyl rubber interlining which prevent the migration of pressurized air through the tubeless tire casings. 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.

Wire winder machinery is 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 a given steel wheel. The smooth rubber pieces that will eventually become treads and sidewalls are produced with extruder equipment which force various softened rubber compounds of synthetic rubbers and natural rubber through a die to produce the desired configurations. The tread and sidewall rubbers typically consist of mixtures of the synthetic rubbers styrene-butadiene (SBR) and butadiene rubber (BR) in combination with natural rubber (NR).<sup>35</sup>

Figure I-6 details the tire components used in the tire building process.

**Figure I-6**  
**PVLT tires: PVLT tire assembly components**



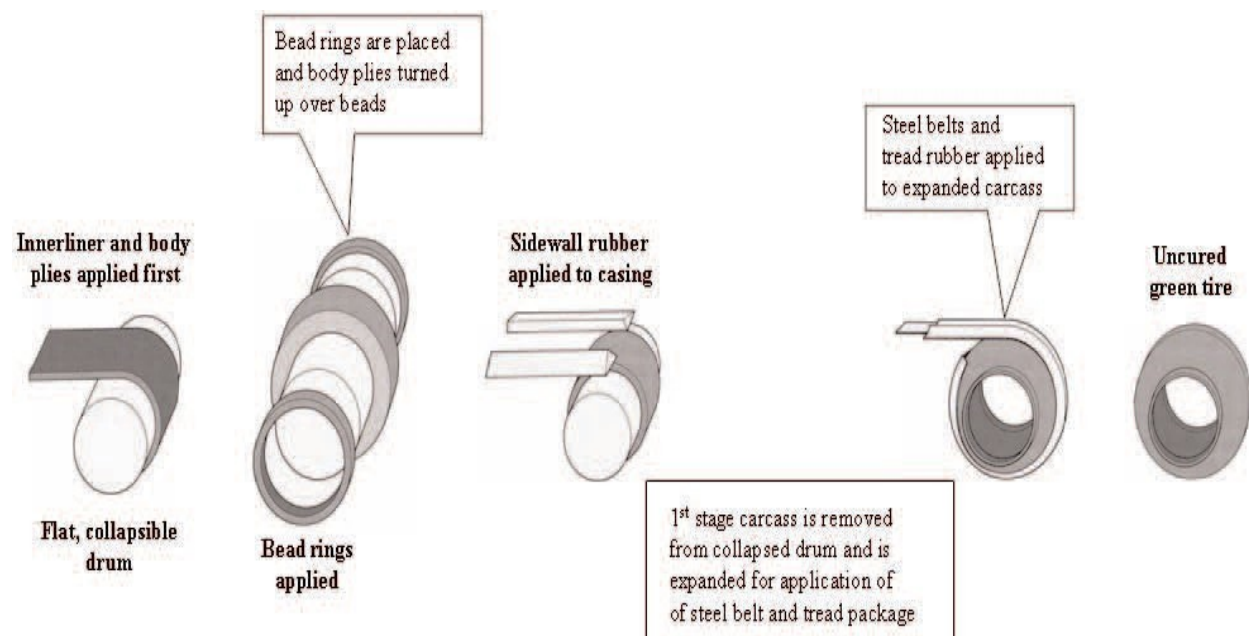
Source: Original publication, p. I-21.

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<sup>35</sup> Original publication, p. I-21.

Tire building is the process in which all of the above individual components that make up the tire are assembled in a circular fashion to create a green (uncured) tire structure in one or more processes. The fundamentals of radial tire assembly often proceed in two stages, as shown in figure I-7. In the first stage, the body casing consisting of the innerliner, reinforcing plies, rim beads and sidewall rubber is 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, inflatable drum to a diameter that is close to that of the final tire. Several tire manufacturers and equipment vendors, however, have devised automated tire assembly equipment that combines several assembly steps or links them into a continuous process.<sup>36</sup>

**Figure I-7**  
**PVLT tires: PVLT tire assembly process**



Source: Original publication, p. I-22.

<sup>36</sup> 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.

As illustrated in the diagram of Figure I-7, radial ply construction involves placing innerliner around the drum circumference together with steel or fabric plies that run “radially” from bead to bead at right angles to the direction of tire travel. In bias ply tire building, the tire cord reinforcement plies are placed at alternating angles around the drum circumference as the assembly proceeds so 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. The green (uncured) tire assembly is removed from the drum and positioned for transfer to the final molding and curing process.

The final molding and curing process involves the placement of the green tire assembly about a bladder sleeve in a circular curing press tire mold of the appropriate configuration as shown in Figure I-8. 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 that of the sidewall and tread, together with multiple sidewall designations. Vulcanization or curing of the green tire takes place in the mold at elevated temperature and pressure. Curing times vary depending upon the size and particular design of the tire; each tire model requires its own mold. During vulcanization, the original weak green tire rubber becomes strong (thermoset), and will not again soften with heat due to molecular cross-linking or bonding of the rubber with the sulfur chemical additives.<sup>37 38</sup>

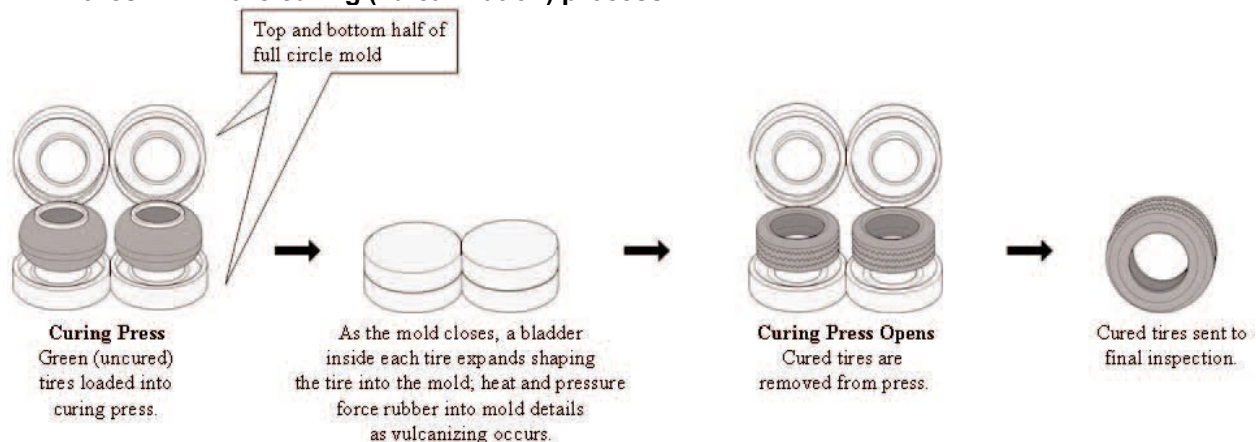
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<sup>37</sup> Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

<sup>38</sup> Asian PVLT tire producers generally use Asian technology where available, and often Western technology if operations are publicly traded. Response to staff conference questions, American Omni Trading LLC post-conference brief, June 8, 2020.



**Figure I-8**  
**PVLT tires: PVLT tire curing (vulcanization) process**



Source: Original publication, p. I-23.

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 tires are coded to track their whereabouts, and to identify the plant of manufacture and that of the individual tire builders.<sup>39</sup>

## The industry in the United States

### U.S. producers

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from nine firms, which accounted for essentially all U.S. production of PVLT tires during 2014.<sup>40</sup>

In response to the Commission's notice of institution in these current reviews, the domestic interested party provided a list of 14 known and currently operating U.S. producers of PVLT tires.<sup>41</sup> The five firms represented by the USW accounted for approximately \*\*\* percent of production of PVLT tires in the United States during 2019.<sup>42</sup>

<sup>39</sup> Staff field trip, BFNA, July 19, 2007.

<sup>40</sup> Original publication, pp. 3, I-3, III-1.

<sup>41</sup> Domestic interested party's response to the notice of institution, July 31, 2020, exh. 7.

<sup>42</sup> See "Responses to the Commission's notice of institution" section. As a union, the USW represents workers engaged in the manufacturing of PVLT tires at nine of 23 U.S. plants owned by five firms. The USW estimates the plants it represented accounted for \*\*\* percent of domestic production in 2019. Domestic party's response to the notice of institution, July 31, 2020, p. 20; Domestic interested party's comments on adequacy, September 14, 2020, pp. 4-5.



## Recent developments

Since the Commission's original investigations, the following capacity developments have occurred in the U.S. PVLT tires industry as shown in table I-2. All data are based on publicly available information.

**Table I-2**  
**PVLT tires: U.S. producers' changes in operations, since January 1, 2015**

Firm	Calendar year				
	2015	2016	2017	2018	2019
	Capacity (1,000 tires)				
Bridgestone	21,000	22,000	23,000	23,500	23,500
Continental	13,000	14,000	15,000	15,000	15,500
Cooper	31,500	31,500	31,500	31,500	31,500
Giti (Oct. 2017)	--	--	600	2,500	3,700
Goodyear	45,000	43,000	43,500	43,500	43,500
Hankook (Oct. 2017)	--	--	700	2,800	4,100
Kumho (May 2016)	--	1,200	2,000	3,000	3,400
Michelin	52,000	52,000	52,000	52,000	52,500
Nokian (Oct. 2019)	--	--	--	--	500
Pirelli	400	400	400	400	400
Specialty	100	600	1,000	1,000	1,000
Sumitomo (Jan. 2016)	--	1,700	2,500	2,700	3,500
Toyo	6,000	6,000	9,000	10,500	11,000
Yokohama	5,500	5,500	5,500	5,500	5,500
All firms	173,500	177,200	185,700	192,900	198,600

Source: Modern Tire Dealer Facts Issues, 2015 -2020; Industry News and Research.

Annual capacity for PVLT tires in the United States increased by 25.1 million tires (14.5 percent), from an estimated 173.5 million tires in 2015 to 198.6 million tires annually in 2019. The nine existing U.S. producers were joined by five new entries, increasing the number of producers to 14.<sup>43</sup> Four new grassroots plants included: Giti of Singapore, 5.0 million tires of annual capacity in South Carolina; Kumho and Hankook of Korea, 4.0 and 5.5 million tires of annual capacity in Georgia and Tennessee; and Nokian of Finland, 4.0 million tires of annual capacity in Tennessee. In aggregate, the four new state-of-the art grassroots plants that came online during 2016-19, when at full capacity will add a total of some 18.5 million tires capacity annually. Giti, Hankook, and Kumho, however, are positioned to double capacity. Bridgestone, Continental and Toyo, traditional U.S. producers, brought capacity for an additional 10 million tires annually online during the period.<sup>44</sup>

<sup>43</sup> All references to this section are included in the data and information of table I-2.

<sup>44</sup> "Giti's U.S. Plant begins in S.C.," RubberNews.com, October 23, 2017. "Goodyear, SRI reach agreement," Goodyear News Release, June 4, 2015. "Goodyear signals major restructuring plan," Tire (continued...)

In related developments, Sumitomo of Japan in 2016 acquired full ownership through an agreement to acquire Goodyear's 75 percent share of an existing joint-venture PVLT plant in New York state, with plans for future capacity expansion beyond 2 million tires annually. In 2019, Goodyear rationalized capacity at its 91-year-old PVLT plant at Gadsden, Alabama, permanently closed it in May 2020, and added capacity to existing plants for production of more efficient and profitable high-value-added PVLT tires of larger rim diameter sizes 17 inches and above. In 2017, Goodyear also brought a new state-of-the-art PVLT plant of 6 million tires capacity annually online in Mexico designed to serve North American markets. Altogether, it is estimated that annual capacity of some 30 million tires, 17 percent increase, will be added to U.S. capacity when all new plants and expansions are fully online.<sup>45</sup>

At yearend 2019, U.S. producers were operating an estimated 28 PVLT plants in 15 states of which about 84 percent of production capacity was of passenger vehicle tires (PV) and 16 percent light truck tires (LT). By number, nine of the 28 plants (32.1 percent) were unionized. On a volume basis, the U.S. unionized PVLT daily capacity of 221,000 tires per day was 33.5 percent of total U.S. PVLT daily capacity of 661,000 tires per day.<sup>46</sup> U.S. consumers continued to demonstrate growing preferences for multipurpose vehicles fitted with larger tires of 17 inch rim diameter and above such as Sport Utility (SUV), Crossover (CUV) vehicles, vans, light trucks, and passenger cars, which also provided a sharper profile look. Additionally, trade press indicates that modifications in the design of conventional tires will be required for fitment to the growing volume of electronic vehicles.<sup>47</sup>

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Business, August 8, 2019. "Hankook Grand Opening," Hankook America News, Oct. 17, 2017. "Kumho Tire opens Macon, GA, facility," Kumho News, May 2, 2016. "Nokian's plant onstream," Tire Business, October 2, 2019. "U.S. Tire Production Facility," (Capacity), Toyo Press Release, July 12, 2019.

<sup>45</sup> Ibid.

<sup>46</sup> Unionized plants include Cooper, 55,000 tires per day (tpd) capacity, Goodyear, 68,000 tpd, Michelin, 61,000 tpd, Sumitomo, 10,000 tpd, and Yokohama, 27,000 tpd. Modern Tire Dealer Annual Facts Issue, 2020 Facts Section, January 2020.

<sup>47</sup> Green Car Reports, [https://www.greencarreports.com/news/1129002\\_here-s-why-electric-vehicles-need-different-tires](https://www.greencarreports.com/news/1129002_here-s-why-electric-vehicles-need-different-tires), retrieved, September 3, 2020.

In May 2019, the Section 301 Action on China was modified to raise duties on Chinese PVLTs from 10 to 25 percent.<sup>48</sup> Additionally, effective July 1, 2020, the United States-Mexico-Canada Agreement (USMCA) trade pact between the U.S., Mexico, and Canada was enacted which would require 75 percent of the auto content for passenger vehicle and light trucks be made in North America compared to the North American Free Trade Agreement's (NAFTA) 62.5 percent, together with an increase of certain worker's minimal wages of \$16 per hour.<sup>49</sup>

The COVID-19 pandemic spike beginning in March 2020 forced PVLt tire production closures in the majority of the U.S. industry due to the virus and declining market conditions. Plants began to phase back to production, most during late-April into May 2020.<sup>50</sup> The U.S. Tire Manufacturers Association (USTMA) latest forecast as of July 2020 for the full calendar year 2020, was for original equipment tire shipments of passenger and light truck tires to decrease 24.5 percent and 21.0 percent respectively compared to 2019 volume, while replacement shipments were projected to decrease by 15.2 percent and 11.8 percent respectively.<sup>51</sup>

### **U.S. producers' trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution in the current five-year reviews.<sup>52</sup> Table I-3 presents a compilation of the trade and financial data submitted from responding U.S. producers in the original investigations and the 2020 Korea et al preliminary investigations.

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<sup>48</sup> *Section 301 Action: China*, 84 FR 20459, May 9, 2019.

<sup>49</sup> Tire Business, "USMCA to enter into force July 1," <https://www.tirebusiness.com/government-law/usmca-enter-force-july-1>, retrieved September 3, 2020.

<sup>50</sup> Tire Business, "Giti Tire extends U.S. plant closure until May 4," <https://www.tirebusiness.com/coronavirus/giti-tire-extends-us-plant-closure-until-may-4>, retrieved September 3, 2020.

<sup>51</sup> "USTMA July 2020 Forecast," <https://www.ustires.org/ustma-july-tire-forecast-shows-us-tire-shipments-expected-decrease-2020>, retrieved September 3, 2021.

<sup>52</sup> Individual company trade and financial data are presented in app. B.

**Table I-3****PVLT tires: Trade and financial data submitted by U.S. producers, 2012-14 and 2019**

Item	2012	2013	2014	2019
Capacity (1,000 tires)	***	***	***	190,167
Production (1,000 tires)	***	***	***	152,980
Capacity utilization (percent)	***	***	***	80.4
U.S. shipments:				
Quantity (1,000 tires)	***	***	***	138,899
Value (\$1,000)	***	***	***	12,595,979
Unit value (dollars per tire)	***	***	***	90.68
Net sales (\$1,000)	***	***	***	13,816,258
COGS (\$1,000)	***	***	***	9,504,719
COGS/net sales (percent)	***	***	***	68.8
Gross profit (loss) (\$1,000)	***	***	***	4,311,539
SG&A expenses (\$1,000)	***	***	***	1,487,002
Operating income (loss) (\$1,000)	***	***	***	2,824,537
Operating income (loss)/net sales (percent)	***	***	***	20.4

Note: For a discussion of data coverage, please see “U.S. producers” section.

Source: For the years 2012-14, data are compiled using data submitted in the Commission’s original investigations (excluding U.S. producer \*\*\*). For the year 2019, data are compiled using data submitted by domestic U.S. producers in the Korea et al preliminary investigations. Korea et al preliminary publication, table C-1.

## Definitions of the domestic like product and domestic industry

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a U.S. producer from the domestic industry for purposes of its injury determination if “appropriate circumstances” exist.<sup>53</sup>

In its original determinations, the Commission found a single domestic like product consisting of PVLT tires, coextensive with Commerce’s scope, and it defined the domestic industry as all producers of certain PVLT tires, except for one producer (\*\*\*) that was excluded as a related party.<sup>54</sup> The domestic interested party agrees with the single, co-extensive domestic like product definition adopted by the Commission in the original investigations and takes no position at this time on whether any domestic producers should be excluded from the definition of the domestic industry.<sup>55</sup>

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<sup>53</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>54</sup> Chairman Broadbent and Commissioners Johanson and Kieff defined the domestic industry as all U.S. producers of PVLT tires, without excluding any firm as a related party. 85 FR 39581, July 1, 2020; and Original confidential views, pp. 18-20.

<sup>55</sup> Domestic interested party’s response to the notice of institution, July 31, 2020, p. 22.

## U.S. imports and apparent U.S. consumption

### U.S. importers

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 37 firms, representing \*\*\* percent of U.S. import quantities of PVLT tires from China and \*\*\* percent of total imports in 2014.<sup>56</sup> Import data presented in the original investigations are based on official Commerce statistics and questionnaire responses.

Although the Commission did not receive responses from any respondent interested parties in these current reviews, in its response to the Commission's notice of institution, the domestic interested party provided a list of 248 potential U.S. importers of PVLT tires.<sup>57</sup>

In these reviews, the USW notes that it is neither an importer nor a foreign producer of the subject merchandise.<sup>58</sup> The USW, however, represents workers at certain U.S. plant facilities that belong to U.S. producers who have imported subject PVLT tires from China since the original investigations.<sup>59</sup> In 2019, the five firms represented by the USW imported approximately \*\*\* dutiable PVLT tires from China.<sup>60</sup>

### U.S. imports

Table I-4 presents the quantity, value, and unit value of U.S. imports from China during 2015-19, as well as the other top sources of U.S. imports (shown in descending order of 2019 imports by quantity).

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<sup>56</sup> Original confidential report, pp. I-4, IV-1.

<sup>57</sup> Domestic interested party's response to the notice of institution, July 31, 2020, exh. 8.

<sup>58</sup> Notice of difficulty in obtaining requested information, July 10, 2020, p. 2.

<sup>59</sup> Response to the notice of institution, July 31, 2020, p.17 and exh. 8.

<sup>60</sup> According to proprietary \*\*\* files, the following companies (at the firm-specific level) imported dutiable PVLT tires from China during January-November 2019, based on quantity; Cooper \*\*\*, Goodyear \*\*\*, Michelin \*\*\*, Sumitomo \*\*\*, and Yokohama \*\*. The other nine firms that account for the rest of U.S. domestic industry imported a combined \*\*\* dutiable PVLT tires from China during January-November 2019.

Data are compiled from official Commerce statistics and proprietary \*\*\* files for HTS statistical reporting numbers 4011.10.1010, 4011.10.1020 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005, 4011.20.5010. Dutiable imports of PVLT tires may be understated due to the data for December 2019 not available at the time of this report.

**Table I-4**  
**PVLT tires: U.S. imports, 2015-19**

Item	2015	2016	2017	2018	2019
<b>Quantity (1,000 tires)</b>					
China	26,339	17,499	11,785	9,782	3,254
Subtotal, subject	26,339	17,499	11,785	9,782	3,254
Thailand	20,877	27,594	34,903	40,595	45,282
Korea	22,110	21,696	18,571	19,327	19,142
Canada	18,101	17,378	16,130	16,169	15,878
Mexico	12,458	12,513	12,827	13,251	15,793
Indonesia	15,817	18,395	17,110	14,996	14,584
Vietnam	4,001	6,438	8,742	10,634	12,147
Japan	11,716	10,434	8,310	9,173	10,870
All other sources	39,252	40,182	42,848	40,146	45,021
Subtotal, nonsubject	144,332	154,630	159,441	164,292	178,716
Total imports	170,671	172,129	171,227	174,074	181,970
<b>Landed, duty-paid value (\$1,000)</b>					
China	1,074,606	619,800	443,862	412,626	160,674
Subtotal, subject	1,074,606	619,800	443,862	412,626	160,674
Thailand	893,805	1,196,204	1,562,541	1,905,391	2,178,917
Korea	1,470,404	1,422,510	1,248,226	1,289,189	1,279,148
Canada	1,189,833	1,137,332	1,074,027	1,088,909	1,045,501
Mexico	769,586	728,184	799,165	881,681	1,054,575
Indonesia	730,996	867,450	787,728	720,422	700,950
Vietnam	177,949	281,518	397,425	461,745	526,394
Japan	977,759	808,812	635,749	719,631	832,737
All other sources	2,722,440	2,662,300	2,759,378	2,738,959	3,036,337
Subtotal, nonsubject	8,932,770	9,104,310	9,264,240	9,805,926	10,654,558
Total imports	10,007,376	9,724,111	9,708,102	10,218,552	10,815,232
<b>Unit value (dollars per tire)</b>					
China	40.80	35.42	37.66	42.18	49.38
Subtotal, subject	40.80	35.42	37.66	42.18	49.38
Thailand	42.81	43.35	44.77	46.94	48.12
Korea	66.50	65.57	67.21	66.70	66.82
Canada	65.73	65.45	66.59	67.34	65.85
Mexico	61.78	58.20	62.30	66.54	66.78
Indonesia	46.22	47.16	46.04	48.04	48.06
Vietnam	44.48	43.73	45.46	43.42	43.34
Japan	83.45	77.51	76.50	78.45	76.61
All other sources	69.36	66.26	64.40	68.22	67.44
Subtotal, nonsubject	61.89	58.88	58.10	59.69	59.62
Total imports	58.64	56.49	56.70	58.70	59.43

Note: Because of rounding, figure may not add to total shown.

Source: Compiled from official Commerce statistics for HTSUS statistical reporting numbers  
4011.10.1010, 4011.10.1020 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070,  
4011.10.5000, 4011.20.1005, 4011.20.5010.

## Apparent U.S. consumption and market shares

Table I-5 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

**Table I-5**

**PVLT tires: U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares 2012-14 and 2019**

Item	2012	2013	2014	2019
<b>Quantity (units)</b>				
Included U.S. producers' U.S. shipments	***	***	***	138,899
Excluded U.S. producers' U.S. shipments	***	***	***	NA
U.S. imports from—				
China	31,479	50,847	58,012	3,254
All other sources	114,987	116,248	116,866	178,716
Total imports	146,466	167,096	174,878	181,970
Apparent U.S. consumption	274,296	290,641	301,038	320,869
<b>Value (1,000 dollars)</b>				
Included U.S. producers' U.S. shipments	***	***	***	12,595,979
Excluded U.S. producers' U.S. shipments	***	***	***	NA
U.S. imports from—				
China	1,583,853	2,333,209	2,561,898	160,674
All other sources	8,409,908	8,165,458	7,851,746	10,654,558
Total imports	9,993,761	10,498,667	10,413,644	10,815,232
Apparent U.S. consumption	22,285,783	22,247,672	22,154,265	23,411,211
<b>Share of consumption based on quantity (percent)</b>				
Included U.S. producer's share	***	***	***	43.3
Excluded U.S. producer's share	***	***	***	NA
U.S. imports from.--				
China	11.5	17.5	19.3	1.0
All other sources	41.9	40.0	38.8	55.7
Total imports	53.4	57.5	58.1	56.7
<b>Share of consumption based on value (percent)</b>				
U.S. producer's share	***	***	***	53.8
Excluded U.S. producer's share	***	***	***	NA
U.S. imports from.--				
China	7.1	10.5	11.6	0.7
All other sources	37.7	36.7	35.4	45.5
Total imports	44.8	47.2	47.0	46.2

Note: For a discussion of data coverage, please see "U.S. producers" and "U.S. importers" sections

Source: For the years 2012-14, data are compiled using data submitted in the Commission's original investigations. For the year 2019, U.S. producers' U.S. shipments are compiled from the Korea et al preliminary publication and U.S. imports are compiled using official Commerce statistics under HTSUS statistical reporting numbers 4011.10.1010, 4011.10.1020 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005, 4011.20.5010.



## The industry in China

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from 48 firms, which accounted for approximately \*\*\* percent of production of PVLT tires in China during 2014, and approximately \*\*\* percent of PVLT tires exports from China to the United States during 2014.<sup>61</sup>

Although the Commission did not receive responses from any respondent interested parties in these five-year reviews, the domestic interested party provided a list of 60 possible producers of PVLT tires in China.<sup>62</sup>

Table I-6 presents events in the Chinese industry since the original investigation.

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<sup>61</sup> Original confidential report, pp. I-5, VII-5.

<sup>62</sup> Domestic interested party's response to the notice of institution, July 31, 2020, exh. 9.

**Table I-6**  
**PVLT tires: Chinese producers' changes in character of operations since 2015**

Changes	Firm	Description
<b>Plant Openings</b>	Hefei Wanli Tire Co. Ltd. (Guangzhou Fengli Tire Co.)	2016: Hefei Capacity: 2 million units/year (Truck/Bus)
	Kumho Tire Co. Inc. (Qingdao Doublestar Group)	2017: Nanjing Capacity: 15.5 million units/year (PVLTs & Truck/Bus)
	Ningxia Shenzou Tire Co. Ltd.	2015: Shizuishan, Ningxia Capacity: 7.6 million units/year (Truck/Bus)
	Triangle Group Co. Ltd.	2015: Weihai Nanhai, Shandong Capacity: 4 million units/year (PVLTs & Industrial)
	Triangle Group Co, Ltd.	2016: Weihai, Shandong Capacity: 122,000 units/year (PVLTs & OTRs)
	Zhongce Rubber Group Co. Ltd.	2018: Fuyang, Zhejiang Capacity: --
	Shandong Linglong Tire Co.	Jingmen, Hubei Province Capacity: 14.4 million units/year (12 million passenger; 2 million Truck/Bus).
<b>Expansion</b>	Sailun Group Co. Ltd.	2020: Dongying
	Sailun Group Co. Ltd.	2020: Shenyang
<b>Acquisition</b>	Doublestar	2018: Doublestar bought a 45 percent stake in South Korean Kumho Tire Co. Inc.
	Shenzou Tire. Co. Ltd.	2018: Italian tiremaker Pirelli entered into a joint venture with China's Hixih Group. Pirelli will invest \$75 million for a 49 percent stake in a new tire production plant in China. The new joint venture, Shenzou Tyre Co.

Source: "The world's tire production facilities by region," Tire Business, September 2019. Malik, Yogender, "Chinese Tire Industry Update: Focus on Overseas Expansion Amid Geopolitical and Economic Uncertainty," *Tire Review*, August 22, 2019, <https://www.tirereview.com/chinese-tire-industry-update-overseas-expansion-tariffs-geopolitical-economic-uncertainty/>. "Sailun Will Expand Passenger, Truck Tire Plants," August 27, 2020, <https://www.moderntiredealer.com/75621/sailun-will-expand-passenger-truck-tire-plants>. "Linglong begins work on 7th tire plant," April 17, 2020, <https://www.moderntiredealer.com/75796/linglong-begins-work-on-7th-tire-plant>.

Of the seven identified Chinese new plant announcements totaling 43.6 million tires per year, four (95.2 percent) were reported to produce PVLT tires in plants producing a total of 41.5 million tires per year. Other tires were primarily of the larger Truck/Bus type. Doublestar reportedly assumed a controlling interest in Kumho Tire of South Korea for more than \$600 million, becoming China's leading producer, while Pirelli invested in a share of a new Chinese producer Shenzou Tyre Co. China in 2018, and at the same time several small and medium tire producers were under pressure and exited the market. Also, in November 2018, Shandong Yongtai Group (Durun tyre factory), producer of 5.6 million tons per year of PVLT and truck tires, entered into bankruptcy.

Table I-7 presents Chinese export data by destination for new pneumatic tires, of rubber, of a kind used on motor cars, a category that includes passenger vehicle tires from China (by export destination in descending order of value for 2019).

**Table I-7**  
**PVLT tires: Chinese passenger vehicle tire exports by destination, 2015-19**

Destination market	Calendar year				
	2015	2016	2017	2018	2019
	Value (1,000 dollars)				
United Kingdom	419,159	396,152	410,069	473,418	439,585
Germany	200,472	221,955	280,299	267,199	250,832
Saudi Arabia	119,662	149,971	144,435	160,078	242,614
Japan	110,080	117,189	145,986	191,046	222,321
Australia	227,501	200,228	207,272	226,675	217,988
Canada	198,396	170,757	214,830	234,024	204,032
Brazil	123,542	125,102	200,362	158,752	202,296
Mexico	213,373	188,712	184,723	210,422	201,295
Netherlands	143,556	144,412	155,413	189,641	187,744
Italy	118,887	121,833	139,702	181,131	160,997
United States	874,396	559,271	407,765	351,408	152,005
All other countries	2,155,329	2,225,396	2,539,598	2,786,410	3,090,069
Total exports	4,904,353	4,620,978	5,030,454	5,430,204	5,571,778

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 4011.10.

Chinese global exports increased by 13.6 percent during the 2015-19 period to \$5.6 billion in 2019, representing average annual growth of 3.4 percent per year, still below exports of \$6.1 billion recorded in 2014 during the original investigations. Exports in 2015 of \$4.9 billion declined by \$1.2 billion or 19.0 percent compared to the \$6.1 billion recorded in 2014, similar to the \$1.5 billion drop in U.S. imports from China between 2014 and 2015 <sup>63 64</sup>

<sup>63</sup> Original publication, p.VII-14.

<sup>64</sup> U.S. Chinese imports of \$1.4 billion declined from \$2.3 billion in 2014 to \$0.9 billion in 2015. Response to the notice of institution, July 31, 2020, exh. 1.

## Antidumping or countervailing duty orders in third-country markets

The USW cited five countries with antidumping duty orders on passenger vehicle and light truck tires in their original petitions: Brazil, India, Turkey, Colombia, and Egypt.<sup>65</sup> On June 9, 2009, Brazil issued antidumping duty orders with rates ranging from \$1.12 to \$2.59 per kilogram on radial construction tires for trucks from China. In September 2009, Brazil issued antidumping duty orders with a rate of \$0.75 per kilogram on radial construction tires for passenger cars from China. In July 2019, Brazil renewed the measures on radial tires for passenger cars from China, with modified rates ranging from \$1.25 to \$1.77 per kilogram.<sup>66</sup> On March 5, 2016, India issued an antidumping duty order on radial tyres with or without tubes and or flap of rubber including tubeless tyres from China which was concluded on August 1, 2017 with rates between \$245.35 and \$452.33 per metric ton.<sup>67</sup> On August 20, 2005, Turkey issued an antidumping duty order on new pneumatic tires from China at rates ranging from 60 to 87 percent.<sup>68</sup> Turkey continued that order in 2017 at a 60 percent duty rate.<sup>69</sup> On June 12, 2013, Colombia issued an antidumping duty order on truck and bus radial tires from China which expired in 2018.<sup>70</sup> On February 20, 2014, Egypt extended its antidumping duty orders on tires for buses and trucks from China with duties between 3.8 and 60.0 percent, which lapsed in

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<sup>65</sup> Original publication, pp. VII-16-17.

<sup>66</sup> “RESOLUÇÃO No. 33,” June 9, 2009. <http://www.camex.gov.br/noticias/62-resolucoes-da-camex/em-vigor/834-resolucao-n-33-de-09-de-junho-de-2009#:~:text=Encerra%20a%20investiga%C3%A7%C3%A3o%20com%20aplica%C3%A7%C3%A3o,da%20Rep%C3%ABlica%20Popular%20da%20China>, retrieved July 16, 2020.

“RESOLUÇÃO No. 49,” September 8, 2009. <http://camex.gov.br/uncategorised/62-resolucoes-da-camex/em-vigor/823-resolucao-n-49-de-08-de-setembro-de-2009>, retrieved July 16, 2020.

“PORTARIA SECINT Nº 505,” July 23, 2019. <http://www.in.gov.br/web/dou/-/portaria-secint-n-505-de-23-de-julho-de-2019-205249865?inheritRedirect=true&redirect=%2Fweb%2Fguest%2Fsearch%3FqSearch%3Dpneus%2520chines>, retrieved July 16, 2020.

<sup>67</sup> F. No. 14/14/2015-DGAD, August 1, 2017, <http://www.dgtr.gov.in/anti-dumping-cases/radial-tyres-or-without-tubes-and-or-flap-rubber-including-tubeless-tyres-having>.

<sup>68</sup> İthalatta Haksız Rekabetin Önlenmesine İlişkin Tebliğ (Tebliğ No: 2005/18), August 20, 2005, retrieved July 17, 2020. <https://www.resmigazete.gov.tr/eskiler/2005/08/20050820-9.htm>.

<sup>69</sup> İTHALATTA HAKSIZ REKABETİN ÖNLENMESİNE İLİŞKİN TEBLİĞ (TEBLİĞ NO: 2017/33), December 2, 2017, retrieved July 17, 2020. <https://www.resmigazete.gov.tr/eskiler/2017/12/20171202-5.htm>.

<sup>70</sup> Examen quinquenal de llantas radiales para autobuses o camiones, June 8, 2018, retrieved July 17, 2020. <https://www.mincit.gov.co/mincomercioexterior/defensa-comercial/dumping/investigaciones-antidumping-concluidas/examen-quinquenal-de-llantas-radiales-para-autobus>.

2018.<sup>71</sup> A new investigation on new pneumatic tires for buses or lorries was initiated in February 2020.<sup>72</sup> The European Union also instituted an antidumping duty order on tires for buses or lorries from China in 2018 which resulted in duties between 42 percent and 62 percent.<sup>73</sup> Finally, on December 18, 2015, the Eurasian Economic Commission imposed antidumping duties on truck tires ranging between 14.79 percent and 35.35 percent.<sup>74</sup>

## The global market

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 nations. Currently there are some 75 global tire companies with annual sales of \$170 billion.<sup>75</sup>

Table I-8 presents global export data by country for new pneumatic tires, of rubber, of a kind used on motor cars, a category that includes passenger vehicles (by source in descending order of value for 2019).

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<sup>71</sup> Semi-Annual Report Under Article 16.4 of the Agreement: Egypt, July 30, 2014, p. 3.

Egypt: Termination of definitive antidumping duty on imports of tyres for buses and lorries from India and China, Global Trade Alert, retrieved July 17, 2020. <https://www.globaltradealert.org/intervention/18862/anti-dumping/egypt-termination-of-definitive-antidumping-duty-on-imports-of-tyres-for-buses-and-lorries-from-india-and-china>.

<sup>72</sup> Al Armouti Represents Deestone In Anti-Dumping Proceedings In Egypt, February 18, 2020, retrieved July 17, 2020. <https://www.armouti.com/newsdetails.aspx?id=209>.

<sup>73</sup> COMMISSION IMPLEMENTING REGULATION (EU) 2018/1579, Official Journal of the European Union, October 18, 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1579&from=EN>.

<sup>74</sup> Eurasian Economic Union: Definitive antidumping duty, investigation AD18, on imports of truck tyres from the People's Republic of China, Global Trade Alert, retrieved July 17, 2020. <https://www.globaltradealert.org/intervention/20711/anti-dumping/eurasian-economic-union-definitive-antidumping-duty-investigation-ad18-on-imports-of-truck-tyres-from-the-people-s-republic-of-china>.

<sup>75</sup> Rubber & Plastics News, "2019 Global Tire Company Rankings," September 9, 2019.

**Table I-8**  
**PVLT tires: Global exports of passenger car tires by country, 2015-19**

Exporter	Calendar year				
	2015	2016	2017	2018	2019
	Value (1,000 dollars)				
China	4,904,353	4,620,978	5,030,454	5,430,204	5,571,778
Germany	3,969,549	4,039,078	4,263,489	4,312,944	4,089,132
Thailand	1,862,290	2,132,741	2,603,514	2,769,981	3,086,615
South Korea	2,354,730	2,371,172	2,403,684	2,449,261	2,388,922
Japan	2,323,777	2,091,528	1,922,431	1,974,448	1,888,712
Netherlands	1,812,513	1,926,826	1,971,414	1,901,203	1,831,989
United States	1,968,200	1,761,340	1,716,086	1,744,264	1,645,107
France	1,565,640	1,466,023	1,404,112	1,443,208	1,453,605
Poland	1,176,332	1,166,023	1,284,641	1,419,778	1,436,369
Indonesia	1,225,685	1,378,384	1,316,779	1,337,667	1,341,347
Romania	1,101,579	1,150,798	1,221,862	1,374,744	1,322,352
All other countries	13,622,292	13,568,755	15,241,741	15,877,652	13,872,349
Total exports	37,886,941	37,673,646	40,380,213	42,035,352	39,928,277

Note: Figures may not add to totals shown due to rounding.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTSUS subheading 4011.10.

**APPENDIX A**

***FEDERAL REGISTER* NOTICES**





The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://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
85 FR 39526, July 1, 2020	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2020-07-01/pdf/2020-14198.pdf">https://www.govinfo.gov/content/pkg/FR-2020-07-01/pdf/2020-14198.pdf</a>
85 FR 39581, July 1, 2020	<i>Passenger Vehicle and Light Truck Tires From China; Institution of Five-Year Reviews</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2020-07-01/pdf/2020-14125.pdf">https://www.govinfo.gov/content/pkg/FR-2020-07-01/pdf/2020-14125.pdf</a>



**APPENDIX B**

**COMPANY-SPECIFIC DATA**



\* \* \* \* \*



## **APPENDIX C**

### **SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS**





Table C-1

## PVL T tires: Summary data concerning the U.S. market, 2012-14

(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			Calendar year		
	2012	2013	2014	2012-14	2012-13	2013-14
U.S. consumption quantity:						
Amount.....	274,296	290,641	301,038	9.7	6.0	3.6
Producers' share (fn1).....	46.6	42.5	41.9	(4.7)	(4.1)	(0.6)
Importers' share (fn1):						
China.....	11.5	17.5	19.3	7.8	6.0	1.8
All others sources.....	41.9	40.0	38.8	(3.1)	(1.9)	(1.2)
Total imports.....	53.4	57.5	58.1	4.7	4.1	0.6
U.S. consumption value:						
Amount.....	22,285,783	22,247,672	22,154,265	(0.6)	(0.2)	(0.4)
Producers' share (fn1).....	55.2	52.8	53.0	(2.2)	(2.3)	0.2
Importers' share (fn1):						
China.....	7.1	10.5	11.6	4.5	3.4	1.1
All others sources.....	37.7	36.7	35.4	(2.3)	(1.0)	(1.3)
Total imports.....	44.8	47.2	47.0	2.2	2.3	(0.2)
U.S. importers' U.S. imports from:						
China:						
Quantity.....	31,479	50,847	58,012	84.3	61.5	14.1
Value.....	1,583,853	2,333,209	2,561,898	61.8	47.3	9.8
Unit value.....	50.31	45.89	44.16	(12.2)	(8.8)	(3.8)
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	114,987	116,248	116,866	1.6	1.1	0.5
Value.....	8,409,908	8,165,458	7,851,746	(6.6)	(2.9)	(3.8)
Unit value.....	73.14	70.24	67.19	(8.1)	(4.0)	(4.4)
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	146,466	167,096	174,878	19.4	14.1	4.7
Value.....	9,993,761	10,498,667	10,413,644	4.2	5.1	(0.8)
Unit value.....	68.23	62.83	59.55	(12.7)	(7.9)	(5.2)
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	163,864	162,911	163,219	(0.4)	(0.6)	0.2
Production quantity.....	149,497	141,995	148,673	(0.6)	(5.0)	4.7
Capacity utilization (fn1).....	91.2	87.2	91.1	(0.1)	(4.1)	3.9
U.S. shipments:						
Quantity.....	127,830	123,545	126,160	(1.3)	(3.4)	2.1
Value.....	12,292,022	11,749,005	11,740,621	(4.5)	(4.4)	(0.1)
Unit value.....	96.16	95.10	93.06	(3.2)	(1.1)	(2.1)
Export shipments:						
Quantity.....	20,780	19,439	23,230	11.8	(6.5)	19.5
Value.....	1,923,730	1,693,077	2,120,462	10.2	(12.0)	25.2
Unit value.....	92.58	87.10	91.28	(1.4)	(5.9)	4.8
Ending inventory quantity.....	19,248	17,917	16,997	(11.7)	(6.9)	(5.1)
Inventories/total shipments (fn1).....	13.0	12.5	11.4	(1.6)	(0.4)	(1.2)
Production workers.....	25,299	24,712	25,026	(1.1)	(2.3)	1.3
Hours worked (1,000s).....	51,686	48,959	52,590	1.7	(5.3)	7.4
Wages paid (1,000s).....	1,324,183	1,295,695	1,389,307	4.9	(2.2)	7.2
Hourly wages (dollars).....	25.62	26.46	26.42	3.1	3.3	(0.2)
Productivity (tires per hour).....	2.89	2.90	2.83	(2.3)	0.3	(2.5)
Unit labor costs.....	8.86	9.12	9.34	5.5	3.0	2.4
Net sales:						
Quantity.....	151,078	146,720	149,829	(0.8)	(2.9)	2.1
Value.....	13,362,303	12,803,969	13,004,873	(2.7)	(4.2)	1.6
Unit value.....	88.45	87.27	86.80	(1.9)	(1.3)	(0.5)
Cost of goods sold (COGS).....	10,876,567	10,212,850	9,911,968	(8.9)	(6.1)	(2.9)
Gross profit or (loss).....	2,485,736	2,591,119	3,092,905	24.4	4.2	19.4
SG&A expenses.....	1,256,839	1,295,401	1,417,307	12.8	3.1	9.4
Operating income or (loss).....	1,228,897	1,295,718	1,675,598	36.3	5.4	29.3
Capital expenditures.....	793,700	761,035	876,763	10.5	(4.1)	15.2
Unit COGS.....	71.99	69.61	66.16	(8.1)	(3.3)	(5.0)
Unit SG&A expenses.....	8.32	8.83	9.46	13.7	6.1	7.1
Unit operating income or (loss).....	8.13	8.83	11.18	37.5	8.6	26.6
COGS/sales (fn1).....	81.4	79.8	76.2	(5.2)	(1.6)	(3.5)
Operating income or (loss)/sales (fn1).....	9.2	10.1	12.9	3.7	0.9	2.8

fn1.--Reported data are in percent and period changes are in percentage points.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics.

Table C-2

## PVL T tires: Summary data concerning the U.S. market, 2012-14 (excluding \*\*\*)

(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			Calendar year		
	2012	2013	2014	2012-14	2012-13	2013-14
U.S. consumption quantity:						
Amount.....	274,296	290,641	301,038	9.7	6.0	3.6
Producers' share (fn1).....						
Included firms.....	***	***	***	***	***	***
Excluded firms.....	***	***	***	***	***	***
All U.S. producers.....	46.6	42.5	41.9	(4.7)	(4.1)	(0.6)
Importers' share (fn1):						
China.....	11.5	17.5	19.3	7.8	6.0	1.8
All others sources.....	41.9	40.0	38.8	(3.1)	(1.9)	(1.2)
Total imports.....	53.4	57.5	58.1	4.7	4.1	0.6
U.S. consumption value:						
Amount.....	22,285,783	22,247,672	22,154,265	(0.6)	(0.2)	(0.4)
Producers' share (fn1).....						
Included firms.....	***	***	***	***	***	***
Excluded firms.....	***	***	***	***	***	***
All U.S. producers.....	55.2	52.8	53.0	(2.2)	(2.3)	0.2
Importers' share (fn1):						
China.....	7.1	10.5	11.6	4.5	3.4	1.1
All others sources.....	37.7	36.7	35.4	(2.3)	(1.0)	(1.3)
Total imports.....	44.8	47.2	47.0	2.2	2.3	(0.2)
U.S. importers' U.S. imports from:						
China:						
Quantity.....	31,479	50,847	58,012	84.3	61.5	14.1
Value.....	1,583,853	2,333,209	2,561,898	61.8	47.3	9.8
Unit value.....	50.31	45.89	44.16	(12.2)	(8.8)	(3.8)
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	114,987	116,248	116,866	1.6	1.1	0.5
Value.....	8,409,908	8,165,458	7,851,746	(6.6)	(2.9)	(3.8)
Unit value.....	73.14	70.24	67.19	(8.1)	(4.0)	(4.4)
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	146,466	167,096	174,878	19.4	14.1	4.7
Value.....	9,993,761	10,498,667	10,413,644	4.2	5.1	(0.8)
Unit value.....	68.23	62.83	59.55	(12.7)	(7.9)	(5.2)
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 (1,000s).....	***	***	***	***	***	***
Hourly wages (dollars).....	***	***	***	***	***	***
Productivity (tires per hour).....	***	***	***	***	***	***
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).....	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

fn1.--Reported data are in percent and period changes are in percentage points.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics.

**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following four firms as the top purchasers of passenger vehicle and light truck tires: \*\*\*. Purchaser questionnaires were sent to these four firms and three firms (\*\*\*) provided responses, which are presented below.

1. Have there been any significant changes in the supply and demand conditions for passenger vehicle and light truck tires that have occurred in the United States or in the market for passenger vehicle and light truck tires in China since January 1, 2015?

Purchaser	Yes / No	Changes that have occurred
***	***	***
***	***	***
***	***	***

2. Do you anticipate any significant changes in the supply and demand conditions for passenger vehicle and light truck tires in the United States or in the market for passenger vehicle and light truck tires in China within a reasonably foreseeable time?

Purchaser	Yes / No	Changes that have occurred
***	***	***
***	***	***
***	***	***

