Certain Off-the-Road Tires From China

Investigation Nos. 701-TA-448 and 731-TA-1117 (Preliminary)

Publication 3943 **August 2007**

U.S. International Trade Commission

Washington, DC 20436

U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-448 and 731-TA-1117 (Preliminary)

CERTAIN OFF-THE-ROAD TIRES FROM CHINA

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured, by reason of imports from China of certain off-the-road tires, provided for in subheadings 4011.20.10, 4011.20.50, 4011.61.00, 4011.62.00, 4011.63.00, 4011.69.00, 4011.92.00, 4011.93.40, 4011.93.80, 4011.94.40, and 4011.94.80 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV) and subsidized by the Government of China.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in these investigations under sections 703(b) and 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) and 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On June 18, 2007, a petition was filed with the Commission and Commerce by Titan Tire Corporation, Des Moines, IA, and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC, Pittsburgh, PA., alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized and LTFV imports of certain off-the-road tires from China. Accordingly, effective June 18, 2007, the Commission instituted countervailing duty and antidumping investigation Nos. 701-TA-448 and 731-TA-1117 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 22, 2007 (72 FR 34478). The conference was held in Washington, DC, on July 9, 2007, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find a reasonable indication that an industry in the United States is materially injured by reason of imports of certain off-the-road ("OTR") tires from China that allegedly are subsidized and sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. BACKGROUND

These countervailing and antidumping duty investigations result from a petition filed on June 18, 2007, by Titan Tire Corporation ("Titan"), a domestic producer of certain off-the-road ("OTR") tires, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC ("the USW"), a labor union whose members are engaged in the production of OTR tires in the United States. The petition alleges that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and LTFV imports of OTR tires from China. Petitioners, as well as Bridgestone Firestone North American Tire ("Bridgestone"), another domestic producer, were represented and offered testimony at the staff conference on July 9, 2007, and filed postconference briefs and responses to staff questions on July 17, 2007.

Representatives of GPX International Tire Corporation, Inc. ("GPX"), an importer and foreign producer of the subject merchandise, testified at the staff conference in opposition to the petition, as did representatives of 15 Chinese producers and two importers of the subject merchandise ("Chinese respondents").[3] Postconference briefs were filed on behalf of all of these firms, as well as by Valmont Industries, Inc. ("Valmont"), an importer of the subject merchandise.

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[1] 19 U.S.C. §§ 1671b(a), 1673b(a); see also, e.g., Co-Steel Raritan, Inc. v. United States, 357 F.3d 1294 (Fed. Cir. 2004); American Lamb Co. v. United States, 785 F.2d 994, 1001-1004 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

[2] American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] These producers are Aeolus Tyre Co., Ltd.; Guizhou Tyre Co., Ltd; Hangzhou Zhongce Rubber Co., Ltd.; Jiangsu Feichi Co., Ltd.; Laizhou Xiongying Rubber Industry Co., Ltd.; Shandong Jinyu Tyre Co., Ltd.; Shandong Linglong Rubber Co., Ltd.; Shandong Taishan Tyre Co., Ltd.; Shandong Xingyuan International Trading Co., Ltd.; Shandong Wanda Boto Tyre Co., Ltd.; Shifeng Double-Star Tyre Co., Ltd.; Tianjin United Tire & Rubber International Co., Ltd.; Wendeng Sanfeng Tyre Co., Ltd.; Xuzhou Midland Specialty Tyre Co., Ltd. Xuzhou Xugong Tyres Co., Ltd. Tire & Engineering Distribution, Inc. and Guizhou Tyre I/E Corp. are the two importers.

III. DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole 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."[5] In turn, the 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."[6]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[9] Although the Commission must accept the determination of the U.S. Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or sold at LTFV,[10] the Commission determines what domestic product is like the imported articles Commerce has identified.[11] The Commission must base its domestic like product determination on the record in these investigations.

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[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(10).

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

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

[9] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[10] See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 (Fed. Cir. April 25, 2002) at 9 ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), aff'd, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

[11] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.[12]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise subject to these investigations as:

> new pneumatic tires designed for off-the-road (OTR) and off-highway use, subject to exceptions identified below. Certain OTR tires are generally designed, manufactured and offered for sale for use on off-road or off-highway surfaces, including but not limited to, agricultural fields, forests, construction sites, factory and warehouse interiors, airport tarmacs, ports and harbors, mines, quarries, gravel yards, and steel mills. The vehicles and equipment for which certain OTR tires are designed for use include, but are not limited to: (1) Agricultural and forestry vehicles and equipment, including agricultural tractors,[13] combine harvesters,[14] agricultural high clearance sprayers,[15] industrial tractors,[16] log-skidders,[17] agricultural implements, highway-towed implements, agricultural logging, and agricultural, industrial, skid-steers/mini-loaders;[18] (2) construction vehicles and equipment, including earthmover articulated dump products, rigid frame haul trucks,[19] front end loaders,[20] dozers,[21] lift trucks, straddle carriers,[22]

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[12] Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

[13] Agricultural tractors are four-wheeled vehicles usually with large rear tires and small front tires that are used to tow farming equipment.

[14] Combine harvesters are used to harvest crops such as corn or wheat.

[15] Agricultural sprayers are used to irrigate agricultural fields.

[16] Industrial tractors are four-wheeled vehicles usually with large rear tires and small front tires that are used to tow industrial equipment.

[17] A log skidder has a grappling lift arm that is used to grasp, lift and move trees that have been cut down to a truck or trailer for transport to a mill or other destination.

[18] Skid-steer loaders are four-wheel drive vehicles with the left-side drive wheels independent of the right-side drive wheels and lift arms that lie alongside the driver with the major pivot points behind the driver's shoulders. Skid-steer loaders are used in agricultural, construction and industrial settings.

[19] Haul trucks, which may be either rigid frame or articulated (i.e., able to bend in the middle) are typically used in mines, quarries and construction sites to haul soil, aggregate, mined ore, or debris.

[20] Front loaders have lift arms in front of the vehicle. It can scrape material from one location to another, carry material in its bucket or load material into a truck or trailer.

[21] A dozer is a large four-wheeled vehicle with a dozer blade that is used to push large quantities of soil, sand, rubble, etc., typically around construction sites. They can also be used to perform "rough grading" in road construction.

[22] A straddle carrier is a rigid frame, engine-powered machine that is used to load and offload containers from container vessels and load them onto (or off of) tractor trailers.

graders,[23] mobile cranes, compactors; and (3) industrial vehicles and equipment, including smooth floor, industrial, mining, counterbalanced lift trucks, industrial and mining vehicles other than smooth floor, skid-steers/mini-loaders, and smooth floor off-the-road counterbalanced lift trucks.[24] The foregoing list of vehicles and equipment generally have in common that they are used for hauling, towing, lifting, and/or loading a wide variety of equipment and materials in agricultural, construction and industrial settings. The foregoing descriptions are illustrative of the types of vehicles and equipment that use certain OTR tires, but are not necessarily all-inclusive. While the physical characteristics of certain OTR tires will vary depending on the specific applications and conditions for which the tires are designed (e.g., tread pattern and depth), all of the tires within the scope have in common that they are designed for off-road and off-highway use. Except as discussed below, OTR tires included in the scope of the petitions range in size (rim diameter) generally but not exclusively from 8 inches to 54 inches. The tires may be either tube-type or tubeless, radial or non-radial, and intended for sale either to original equipment manufacturers or the replacement market. The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (``HTSUS'') subheadings: 4011.20.10.25, 4011.20.10.35, 4011.20.50.30, 4011.20.50.50, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.00, 4011.92.00.00, 4011.93.40.00, 4011.93.80.00, 4011.94.40.00, and 4011.94.80.00. While HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope is dispositive.

Specifically excluded from the scope are new pneumatic tires designed, manufactured and offered for sale primarily for on-highway or on-road use, including passenger cars, race cars, station wagons, sport utility vehicles, minivans, mobile homes, motorcycles, bicycles, on-road or on-highway trailers, light trucks, and trucks and buses. Such tires generally have in common that the symbol “DOT” must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following designations that are used by the Tire and Rim Association:

Prefix letter designations:

P--Identifies a tire intended primarily for service on passenger cars;
LT--Identifies a tire intended primarily for service on light trucks; and,
ST--Identifies a special tire for trailers in highway service.

[23] A grader is a vehicle with a large blade used to create a flat surface. Graders are typically used to perform “finish grading.” Graders are commonly used in maintenance of unpaved roads and road construction to prepare the base course onto which asphalt or other paving material will be laid.

[24] A counterbalanced lift truck is a rigid frame, engine-powered machine with lift arms that has additional weight incorporated into the back of the machine to offset or counterbalance the weight of loads that it lifts so as to prevent the vehicle from overturning. An example of a counterbalanced lift truck is a counterbalanced fork lift truck. Counterbalanced lift trucks may be designed for use on smooth floor surfaces, such as a factory or warehouse, or other surfaces, such as construction sites, mines, etc.

Suffix letter designations:

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

MH--Identifies tires for Mobile Homes;

HC--Identifies a heavy duty tire designated for use on "HC" 15" tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation. Example: 8R17.5 LT, 8R17.5 HC;

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

MC--Identifies tires and rims for motorcycles.

The following types of tires are also excluded from the scope: Pneumatic tires that are not new, including recycled or retreaded tires and used tires; non-pneumatic tires, including solid rubber tires; tires of a kind used on aircraft, all-terrain vehicles, and vehicles for turf, lawn and garden, golf and trailer applications; and, tires of a kind used for mining and construction vehicles and equipment that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the number of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum 1500 pounds).[25]

C. Domestic Like Product

Petitioners and Bridgestone assert that there is a single domestic like product: certain OTR tires for agricultural, construction and industrial vehicles and equipment, coterminous with the scope of the petition.[26] Petitioners believe that there is a continuum of sizes of OTR tires among which there are no clear dividing lines comprising a single domestic like product. Petitioners further assert that the Commission should not include products excluded from the scope of the investigations in the domestic like product.[27] For the purposes of the preliminary investigations, respondents agree with the petitioners.[28] The Commission has obtained limited information on the domestic like product issue in the preliminary phase of these investigations. However, for the purposes of these preliminary phase investigations, we define one domestic like product, coextensive with the scope of the investigations.

We first note that although all pneumatic (air pressurized) rubber tires, whether passenger car, truck or OTR, have the same basic generic components, they are markedly different in terms of structure. The basic components consist of a base rubber inner layer or a rubber inner tube, impervious to air migration from the tire; rubberized reinforcing tire cord plies and belts that provide strength and stability; and a rubberized steel bead that provides an airtight seal with a given metal wheel. The tread that runs around the outside of the tire, the sidewall and the rubber rim are the visible outer components of an assembled tire. All tires contain varying amounts of natural and synthetic rubber in addition to other

[25] 72 Fed. Reg. 43,591, 43,595-96 (Aug. 6, 2007) (initiation of antidumping duty investigation); 72 Fed. Reg. 44,122, 44,125-26 (Aug. 7, 2007) (initiation of countervailing duty investigation).

[26] Petition at 22-23, Tr. at 71-72 (Mr. Stewart); see also Bridgestone Postconference Brief at 4-5, Tr. at 53 (Mr. Dorn) (Bridgestone agrees with petitioners).

[27] Tr. at 71-72 (Mr. Stewart); Titan/USW Postconference Brief, Answers to Staff Questions at 1.

[28] GPX Postconference Brief at 4; Tr. at 182-83 (Mr. Sailer).

components such as carbon black reinforcement, sulfur curing agents, nylon and steel tire cords and belts, and steel bead wire.[29]

Most OTR tires, as compared to on-the-road passenger and truck tires, are designed for more rugged use when physical strength and heavier load-bearing characteristics are required. Thus, certain OTR tires generally contain a larger proportion of stronger, more expensive and more durable natural rubber relative to the more supple, but lower strength synthetic rubber used in on-the-road tires, and more substantial internal reinforcement. Certain OTR tires for a given application may be produced in a range of grades with different price points.[30]

Certain OTR tires are produced in a wide variety of types and sizes, ranging from relatively small agricultural implement tires, to larger agricultural, construction and industrial tires found on the more familiar farm tractors, earth movers, back hoe loaders, and forklift trucks. The rim diameter (inside diameter) of certain OTR tires may range from eight to 72 inches, and a large agricultural tire may weigh up to 1,200 pounds. Certain OTR tires are typically designed for speeds no higher than 25 to 30 miles per hour. These tires may be of bias ply or radial construction depending upon the end use, consist of multiple tread types, and be of the tubeless or tube variety. They are, however, predominantly tubeless, although all are pneumatic (air pressurized) in nature, as defined in the scope.[31]

While no party has argued for a different definition of the domestic like product, we considered including OTR tires for earthmoving (mining) and other construction vehicles and equipment with a rim diameter equal to or exceeding 39 inches in our definition of the domestic like product, although they are excluded from the scope of the investigations. Petitioners argue that these tires are not like the OTR tires included in the scope, asserting that because they are larger and heavier, these tires "generally require dedicated production facilities and equipment and are much more expensive."[32] They also argue that these tires also differ from agricultural tires of comparable size in terms of number of beads and plies for bias tires and the length of the curing period necessary during production.[33]

In terms of weight, petitioners state that the upper limit for the largest agricultural tires is less than 1,500 pounds, compared to 12,000 pounds in the case of the largest earthmoving tires. These other tires also differ in terms of loads, conditions of use and speeds, as well as in production, design and engineering expertise. Thus, based upon certain physical characteristics, petitioners conclude that these tires are not interchangeable with the OTR tires included in the scope.[34]

Petitioners also argue that very large earthmover tires use different channels of distribution than other OTR tires. Some mining companies require that tires used on mining equipment be installed by certified personnel. Service personnel installing other OTR tires do not require such certification.[35]

Although the Chinese respondents accept petitioners' proposed like product definition for the purposes of the preliminary phase of the investigations, they argue that they do not believe there is any substantial basis to exclude the larger mining and construction tires. They state that the petition offers little explanation for the "gerrymandering of the scope" other than the suggestion that the production of "giant" mining and construction tires differs from the more automated production of smaller tires.

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[29] Confidential Report ("CR") at I-9 - I-10, Public Report ("PR") at I-8. All citations to the staff report in these views refer to memorandum INV-EE-086 (Aug. 1, 2007), as revised by memorandum INV-EE-090 (Aug. 7, 2007).

[30] CR at I-10, PR at I-8.

[31] CR at I-10 - I-11, PR at I-8.

[32] Titan/USW Postconference Brief, Answers to Staff Questions at 3. Evidence in the record suggests that the average unit value of the larger tires, more than 39 inches in rim diameter, is more than 20 times the average unit value of the tires included in the scope. See CR/PR at Table I-3.

[33] Titan/USW Postconference Brief, Answers to Staff Questions at 3-4, Tr. at 70, 112-13 (Mr. Steltman).

[34] Titan/USW Postconference Brief, Answers to Staff Questions at 4-5, Tr. at 112-13 (Mr. Steltman).

[35] Titan/USW Postconference Brief, Answers to Staff Questions at 5.

Chinese respondents also state that the products within the scope as well as the larger mining and construction tires share similar physical characteristics and uses, common manufacturing facilities, production processes, and production workers, channels of distribution, customer perceptions, and interchangeability.[36]

Based on the limited evidence in the record of the preliminary phase of these investigations pertaining to physical characteristics and end uses, production equipment and processes, channels of distribution, price, and lack of interchangeability, we do not include mining and construction tires with a rim diameter equal to or greater than 39 inches.[37] We will, however, revisit this issue in any final investigations. Accordingly, in light of the above discussion, we find a single domestic like product, coextensive with the scope of the investigations, for purposes of these preliminary determinations.

D. Domestic Industry and Related Parties

1. Domestic Industry

The domestic industry is defined as the domestic "producers as a [w]hole 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."[38] 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. For purposes of these preliminary determinations, we define a single domestic industry consisting of all producers of the domestic like product.

2. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[39] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[40]

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[36] Chinese Respondents Postconference Brief, App. at A-1 - A-2.

[37] We intend to gather data on these tires in any final phase of the investigations. We will seek the parties' input on this issue at the time that written comments on draft questionnaires are submitted in any final phase investigations.

[38] 19 U.S.C. § 1677(4)(A).

[39] 19 U.S.C. § 1677(4)(B).

[40] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in Allied Mineral Products, Inc. v. United States, ___ F.

(continued...)

Denman Tire Corporation imported subject merchandise from China ***, although no party argued for exclusion of any related producers from the domestic industry. It imported ***.[41] Denman stated that it imports subject merchandise that it cannot produce on its current equipment and that the prices of the subject tires render investment in plant capacity or equipment impractical.[42] In addition, it was *** of the period of investigation.[43] [44] [45]

Although the ratio of Denman's subject imports to production was *** percent in 2006 and was *** percent in Jan.-Mar. 2007 as compared to *** percent in Jan.-Mar. 2006,[46] Denman is the *** smallest domestic producer, accounting for only *** percent of domestic production of certain OTR tires in 2006.[47] Thus, it is not large enough to skew the data significantly and its interests seem to be generally aligned with those of the domestic industry. Its data do not reflect any clear benefit from its relation to the subject imports. Furthermore, Denman supports the petition.[48] Accordingly, we determine not to exclude Denman from the domestic industry under the related parties provision of the statute. Thus, we define the domestic industry as all domestic producers of certain OTR tires, coextensive with the scope of the investigations.

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[40] (...continued)
Supp. 2d___, Slip Op. 04-139 (Ct. Int'l Trade November 12, 2004) at 5-6 ("The most significant factor considered by the Commission in making the 'appropriate circumstances' determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise."); USEC, Inc. v. United States, 132 F. Supp. 2d 1, 12 (Ct. Int'l Trade 2001) ("the provision's purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters."), aff'd, Slip Op. 01-1421 (Fed. Cir. April 22, 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) ("where a U.S. producer is w related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete ith his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry").

[41] CR/PR at Table III-7.

[42] CR/PR at Table III-7 n.3, Tr. at 49-51 (Mr. Pensler).

[43] CR/PR at Table VI-3. ***. CR/PR at Table VI-3.

[44] Consistent with her practice in past investigations and reviews, Vice Chairman Aranoff does not rely on individual-company operating income margins in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic shipments and whether its primary interests lie in domestic production or importation.

In these preliminary investigations, the ratio of Denman's subject imports to domestic production was relatively low during *** the period of investigation. CR/PR at Table III-7. Although that ratio increased *** the period, there was no contemporaneous reduction in the company's domestic production, which was higher during Jan.-Mar. 2007 than during Jan.-Mar. 2006. CR/PR at Table VI-3. On these bases, Vice Chairman Aranoff determines that Denman's primary interests lie in domestic production.

[45] For purposes of the preliminary phase of these investigations, Commissioner Pinkert does not rely upon the financial performance of Denman as a factor in determining whether there are appropriate circumstances to exclude it from the actual or potential domestic industry. The present record is not sufficient to infer from Denman's financial performance on its U.S. operations that it has or has not derived a specific benefit from importing. See Allied Mineral Products, Slip Op. 04-139, at 8. In any final phase investigations, Commissioner Pinkert invites the parties to provide any information they may have with respect to whether Denman is benefitting financially from its status as a related party.

[46] CR/PR at Table III-7.

[47] CR/PR at Table III-1.

[48] CR/PR at Table III-1. Denman also testified at the conference in support of the petition. See Tr. at 48-51 (Mr. Pensler).

IV. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS[49]

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[50] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[51] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[52] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[53] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[54]

For the reasons stated below, we determine that there is a reasonable indication that the domestic industry producing certain OTR tires is materially injured by reason of subject imports from China.

A. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

The overall demand for OTR tires is derived from the demand for new vehicles used in agricultural, construction and industrial applications, and from demand for replacement tires on existing vehicles. The replacement market for OTR tires is reportedly much larger than the original equipment market, accounting for approximately 66 percent of total sales. U.S. producers and importers compete for sales in both market segments.[55]

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[49] Negligibility is not an issue in this investigation under 19 U.S.C. § 1677(24). The petition was filed on June 18, 2007. Based on questionnaire data and official statistics adjusted to exclude nonsubject tire imports, subject imports from China, as measured by quantity, were 66.2 percent of total imports in 2006. As measured by value, subject Chinese imports were 37.6 percent of total imports in 2006. CR/PR at Table IV-2. The record indicates that subject Chinese imports during the most recent 12-month period for which data are available that precedes the filing of the petition, i.e. June 2006 through May 2007, were well above the three-percent negligibility threshold. CR/PR at IV-3 n.2.

[50] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[51] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[52] 19 U.S.C. § 1677(7)(A).

[53] 19 U.S.C. § 1677(7)(C)(iii).

[54] 19 U.S.C. § 1677(7)(C)(iii).

[55] CR/PR at II-1.

Demand tends to track trends in U.S. farming and mining sectors with sales increasing as the farm economy and commodity prices increase.[56] Overall demand, as measured by apparent U.S. consumption, fluctuated during the period of investigation, from 8.0 million tires in 2004 to 9.3 million tires in 2005, and then 8.2 million tires in 2006. During Jan.-Mar. 2007, apparent U.S. consumption was 2.0 million tires as compared to 2.2 million tires in Jan.-Mar. 2006.[57] In terms of value,[58] apparent U.S. consumption increased from $1.3 billion in 2004 to $1.6 billion in 2005, then increased further to $1.7 billion in 2006. Apparent U.S. consumption as measured by value was $473.5 million in Jan.-Mar. 2007 as compared to $437.7 million in Jan.-Mar. 2006.[59]

2. Supply Conditions

During the period of investigation, there were seven domestic producers accounting for 100 percent of U.S. production of certain OTR tires.[60] Two producers account for approximately *** percent of 2006 production.[61] Capacity remained steady during 2004 to 2006, with capacity utilization rates ranging from 37.1 to 58.8 percent, when considering both the number of tires produced and pounds of tires produced. The average weight of U.S.-produced certain OTR tires increased by 15 percent during 2004-06, and average unit values increased by 38.0 percent.[62]

On December 28, 2005, Titan acquired the OTR farm production and related assets of Goodyear.[63] Titan also acquired Continental Tire North America's construction plant and assets on July 31, 2006.[64] Several U.S. firms cited production curtailments due to a variety of factors. *** due to Hurricane Katrina. ***.[65]

The cost of raw materials, which ranged between 53 percent and 61 percent of the cost of goods sold annually during the period of investigation,[66] increased significantly over the period.[67] Natural

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[56] CR at II-4, PR at II-2 - II-3. We intend to explore further in any final phase investigations whether demand is higher in the first part of the year as opposed to the latter half, as the 2006 data do not appear to support petitioners' claim that this is so. See Titan/USW Postconference Brief at 18, CR/PR at Table IV-5.

[57] CR/PR at Table IV-5.

[58] Although our normal practice is to consider volume in terms of units rather than value, see, e.g., Certain Lined Paper School Supplies from China, India and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final), USITC Pub. 3884 (Sept. 2006) at 19, in these investigations there appear to be large variations in unit values both among the subject merchandise and among the articles in the domestic like product. Further, one of the issues presented in these investigations is whether the domestic industry has begun producing and selling more of the higher-valued products within the domestic like product, and, if so, the extent to which this is due to the effects of the subject imports or other factors. Accordingly, for the purpose of these preliminary determinations, we consider volume in terms of both units and value.

[59] CR/PR at Table IV-5.

[60] CR/PR at Table III-1. The Commission received completed producer questionnaire responses from all firms. CR/PR at III-1.

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

[62] CR/PR at III-1 & Table III-2.

[63] CR/PR at Table III-1 n.1.

[64] CR/PR at Table III-1 n.2.

[65] CR at III-6, PR at III-4.

[66] CR/PR at V-1.

[67] CR at VI-4 n.8, PR at VI-3 n.8. See also CR at VI-9 & n.10, PR at VI-4 & n.10, Bridgestone Postconference Brief at Exh. 1 at 2.

rubber, as well as synthetic rubber, carbon black, various chemicals, and textiles and steel, are the major raw materials used to manufacture OTR tires.[68]

Some importers reported that there have been extensive shortages of domestic OTR tires throughout the period.[69] The data obtained in these preliminary phase investigations are not sufficient to determine the extent of these shortages, i.e. whether they are confined to tires not included in the scope of these investigations, or whether broad categories of tires are in short supply.[70] For example, while respondents assert that shortages have prompted the domestic industry to expand OTR tire capacity, the evidence of record does not show any substantial increase in domestic production capacity or capital expenditures for certain OTR tires during the period of investigation.[71] We intend to explore this issue further in any final phase investigations.

The quantity of nonsubject imports decreased over the period of investigation from 2.0 million tires in 2004 to 1.8 million in 2006, and from 505,000 in Jan.-Mar. 2006 to 393,000 in Jan.-Mar. 2007. In terms of value, however, nonsubject imports increased from $353.1 million in 2004 to $507.5 million in 2006, and were $123.7 million in Jan.-Mar. 2006 compared to $128.7 in Jan.-Mar. 2007.[72]

3. Substitutability and Other Conditions

The market for OTR tires encompasses a wide range of product offerings, with the production of one producer alone falling into over 3,000 distinct stock-keeping units.[73] There is limited interchangeability among the various types of OTR tires.[74] The parties agree that OTR tires are not commodity products.[75]

Quality appears to be a major factor in purchasing decisions.[76] The parties agree that certain respected brand names command a price premium based on reputation for superior quality.[77] Respondents assert that generic, unbranded tires are at the other end of the spectrum and are not perceived as being quality products and that a middle tier makes up the remainder of the market. GPX argues that the vast majority of Chinese imports, with the exception of GPX products, fall within the generic category, while Bridgestone asserts that subject imports represent a continuum that includes "the low tech commodity end of the market."[78] We will explore these assertions and the importance of quality in any

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[68] CR/PR at V-1.

[69] See, e.g., Chinese Respondents Postconference Brief at 14-15 & Att. 4.

[70] See CR at II-2, III-6 n.4, PR at II-1 - II-2, III-4 n.4.

[71] Chinese Respondents Postconference Brief at 12-13; CR/PR at Tables III-2, VI-4.

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

[73] CR/PR at II-1; Tr. at 26 (Mr. Hawkins).

[74] See Tr. at 147 (Mr. Ganz), GPX Exhibit at Conference, "Presentation to U.S. International Trade Commission," July 9, 2007, at 10.

[75] Tr. at 87, 133 (Mr. Stewart), 120 (Mr. Dorn), 147, 182 (Mr. Ganz), 154 (Mr. Edwards), 165 (Mr. Anderson), 236 (Mr. Weymouth); GPX Postconference Brief at 5; Chinese Respondents Postconference Brief at 15.

[76] See Valmont Postconference Brief at 11-12 (quality is critically important to purchasers and is one of the top factors in making purchasing decisions).

[77] Chinese Respondents Postconference Brief at 16-18, GPX Postconference Brief at 8. See Titan/USW Postconference Brief at 31, Bridgestone Postconference Brief at Exh.1 at 5 (acknowledging price premiums) and CR/PR at II-1.

[78] GPX Postconference Brief at 9, Bridgestone Postconference Brief at Exh. 1 at 5, Chinese Respondents Postconference Brief at 17-18. Petitioners claim that virtually all Chinese producers and exporters have quality certification and represent themselves as producing and marketing OTR tires of high quality. Titan/USW

(continued...)

final phase investigations. In addition, we will explore the importance of price in light of respondents' allegations that these products compete principally on the basis of non-price characteristics.[79] The record indicates that most producers and importers reported that the subject and domestic product are "always" or "frequently" interchangeable and that several purchasers reported shifting from domestic OTR tires to subject merchandise on the basis of price.[80]

Although interchangeability among various types of tires is limited, there is competition among the domestic like product, subject imports and nonsubject imports of the same types. The data indicate that the subject products were present in all applications during the period of investigation. During 2006, the majority of U.S. producers' shipments (72 percent by quantity and 57 percent by value) were for agricultural/forestry applications, and the majority of imports were for construction/industrial applications. By quantity, 43 percent, and by value, 58 percent, of subject imports were for construction/industrial applications. For nonsubject imports, the comparable figures were 55 percent (by quantity) and 69 percent (by value).[81] As noted, a majority of U.S. producers and importers reported that the domestic like product, subject and nonsubject OTR tires were always or frequently interchangeable.[82]

In keeping with reports that the market consists of three tiers, as stated above, brand recognition appears to be important.[83] We intend to explore this factor in any final phase investigations.

B. Volume of the Subject Imports

Section 771(7)(C) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[84] [85]

The volume of subject imports is significant and increased substantially from 2004 to 2006, both in absolute terms and relative to consumption and production in the United States. As measured by quantity, subject imports increased from 1.8 million tires in 2004 to 3.4 million tires in 2006,[86] and from 22.3 percent of apparent U.S. consumption to 41.5 percent during that period.[87] They totaled 813,000 tires in Jan.-Mar. 2006, representing 36.6 percent of apparent U.S. consumption, and 749,000 tires in Jan.-Mar. 2007, representing 36.8 percent of apparent U.S. consumption.[88] The ratio of subject imports to

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[78] (...continued)
Postconference Brief at 5.

[79] Chinese Respondents Postconference Brief at 15.

[80] CR/PR at Table II-1, CR at V-14, PR at V-5.

[81] CR at I-12, PR at I-9.

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

[83] GPX Postconference Brief at 8; Chinese Respondents Postconference Brief at 16-19; Tr. at 85 (Mr. Pensler), 146-47 (Mr. Ganz), 166-68 (Mr. Anderson), 175-76 (Mr. Reilly); see also Titan/USW Postconference Brief at 31.

[84] 19 U.S.C. § 1677(7)(C)(i).

[85] In these preliminary phase investigations, official import statistics were adjusted to exclude small and large nonsubject tire imports. Adjustments resulted in a 71 percent decrease in the number of imports of OTR tires and a 16 percent reduction in value for 2006. CR/PR at IV-3. We invite the parties to address how these official statistics should be adjusted in any final phase investigations.

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

[87] CR/PR at Table IV-5.

[88] CR/PR at Tables IV-2, IV-5.

U.S. production climbed from 38.3 percent in 2004 to 90.7 percent in 2006, and was 76.7 percent in Jan.-Mar. 2006 and 78.1 percent in Jan.-Mar. 2007.[89]

As measured by value, subject imports climbed from $114.1 million in 2004 to $305.7 million in 2006, and totaled $67.2 million in Jan.-Mar. 2006 and $79.0 million in Jan.-Mar. 2007.[90] Subject import market share rose from 8.6 percent in 2004 to 18.4 percent in 2006, when measured by value. It was 15.4 percent in Jan.-Mar. 2006 and 16.7 percent in Jan.-Mar. 2007.[91]

During the period of investigation, U.S. producers' market share, as measured by quantity, fell steadily from 52.9 percent in 2004 to 37.2 percent in 2006. It was 40.6 percent in Jan.-Mar. 2006 and 43.9 percent in Jan.-Mar. 2007. As measured by value, U.S. producers' market share declined steadily: from 64.7 percent in 2004 to 51.1 percent in 2006, and was 56.4 percent in Jan.-Mar. 2006 and 56.1 percent in Jan.-Mar. 2007.[92] In addition, U.S. producers' end-of-period inventories increased from 769,000 tires in 2004 to 933,000 tires in 2006, and totaled 920,000 tires in Jan.-Mar. 2006 and 818,000 tires in Jan.-Mar. 2007.[93]

Nonsubject import market share, when measured by quantity, declined from 24.8 percent in 2004 to 21.2 percent in 2006, although subject import market share increased. Nonsubject import market share was 22.7 percent in Jan.-Mar. 2006 and 19.3 percent in Jan.-Mar. 2007.[94] As measured by value, nonsubject import market share increased from 26.7 percent in 2004 to 30.5 percent in 2006, during which time subject import market share more than doubled. Further, nonsubject import market share was 28.3 percent in Jan.-Mar. 2006 and 27.2 percent in Jan.-Mar. 2007.[95] Relative to U.S. production, as measured by quantity, nonsubject imports rose from 42.6 percent in 2004 to 46.4 percent in 2006, but the ratio of nonsubject imports to U.S. production was 47.6 percent in Jan.-Mar. 2006 and 41.0 percent in Jan.-Mar. 2007.[96] [97] [98]

For the foregoing reasons, we find for purposes of the preliminary phase of these investigations that both the volume and increase in volume of subject imports are significant, both in absolute terms and relative to consumption and production in the United States.

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

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

[91] CR/PR at Table IV-5.

[92] CR/PR at Table IV-5.

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

[94] CR/PR at Table IV-5.

[95] CR/PR at Table IV-5.

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

[97] As noted above, the parties agree and the record reflects that OTR tires are not commodity products. See, e.g., Tr. at 87 (Mr. Stewart), 120 (Mr. Dorn), 133 (Mr. Stewart), 147-48 (Mr. Ganz), 154 (Mr. Edwards), 165 (Mr. Anderson), 205 (Mr. Sailer), 236 (Mr. Weymouth), GPX Postconference Brief at 5. Accordingly, we need not apply the analysis dictated by Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006), because one of the predicates for that analysis, a "commodity product," is not present here. In any final phase investigations, any party holding a contrary view should so indicate, and provide a basis for its view, at the time written comments on the draft questionnaires are submitted.

[98] Chairman Pearson and Commissioner Okun concur that the preliminary record reflects that OTR tires are not a commodity product, and, therefore, one of the predicates of the Bratsk test is not met. See, e.g., Tr. at 87 (Mr. Stewart), 120 (Mr. Dorn), 133 (Mr. Stewart), 147-48 (Mr. Ganz), 154 (Mr. Edwards), 165 (Mr. Anderson), 205 (Mr. Sailer), 236 (Mr. Weymouth), GPX Postconference Brief at 5. Accordingly, they do not address the remaining requirements of the Bratsk test. For a complete statement of Chairman Pearson's and Commissioner Okun's interpretation of Bratsk in a preliminary investigation, see Separate and Additional Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Concerning Bratsk Aluminum v. United States in Sodium Hexametaphosphate from China, Inv. No. 731-TA-1110 (Preliminary), USITC Pub. 3912 (Apr. 2007) at 19-25.

C. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[99]

Bridgestone claims that OTR tires are sold largely on the basis of price. As noted above, respondents claim they compete primarily on the basis of non-price characteristics. Given that a majority of U.S. producers and importers reported that subject imports and the domestic product are always or frequently interchangeable and that certain purchasers reportedly shifted to subject imports on the basis of price, it appears that price is an important factor in purchasing decisions,[100] although we intend to explore this matter further in any final phase investigations.

Although seven domestic producers and nine importers provided varying amounts of usable price data, sales of the five representative products accounted for a fairly small percentage of total sales for both producers and importers, as a broad range of products is sold by both. For domestic producers, sales of the five products accounted for approximately 11 percent of all sales in 2006, and for importers the figure was approximately four percent.[101] In addition, some price data provided by importers pertained to Chinese products that are too light in weight to meet the specifications for the requested product, but were satisfactory in all other respects. Adjustments to the data were made accordingly.[102]

Based on the limited pricing data obtained in these preliminary phase investigations, we find the underselling to be significant. The adjusted pricing data show underselling in 41 of 49 quarterly price comparisons, ranging from margins of 1.8 percent to 26.5 percent.[103]

The available data do not provide persuasive evidence of significant price depressing or suppressing effects by the subject imports. As the tire prices analyzed in these preliminary phase investigations generally rose during the period,[104] prices do not appear to be depressed. Although prices rose, so did costs, particularly raw material costs, as noted above.[105] However, the ratio of the cost of goods sold ("COGS") to net sales generally declined, except between the interim periods,[106] which normally does not indicate a cost/price squeeze. We intend to examine whether subject imports are having depressing or suppressing effects on prices for the domestic like product in any final phase investigations.

In addition, petitioners alleged lost sales and revenues, although detailed lost sales and lost revenue allegations were generally not available on a transaction-by-transaction basis. The record does

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[99] 19 U.S.C. § 1677(7)(C)(ii).

[100] See CR/PR at Table II-1, CR at V-14, PR at V-5.

[101] CR at V-5, PR at V-4.

[102] CR at V-5 n.4, PR at V-4 n.4.

[103] CR at V-5 - V-6, PR at V-4.

[104] See CR/PR at Tables V-1 - V-5.

[105] CR/PR at Table VI-1.

[106] COGS relative to net sales declined from 90.6 percent in 2004 to 87.9 percent in 2006, and was 81.9 percent in Jan.-Mar. 2006 and 83.8 percent in Jan.-Mar. 2007. CR/PR at Table VI-1.

indicate that three of five responding purchasers shifted to subject imports at least in part because of lower prices.[107] We will explore the issue of adverse price effects further in any final phase investigations.

Nevertheless, regardless of whether certain effects are established on the record at the preliminary phase, the record suggests that, in the face of widespread underselling by the subject imports, the domestic industry has sacrificed market share in order to maintain and/or increase its prices,[108] demonstrating that the underselling has contributed to the domestic industry's declining market share, as well as to declines in other volume-based indicators discussed below.

D. Impact of the Subject Imports on the Domestic Industry[109]

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[110] These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[111]

We have examined the industry's performance indicators during the period of investigation. A number of key indicators, with the notable exception of certain financial data, in these preliminary phase investigations show steady declines when subject imports were increasing.

U.S. production of subject tires decreased from 4.7 million tires in 2004 to 3.8 million tires in 2006. U.S. production was 1.1 million tires in Jan.-Mar. 2006 and 956,000 in Jan.-Mar. 2007. In terms of weight, U.S. production of subject tires decreased from 549.9 million pounds in 2004 to 513.5 million pounds in 2006, and was 142.7 million pounds in Jan.-Mar. 2006 and 149.5 million pounds in Jan.-Mar. 2007.[112] Capacity utilization for subject tires, as measured in units, decreased from 46.3 percent in 2004 to 37.1 percent in 2006, and was 42.3 percent in Jan.-Mar. 2006 compared to 36.9 percent in Jan.-Mar. 2007. In terms of weight, capacity utilization decreased from 50.7 percent in 2004 to 47.1 percent in 2006, and was 51.2 percent in Jan.-Mar. 2006 and 54.1 percent in Jan.-Mar. 2007.[113]

U.S. producers' U.S. shipments declined from 4.3 million tires in 2004 to 3.1 million tires in 2006; they totaled 902,000 tires in Jan.-Mar. 2006 and 894,000 tires in Jan.-Mar. 2007. In terms of weight, U.S. producers' U.S. shipments fell from 463.6 million pounds in 2004 to 389.7 million pounds in 2006, and totaled 111.9 million pounds in Jan.-Mar. 2006 and 141.7 million pounds in Jan.-Mar. 2007.

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[107] CR at V-14, PR at V-5.

[108] Compare CR/PR at Table IV-5 with CR/PR at Tables V-1 - V-5.

[109] In its notice of initiation, Commerce estimated the dumping margins for imports of subject OTR tires from China as ranging from 30.49 percent to 210.48 percent. 72 Fed. Reg. at 43,594.

[110] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports."). SAA at 885.

[111] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

[112] CR/PR at Table III-3.

[113] CR/PR at Table III-3.

In terms of value, U.S. producers' U.S. shipments declined from $855.9 million in 2004 to $850.1 million in 2006, and totaled $246.8 million in Jan.-Mar. 2006 and $265.8 million in Jan.-Mar. 2007.[114]

The total quantity of net sales decreased from 4.9 million tires in 2004 to 3.8 million tires in 2006, and was 1.1 million tires in both Jan.-Mar. 2006 and Jan.-Mar. 2007. However, by value, net sales increased from $995.7 million in 2004 to $1.0 billion in 2006, and totaled $289.2 million in Jan.-Mar. 2006 and $308.4 million in Jan.-Mar. 2007.[115]

The average number of production and related workers fell from 4,325 in 2004 to 3,972 in 2006, and totaled 4,056 in Jan.-Mar. 2006 and 3,884 in Jan.-Mar. 2007. Their hours worked declined from 8.5 million in 2004 to 8.0 million in 2006, and were 2.1 million in Jan.-Mar. 2006 and 2.0 million in Jan.-Mar. 2007. Their wages also decreased from $246.5 million in 2004 to $231.3 million in 2006, and totaled $58.8 million in Jan.-Mar. 2006 and $56.5 million in Jan.-Mar. 2007.[116] Productivity declined as well. In terms of tires per hour, it declined from 0.55 in 2004 to 0.47 in 2006, and was 0.50 in Jan.-Mar. 2006 and 0.49 in Jan.-Mar. 2007. In terms of pounds per hour, productivity declined from 65.0 in 2004 to 63.5 in 2006, and was 67.5 in Jan.-Mar. 2006 and 75.8 in Jan.-Mar. 2007.[117]

Notwithstanding the above, as well as the increasing influx of subject imports over the period of investigation, the domestic industry's financial indicators showed some improvement over the period in these preliminary phase investigations. Operating income increased from a loss of $899,000 in 2004 to $20.1 million in 2006, and was $24.1 million in Jan.-Mar. 2006 and $24.7 million in Jan.-Mar. 2007.[118] A net loss of $11.4 million in 2004 became net income of $12.4 million in 2006, and was $20.3 million in Jan.-Mar. 2006 and $20.4 million in Jan.-Mar. 2007.[119] The ratio of operating loss to net sales was 0.1 percent in 2004, rising to an operating income margin of 2.0 percent in 2006. The industry's operating income margin was 8.3 percent in Jan.-Mar. 2006 and 8.0 percent in Jan.-Mar. 2007.[120]

COGS decreased between 2004 and 2006, from $902.1 million in 2004 to $896.7 million in 2006, and was $236.9 million in Jan.-Mar. 2006 and $258.4 million in Jan.-Mar. 2007. The ratio of COGS to net sales declined from 90.6 percent in 2004 to 87.9 percent in 2006, and was 81.9 percent in Jan.-Mar. 2006 and 83.8 percent in Jan.-Mar. 2007.[121]

For purposes of these preliminary determinations, we conclude that subject imports are having an adverse impact on the condition of the domestic industry. In particular, we find that the absolute and relative volumes of subject imports are significant, and that subject imports have gained market share at the expense of the domestic industry.[122] [123] As the volume of imports increased, and as those imports

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[114] CR/PR at Table III-5.

[115] CR/PR at Table VI-1.

[116] CR/PR at Table III-9. In view of the move towards manufacturing larger size tires, we would not expect employment to decline, as the manufacture of those tires is more labor intensive. See Titan/USW Postconference Brief, Answers to Staff Questions at 4.

[117] CR/PR at Table III-9.

[118] CR/PR at Table VI-1.

[119] CR/PR at Table VI-1.

[120] CR/PR at Table VI-1.

[121] CR/PR at Table VI-1.

[122] In any final phase investigations we intend to explore whether the domestic industry shifted to the production of larger sized OTR tires as a result of the significant and increasing volume of subject imports and/or the prices of such imports, or whether that change was driven by other considerations. See, e.g., CR/PR at Table III-5 (unit weight increased from 109 pounds per tire in 2004 to 127 pounds per tire in 2006, and was 124 pounds per tire in Jan.-Mar. 2006 and 159 pounds per tire in Jan.-Mar. 2007);Tr. at 22, 24-25 (Mr. Vasichek).

Respondents argue that the domestic industry shifted to larger sizes due to higher prices for these products

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undersold the domestic product, the domestic industry experienced a sharp drop in U.S. shipments and net sales by quantity, as well as declines in the number of production workers, hours worked and wages paid. Although the value of apparent U.S. consumption increased by 25.7 percent from 2004 to 2006, the domestic industry experienced a 0.7 percent drop in U.S. shipments by value and only a 2.5 percent increase in net sales values over the same span.[124]

CONCLUSION

For the reasons stated above, we find that there is a reasonable indication that the domestic industry producing certain OTR tires is materially injured by reason of subject imports of certain OTR tires from China that allegedly are subsidized and sold in the United States at LTFV.

[122] (...continued)
and that subject imports merely filled a need in a size range partly abandoned by the domestic industry. GPX Postconference Brief at 39, Valmont Postconference Brief at 4-6. Preliminary data, however, indicate that domestic industry has lost market share in terms of both quantity and value and that it has lost more sales in the construction/industrial sector – in which subject imports are concentrated – than in others. See CR/PR at Tables III-6 (domestic construction/industrial shipments decreased in volume from 1.4 million tires in 2004 to 851,000 tires in 2006), IV-6 (subject imports in construction/industrial sector rose from 650,000 tires in 2004 to 1.5 million tires in 2006).

[123] In reviewing the draft questionnaires in any final phase investigations, the parties are requested to comment on whether the Commission should gather data on domestic and subject OTR tires in two or more groupings defined by rim diameter. The parties should provide the basis for any proposed groupings.

[124] CR/PR at Table C-1.

PART I: INTRODUCTION

BACKGROUND

These countervailing and antidumping duty investigations result from a petition filed on June 18, 2007 by Titan Tire Corporation ("Titan"), Des Moines, Iowa, and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC ("USW"), Pittsburgh, PA. The petition alleges that an industry in the United States is materially injured or threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of certain off-the-road ("OTR") tires from China.[1] Information relating to the background of these investigations is provided below.[2]

Date	Action
June 18, 2007	Petition filed with Commerce and the Commission; institution of Commission investigations (72 FR 34478, June 22, 2007)
July 9, 2007	Commission's conference[1]
July 16, 2007	Commerce extends initiation of the investigations (72 FR 38816)
July 18, 2007	Commission's notice of revised schedule (72 FR 39445)
August 6 and 7, 2007	Commerce's notices of initiation (antidumping--72 FR 43591, August 6, 2007; countervailing duty–72 FR 44122, August 7, 2007)
August 20, 2007	Commission's vote
August 27, 2007	Commission's determinations and views to Commerce
[1] A list of witnesses appearing at the conference is presented in app B.	

STATUTORY CRITERIA AND ORGANIZATION OF REPORT

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

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

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

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any*

[1] A complete description of the imported products subject to these investigations is presented in *The Subject Product* section of this part of the report.

[2] *Federal Register* notices cited are presented in app. A.

increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

. . .

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

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

U.S. MARKET SUMMARY

The U.S. market for certain OTR tires totaled approximately $1.7 billion and 8.2 million tires in 2006.[3] Currently, seven firms produce certain OTR tires in the United States: Bridgestone Firestone North American Tire, LLC ("BFNA"), Carlisle Tire and Wheel Company ("Carlisle"), Denman Tire Corporation ("Denman"), Goodyear Tire and Rubber Company ("Goodyear"), Michelin North America, Inc. ("Michelin"), Specialty Tires of America, Inc. ("Specialty"), and Titan. BFNA and Titan's production of certain OTR tires accounted for approximately *** percent of total U.S. production in

[3] According to *Modern Tire Dealer*, total U.S. tire production capacity was 816 million units in 2006, of which OTR (including nonsubject consumer OTR) tire production accounted for approximately 84 million units, or 10 percent of all tires. *Modern Tire Dealer's* 41st Annual Facts Issue, North American Tire Plant Capacities as of January 1, 2007 (in thousands of units per day); January 2007, pp. 34-35.

2006. More than 400 firms were reported to have imported certain OTR tires from all sources during 2006, and more than 170 firms were reported to have imported from China.[4] Purchasers of certain OTR tires include original equipment manufacturers ("OEMs") and distributors for the aftermarket. The petition identified 21 firms as producers of certain OTR tires in China.

Certain OTR tires are used on a wide variety of vehicles and equipment employed in agricultural and forestry, construction, and industrial settings for hauling, towing, lifting, and/or loading.[5] The majority of trade in subject tires is comprised of certain OTR tires used for agricultural and industrial applications. U.S. producers' U.S. shipments of certain OTR tires totaled 3.1 million tires in 2006, and accounted for 37 percent of apparent U.S. consumption by quantity and 51 percent by value. U.S. imports from China totaled 3.4 million tires in 2006, and accounted for 42 percent of apparent U.S. consumption by quantity and 18 percent by value, while U.S. imports from all other sources combined totaled 1.8 million tires in 2006, and accounted for 21 percent of apparent U.S. consumption by quantity and 31 percent by value.[6]

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, table C-1. U.S. industry data are based on the questionnaire responses of seven firms that accounted for all known U.S. production of certain OTR tires during the period of investigation. U.S. import data in this report are based on official Commerce statistics, modified to exclude out-of-scope OTR tires: (1) imports that weigh more than 1,500 pounds per tire[7] and (2) imports of OTR tires less than $20 per unit.[8] These adjusted import statistics also do not include imports from several firms that import nonsubject OTR tires under some of the same statistical reporting numbers as subject OTR tires.[9] Data regarding the Chinese industry are based on foreign producer questionnaire responses of 17 producers of certain OTR tires in China.

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has not previously conducted import injury investigations on OTR tires.[10]

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[4] Based on a review of proprietary Bureau of Customs and Border Protection ("Customs") data.

[5] Petitioners' response to Commerce's second supplemental questionnaire, June 27, 2007, p. 9.

[6] Official import statistics were adjusted to account for nonsubject imports that entered under subject HTS numbers. *See* the *Tariff Treatment* section of this part of the report, Part IV, and app. D for a description of and summary data relating to the adjustments for out-of-scope products.

[7] The petition (as revised) excluded from the scope OTR tires used on mining and construction vehicles and equipment that have a rim diameter equal to or exceeding 39 inches, with a weight of 1,500 pounds or more. Petitioners' response to Commerce's second supplemental questionnaire, June 27, 2007, pp. 6-9.

[8] *See* Part IV and app. D.

[9] Excluded companies include: ***. *See* app. D.

[10] In 2007, the Commission reported on the probable economic effect of providing competitive need limit waivers for HTS subheading 4011.20.10 (nonsubject new radial bus and truck tires) from Thailand. *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2006 Review, Investigation No. 332-483*, USITC Pub 3919, April 2007, chap. 4.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Commerce has initiated a countervailing duty investigation to determine whether manufacturers, producers, or exporters of certain OTR tires in China received countervailable subsidies. Included in the investigation are the following 21 programs alleged to provide countervailable subsidies to firms in China:[11]

- Government of China Loan Programs (3)
- Government of China Currency Program (1)
- Government of China Grant Programs (2)
- Government of China Provision of Goods or Services for Less Than Adequate Remuneration (2)
- Government of China Income Tax Programs (5)
- Government of China Indirect Tax Programs and Import Tariff Programs (4)
- Provincial Grant Programs (2)
- Provincial Provision of Goods and Services for Less Than Adequate Remuneration (1)
- Provincial and Local Tax Programs for Foreign Investment Enterprises (1)

Not included in Commerce's investigation are the following five allegedly beneficial programs:

- Managed Exchange Rate Export Subsidy (Currency Manipulation)
- Preferential Lending to the Tire Industry
- Grants to the Tire Industry for Land-Usage Fees
- Value Added Tax ("VAT") Export Rebate of Prior-Stage, Cumulative Taxes
- Lower VAT Rebates for Downstream Products

With respect to LTFV allegations, Commerce has initiated an antidumping duty investigation based on estimated dumping margins for certain OTR tires from China that range from 30.49 percent to 210.48 percent.[12]

THE SUBJECT PRODUCT

Scope

The imported products subject to these investigations include:[13]

... new pneumatic tires designed for off- the-road (OTR) and off-highway use, subject to exceptions identified below. Certain OTR tires are generally designed, manufactured and offered for sale for use on off-road or off-highway surfaces, including but not limited to,

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[11] *Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 72 FR 44124, August 7, 2007. *See* Commerce's initiation notice in app. A for a description of the programs that are included or not included in its investigation.

[12] *Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires from the People's Republic of China*, 72 FR 43594, August 6, 2007.

[13] *Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires from the People's Republic of China*, 72 FR 43595, August 6, 2007, Appendix I; and *Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 72 FR 44125, August 7, 2007, Attachment. *See* Commerce's notice for footnotes describing the machinery and equipment cited in the scope language.

agricultural fields, forests, construction sites, factory and warehouse interiors, airport tarmacs, ports and harbors, mines, quarries, gravel yards, and steel mills. The vehicles and equipment for which certain OTR tires are designed for use include, but are not limited to: (1) Agricultural and forestry vehicles and equipment, including agricultural tractors,1combine harvesters,2 agricultural high clearance sprayers,3 industrial tractors,4log-skidders,5 agricultural implements, highway- towed implements, agricultural logging, and agricultural, industrial, skid-steers/ mini-loaders;6(2) construction vehicles and equipment, including earthmover articulated dump products, rigid frame haul trucks,7front end loaders,8dozers,9 lift trucks, straddle carriers,10graders,11 mobile cranes, compactors; and (3) industrial vehicles and equipment, including smooth floor, industrial, mining, counterbalanced lift trucks, industrial and mining vehicles other than smooth floor, skid-steers/mini- loaders, and smooth floor off-the-road counterbalanced lift trucks.12The foregoing list of vehicles and equipment generally have in common that they are used for hauling, towing, lifting, and/or loading a wide variety of equipment and materials in agricultural, construction and industrial settings. The foregoing descriptions are illustrative of the types of vehicles and equipment that use certain OTR tires, but are not necessarily all-inclusive. While the physical characteristics of certain OTR tires will vary depending on the specific applications and conditions for which the tires are designed (e.g., tread pattern and depth), all of the tires within the scope have in common that they are designed for off-road and off-highway use. Except as discussed below, OTR tires included in the scope of the petitions range in size (rim diameter) generally but not exclusively from 8 inches to 54 inches. The tires may be either tube-type or tubeless, radial or non-radial, and intended for sale either to original equipment manufacturers or the replacement market. The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (''HTSUS'') subheadings: 4011.20.10.25, 4011.20.10.35, 4011.20.50.30, 4011.20.50.50, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.00, 4011.92.00.00, 4011.93.40.00, 4011.93.80.00, 4011.94.40.00, and 4011.94.80.00. While HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope is dispositive.

Specifically excluded from the scope are new pneumatic tires designed, manufactured and offered for sale primarily for on-highway or on-road use, including passenger cars, race cars, station wagons, sport utility vehicles, minivans, mobile homes, motorcycles, bicycles, on-road or on-highway trailers, light trucks, and trucks and buses. Such tires generally have in common that the symbol ''DOT'' must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following designations that are used by the Tire and Rim Association:

Prefix letter designations:

•P—Identifies a tire intended primarily for service on passenger cars;

•LT—Identifies a tire intended primarily for service on light trucks; and,

•ST—Identifies a special tire for trailers in highway service.

Suffix letter designations:

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

•MH—Identifies tires for Mobile Homes;

•HC—Identifies a heavy duty tire designated for use on ''HC'' 15. tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation. Example: 8R17.5 LT, 8R17.5 HC;

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

•MC—Identifies tires and rims for motorcycles.

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

Tariff Treatment

Imports of certain OTR tires are entered under statistical reporting numbers or subheadings 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0000, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, and 4011.94.8000 of the Harmonized Tariff Schedule of the United States ("HTS"). During the course of these investigations, it was found that certain U.S. imports entering under HTS subheadings 4011.61, 4011.62, 4011.69, and 4011.92 were consumer tires that are outside the scope of these investigations.[14] Import data used in this report have been adjusted to account for these out-of-scope products.[15]

Table I-1 presents data on the current tariff rates of the subheadings identified above.

[14] Importers have reported importing tires under the subject HTS numbers for use on hand trucks, lawnmowers, garden and nursery carts, wheelbarrows, and golf and trailer applications. For example, an importer accounting for a significant quantity of imports reported importing small tires for *** under HTS subheadings 4011.61 and 4011.62 ("***"), and consumer tires for horticulture (turf, lawn, and garden) under HTS subheading 4011.92. E-mail from ***, July 12, 2007. Counsel for petitioners asserts that imports of new pneumatic tires for lawn and garden, ATV, "and the like" tires are properly provided for under HTS subheading 4011.99.80 pursuant to Customs rulings NY A81065 (April 3, 1996) and HQ 966112 (April 2, 2003). Petitioners' postconference brief, pp. 27-28 and fn. 44-45. In addition, petitioners acknowledged that during the period of investigation, ***. Letter from Stewart and Stewart, July 30, 2007.

[15] *See* Part IV and appendix D for a discussion of the methodology used to adjust official Commerce statistics to account for misclassified and out-of-scope imported products.

Table I-1
Certain OTR tires: Tariff treatment, 2007

HTS provision	Article description	General[1]	Special[2]	Column 2[3]
		Rates *(percent ad valorem)*		
4011	New pneumatic tires, of rubber:			
4011.20	Of a kind used on buses or trucks:			
4011.20.10	Radial	4		10
	Off-the-highway:			
4011.20.1025	For use on a rim measuring 40.6 cm or more in diameter			
4011.20.1035	Other			
4011.20.50	Other	3.4		10
	Off-the-highway:			
4011.20.5030	For use on a rim measuring 40.6 cm or more in diameter			
4011.20.5050	Other			
	Other, having a "herring-bone" or similar tread:			
4011.61.0000	Of a kind used on agricultural or forestry vehicles and machines	Free		Free
4011.62.0000	Of a kind used on construction or industrial handling vehicles and machines and having a rim size exceeding 6 cm	Free		Free
4011.63.0000	Of a kind used on construction or industrial handling vehicles and machines and having a rim size exceeding 61 cm	Free		Free
4011.69.0000	Other	Free		Free
	Other:			
4011.92.0000	Of a kind used on agricultural or forestry vehicles and machines	Free		Free
4011.93	Of a kind used on construction or industrial handling vehicles and machines and having a rim size not exceeding 61 cm:			
4011.93.4000	Radial	4		10
4011.93.8000	Other	3.4		10
4011.94	Of a kind used on construction or industrial handling vehicles and machines and having a rim size exceeding 61 cm:			
4011.94.8000	Other	3.4		10

[1] Normal trade relations, formerly known as the most-favored-nation duty rate.
[2] Special rates not applicable when General rate is free. China is ineligible for special duty rate treatment.
[3] Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2007).

THE DOMESTIC LIKE PRODUCT

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

Petitioners contend that the Commission should find one domestic like product that is co-extensive with the scope of merchandise subject to the investigations as identified by the petition.[16] Respondents have not challenged the petitioners' definition of the domestic like product and domestic industry.[17]

[16] Petitioners' postconference brief, p. 10. At the time of filing of postconference briefs (July 17, 2007), Commerce had not yet initiated these investigations and had extended the deadline for determining the adequacy of the antidumping and countervailing duty petitions until July 30, 2007. 72 FR 38816, July 16, 2007.

[17] GPX postconference brief, p. 4.

Physical Characteristics and Uses

All pneumatic (air pressurized) rubber tires, whether passenger car, truck, or OTR, have the same basic generic components, but structurally, are markedly different. The basic components of a tire consist internally of a base rubber inner liner or a rubber inner tube, each impervious to air migration from the tire; rubberized reinforcing tire cord plies and belts that give the tire strength and stability; and a rubberized steel bead that provides an airtight seal of the tire with a given metal wheel. The outer components of a tire that can be seen visually on an assembled tire are the tread that runs around the outside of the tire, the sidewall, and the rubber rim. All tires contain varying amounts of natural and synthetic rubber in addition to several other components such as carbon black reinforcement, sulfur curing agents, nylon and steel tire cords and belts, and steel bead wire.[18]

Compared to the more familiar on-the-road passenger and truck tires, most certain OTR tires are designed for more rugged use where physical strength is imperative to absorb the abuses experienced in off-the-road applications, and where heavier load bearing characteristics are required. For this reason, a generally higher content and ratio of stronger, more expensive, and more durable natural rubber is used in certain OTR tires relative to the more supple, but lower strength synthetic rubbers used in higher proportions in on-the-road tires.[19] Also, more substantial internal reinforcement is required, including textile and steel tire cords and belts, steel bead, and carbon black pigment reinforcement. Certain OTR tires for a given application may be produced in a range of grades having different price points.[20]

Certain OTR tires are produced in a wide variety of types and sizes, ranging from relatively small agricultural implement tires, to larger agricultural, construction, and industrial tires found on the more familiar farm tractors, earth movers, back hoe loaders, and fork lift trucks, for example. The rim diameter (inside diameter) of certain OTR tires may range from eight to 72 inches,[21] [22] and the weight of a large agricultural tire, up to 1,200 pounds.[23] Unlike on-the-road tires, certain OTR tires are typically designed for speeds no higher than 25-30 miles per hour. These tires may be of bias ply or radial construction depending upon the end use, and consist of multiple tread types depending on the types of equipment and end-use requirements. Certain OTR tires may be of the tubeless or tube variety, but are predominately tubeless, while all are pneumatic (air pressurized) in nature, as defined in the scope.[24]

In the United States, OTR producers have generally adopted The Tire and Rim Association ("TRA"), Inc. standards. TRA standards for the subject tires are broken out into three categories: Off-the-Road, Agricultural, and Industrial. TRA standards identify items such as the type of equipment on which the tire is used, the tire type and tire-type designation to be molded into the sidewall, the speed and

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[18] Staff field trip report, BFNA, July 19, 2007.

[19] Conference transcript, p. 98 (Burchfield).

[20] Conference transcript, pp. 145-148 (Ganz).

[21] Conference transcript, p. 35 (Kramer).

[22] The scope rim diameter range is generally, but not exclusively 8 to 54 inches. Petitioners' response to Commerce's second supplemental questionnaire, June 27, 2007, p. 10.

[23] Petitioners argue that construction/industrial tires with a rim diameter of 39 inches or more require extra components (e.g., beads, plies, and liners) and use heavier materials than subject OTR tires. For example, "the largest agricultural OTR tires weigh about 1200 pounds while the largest earthmoving OTR tires weigh up to 12,000 pounds. The loads, conditions of use and speeds are significantly different and . . . . are not interchangeable with any of the OTR tires that are within the scope of the petition." Petitioners' response to Commerce's second supplemental questionnaire, June 27, 2007, p. 4.

With respect to smaller and lighter OTR tires, petitioners argue that such tires are not interchangeable with certain OTR tires, are not limited to off-road use (e.g., boat and utility trailers), and are produced for multiple uses (e.g., a lawn tractor tire can be used on golf carts). Ibid., p. 11.

[24] Staff field trip report, BFNA, July 19, 2007.

load carrying ply ratings, and several other physical and quantitative descriptions.[25] Designations used on foreign tires may or may not conform to TRA standards, but they usually carry a tire size and country- of-origin marking.[26] [27] TRA tire standards are described in the following tabulation:

OTR tire: 45/65R45 NHS 16PR **		**Agricultural tire: 14.5/75-16.1 SL 10PR 121 A8**		**Industrial tire: 23x10.50-12 NHS 4PR**	
45	Width of tire cross section (inches)	14.5	Width of tire cross section (inches)	23	Overall diameter (inches)
65	Aspect ratio	75	Aspect ratio	10.5	Width of tire cross section (inches)
R	Radial	-	Bias	-	Bias
45	Rim diameter (inches)	16.1	Rim diameter (inches)	12	Rim diameter (inches)
NHS	Suffix (Not for highway service)	SL	Service limited to agricultural usage	NHS	Suffix (Not for highway service)
16PR	Ply rating	10PR	Ply rating	4PR	Ply rating
**	Load symbol (rated for 30 psi)	155	Load index (max. load)		
		A8	Speed symbol (25 mph)		

Source: *2007 Year Book*, Tire and Rim Association, contained in BFNA's postconference brief, exh. 35.

As described in the scope language, certain OTR tires are generally designed, manufactured, and offered for sale for use on off-road or off-highway surfaces, including but not limited to agricultural fields, forests, construction sites, factory and warehouse interiors, airport tarmacs, ports and harbors, mines, quarries, gravel yards, and steel mills. Shipment and import data were gathered during these preliminary phase investigations regarding end uses in terms of the agricultural/forestry, construction/industrial, and other off-the-highway applications. The data indicate that the subject products from all sources were present in all applications during the period of investigation. During 2006, the majority of U.S. producers' shipments (72 percent by quantity and 57 percent by value) were for agricultural/forestry applications, and the majority of imports were for construction/industrial applications; 43 percent by quantity and 58 percent by value for U.S. imports from China, and 55 percent by quantity and 69 percent by value for imports from all other sources.[28]

Manufacturing Process

The production processes for certain OTR tires are generally more labor intensive and typically require more semi-automated production sequences than for on-the-road passenger and truck tires. This is due to the larger sizes, number of components, and higher strength properties demanded in certain OTR tire end-use applications, although there may be exceptions, especially for smaller certain OTR tires. The

[25] *2007 Yearbook*, The Tire and Rim Association, Inc.

[26] Conference transcript, pp. 212-214 (Ganz).

[27] Certain Chinese tire producers are affiliate members of the TRA; *2007 Yearbook*, The Tire and Rim Association, Inc., p. V.

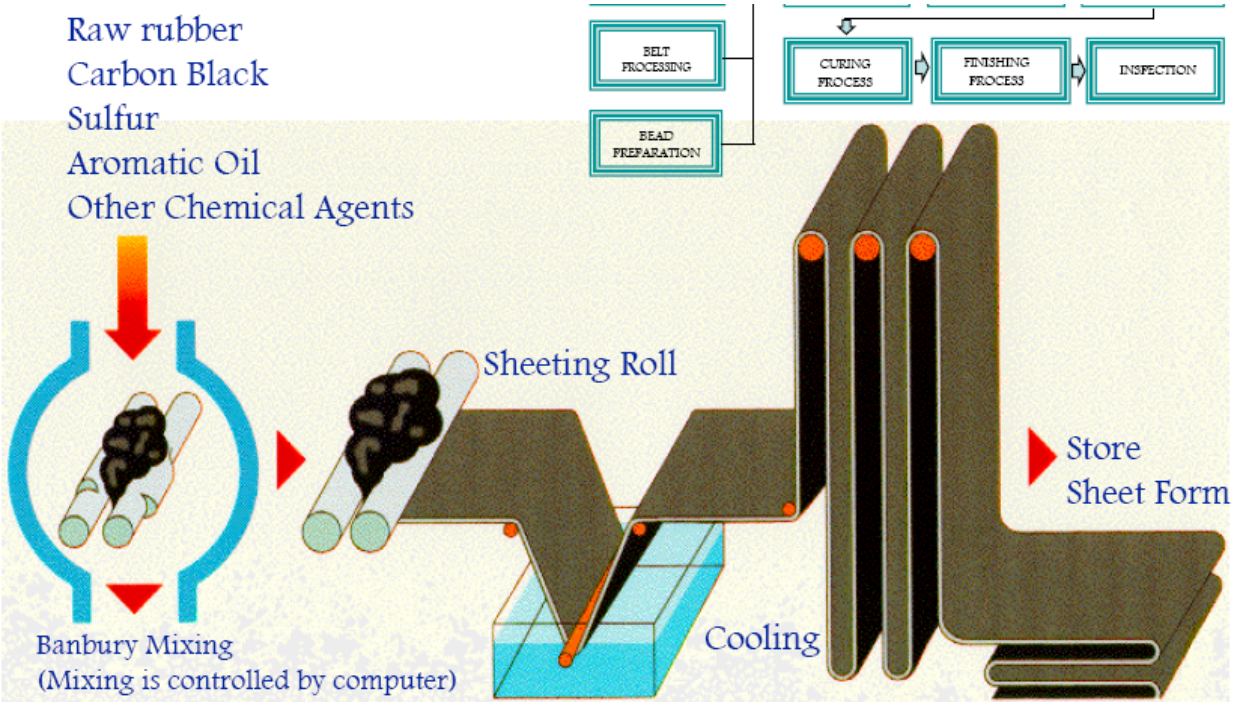
[28] *See* tables III-6 and IV-3.

majority of certain OTR tires are of tubeless design, i.e., do not usually contain inflatable inner tubes such as those found in bicycle tires.[29]

Several stages are required for the production of certain OTR tires. The initial stage is the receiving and testing of various raw materials. These include natural and synthetic rubbers, textile tire cord fabric, carbon black reinforcing pigment, steel wires for rim bead, and other rubber processing chemicals, including antioxidants, plasticizers, sulfur curing agents, processing oils, and resins.

The rubber 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-1. Each batch is placed into a Banbury mixer where the rubber is heated, softened, and thoroughly mixed with the other ingredients under conditions of mixer blade shear and ram pressure. Following the discharge of a given rubber compound batch from the mixer, the mass is cooled, and sulfur curing agents are added. Subsequent Banbury mixing is usually required to complete this step.

Figure I-1
Rubber mixing process



Source: Staff field trip report, BFNA, July 19, 2007, attachment.

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

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

[29] Staff field trip report, BFNA, July 19, 2007.

tubeless tire casing. Calendars are also used to coat tire cord fabric or wire with selected rubber formulations for reinforcement of the tire casing which supports the weight of the vehicle.

Machines called wire winders are used to apply a given rubber batch coating to the bead wire and wrap it into an exact circular dimension needed to hold the tubeless tire securely to the steel wheel. The smooth rubber pieces that will eventually become treads and sidewalls are produced with machines called extruders which force various softened rubber compounds through a die to produce the desired configurations.

The next step involves a process known as tire building in which all of the individual components that make up the tire are assembled, as shown in figure I-2. Certain OTR tire building is typically performed manually by an employee known as a tire builder who places the various components in sequence about a horizontally positioned cylindrical drum. The time necessary to complete a single tire building cycle can vary from a few minutes or longer depending upon the type of tire being assembled. The tire builder first positions the bottom interlining about the drum and proceeds sequentially upwards with the reinforcing tire cord plies, sidewall, and tread stock, ending with the positioning of the bead rims into each side of the assembly.[30]

In bias ply tire building, the tire cord plies are cut at alternating angles around the drum circumference as the assembly proceeds; otherwise, radial construction involves a straight cut at right angles.[31] The green (uncured) tire assembly is removed from the drum in the form of ***, and positioned with several others for transfer to the final molding and curing process.[32]

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-3. 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, sidewall size designations, and tread type. Vulcanization or curing of the green tire takes place in the mold at elevated temperature and pressure. Curing times vary widely depending upon the size of the tire, and may vary nominally from a few minutes to several hours; each tire model requires its own mold. During vulcanization, the original weak green tire rubber becomes strong and rigid (thermoset), and will not again soften with heat due to molecular cross-linking or bonding of the rubber with the sulfur chemical additives.

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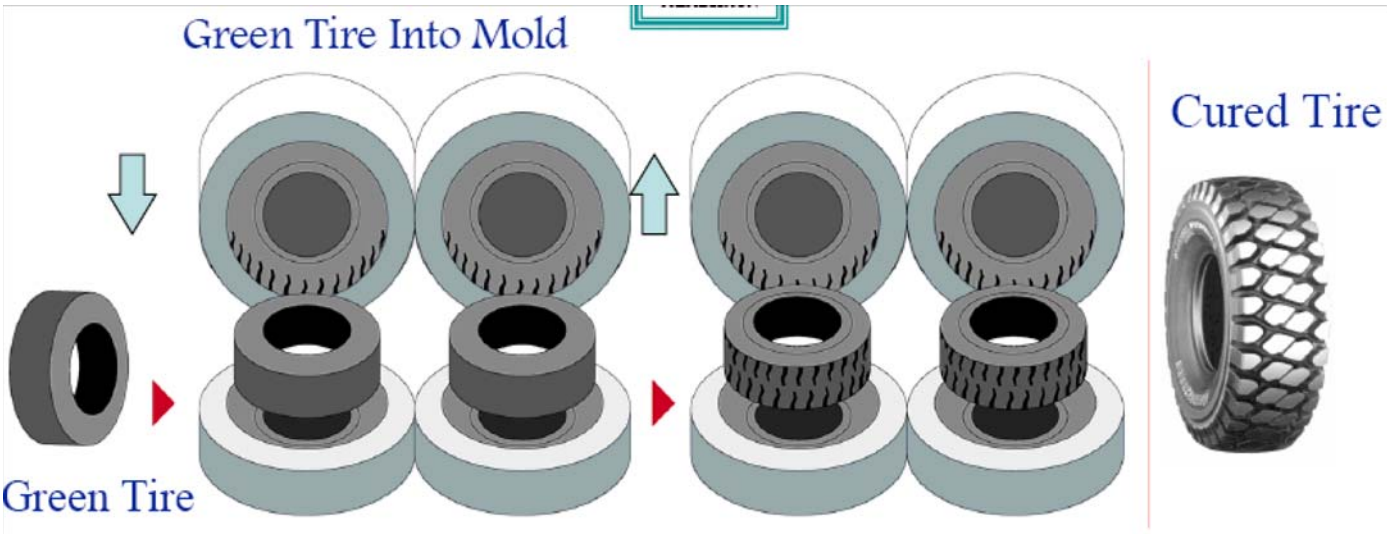
[30] Many types of certain OTR tires also have steel wire or textile belt material directly under the tread area for added stability and impact resistance.

[31] Bias ply construction is one in which the reinforcing tire cords run diagonally from rim bead to rim bead, with each successive ply running at equal, but opposite angles. In radial construction, the reinforcing tire cords run parallel from bead to bead, or perpendicular to the direction of travel and have reinforcing belts directly underneath the tread. Bias ply tires are popularly used in many OTR applications because of their sidewall strength, stiffness, and toughness, and the ability to carry the heavy loads demanded in the OTR industry. A radial tire will have better traction and fuel because of less slippage. Radial tires reportedly have a longer tire life than bias ply tires; higher resistance to cuts, punctures, and tears; excellent traction; improved handling and fuel economy; and a smoother ride and operator comfort.

Bias-type tires are estimated to account for 60 percent of the U.S. market for certain OTR tires. Conference transcript, p. 63 (Burchfield). Reportedly, bias and radial tires "are both designed to the same standard, as far as size. They are interchangeable, and the manufacturing process, at least in the case of Titan, is very similar." Conference transcript, p. 102 (Stettman).

[32] ***. Staff field trip report, BFNA, July 19, 2007.

Figure I-3
Curing process



Source: Staff field trip report, BFNA, July 19, 2007, attachment.

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.

Channels of Distribution

Certain OTR tires are sold directly to original equipment manufacturers and tire distributors for the aftermarket. Data compiled in response to Commission questionnaires concerning channels of distribution are presented in table I-2. As indicated by the data, the majority of U.S. producers' and importers' sales are through the distributor channel.

Table I-2
Certain OTR tires: U.S. producers' and importers' shares of reported U.S. shipments, by sources and channels of distribution, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Share of reported shipments, units (*percent*)				
U.S. producers' U.S. shipments to:					
Distributors	69.2	72.5	67.1	70.0	65.6
End users	30.8	27.5	32.9	30.0	34.4
U.S. importers' U.S. shipments of imports from China to:					
Distributors	94.6	89.6	87.0	85.8	88.2
End users	5.4	10.4	13.0	14.2	11.8
U.S. importers' U.S. shipments of imports from all other countries to:					
Distributors	69.5	69.2	67.8	70.2	74.3
End users	30.5	30.8	32.2	29.8	25.7

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

Price

Table I-3 presents average unit values ("AUVs") for U.S. shipments of certain OTR tires produced domestically and imported from China and all other sources, and AUVs of U.S. imports of nonsubject OTR tires. AUVs for U.S. producers' U.S. shipments ranged from $176-352 during 2004-06, U.S. imports from China ranged from $45-122 per tire, and U.S. imports from all other import sources ranged from $106-582 per tire. The highest unit values for all sources were reported in the construction/industrial sector. With respect to nonsubject OTR tires, the AUVs of imports of OTR tires with a rim diameter of 39 inches or more were 20 times greater than the AUVs of all imports of certain OTR tires, while the AUVs for imports of smaller consumer-type OTR tires were 95 percent below those of the subject imports during the period of investigation. Pricing practices and prices reported for certain OTR tires in response to the Commission's questionnaires are presented in Part V of this report, *Pricing and Related Information*.

Table I-3
OTR tires: Average unit values of U.S. shipments and imports, by sources and types, 2004-06

Item	Calendar year		
	2004	2005	2006
	Unit value (*per tire*)		
Certain OTR tires:			
U.S. producers' U.S. shipments--			
Agricultural/forestry	$178	$199	$235
Construction/industrial	248	251	352
Off-the-highway	176	190	267
Average	200	216	266
U.S. imports from--			
China:			
Agricultural/forestry[1]	76	76	86
Construction/industrial[2]	67	74	122
Off-the-highway[3]	45	41	42
Average	64	67	89
All other sources:			
Agricultural/forestry[1]	106	141	162
Construction/industrial[2]	265	295	373
Off-the-highway[3]	235	303	582
Average	177	216	295
Average	123	126	159
Nonsubject OTR tires–U.S. imports:			
Rim width > 39 inches	3,090	2,715	3,175
Consumer (< $20 per tire)	5.97	6.47	6.41

[1] Includes HTS subheadings 4011.61 and 401.92.
[2] Includes HTS subheadings 4011.62, 4011.63, 4011.93.40, 4011.94.40, 4011.93.80, and 4011.94.80.
[3] Includes HTS statistical reported numbers 4011.20.1025, 4011.20.1035, 4011.20.5030, and 4011.20.5050.

Note: AUVs for U.S. producers' U.S. shipments do not reconcile with the corresponding data presented in tables III-5 and C-1 due to internal reporting inconsistencies between different sections of the questionnaire responses.

Source: Tables III-6, IV-3, and D-1 (pp. D-5-D-6).

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Certain OTR tires are used on a wide range of vehicles and equipment including those used in agricultural and forestry (e.g. agricultural tractors, combine harvesters, agricultural high clearance sprayers, industrial tractors, log-skidders, agricultural implements, highway-towed implements, agricultural logging, and agricultural, industrial, skid-steer/mini-loaders); construction vehicles and equipment (e.g earthmover articulated dump trucks and rigid frame haul trucks, front end loaders, dozers, lift trucks, straddle carriers, graders, mobile cranes, compactors); and industrial vehicles and equipment (e.g smooth floor industrial, mining, counterbalanced lift trucks, industrial and mining vehicles other than smooth floor, skid-steers/mini-loaders, and smooth off-the road counterbalanced lift trucks).[1]

In addition to different categories of end uses, the market is differentiated to some extent by brand names in which certain companies typically charge a higher price than others.[2] Certain OTR tires are also divided into other segments including the original equipment market "OEM" and the aftermarket or replacement market. Reportedly, the replacement market is much larger than the original equipment market, accounting for about 66 percent of total sales.[3] U.S. producers and importers of certain OTR tires from China compete for sales in both market segments. Evidence presented at the conference indicates that there are many distributors of tires in the replacement market in the United States ranging in size from small local distributors to larger regional distributors and finally to the largest distributors that have outlets nationwide.[4]

For U.S. producers, the share of sales to distributors ranged from a low of about 67 percent in 2006 to a high of about 73 percent in 2005, with the remainder going directly to end users. During January-March 2007, the share going to distributors was about 66 percent. For importers of product from China, the share of sales to distributors ranged from a low of about 87 percent in 2006 to a high of about 95 percent in 2004, with the remainder going directly to end users. During January-March 2007, the share going to distributors was about 88 percent.

All seven U.S. producers and the majority of importers sell certain OTR tires nationally. Among importers, 22 market nationally, one sells only in the Midwest, Northeast and Southeast, and another sells only in the Southeast, the Midwest, and the West Coast.

The majority of producers and importers reported that the largest share of their sales are made from items in inventories rather than produced to order. Among producers, the lead times for delivery of items in inventories ranges from 2 to 10 days. For items that are specially ordered, producers' lead times are as long as 12 weeks. Among importers that sell from inventory, delivery lead times typically range from 1 to 10 days. For items produced to order, lead times can be as long as 6 months.

U.S. Supply

Some importers have reported that broad categories of certain OTR tires have been in short supply. They have attributed the shortages to an increased demand in the United States and in global markets including China. They have further argued that U.S. producers have been unable to meet the

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[1] Petitioner's postconference brief, pp. 10-11.

[2] Ralph Burchfield, President, Off-Road Tire at BFNA reported that BFNA charges a premium for its tires based upon a strong reputation for quality. Conference transcript, p. 84 (Burchfield).

[3] Conference transcript, p. 28 (Hawkins).

[4] Ibid.

high levels of demand.[5] The petitioners have stated that there has been a shortage of tires used for mining and earthmoving equipment. However, they have argued that those tires in short supply are outside the scope of the investigations.[6]

Domestic supply responsiveness depends upon such factors as the level of industry capacity utilization, the level of inventories, the availability of export markets, and the flexibility of shifting production equipment to other products.

The available data suggest that the certain OTR tire industry is likely to have a high degree of flexibility in expanding output and U.S. shipments in response to an increase in price. The main factors contributing to this degree of supply responsiveness are low industry capacity utilization rates and high ratios of inventories to shipments. U.S. producers' capacity utilization rates ranged from a low of 37 percent in 2006 to a high of 51 percent in 2005. The ratio of U.S. producers' end-of-period inventories to their total shipments ranged from a high of 26 percent in 2006 to a low of 16 percent in 2005. During January-March 2007 the ratio was 20 percent. U.S. producers' export shipments, as a percentage of total shipments ranged from a low of 12 percent in 2004 to a high of 17 percent in 2006. During January-March 2007, the ratio was 15 percent.

All seven U.S. producers reported that they have manufactured other products using some of the equipment used to manufacture certain OTR tires. These products include OTR tires with a rim diameter of 39 inches or more, truck tires, lawn and garden tires, all terrain vehicle tires, and trailer tires.

Subject Imports

The supply responsiveness of the Chinese industry to changes in price in the U.S. market is likely to depend upon such factors as capacity utilization rates in China, the availability of home markets, other export markets besides the United States, and inventory levels. The evidence relating to capacity utilization rates, alternative markets, and inventory levels indicates that China has some flexibility for expanding exports to the United States in response to a change in price. The Chinese industry reported a capacity utilization rate of 91 percent in 2004, 92 percent in 2005, and 88 percent in 2006. The projected capacity utilization rate is 91 percent for both 2007 and 2008. The Chinese industry's combined shipments to its home market and to export markets other than the United States consistently amounted to 77 percent of its total shipments annually during 2004-06. It projects that these combined shipments will amount to about 82 percent of the total annually in both 2007 and 2008. The industry's inventories in relation to shipments amounted to 15 percent in 2004, 10 percent in 2004, and 9 percent in 2006. Its projected ratio of inventories to shipments is 9 percent in both 2007 and 2008.

U.S. Demand

Since certain OTR tires are used principally in vehicles used in the agricultural, construction, and industrial applications, the overall demand in the United States for certain OTR tires depends upon demand in those industries. Annual data for the period 1992-2005 show that manufacturers shipments of farm machinery, construction machinery, and industrial machinery have all increased substantially in value terms over this period, contributing to an overall increase in demand for certain OTR tires during this period.[7] There is evidence that demand for certain OTR tires tends to be cyclical and normally tracks trends in U.S. farming and mining sectors with sales increasing as the farm economy and commodity

[5] See GPX, Ghizhou, Strategic Import Supply, Tire Engineering and Distribution importer questionnaires, and Conference transcript, p. 17 (Weymouth).

[6] See Petitioner's posthearing brief, p.8 and Conference transcript, p. 122 (Hawkins).

[7] Petitioner's postconference brief Exh. 4.

prices increase.[8] It has also been argued that there are long-term global trends that have had an effect on the agricultural and mining sectors.[9]

The overall demand for OTR tires, as measured by apparent consumption fluctuated during the period rising from 8.0 million tires in 2004 to 9.3 million in 2005, and then falling back to 8.2 million in 2006. During January-March 2007, apparent consumption was 2.0 million tires as compared to 2.2 million in the same period in 2006.

When asked whether demand in the United States has increased, remained the same or decreased since January 1, 2004, responses were varied among producers while the majority of importers reported that demand had increased. Of the seven U.S. producers, three firms stated that demand had increased, one stated that it had remained unchanged, one reported that it had decreased (from its own company's perspective), one reported that demand was varied in different market sectors during the period, and one firm reported that it was not familiar with overall trends in demand. Among importers, 14 reported that demand had increased, 2 reported that it was unchanged, 4 reported that it had decreased, and 4 reported that they were not familiar with trends in demand. Among producers and importers reporting increases in demand in the United States several factors were cited including a strong economy and increased road construction and repairs and military and mining spending. One firm reported that farm income has been strong during the period covered and this has resulted in increased spending on new equipment with a resulting increase in demand for agricultural tires. In addition, high commodity prices for oil, copper, iron, gold and silver have resulted in increased demand for mining vehicles.

The sensitivity of the overall demand for certain OTR tires in the United States to changes in price depends upon such factors as availability of substitutes and the cost of these tires in final end use products. Available evidence suggests that this demand is relatively insensitive to changes in prices.

Substitute Products

When asked whether other products can be substituted for OTR tires, the majority of questionnaire respondents answered no. Among producers, one firm reported that retread tires can be used as substitutes, and another reported that tracks can be substituted for tires on skid steers. However, the other five producers reported that substitutes are not available. Among importers, one firm reported that solid, semi-solid, and retread tires are all viable substitutes and another reported that tires with tubes can be substituted for tubeless tires. None of the other 22 importers listed any substitutes.

Cost Share

When producers and importers were asked to estimate the cost share of OTR tires in end-use products where they are used, most firms that provided estimates indicated that these amounts are small. One producer estimated that it amounts to no more than 5 percent of the cost of a vehicle where it is used. Among importers, one firm estimated that it amounts to 2 to 5 percent of the cost of mining equipment, and another firm estimated that it amounts to 6 to 7 percent of the cost of mechanized irrigation equipment. A third importer reported that the cost share of OTR tires is 3 percent in agricultural and forestry, 2 percent in industrial, and 1 percent in mining.

[8] Conference transcript p. 42 (Burchfield).

[9] Conference transcript p. 184 (Ganz).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported ceratin OTR tires depends upon such factors as relative prices, quality, and conditions of sale lead times between order and delivery dates, payment terms, product services, etc. Based on available data, it is likely that there is some substitutability between U.S.-produced certain OTR tires and imported certain OTR tires from China.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

In order to determine whether U.S.-produced OTR tires can generally be used in the same applications as imports from China and nonsubject sources, producers and importers were asked whether the product can "always," "frequently,""sometimes," or "never" be used interchangeably. As shown in table II-1, a majority of questionnaire respondents reported that the products are always or frequently interchangeable.

Table II-1
Certain OTR tires: Interchangeability of product from the United States and subject and nonsubject sources[1]

	U.S. producers					U.S. importers				
Country comparison	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	5	0	1	0	1	6	5	7	0	6
U.S. vs. Nonsubject	5	0	1	0	1	6	5	7	0	6
China vs. Nonsubject	4	0	1	0	2	6	3	6	0	9

[1] Producers and importers, were asked if certain OTR tires produced in the United States and in other countries are used interchangeably.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

One U.S. producer that classified the products from China as sometimes interchangeable with U.S.-produced tires reported that in the cases of certain tires that must perform at high speeds, only a few Chinese factories have the ability to build this product at an acceptable quality level. One importer reported that the products that it imports from China are unique, highly engineered products that are not interchangeable with any U.S.-produced product. One importer reported that the top-tier brands of tires available in the United States do not compete with Chinese "value" brands. This importer also reported that China does not export large radial tires to the United States. Another importer that sells virtually all of its OTR tires as a part of an integrated irrigation system reported that it has switched from Titan to imports from China as a result of the high failure rate of Titan tires.

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with imports from China and nonsubject imports in terms of product differences other than price such as quality, availability, product range, and other characteristics, as a factor in their sales of certain OTR tires. Six of seven producers reported that the differences are sometimes or never significant (table II-2). Among the importers that responded to this question, the responses were varied between always, frequently, sometimes, and never.

One producer reported that U.S. producers have an advantage over imports from China and other import sources in availability, transportation, and technical support. One importer reported that its imports from China have an advantage in product performance, reliability of supply, and customer service. Another importer reported that the domestic products have the advantage of availability as compared to imports from China with longer lead times. U.S. producers also offer a wider range of products than importers. This importer also reported that domestic producers often offer rebates and more attractive payment terms than importers, which makes the net price of the imports approximately the same

as the price of U.S. producers. In comparing imports from China with competition in other markets, one firm reported that imports from China are at a disadvantage in Europe because of the brand name premium enjoyed by Michelin in that market, and are also at a disadvantage in Japan because of the brand name premium for Bridgestone tires in that market.

Table II-2
Certain OTR tires: U.S. producers' and importers' perceived importance of factors other than price in sales of products produced in the United States and in other countries[1]

	U.S. producers					U.S. importers				
Country comparison	**A**	**F**	**S**	**N**	**0**	**A**	**F**	**S**	**N**	**0**
U.S. vs. China	0	0	4	2	1	9	3	5	1	6
U.S. vs. Nonsubject	0	0	5	1	1	9	3	6	0	6
China vs. Nonsubject	0	1	3	0	3	9	3	4	0	8

[1] Producers and importers, were asked if differences other than price between certain OTR tires produced in the United States and in other countries are a significant factor in their firms' sales of certain OTR tires .

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

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

U.S. PRODUCERS

The Commission sent producer questionnaires to all firms identified in the petition as domestic producers of certain OTR tires.[1] The Commission received completed producer questionnaire responses from seven firms accounting for all known U.S. production of certain OTR tires during the period of investigation.[2] Table III-1 presents U.S. producers' positions on the petition, plant locations, shares of total reported U.S. production in 2006, ownership, and affiliated foreign producers of certain OTR tires.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for certain OTR tires are presented in table III-2. These data show that capacity remained steady during 2004 to 2006 with capacity utilization rates ranging from 37.1 to 58.8 percent when considering both number of tires and weight. Average production weight increased by 14 percent during 2004 to 2006.

All U.S. producers reported production of nonsubject tires on some of the same machinery and equipment used to produce certain OTR tires. As shown in tables III-3 and III-4, production of subject OTR tires accounted for *** percent of total tire production from 2004 to 2006 based on units and *** percent based on weight.[3] *** firms reported production of nonsubject OTR tires with a rim diameter greater than 39 inches, which accounted for *** percent in units and *** percent in weight of total tires produced.

[1] Petition, pp. 25-26 and amendment to the petition, June 22, 2007, attach. 1.

[2] The petition also identified Trelleborg Wheel Systems and GPX International Tire Corporation as possible U.S. producers of the subject product. Both firms responded to the Commission's U.S. producers' questionnaire indicating that they did not produce certain OTR tires in the United States since January 1, 2004. The firms reported ***. Importer questionnaire responses, section II-4.

[3] Production of subject OTR tires in both units and pounds were *** percent of total tires produced for the *** largest certain OTR tire producers, ***, during the period of investigation. For ***, production consisted of ***. *See* table III-4.

Table III-1
Certain OTR tires: U.S. producers, positions on the petition, plant locations, shares of total reported U.S. production in 2006, ownership, and affiliated foreign producers

Firm	Position on petition	U.S. plant location(s)	Share of 2006 production (*percent*)	Parent firm(s)	Affiliated foreign producers
BFNA	Supports	Des Moines, IA Bloomington, IL	***	Bridgestone Americas Holding, Inc.	Bridgestone Corporation (Japan); P.T. Bridgestone Tire Indonesia; Bridgestone Firestone de Mexico, S.A. de CV; Bridgestone South Africa Holdings (Pty) Ltd.; and Bridgestone Hispania, S.A. (Spain)
Carlisle	Opposes	Aiken, SC	***	Carlisle Companies, Inc.	None
Denman	Supports	Leavittsburg, OH	***	Pensler Capital Corp.	None
Goodyear[1]	***	Akron, OH Fort Smith, AR	***	Goodyear Tire & Rubber Co.	Nippon Giant Tire K.K. (Japan); P.T. Goodyear Indonesia Tbk.; Goodyear do Brasil Productos de Borracha Ltd.; and Goodyear S.A. (Luxembourg)
Michelin	***	Greenville, SC	***	Michelin Corporation	Michelin North America (Canada) Inc.; Manufacture Franqaise des Pneumatiques Michelin (France); Michelin Hungaria Tyre Manufacture Ltd. (Hungary); Michelin Polska S.A. (Poland); Silvania S.A. (Romania); and Michelin Espaiia Portugal, S.A. (Spain)
Specialty	Supports	Indiana, PA Unicoi, TN	***	Polymer Enterprises, Inc.	None
Titan[2]	Supports (petitioner)	Des Moines, IA Freeport, IL Bryan, OH	***	Titan International, Inc.	None

[1] Goodyear sold its American farm tire plant and assets located in Freeport, IL to Titan for approximately $100 million in cash proceeds on December 28, 2005.

[2] In addition to the Goodyear assets acquired on December 28, 2005 (*see* footnote 2), Titan acquired Continental Tire North America's construction plant and assets located in Bryan, OH for approximately $53 million in cash proceeds on July 31, 2006. The data provided by Titan in response to the Commission's producer and importer questionnaires include estimates for the Goodyear and Continental operations prior to acquisition by Titan. Petition, p. 17, fn. 6 and letter from Stewart and Stewart, July 12, 2007.

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

Table III-2
Certain OTR tires: U.S. capacity, production, and capacity utilization, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March		Calendar year			January-March	
	2004	2005	2006	2006	2007	2004	2005	2006	2006	2007
	Capacity (*1,000 tires*)					Capacity (*1,000 pounds*)				
BFNA	***	***	***	***	***	***	***	***	***	***
Carlisle	***	***	***	***	***	***	***	***	***	***
Denman	***	***	***	***	***	***	***	***	***	***
Goodyear	***	***	***	***	***	***	***	***	***	***
Michelin	***	***	***	***	***	***	***	***	***	***
Specialty	***	***	***	***	***	***	***	***	***	***
Titan	***	***	***	***	***	***	***	***	***	***
Total	10,137	10,142	10,180	2,504	2,600	1,090,773	1,087,203	1,081,971	277,287	276,764
	Production (*1,000 tires*)					Production (*1,000 pounds*)				
BFNA	***	***	***	***	***	***	***	***	***	***
Carlisle	***	***	***	***	***	***	***	***	***	***
Denman	***	***	***	***	***	***	***	***	***	***
Goodyear	***	***	***	***	***	***	***	***	***	***
Michelin	***	***	***	***	***	***	***	***	***	***
Specialty	***	***	***	***	***	***	***	***	***	***
Titan	***	***	***	***	***	***	***	***	***	***
Total	4,692	5,191	3,773	1,060	959	553,060	639,571	509,452	142,006	149,755
	Capacity utilization (*percent*)									
BFNA	***	***	***	***	***	***	***	***	***	***
Carlisle	***	***	***	***	***	***	***	***	***	***
Denman	***	***	***	***	***	***	***	***	***	***
Goodyear	***	***	***	***	***	***	***	***	***	***
Michelin	***	***	***	***	***	***	***	***	***	***
Specialty	***	***	***	***	***	***	***	***	***	***
Titan	***	***	***	***	***	***	***	***	***	***
Average	46.3	51.2	37.1	42.3	36.9	50.7	58.8	47.1	51.2	54.1
	Average production weight (*pounds per tire*)									
BFNA	***	***	***	***	***					
Carlisle	***	***	***	***	***					
Denman	***	***	***	***	***					
Goodyear	***	***	***	***	***					
Michelin	***	***	***	***	***					
Specialty	***	***	***	***	***					
Titan	***	***	***	***	***					
Total	118	123	135	134	156					

[1] Not applicable.
Source: Compiled from data submitted in response to Commission questionnaires.

Table III-3
Tires: U.S. producers' total plant capacity and production, by products, 2004-06, January-March 2006, and January-March 2007

* * * * * * *

Table III-4
Tires: Production of tires using the same machinery and equipment, by firms, 2006

* * * * * * *

Several U.S. firms cited production curtailments due to a variety of factors such as Hurricane Katrina, a workers' strike, and inability to compete with China. The curtailments are listed below:[4]

* * * * * * *

U.S. PRODUCERS' SHIPMENTS

Table III-5 presents information on U.S. producers' shipments of certain OTR tires. U.S. producers' U.S. shipments fell from 2004 to 2006 by 28.1 percent based on units, while the average unit value increased by 38.0 percent and unit weight increased by 16.5 percent. The trend toward larger tires continued during January-March 2007 when compared to January-March 2006. U.S. producers' exports increased their share of total shipments in units from 10.5 to 14.4 percent during 2004-06. This share declined to 13.1 percent in units during interim 2007 when compared to the same period in 2006.

[4] U.S. producers assert that any shortage of U.S.-produced OTR tires was related to excluded large earthmoving and mining tires, or resulted from *** of subject OTR tires which were generally eliminated by the end of 2006. Petitioners' postconference brief, p. 8 and exh. 20; and BFNA postconference brief, exh. 1, p. 4. Chinese respondents argue that there has been a critical shortage of OTR tires since 2004 and that the "OTR tire shortage was nation-wide, extensive (encompassing numerous tire sizes and models), and long lasting" and submitted statements and press releases to this effect. Chinese respondents' postconference brief, pp. 14-18 and exhs. 15-19.

Table III-5
Certain OTR tires: U.S. producers' shipments, by types, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
			Quantity (*1,000 tires*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	4,266	4,165	3,070	902	894
Export shipments[3]	500	653	517	146	135
Total shipments	4,766	4,818	3,587	1,048	1,029
			Quantity (*1,000 pounds*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	463,593	497,971	389,674	111,941	141,666
Export shipments[3]	65,170	77,905	67,310	18,217	19,743
Total shipments	528,763	575,875	456,984	130,158	161,409
			Value (*1,000 dollars*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	855,902	915,271	850,062	246,754	265,778
Export shipments[3]	139,110	162,458	160,403	39,634	39,402
Total shipments	995,013	1,077,729	1,010,465	286,388	305,180
			Unit value (*per tire*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	201	220	277	274	297
Export shipments[3]	278	249	310	272	291
Total shipments	209	224	282	273	297
			Unit weight (*pounds per tire*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	109	120	127	124	159
Export shipments[3]	130	119	130	125	146
Total shipments	111	120	128	124	157

Table continued on next page.

Table III-5--*Continued*
Certain OTR tires: U.S. producers' shipments, by types, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
			Share of quantity, units (*percent*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	89.5	86.4	85.6	86.1	86.9
Export shipments[3]	10.5	13.6	14.4	13.9	13.1
Total shipments	100.0	100.0	100.0	100.0	100.0
			Share of quantity, weight (*percent*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	87.7	86.5	85.3	86.0	87.8
Export shipments[3]	12.3	13.5	14.7	14.0	12.2
Total shipments	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms[1]	***	***	***	***	***
U.S. shipments[2]	86.0	84.9	84.1	86.2	87.1
Export shipments[3]	14.0	15.1	15.9	13.8	12.9
Total shipments	100.0	100.0	100.0	100.0	100.0

[1] ***.
[2] With respect to military/Buy America sales, ***.
[3] Export destinations included Canada, Mexico, Latin America, South Africa, and Australia.
[4] Not applicable; weight not reported.

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

Table III-6 presents information on U.S. producers' shipments of certain OTR tires by end-use application. The majority of U.S. shipments were for agricultural/forestry applications which accounted for 72 percent based on quantity and 57 percent based on value of total U.S. shipments during 2006. During 2006, the larger-size tires in each of the categories accounted for 20 percent of total U.S. shipments by quantity and 42 percent based on value, while smaller-size tires accounted for 28 percent of quantity and 12 percent of value.[5]

Table III-6
Certain OTR tires: U.S. producers' U.S. shipments, by types, 2004-06

Item	Calendar year		
	2004	2005	2006
	Quantity (*1,000 tires*)		
Agricultural/forestry:			
Herringbone or similar tread	***	***	***
Not herringbone >= 40.6 cm (16")	***	***	***
Not herringbone < 40.6 cm (16")	***	***	***
Subtotal	2,807	2,671	2,356
Construction/industrial:			
Herringbone < 61 cm (24")	***	***	***
Herringbone >= 61 cm (24") < 99.06 cm (39")	***	***	***
Radial less than 61 cm (24")	***	***	***
Radial >= to 61 cm (24") < 99.06 cm (39")	***	***	***
Other < 61 cm (24")	***	***	***
Other >= 61 cm (24") < 99.06 cm (39")	***	***	***
Subtotal	1,384	1,468	851
Off-the-highway:			
Radial >= 40.6 cm (16")	***	***	***
Radial < 40.6 cm (16")	***	***	***
Other >= 40.6 cm (16")	***	***	***
Other < 40.6 cm (16")	***	***	***
Subtotal	167	189	83
Other	0	0	0
Total	4,358	4,327	3,291

Table continued on next page.

[5] Comparative data for U.S. producers' U.S. shipments and U.S. imports by end-use application are presented in app. E, table E-1.

Table III-6-*Continued*
Certain OTR tires: U.S. producers' U.S. shipments, by type, 2004-06

Item	Calendar year		
	2004	2005	2006
	Value (*$1,000*)		
Agricultural/forestry:			
Herringbone or similar tread	***	***	***
Not herringbone >= 40.6 cm (16")	***	***	***
Not herringbone < 40.6 cm (16")	***	***	***
Subtotal	500,807	531,188	554,546
Construction/industrial:			
Herringbone < 61 cm (24")	***	***	***
Herringbone >= 61 cm (24") < 99.06 cm (39")	***	***	***
Radial less than 61 cm (24")	***	***	***
Radial >= to 61 cm (24") < 99.06 cm (39")	***	***	***
Other < 61 cm (24")	***	***	***
Other >= 61 cm (24") < 99.06 cm (39")	***	***	***
Subtotal	343,032	368,608	299,801
Off-the-highway:			
Radial >= 40.6 cm (16")	***	***	***
Radial < 40.6 cm (16")	***	***	***
Other >= 40.6 cm (16")	***	***	***
Other < 40.6 cm (16")	***	***	***
Subtotal	29,448	35,753	22,210
Other	0	0	0
Total	873,287	935,549	876,558
	Unit value (*per tire*)		
Agricultural/forestry:			
Herringbone or similar tread	***	***	***
Not herringbone >= 40.6 cm (16")	***	***	***
Not herringbone < 40.6 cm (16")	***	***	***
Average	178	199	235
Construction/industrial:			
Herringbone < 61 cm (24")	***	***	***
Herringbone >= 61 cm (24") < 99.06 cm (39")	***	***	***
Radial less than 61 cm (24")	***	***	***
Radial >= to 61 cm (24") < 99.06 cm (39")	***	***	***
Other < 61 cm (24")	***	***	***
Other >= 61 cm (24") < 99.06 cm (39")	***	***	***
Average	248	251	352
Off-the-highway:			
Radial >= 40.6 cm (16")	***	***	***
Radial < 40.6 cm (16")	***	***	***
Other >= 40.6 cm (16")	***	***	***
Other < 40.6 cm (16")	***	***	***
Average	176	190	267
Other	([1])	([1])	([1])
Average	200	216	266

Table continued on next page.

Table III-6-*Continued*
Certain OTR tires: U.S. producers' U.S. shipments, by type, 2004-06

Item	Calendar year		
	2004	2005	2006
	Share of quantity (*percent*)		
Agricultural/forestry:			
Herringbone or similar tread	***	***	***
Not herringbone >= 40.6 cm (16")	***	***	***
Not herringbone < 40.6 cm (16")	***	***	***
Subtotal	64.4	61.7	71.6
Construction/industrial:			
Herringbone < 61 cm (24")	***	***	***
Herringbone >= 61 cm (24") < 99.06 cm (39")	***	***	***
Radial less than 61 cm (24")	***	***	***
Radial >= to 61 cm (24") < 99.06 cm (39")	***	***	***
Other < 61 cm (24")	***	***	***
Other >= 61 cm (24") < 99.06 cm (39")	***	***	***
Subtotal	31.8	33.9	25.9
Off-the-highway:			
Radial >= 40.6 cm (16")	***	***	***
Radial < 40.6 cm (16")	***	***	***
Other >= 40.6 cm (16")	***	***	***
Other < 40.6 cm (16")	***	***	***
Subtotal	3.8	4.4	2.5
Other	0.0	0.0	0.0
Total	100.0	100.0	100.0
	Share of value (*percent*)		
Agricultural/forestry:			
Herringbone or similar tread	***	***	***
Not herringbone >= 40.6 cm (16")	***	***	***
Not herringbone < 40.6 cm (16")	***	***	***
Subtotal	57.3	56.8	63.3
Construction/industrial:			
Herringbone < 61 cm (24")	***	***	***
Herringbone >= 61 cm (24") < 99.06 cm (39")	***	***	***
Radial less than 61 cm (24")	***	***	***
Radial >= to 61 cm (24") < 99.06 cm (39")	***	***	***
Other < 61 cm (24")	***	***	***
Other >= 61 cm (24") < 99.06 cm (39")	***	***	***
Subtotal	39.3	39.4	34.2
Off-the-highway:			
Radial >= 40.6 cm (16")	***	***	***
Radial < 40.6 cm (16")	***	***	***
Other >= 40.6 cm (16")	***	***	***
Other < 40.6 cm (16")	***	***	***
Subtotal	3.4	3.8	2.5
Other	0.0	0.0	0.0
Total	100.0	100.0	100.0

[1] Not applicable.

Note: Total U.S. shipment data reported above do not reconcile with the corresponding data presented in tables III-5 and C-1 due to internal reporting inconsistencies between different sections of the questionnaire responses.

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

U.S. PRODUCERS' IMPORTS[6]

During the period of investigation, *** of seven U.S. producers reported imports of certain OTR tires, *** Denman reported imports from China.[7] *** imported certain OTR tires from their affiliated firms in countries other than China. Table III-7 presents company-specific information on U.S. producers' imports and ratios of imports to production of certain OTR tires.

Table III-7
Certain OTR tires: U.S. producers' U.S. production, U.S. imports, and ratio of imports to production, 2004-06, January-March 2006, and January-March 2007

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 presents end-of-period inventories for certain OTR tires during the period of investigation. The data based on units indicate that inventories grew by 21.3 percent from 2004 to 2006. Likewise, inventories as a ratio to production, to U.S. shipments, and to total shipments also rose from 2004 to 2006. However, inventories declined by 11.1 percent between January-March 2006 and January-March 2007.

Table III-8
Certain OTR tires: U.S. producers' end-of-period inventories, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Units					
Inventories (*1,000 tires*)	769	969	933	920	818
Ratio of inventories to production (*percent*)	16.4	18.7	24.7	21.7	21.3
Ratio of inventories to U.S. shipments (*percent*)	18.0	23.3	30.4	25.5	22.9
Ratio of inventories to total shipments (*percent*)	16.1	20.1	26.0	21.9	19.9
Weight					
Inventories (*1,000 pounds*)	66,422	95,186	113,603	77,841	89,872
Ratio of inventories to production (*percent*)	12.0	14.9	22.3	13.7	15.0
Ratio of inventories to U.S. shipments (*percent*)	14.3	19.1	29.2	17.4	15.9
Ratio of inventories to total shipments (*percent*)	12.6	16.5	24.9	15.0	13.9

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

[6] No U.S. producer reported purchases of imports from any source during the period of investigation.

[7] The chairman of Denman stated that one of Denman's business strategies is to import subject OTR tires from China because it cannot manufacture them at the same price as its purchases from China. He noted that, "sometimes we receive pricing that is below our material cost from the Chinese producers." Conference transcript, pp. 49-50 (Pensler).

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-9 presents data on U.S. producers' employment-related indicia. Employment of production and related workers ("PRWs") in the U.S. certain OTR tires industry declined by 8.2 percent from 2004 to 2006. The largest employers in this industry were BFNA and Titan, accounting for *** percent of all certain OTR tire employees in 2006.

Table III-9
Certain OTR tires: U.S. producers' employment-related indicators, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
Production and related workers (PRWs)	4,325	4,300	3,972	4,056	3,884
Hours worked by PRWs (*1,000 hours*)	8,507	8,541	8,018	2,104	1,975
Wages paid to PRWs (*1,000 dollars*)	246,516	250,072	231,252	58,784	56,533
Hourly wages	$28.98	$29.28	$28.84	$27.94	$28.63
Productivity:					
Tires per hour	0.55	0.61	0.47	0.50	0.49
Pounds per hour	65.0	74.9	63.5	67.5	75.8
Unit labor costs:					
Per tire	$52.54	$48.18	$61.29	$55.44	$58.96
Per pound	$0.45	$0.39	$0.45	$0.41	$0.38

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

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

U.S. IMPORTERS

In response to Commission questionnaires sent to 50 importers in these investigations, 25 firms supplied usable data.[1] Presented in table IV-1 are the responding 25 U.S. importers and estimates of their shares of imports of certain OTR tires from China during 2006.

Table IV-1
Certain OTR tires: U.S. importers, locations, related and/or affiliated firms, and shares of imports from China in 2006

Firm name	Location	Related/affiliated firm(s)	Share of imports from China[1] (*percent*)
American Kenda Rubber Ind., Co. ("American Kenda")	Chicago, IL	***[1] ***[2]	***
American Pacific Industries, Inc. ("API")	Valencia, CA	None.	***
Bridgestone Firestone North American Tire, LLC	Nashville, TN	Bridgestone Americas Holding, Inc.[2] Bridgestone Corporation (Japan)[4] Bridgestone Firestone Argentina S.A.I.C. (Argentina)[4] Bridgestone Firestone Do Brasil Industria E Comercio Ltda. (Brazil)[4] Bridgestone Firestone De Costa Rica, S.A. (Costa Rica)[4] P.T. Bridgestone Tire Indonesia (Indonesia)[4] Bridgestone Firestone de Mexico, S.A. DE C.V. (Mexico)[4] Bridgestone South Africa Holdings (Pty) Ltd. (South Africa)[4] Bridgestone Hispania, S.A. (Spain)[4] Brisa Bridgestone Sabanci Lastik Sanayi Ve Ticaret A.S. (Turkey)[4]	([3])
Bridgestone Firestone Retail and Commercial Operations, LLC (dba GCR Tire Centers) ("GCR Tire")	Austin, TX	Bridgestone Americas Holding, Inc.[2] Bridgestone Corporation (Japan)[4] Bridgestone Firestone Argentina S.A.I.C. (Argentina)[4] Bridgestone Firestone Do Brasil Industria E Comercio Ltda. (Brazil)[4] Bridgestone Firestone De Costa Rica, S.A. (Costa Rica)[4] P.T. Bridgestone Tire Indonesia (Indonesia)[4] Bridgestone Firestone de Mexico, S.A. DE C.V. (Mexico)[4] Bridgestone South Africa Holdings (Pty) Ltd. (South Africa)[4] Bridgestone Hispania, S.A. (Spain)[4] Brisa Bridgestone Sabanci Lastik Sanayi Ve Ticaret A.S. (Turkey)[4]	([3])
CGS Tires US, Inc. ("CGS")	Charlotte, NC	Ceska Gumarenska Spolencnosj, a.s. (The Czech Republic)[2]	***
Cheng Shin Rubber USA (dba Maxxis International USA) ("Maxxis")	Suwanee, GA	Cheng Shin Rubber Ind., Co., Ltd. (Taiwan) ("Cheng Shin")[2] Cheng Shin Toyo Tire & Rubber Ind., Co., Ltd. (China)[4] Cheng Shin=Petrel Tire Co., Ltd. (China)[4]	***
China Manufacturers Alliance, LLC ("CMA")	Monrovia, CA	Shanghai Tyre & Rubber Co., Ltd. (China)[2] [6] International New Market Investment Ltd.[6] Shanghai Tyre & Rubber Rugao Group, Ltd.[4] Shanghai Dong Hai Rubber Factory [4]	***
Continental Tire North America, Inc. ("Continental Tire")	Charlotte, NC	None.	***
Denman Tire Corporation	Leavittsburg, OH	***[7]	***
Foreign Tire Sales ("Foreign Tire")	Union, NJ	None.	***
Goodyear Tire & Rubber Company	Akron, OH	The Goodyear Tire & Rubber Company[2]	***

Table continued on next page.

[1] Ten firms *** reported that they did not import the subject merchandise during the period of investigation.

Table IV-1--*Continued*
Certain OTR tires: U.S. importers, locations, related and/or affiliated firms, and shares of imports from China in 2006

Firm name	Location	Related and/or affiliated firms	Share of imports from China[1] (*percent*)
GPX International Tire Corporation	Malden, MA	Sterling Investment Partners, LP[8] Hebei StarBright Tire Co., Ltd. (China)[4] Rumaguma a.d. Ruma (Serbia)[4]	***
Guizhou Tyre I/E Corp. North America[9]	Gyiyan, Guizhou	Guizhou Tyre Co., Ltd. (China)[2] Tire Engineerign & Distribution[4]	***
Hercules Tire & Rubber Co. ("Hercules Tire")	Findlay, OH	None.	***
Michelin North America ("Michelin")	Greenville, SC	Michelin Corporation[2] Michelin North America (Canada) Inc. (Canada)[4] Manufacture Francaise des Pneumatiques Michelin (France)[4] Michelin Hungaria Tyre Manufacture Ltd. (Hungary)[4] Michelin Polska S.A. (Poland)[4] Silvania S.A. (Romania)[4] Michelin Espana Portugal, S.A. (Portugal)[4]	***
Nokian Tyres, Inc. ("Nokian Tyres")	LaVergne, TN	Nokian Tyres[2]	***
OTR Wheel Engineering, Inc. ("OTR Wheel")	Rome, GA	Blackstone OTR, LLC.[2]	***
Solideal USA ("Solideal")	Charlotte, NC	Swan International[2] World Tyres Ltd. (Hong Kong)[4] Loadstar (Sri Lanka)[4]	***
Tire Engineering & Distribution, Inc. ("Tire Engineering")	Massillon, OH	Guizhou Tyre Co., Ltd. (China)[2]	***
Titan Tire Corporation	Des Moines, IA	None.	([3])
Toyo Tire International, Inc. ("Toyo")	Cypress, CA	Toyo Tire & Rubber Co., Ltd. (Japan)[2] Nippon Giant Tire Co., Ltd. (Japan)[4]	***
Trelleborg Wheel Systems Americas, Inc. ("Trelleborg")	Hartville, OH	Trelleborg Corporation[2] Trelleborg Wheel Systems (Italy)[4]	***
Tyres International, Inc. ("Tyres International")	Stow, OH	None.	***
Valmont Industries, Inc. ("Valmont")	Omaha, NE	None.	***
		Total	41.86

[1] Shares of merchandise from China are derived from importers' questionnaires' imports from China divided by the adjusted imports from China for 2006.
[2] Parent.
[3] Not applicable. No imports from China.
[4] Affliate.
[5] ***.
[6] ***.
[7] ***.
[8] *** owns an estimated *** percent.
[9] ***.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics, adjusted.

U.S. IMPORTS

U.S. import data presented in this report for certain OTR tires are based on official import statistics adjusted to exclude small and large nonsubject tire imports.[2] Adjustments for the nonsubject tires result in a 71 percent decrease in the number of imports of certain OTR tires and a 16 percent reduction in landed, duty-paid value for 2006, and are explained below:[3]

Excluded products	Data source	Deductions from official statistics for 2006		
		Quantity (1,000 tires)	Value; landed, duty-paid ($1,000)	Unit value (per tire)
OTR tires with a rim diameter exceeding 39 inches (i.e., having an average weight greater than 1,500 pounds)	Census IM145 statistics[1] (using vessel shipping weight, by statistical month and entry district)	24	76,231	$3,175.25
OTR tires for retail consumer use (i.e., having an average unit LDP value of less than $20)[2]	1) Importer questionnaire responses of seven firms reporting that their imports of OTR tires during the period of investigation were nonsubject and 2) proprietary Customs data (detailed entry-by-entry analysis for the remaining firms)	8,707 3,971	56,624 24,599	6.50 6.19
	Total/average	12,702	157,454	12.40

[1] *U.S. Imports for Consumption and General Imports* (HTSUS Commodity by Country-of-Origin). Bureau of the Census.

[2] Petitioners proposed that adjustments to official import statistics for smaller nonsubject OTR tires be made by using IM 145 statistics to exclude product with a vessel shipping weight of less than 15 pounds per tire. In order to utilize the detailed entry-by-entry proprietary data from Customs (which does not include weight), data from the IM 145 database were used to calculate an equivalent average unit value for a 15-pound tire; $20 was a conservative estimate of the average unit value of small nonsubject OTR tires.

Table IV-2 details U.S. imports, by sources, for 2004 to 2006, January-March 2006, and January-March 2007. The U.S. import data for China show an increase both in volume and value in each year between 2004 and 2006, rising 90.6 percent by volume and 168.0 percent by value over the period. Between January-March 2006 and January-March 2007, volume declined by 7.9 percent and value rose by 17.5 percent. Unit values of certain OTR tires imported from China grew steadily from $63.50 per tire in 2004 to $89.28 in 2006. Further, unit values increased to $82.67 per tire during January-March 2006 when compared to $105.51 during January-March 2007. During the period of investigation, shares of total U.S. imports of certain OTR tires from China grew from 47.3 percent in 2004 to 66.2 percent in 2006. U.S. Imports from all other sources accounted for a declining share of total imports of certain OTR tires during 2004-06, down to 33.8 percent by quantity and 62.4 percent by value in 2006. Average unit values of imports from nonsubject sources were more than double those of China throughout the period of

[2] With respect to the question of negligible imports (section 771(24)(A)(i) of the Act), the share of total imports of certain OTR tires from China during the most recent 12-month period for which data are available that precedes the filing of the petition (June 2006 through May 2007), was well above the 3-percent negligibility threshold.

[3] Detailed data relating to the adjustments are presented in app. D, and result in a volume estimate of 3.4 million certain OTR tire imports from China during 2006. Counsel for Chinese respondents argued that a "reliable volume estimate of 2006 subject imports is 1.4 million units" and asserted that because the data submitted in response to the Commission's foreign producer questionnaire account for a "very high proportion" of the 1.4 million units, the Commission should rely on the foreign producer questionnaire data as representative. Chinese respondents postconference brief, pp. 9-11. However, Chinese respondents did not address the question of whether or how to adjust official import statistics for imports from sources other than China. In an effort to apply the same methodology to OTR imports from both China and nonsubject sources, import data in this report are presented based on the adjustment methodology outlined in the tabulation.

investigation. Principle nonsubject sources include Canada, France, India, Japan, Mexico, Sri Lanka, Taiwan, and Thailand.[4]

Table IV-3 presents information on U.S. imports of certain OTR tires by industry applications. The majority of U.S. imports from China were for construction/industrial applications which accounted for 43 percent based on quantity and 58 percent based on value of total U.S. imports from China during 2006. During 2006, the smaller-size tires in 2 of the 3 categories accounted for 48 percent of total U.S. imports from China by quantity and 30 percent based on value. The largest share of imports of certain OTR tires from nonsubject sources was also for construction/industrial applications which accounted for 55 percent based on quantity and 69 percent based on value of total imports from sources other than China during 2006. The larger-size tires in 2 of the 3 categories accounted for 26 percent of total imports from nonsubject sources by quantity and 66 percent based on value during 2006.[5]

[4] During the period of investigation, U.S. producers' imports of certain OTR tires from nonsubject sources accounted for a range of *** percent of U.S. imports from nonsubject sources based on units and *** percent based on value.

[5] Comparative data for U.S. producers' U.S. shipments and U.S. imports by end-use application are presented in app. E, table E-1.

Table IV-2
Certain OTR tires: U.S. imports, by sources, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
			Quantity (*1,000 tires*)		
China	1,796	3,129	3,424	813	749
Nonsubject:					
Canada	174	69	90	18	15
France	81	80	87	28	18
India	200	223	129	51	37
Japan	104	126	123	28	24
Mexico	163	132	90	23	30
Sri Lanka	109	187	197	45	60
Taiwan	402	344	292	81	70
Thailand	269	337	318	89	45
All others	496	531	426	142	94
Subtotal nonsubject	1,998	2,029	1,751	505	393
Total	3,794	5,158	5,175	1,318	1,142
			Value (*1,000 dollars*)[1]		
China	114,065	210,200	305,705	67,222	78,977
Nonsubject:					
Canada	27,759	25,606	29,081	8,071	7,857
France	48,056	51,700	59,868	17,822	15,381
India	16,089	20,389	15,427	5,970	4,091
Japan	98,517	140,094	171,431	33,146	41,169
Mexico	7,021	6,993	3,961	928	1,564
Sri Lanka	10,542	17,947	22,324	5,030	6,817
Taiwan	22,231	20,955	17,537	4,780	4,193
Thailand	12,804	16,583	13,226	3,688	2,256
All others	110,071	139,838	174,673	44,301	45,382
Subtotal nonsubject	353,090	440,105	507,529	123,736	128,709
Total	467,155	650,305	813,233	190,959	207,686
			Unit value (*per tire*)		
China	$63.50	$67.17	$89.28	$82.67	$105.51
Nonsubject:					
Canada	159.67	373.61	324.58	446.47	521.81
France	592.26	647.45	688.82	636.13	860.64
India	80.51	91.27	119.95	118.19	111.30
Japan	947.56	1,108.59	1,395.13	1,177.74	1,712.87
Mexico	42.96	53.03	44.09	40.26	51.83
Sri Lanka	96.79	95.78	113.12	110.90	113.80
Taiwan	55.35	60.94	60.15	59.24	59.90
Thailand	47.67	49.22	41.54	41.49	49.61
All others	221.77	263.55	410.30	311.88	481.80
Subtotal nonsubject	176.74	216.93	289.88	245.13	327.13
Average	123.13	126.08	157.15	144.90	181.87

Table continued on next page.

Table IV-2--*Continued*
Certain OTR tires: U.S. imports, by sources, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
			Share of quantity (*percent*)		
China	47.3	60.7	66.2	61.7	65.5
Nonsubject:					
Canada	4.6	1.3	1.7	1.4	1.3
France	2.1	1.5	1.7	2.1	1.6
India	5.3	4.3	2.5	3.8	3.2
Japan	2.7	2.5	2.4	2.1	2.1
Mexico	4.3	2.6	1.7	1.7	2.6
Sri Lanka	2.9	3.6	3.8	3.4	5.2
Taiwan	10.6	6.7	5.6	6.1	6.1
Thailand	7.1	6.5	6.2	6.7	4.0
All others	13.1	10.3	8.2	10.8	8.2
Subtotal nonsubject	52.7	39.3	33.8	38.3	34.5
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	24.4	32.3	37.6	35.2	38.0
Nonsubject:					
Canada	5.9	3.9	3.6	4.2	3.8
France	10.3	8.0	7.4	9.3	7.4
India	3.4	3.1	1.9	3.1	2.0
Japan	21.1	21.5	21.1	17.4	19.8
Mexico	1.5	1.1	0.5	0.5	0.8
Sri Lanka	2.3	2.8	2.7	2.6	3.3
Taiwan	4.8	3.2	2.2	2.5	2.0
Thailand	2.7	2.6	1.6	1.9	1.1
All others	23.6	21.5	21.5	23.2	21.9
Subtotal nonsubject	75.6	67.7	62.4	64.8	62.0
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics, adjusted.

Table IV-3
Certain OTR tires: U.S. Imports, by sources and types, 2004-06, January-March 2006, and January-March 2007

Item	Imports from China			Imports from all other sources		
	Calendar year			Calendar year		
	2004	2005	2006	2004	2005	2006
	Quantity (*1,000 tires*)					
Agricultural/forestry:						
Herringbone or similar tread	96	143	221	364	448	282
Not herringbone	293	407	583	511	310	296
Subtotal	390	550	805	875	757	578
Construction/industrial:						
Herringbone < 61 cm (24")	293	455	521	91	117	126
Herringbone >= 61 cm (24") < 99.06 cm (39")	59	129	159	302	260	228
Radial less than 61 cm (24")	106	414	335	66	68	71
Radial >= to 61 cm (24") < 99.06 cm (39")	1	1	12	46	81	91
Other < 61 cm (24")	164	292	354	168	324	381
Other >= 61 cm (24") < 99.06 cm (39")	27	49	76	31	47	66
Subtotal	650	1,341	1,458	704	897	962
Off-the-highway:						
Radial >= 40.6 cm (16")	2	10	4	101	73	45
Radial < 40.6 cm (16")	14	3	2	27	17	16
Other >= 40.6 cm (16")	270	312	518	80	69	29
Other < 40.6 cm (16")	310	662	413	49	19	11
Subtotal	595	987	937	258	179	101
Other	161	253	224	164	208	121
Total	1,796	3,131	3,424	2,000	2,040	1,763
	Value (*$1,000*)					
Agricultural/forestry:						
Herringbone or similar tread	16,511	21,378	35,062	64,885	83,705	66,998
Not herringbone	13,115	20,607	33,793	28,223	22,923	26,853
Subtotal	29,626	41,985	68,856	93,108	106,628	93,851
Construction/industrial:						
Herringbone < 61 cm (24")	16,770	29,028	39,619	18,646	22,579	22,343
Herringbone >= 61 cm (24") < 99.06 cm (39")	10,546	30,473	61,082	56,631	51,349	78,375
Radial less than 61 cm (24")	2,751	12,199	12,519	14,308	18,276	23,287
Radial >= to 61 cm (24") < 99.06 cm (39")	883	1,073	13,029	71,081	127,660	177,338
Other < 61 cm (24")	7,585	13,324	22,181	11,000	21,165	23,685
Other >= 61 cm (24") < 99.06 cm (39")	5,260	13,028	29,405	14,872	23,133	34,240
Subtotal	43,795	99,124	177,835	186,539	264,163	359,269
Off-the-highway:						
Radial >= 40.6 cm (16")	300	1,563	684	37,961	38,567	41,399
Radial < 40.6 cm (16")	1,210	285	240	3,381	3,095	4,356
Other >= 40.6 cm (16")	12,637	15,915	21,596	16,830	10,059	11,726
Other < 40.6 cm (16")	12,800	22,614	16,472	2,385	2,365	1,462
Subtotal	26,947	40,378	38,993	60,557	54,086	58,943
Other	13,697	28,871	20,124	12,915	15,287	8,758
Total	114,065	210,358	305,808	353,119	440,164	520,821

Table continued on next page.

Table IV-3-*Continued*
Certain OTR tires: U.S. Imports, by sources and types, 2004-06, January-March 2006, and January-March 2007

Item	Imports from China			Imports from all other sources		
	Calendar year			Calendar year		
	2004	2005	2006	2004	2005	2006
	Unit Value (*per tire*)					
Agricultural/forestry:						
Herringbone or similar tread	$172	$150	$158	$178	$187	$237
Not herringbone	45	51	58	55	74	91
Average	76	76	86	106	141	162
Construction/industrial:						
Herringbone < 61 cm (24")	57	64	76	205	193	178
Herringbone >= 61 cm (24") < 99.06 cm (39")	179	237	384	188	198	344
Radial less than 61 cm (24")	26	29	37	216	269	328
Radial >= to 61 cm (24") < 99.06 cm (39")	848	758	1,122	1,542	1,571	1,946
Other < 61 cm (24")	46	46	63	66	65	62
Other >= 61 cm (24") < 99.06 cm (39")	196	264	385	472	491	522
Average	67	74	122	265	295	373
Off-the-highway:						
Radial >= 40.6 cm (16")	158	152	156	375	526	928
Radial < 40.6 cm (16")	88	82	103	125	177	269
Other >= 40.6 cm (16")	47	51	42	209	146	400
Other < 40.6 cm (16")	41	34	40	49	127	132
Average	45	41	42	235	303	582
Other	85	114	90	79	74	72
Average	64	67	89	177	216	295
	Share of value (*percent*)					
Agricultural/forestry:						
Herringbone or similar tread	14.5	10.2	11.5	18.4	19.0	12.9
Not herringbone	11.5	9.8	11.1	8.0	5.2	5.2
Subtotal	26.0	20.0	22.5	26.4	24.2	18.0
Construction/Industrial:						
Herringbone < 61 cm (24")	14.7	13.8	13.0	5.3	5.1	4.3
Herringbone >= 61 cm (24") < 99.06 cm (39")	9.2	14.5	20.0	16.0	11.7	15.0
Radial less than 61 cm (24")	2.4	5.8	4.1	4.1	4.2	4.5
Radial >= to 61 cm (24") < 99.06 cm (39")	0.8	0.5	4.3	20.1	29.0	34.1
Other < 61 cm (24")[3]	6.6	6.3	7.3	3.1	4.8	4.5
Other >= 61 cm (24") < 99.06 cm (39")	4.6	6.2	9.6	4.2	5.3	6.6
Subtotal	38.4	47.1	58.2	52.8	60.0	69.0
Off-the-highway:						
Radial >= 40.6 cm (16")	0.3	0.7	0.2	10.8	8.8	7.9
Radial < 40.6 cm (16")	1.1	0.1	0.1	1.0	0.7	0.8
Other >= 40.6 cm (16")	11.1	7.6	7.1	4.8	2.3	2.3
Other < 40.6 cm (16")	11.2	10.8	5.4	0.7	0.5	0.3
Subtotal	23.6	19.2	12.8	17.1	12.3	11.3
Other	12.0	13.7	6.6	3.7	3.5	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official Commerce statistics, adjusted.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of certain OTR tires during the period of investigation are shown in table IV-4. Apparent U.S. consumption increased by 15.7 percent from 2004 to 2005, but decreased by 11.6 percent from 2005 to 2006. January-March 2006-07 showed a 8.3 percent decline in U.S. consumption quantity but a corollary 8.2 percent increase by value.

Table IV-4
Certain OTR tires: U.S. producers' U.S. shipments, U.S. imports (adjusted), by sources, and apparent U.S. consumption, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Quantity (*1,000 tires*)				
U.S. producers' U.S. shipments	4,266	4,165	3,070	902	894
U.S. imports from--					
China	1,796	3,129	3,424	813	749
Nonsubject:					
Canada	174	69	90	18	15
France	81	80	87	28	18
India	200	223	129	51	37
Japan	104	126	123	28	24
Mexico	163	132	90	23	30
Sri Lanka	109	187	197	45	60
Taiwan	402	344	292	81	70
Thailand	269	337	318	89	45
All others	496	531	426	142	94
Subtotal nonsubject	1,998	2,029	1,751	505	393
Total U.S. imports	3,794	5,158	5,175	1,318	1,142
Apparent U.S. consumption	8,060	9,323	8,244	2,220	2,036

Table continued on next page.

Table IV-4--*Continued*
Certain OTR tires: U.S. producers' U.S. shipments, U.S. imports (adjusted), by sources, and apparent U.S. consumption, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Value (*1,000 dollars*)				
U.S. producers' U.S. shipments	855,902	915,271	850,062	246,754	265,778
U.S. imports from--					
China	114,065	210,200	305,705	67,222	78,977
Nonsubject:					
Canada	27,759	25,606	29,081	8,071	7,857
France	48,056	51,700	59,868	17,822	15,381
India	16,089	20,389	15,427	5,970	4,091
Japan	98,517	140,094	171,431	33,146	41,169
Mexico	7,021	6,993	3,961	928	1,564
Sri Lanka	10,542	17,947	22,324	5,030	6,817
Taiwan	22,231	20,955	17,537	4,780	4,193
Thailand	12,804	16,583	13,226	3,688	2,256
All others	110,071	139,838	174,673	44,301	45,382
Subtotal nonsubject	353,090	440,105	507,529	123,736	128,709
Total U.S. imports	467,155	650,305	813,233	190,959	207,686
Apparent U.S. consumption	1,323,057	1,565,576	1,663,295	437,713	473,464

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics, adjusted.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-5. Shares of both quantity and value of subject imports from China increased during 2004 to 2006, with Chinese import shares of U.S. consumption growing by 19.2 percentage points in quantity and by 9.8 points in value. U.S. producers' shares of the domestic market dropped during each year, falling from 52.9 to 37.2 percent by quantity and 64.7 to 51.1 percent by value during 2004-06.

Table IV-5
Certain OTR tires: Apparent U.S. consumption and market shares, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Quantity (*1,000 tires*)				
Apparent U.S. consumption	8,060	9,323	8,244	2,220	2,036
	Value (*1,000 dollars*)				
Apparent U.S. consumption	1,323,057	1,565,576	1,663,295	437,713	473,464
	Share of quantity (*percent*)				
U.S. producers' U.S. shipments	52.9	44.7	37.2	40.6	43.9
U.S. imports from--					
China	22.3	33.6	41.5	36.6	36.8
Nonsubject:					
Canada	2.2	0.7	1.1	0.8	0.7
France	1.0	0.9	1.1	1.3	0.9
India	2.5	2.4	1.6	2.3	1.8
Japan	1.3	1.4	1.5	1.3	1.2
Mexico	2.0	1.4	1.1	1.0	1.5
Sri Lanka	1.4	2.0	2.4	2.0	2.9
Taiwan	5.0	3.7	3.5	3.6	3.4
Thailand	3.3	3.6	3.9	4.0	2.2
All others	6.2	5.7	5.2	6.4	4.6
Subtotal nonsubject	24.8	21.8	21.2	22.7	19.3
Total U.S. imports	47.1	55.3	62.8	59.4	56.1

Table continued on next page.

Table IV-5--*Continued*
Certain OTR tires: Apparent U.S. consumption and market shares, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
			Quantity (*1,000 tires*)		
Apparent U.S. consumption	8,060	9,323	8,244	2,220	2,036
			Value (*1,000 dollars*)		
Apparent U.S. consumption	1,323,057	1,565,576	1,663,295	437,713	473,464
			Share of value (*percent*)		
U.S. producers' U.S. shipments	64.7	58.5	51.1	56.4	56.1
U.S. imports from--					
China	8.6	13.4	18.4	15.4	16.7
Nonsubject:	0.0	0.0	0.0	0.0	0.0
Canada	2.1	1.6	1.7	1.8	1.7
France	3.6	3.3	3.6	4.1	3.2
India	1.2	1.3	0.9	1.4	0.9
Japan	7.4	8.9	10.3	7.6	8.7
Mexico	0.5	0.4	0.2	0.2	0.3
Sri Lanka	0.8	1.1	1.3	1.1	1.4
Taiwan	1.7	1.3	1.1	1.1	0.9
Thailand	1.0	1.1	0.8	0.8	0.5
All others	8.3	8.9	10.5	10.1	9.6
Subtotal nonsubject	26.7	28.1	30.5	28.3	27.2
Total U.S. imports	35.3	41.5	48.9	43.6	43.9

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics, adjusted.

RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of subject imports to U.S. production of certain OTR tires is presented in table IV-6. Subject imports were equivalent to 38.3 percent of U.S. production during 2004. This level increased to 60.3 percent during 2005 and further to 90.7 percent during 2006.

Table IV-6
Certain OTR tires: U.S. producers' imports and ratios to U.S. production, by sources, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Quantity (*1.000 tires*)				
U.S. production	4,692	5,191	3,773	1,060	959
Imports:					
China	1,796	3,129	3,424	813	749
Nonsubject:					
Canada	174	69	90	18	15
France	81	80	87	28	18
India	200	223	129	51	37
Japan	104	126	123	28	24
Mexico	163	132	90	23	30
Sri Lanka	109	187	197	45	60
Taiwan	402	344	292	81	70
Thailand	269	337	318	89	45
All others	496	531	426	142	94
Subtotal nonsubject	1,998	2,029	1,751	505	393
Total imports	3,794	5,158	5,175	1,318	1,142
	Ratio of U.S. imports to production (*percent*)				
China	38.3	60.3	90.7	76.7	78.1
Nonsubject:					
Canada	3.7	1.3	2.4	1.7	1.6
France	1.7	1.5	2.3	2.6	1.9
India	4.3	4.3	3.4	4.8	3.8
Japan	2.2	2.4	3.3	2.7	2.5
Mexico	3.5	2.5	2.4	2.2	3.1
Sri Lanka	2.3	3.6	5.2	4.3	6.2
Taiwan	8.6	6.6	7.7	7.6	7.3
Thailand	5.7	6.5	8.4	8.4	4.7
All others	10.6	10.2	11.3	13.4	9.8
Subtotal nonsubject	42.6	39.1	46.4	47.6	41.0
Total imports	80.9	99.4	137.1	124.3	119.1

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics, adjusted.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs account for a large share of the cost of certain OTR tires. During 2004-06, these costs consistently ranged between 53 percent and 61 percent of the cost of goods sold annually. A major raw material input used in making these products is natural rubber. Other important materials include synthetic rubber, carbon black, various chemicals, and textiles and steel.[1]

Transportation Costs to the U.S. Market

Ocean transportation costs for certain OTR tires shipped from China to the United States (excluding U.S. inland costs) averaged 10.2 percent of the customs value of these imports during 2006.[2] These estimates are derived from official import data and represent the transportation and other charges on imports.

U.S. Inland Transportation Costs

Transportation costs on U.S. inland shipments of certain OTR tires generally account for a small to moderate share of the delivered price of these products. For the U.S. producers that provided meaningful estimates, these costs ranged from 3 percent to as much as 8 percent of the delivered price. Among importers of product from the China and nonsubject sources that provided meaningful estimates, U.S. inland transportation costs ranged from 0.5 percent to 7 percent of the delivered price. Estimates of less than 5 percent or less were most common among importers.

Producers were asked to estimate the shares of their sales that occurred within 100 miles of their storage or production facility, between 101 and 1,000 miles, and over 1,000 miles. Among the five U.S. producers that responded to the question, most shipments were for distances of 101 miles or more. The largest share of producer shipments was within the 101 to 500 mile range with reported shipments of the five firms ranging from 60 percent to 80 percent their totals. In the case of importers, the majority of responding firms also reported that the largest share of their shipments were for distances of over 101 miles.

Exchange Rates

Nominal exchange rates for the Chinese yuan in relation to the U.S. dollar are shown on a quarterly basis in figure V-1 for the period January-March 2004 through January-March 2007. The data show that the yuan has appreciated relative to the dollar since 2005. Real exchange rates could not be computed because of the lack of producer price indices for China.[3]

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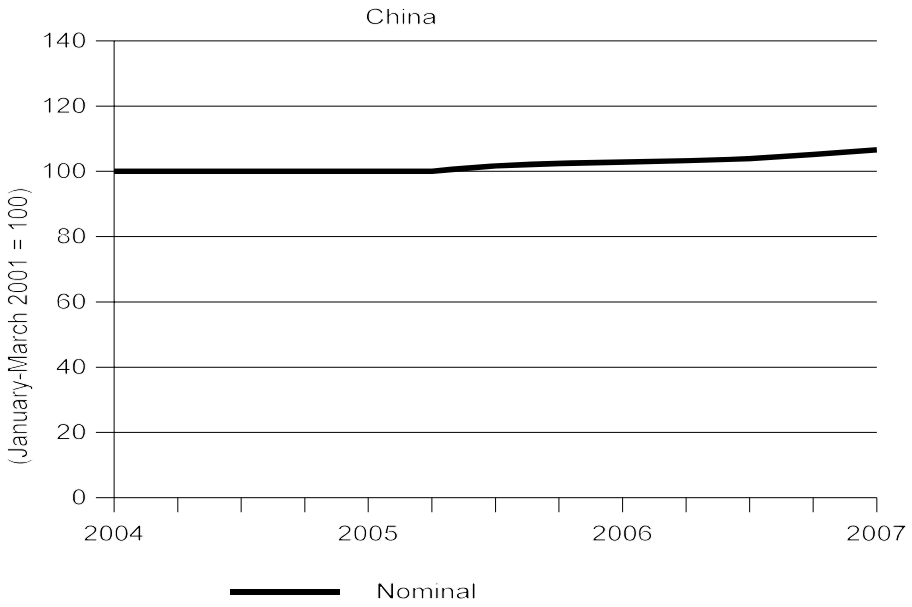
[1] Petitioner's posthearing brief, p. 13

[2] The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports for 2006 and then dividing by the customs value.

[3] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and other countries.

Figure V-1
Exchange rates: Indexes of the nominal rate of the Chinese yuan relative to the U.S. dollar, by quarters, January-March 2004-January-March 2007



Source: IMF International Financial Statistics, June 2007 and various earlier issues.

PRICING PRACTICES

While different methods of arriving at prices were reported by U.S. producers and by importers of certain OTR tires, the use of price lists is very common in sales of certain OTR tires. All seven U.S. producers and most of the 24 importers reported that they make use of price lists at least as a starting point in arriving at prices. Some producers and importers reported that prices are determined by transaction-by-transaction negotiations. In other cases contract arrangements and material costs are important in determining prices.

Discounting is commonly used in the case of certain OTR tires. *** of seven U.S. producers reported that they provide discounts based on such factors as volume, market conditions, and customer needs and promotional considerations. In addition, five of seven producers also reported that they provide discounts of 1 to 2 percent for early payment of accounts. Among importers, 16 of 24 firm reported that they provide discounts usually based upon volume. Four of the 15 importers of certain OTR tires from China also provide discounts based upon early payments of accounts ranging from 1 to 5 percent.

In the case of both U.S. producers and importers of certain OTR tires from China, prices are commonly quoted on either an f.o.b. or delivered basis. One U.S. producer reported that it quotes on an f.o.b. warehouse basis to original equipment manufacturers, but quotes on a delivered basis to customers in the replacement market. All seven U.S. producers and 19 of the 22 responding importers of certain OTR tires from China and other sources reported that they arrange transportation for their customers while three importers reported that their customers arrange transportation. None of the U.S. producers and importers reported that they sell certain OTR tires over the internet.

Producers and importers of certain OTR tires from China were asked to estimate the percentages of their sales that are on a spot basis, a short-term contract basis of up to 12 months, or a long-term contract of 12 months or more. Most sales of certain OTR tires are on a spot basis. Two of six

responding producers reported that all of their sales are on a spot basis, and the others reported that a majority of their sales are spot. Among the 16 importers of certain OTR tires from China, 8 sell entirely on a spot basis, 4 sell principally on a spot basis, and others sell principally or entirely on a contract basis. Among producers that reported using short-term contracts, contract periods range from 6 months to one year with prices fixed during the contract period. Long-term contracts for producers range from 1 to 5 years with prices and quantities sometimes subject to adjustment during the period. Among importers that reported the used of short-term contracts, contract periods reportedly range from up to 6 months to as much as a year with prices and in some cases quantities fixed during the period. The one importer that uses long-tem contracts reported that contracts are for *** with the price fixed during the year.

PRICE DATA

The Commission asked U.S. producers and importers of certain OTR tires from China to provide quarterly data for the total quantity and f.o.b value of certain OTR tires that were shipped to unrelated purchasers in the U.S. market during January-March 2004 through January-March 2007. The products for which pricing data were requested are as follows:

	Type	Size	TT/TL	Ply rating/ load index	Overall diameter	Rim width	Tire width	Weight
Product 1.[1]	**Skid steer**	**10-16.5NHS**	**Tubeless**	**10**	**30.6"**	**8.25"**	**10.4"**	**88 lbs.**
Product 2.[2]	**Hi-Traction Lug R-1**	**11.2-24**	**Tubeless**	**4**	**43.6"**	**10"**	**11.8"**	**89 lbs.**
Product 3.[3]	**Industrial Tractor Lug R-4**	**19.5L-24**	**Tubeless**	**12**	**51.8"**	**17"**	**19.1"**	**214 lbs.**
Product 4.[4]	**Hi-Flotation I-1**	**11L-15SL**	**Tubeless**	**8**	**31"**	**8"**	**10.8"**	**36 lbs.**
Product 5.[5]	**Motor Grader HD G-2**	**14.00-24TG**	**Tubeless**	**12**	**53"**	**10"**	**15.1"**	**204 lbs.**

[1] Product 1 is defined as a "skid steer" tire having a size designation of 1–16.5NHS. These numbers and designations define the product as having a nominal section width (sidewall to sidewall) of 10 inches, and a rim diameter of 16.5 inches. The NHS designation stands for "not for highway service." The "dash" between the 10 and 16.5 defines the tire as having a "bias ply" construction. There may be several other designations printed on this tire, including "tubeless" or "tube type," "ply and air pressure, speed ratings, and the equipment type."

[2] Product 2 is defined as a "high traction lug R-1" agricultural tire having a size designation of 11.2-24 (11.2inch nominal section width, 24 inch rim diameter, bias ply construction). This description is indicative of a typical farm tractor rear wheel having a regular depth "lug-type" R-1 tread used for general farming, as defined by the Tire Rim Association "TRA" A farm tractor tire of this nature would typically have a herringbone (criss-cross) tread design of medium depth. The tread types for rear wheels of agricultural tractors are variably by the industry as "lug" or "bar tread." The "bar tread" is a lug tread usually running at an approximate 23 degree angle around the tire directional circumference which helps power the equipment through the soil.

[3] Product 3 is defined as an "industrial tractor lug R-4" tire having a size designation of 19.5L-24 (19.5 inch nominal section width, 24 inch rim diameter, bias ply construction). The L designation in this case is an RMA code for a "low section height tire sidewall"; that is, the tread width is greater than the sidewall height. An R-4 herringbone-type lug tread has an intermediate tread depth. Tires of this type are commonly found on the rear wheels of "backhoe loaders" which, for example, may be used in a stationary, braced position to dig holes and trenches with the backhoe; for example, to tie into an underground water main or power supply in light construction areas. The front blade attachment may be used to scoop up and lift dirt. TRA recommends this type of tire for light industrial service, and highway mowing.

[4] Product 4 is defined as a "hi-flotation I-1" agricultural tire having a size designation of 11L-15SL (11 inch nominal section width, 15 inch rim diameter, bias ply construction. The L in this case refers to a "low section height tire," while the SL designation refers to "service limited to agricultural usage." A "hi-flotation" I-1 tire has a narrow sidewall ("low section height") compared to the wider width of the tread, providing for lower compaction of the soil compared to narrower tires. "I-1" type tire treads are known as "rib treads." "Rib treads," are smooth in shape and run parallel to the direction of travel around the tire; they are made for rolling and directional control. "I-1" type tires are free wheel tires used on farm implements that are pulled behind a tractor, such as a cultivator implement having knives that dig into the soil, for example. This is a popular agricultural tire which is used for a free rolling axle alternate tractor, or cultivator.

[5] Product 5 is defined as a "motor grader HDG.-2" tire having a size designation of 14.00-24TG (14 inch nominal section width, 24 inch rim diameter, bias ply construction). The "T.G." designation is defined as "tractor grader tires-not for highway service." A G-2 tread is believed to be of modified herringbone design. A motor grader is a long tractor having a slanted blade situated underneath, between the front and back tires. This type of machine is typically used for grading in the construction and forestry industries.

Seven U.S. producers and nine importers provided varying amount of useable price data.[4] BFNA and Titan reported prices in all quarters for all five products. Sales of the five representative products accounted for a fairly small percentage of total sales for both producers and importers, since a broad range of products are sold by both. In the case of U.S. producers it accounted for about 11 percent of sales, and in the case of importers it accounted for about 4 percent of sales in 2006.

Price Trends

Weighted-average prices for the four products are shown in tables V-1 through V-5 and in figure V-2 quarterly for the period January-March 2004 through January-March 2007. The data show that U.S. producer prices for all products increased overall during this period. Trends in prices of imported products from China are less evident than for U.S. producers.

Price Comparisons

In the 49 quarterly price comparisons between U.S.-produced and imported Chinese certain OTR tires, prices for the Chinese products were lower in 41 quarters and higher in 8 quarters. The prices of Chinese imports were lower than U.S. prices of products 2, 4 and 5 in all quarterly comparisons. For all comparisons margins of underselling ranged from 1.8 percent to 26.5 percent and margins of overselling ranged from 1.4 percent to 26.5 percent.

Table V-1
Certain OTR tires: Weighted-average f.o.b. selling prices and quantities for product 1, and margins of underselling/(overselling), January 2004-March 2007

* * * * * * *

Table V-2
Certain OTR tires: Weighted-average f.o.b. selling prices and quantities for product 2, and margins of underselling/(overselling), January 2004-March 2007

* * * * * * *

Table V-3
Certain OTR tires: Weighted-average f.o.b. selling prices and quantities for product 3, and margins of underselling/(overselling), January 2004-March 2007

* * * * * * *

Table V-4
Certain OTR tires: Weighted-average f.o.b. selling prices and quantities for product 4, and margins of underselling/(overselling), January 2004-March 2007

* * * * * * *

[4] Some price data provided by importers were for Chinese products that are too light in weight to meet the specifications for the requested product but were satisfactory in all other respects. These data are shown by company and product category in app. F. In addition, some questionnaire respondents provided quarterly price data on U.S. imports from India, Mexico, Serbia and South Africa, Sri Lanka and "all other." These data are also shown in app. F.

Table V-5
Certain OTR tires: Weighted-average f.o.b. selling prices and quantities for product 5, and margins of underselling/(overselling), January 2004-March 2007

* * * * * * *

Figure V-2
Certain OTR tires: Weighted-average f.o.b. selling prices for products 1-5, January 2004-March 2007

* * * * * * *

LOST SALES AND LOST REVENUES

Detailed lost sales and lost revenue allegations were generally not available in these preliminary phase investigations. Titan reported in the petition that it does not have information available on lost sales and lost revenues relating to certain OTR tires on a transaction-by-transaction basis. Titan did provide a list of 19 customer accounts where it believed that it had lost business to imports from China. While company telephone numbers and fax numbers were provided, the list did not include any detailed price and quantity data on specific transactions and did not include names of contact persons. Therefore the staff attempted to contact all of these firms with some general questions concerning price competition from China. Five of the firms provided responses.[5]

Two of the questions dealt specifically with the firms' activities since January 2004. When asked whether they had shifted from U.S.-produced certain OTR tires to imports of these products from China, 3 firms answered yes and 2 answered no. When asked if the lower price of the imports from China was the reason for shifting, all three of the firms that had shifted answered yes. However, one purchaser qualified the answer by also attributing the shift to an inadequate U.S. supply and a failure to adjust with changing market conditions.

Two other questions dealt with the U.S. industry as a whole. Firms were asked whether U.S. producers had reduced their prices of OTR tires in order to compete with imports since January 2004. Three firms answered yes and two answered no. One firm that answered yes was not sure about all U.S. producers, but believes that some reduced prices because of foreign and domestic competition. Another firm reported that some producers reduced their prices because they were not competitive.

One U.S. producer, ***, provided one lost sales allegation and one lost revenue allegation. *** alleged that it lost a sale of *** tires for use on *** valued at $*** million to imports from China ***. Staff contacted *** concerning this allegation. However, the company did not respond to the request for information.

*** also alleged that it was forced to lower its quote on sales of *** tires from $*** to *** due to imports from China. However, *** reported that it did not have information concerning this transaction.

[5] The companies responding were ***.

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

BACKGROUND

Seven U.S. producers reported their certain OTR tires financial results. With the exception of Michelin, U.S. producers reported their financial results on the basis of U.S. generally accepted accounting principles ("GAAP") for calendar-year periods.[1]

While *** reported *** volume of transfers, the majority of overall certain OTR tire revenue represents commercial sales. Internal consumption was reported by ***.[2] Overall revenue primarily reflects standalone sales of certain OTR tires, but also includes an allocation of Titan's revenue from the sale of combined tire and wheel assemblies.[3]

As discussed in the trade section, Titan acquired the OTR farm production and related assets of Goodyear at the end of 2005 and the OTR construction/industrial production and related assets of Continental in mid 2006. As presented in this section, Titan's certain OTR tire operations include the financial results of the Goodyear and Continental operations prior and subsequent to Titan's acquisition.[4]

The certain OTR tire operations reported by Goodyear represent that company's remaining U.S. certain OTR tire operations in Topeka, KS.

OPERATIONS ON CERTAIN OTR TIRES

Income-and-loss data for producers of certain OTR tires are presented in table VI-1 and on an average unit basis in table VI-2. Table VI-3 presents selected company-specific financial information. A variance analysis of the financial results is not presented because the overall increase in average unit values, as discussed below, reflects changes in product mix.

With *** percent, respectively, of cumulative sales value, BFNA and Titan account for the *** of overall activity presented in table VI-1. Goodyear, with ***. The remaining producers Carlisle, Denman, Michelin, and Specialty accounted for company-specific cumulative certain OTR tire sales ranging from ***.

While all U.S. producers generally reported increasing average unit sales values during the period, as shown in table VI-3, company-specific increases varied in terms of whether they were due to a combination of higher manufacturing costs and a shift in product mix or just higher manufacturing costs.

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[1] Michelin, whose parent company is headquartered in France, reported its financial results based on International Financial Reporting Standards ("IFRS").

[2] ***.

[3] According to its 2006 10-K, "Titan's operations include manufacturing wheels, manufacturing tires, and combining these wheels and tires into assemblies for use in the agricultural, earthmoving/construction and consumer markets." Titan 2006 10-K, p. 5. In supplemental information reported to the Commission, Titan stated that "***." Letter from Stewart and Stewart on behalf of Titan, July 12, 2007.

[4] With the exception of selected pro forma financial information, the above-referenced acquisitions are reflected in Titan's public consolidated financial results prospectively from the date of acquisition. As such and in addition to typical differences such as out-of-scope product included in a company's overall financial results, the consolidated financial results reported in Titan's 10-K are not directly comparable to the financial results reported to the Commission.

Table VI-1
Certain OTR tires: Results of operations, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
			Quantity (*1,000 tires*)		
Total net sales quantity	4,851	4,983	3,808	1,109	1,090
			Value (*$1,000*)		
Total net sales value	995,663	1,083,867	1,020,377	289,236	308,421
Cost of goods sold:					
Raw material	480,523	540,443	531,399	141,317	157,837
Direct labor	206,042	214,925	183,901	46,761	48,209
Other factory costs	215,544	203,392	181,390	48,777	52,357
Total cost of goods sold	902,109	958,760	896,691	236,855	258,403
Gross profit	93,554	125,107	123,686	52,382	50,019
SG&A expenses	94,453	106,240	103,554	28,250	25,351
Operating income or (loss)	(899)	18,866	20,133	24,132	24,667
Interest expense	134	236	239	63	56
Other expenses	10,673	29,172	7,583	3,740	4,195
Other income items	298	0	134	9	0
Net income or (loss)	(11,408)	(10,542)	12,446	20,338	20,416
Depreciation/amortization	36,634	34,889	28,980	7,533	7,856
Est. cash flow from operations	25,226	24,347	41,426	27,871	28,272
			Ratio to net sales (*percent*)		
Raw material	48.3	49.9	52.1	48.9	51.2
Direct labor	20.7	19.8	18.0	16.2	15.6
Other factory costs	21.6	18.8	17.8	16.9	17.0
Cost of goods sold	90.6	88.5	87.9	81.9	83.8
Gross profit	9.4	11.5	12.1	18.1	16.2
SG&A expenses	9.5	9.8	10.1	9.8	8.2
Operating income or (loss)	(0.1)	1.7	2.0	8.3	8.0
Net income or (loss)	(1.1)	(1.0)	1.2	7.0	6.6
			Number of producers reporting		
Operating losses	3	2	3	2	1
Data	7	7	7	7	7

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

Table VI-2
Certain OTR tires: Results of operations (*per tire*), 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Unit value (*per tire*)				
Total net sales	$205	$218	$268	$261	$283
Cost of goods sold:					
Raw material	99	108	140	127	145
Direct labor	42	43	48	42	44
Other factory costs	44	41	48	44	48
Total cost of goods sold	186	192	235	214	237
Gross profit	19	25	32	47	46
SG&A expenses	19	21	27	25	23
Operating income or (loss)	(0.19)	4	5	22	23
Source: Compiled from data submitted in response to Commission questionnaires.					

Describing the period generally, Titan stated that "***."[5] Similarly, Goodyear stated that the ***.[6] According to BFNA, "***."[7] In contrast, Denman, Michelin, and Specialty described the ***.[8]

Table VI-3
Certain OTR tires: Results of operations by firm, 2004-06, January-March 2006, and January-March 2007

* * * * * * *

According to Titan's SEC filings, the primary raw material components in the production of tires are natural rubber, synthetic rubber, carbon black, chemicals, steel, and textile materials.[9] Public information generally indicates that these primary input costs increased throughout the period of

[5] Letter from Stewart and Stewart on behalf of Titan, July 12, 2007.

[6] E-mail from Covington and Burling on behalf of Goodyear, July 20, 2007.

[7] Letter from King and Spalding on behalf of BFNA, July 16, 2007.

[8] Denman stated that "***." E-mail from ***, Denman, July 10, 2007. According to Specialty "***." E-mail from ***, Specialty, July 12, 2007. Michelin stated that with regard to "***." Letter from ***, Michelin, July 19, 2007.

[9] Titan 2006 10-K, p. 6.

investigation[10] and that, in response, U.S. tire producers initiated a series of price increases of varying magnitudes for all tire types.[11]

Direct labor costs as a share of certain OTR tire cost of goods sold ("COGS") were the second largest component after raw material cost during the full-year periods, ranging from 20.5 percent to 22.8 percent of total COGS. At the staff conference it was noted that the production of certain OTR tires is less automated compared to the production of passenger tires[12] and that direct labor costs generally increase along with the size of the certain OTR tire diameter.[13] The larger certain OTR tires which many of the U.S. producers have shifted to also reportedly reflect smaller production runs and increased manufacturing overhead costs associated with more frequent changeover of equipment.[14]

As shown in table VI-3, most U.S. producers reported higher gross profit margins at the end of the period compared to the beginning. ***. The company explained that "***."[15]

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[10] Input costs began increasing prior to the period of investigation; e.g., Firestone boosts tire prices, *Western Farm Press*, September 20, 2003, p. 23. A subsequent late 2003 article quoted a Firestone executive stating that "{t}he tire maker {Firestone} has taken strong measures in all its facilities to increase efficiency and productivity . . . {b}ut the price increases are necessary because even those actions have not been enough to offset the dramatic rise of raw material costs, he said. Bridgestone/Firestone estimates its raw material costs have increased an average of 20 percent since mid-2002, depending on the tire line." BFS units to raise tire prices Jan. 1, *Rubber & Plastics News*, December 1, 2003, p. 7.

Industry projections early in the period also anticipated continued raw material cost increases; e.g., ."... several major tire makers and marketers indicated tire prices would have to rise in 2004, by as much as 8 percent in one company's opinion. The steady high price of crude oil continues to plague suppliers of synthetic rubber, carbon black and rubber chemicals, while at the same time natural rubber is trading at a several-year high." Makers expect raw materials pricing squeeze to continue, *Tire Business*, January 5, 2004, p. 9.

[11] According to Titan's 2006 10-K, "{t}he Company does not generally enter into long-term commodity contracts and does not use derivative commodity instruments to hedge its exposures to commodity market price fluctuations. Therefore, the Company is exposed to price fluctuations of its key commodities, which consist primarily of steel and rubber. The Company attempts to pass on certain material price increases and decreases to its customers, depending on market conditions." Titan 2006 10-K, p. 30.

[12] With respect to certain OTR tire production, a U.S. industry witness at the staff conference stated that ". . . it's extremely difficult to automate completely because of the size changes . . . it's hard to get one machine to do everything, although we've done a very good job of a lot of the semi-automation, and I know that Firestone has as well. There are portions of it that you can get some labor out of, but it's not going to look anything like a passenger plant." Conference transcript, p. 105 (Kramer).

[13] "As the size of the OTR tire increases you generally will go from a single B, to a twin B, to a three B construction or even to a four B construction, all of which creates more processes internal to the plant both in the making bands component, making beads, as well as assembling them, as well as the curing of these tires will be dramatically longer." Conference transcript, pp. 95-96 (Steltman).

[14] Conference transcript, p. 47 (Burchfield), p. 96 (Kramer), and p. 194 (Ganz). While there are company-specific differences in terms of how certain OTR tires are manufactured, these differences are generally not considered fundamental. Conference transcript, pp. 99-100 (Pensler). Notwithstanding similarities in the basic production process of certain OTR tires, comparisons of company-specific average raw material costs and overall COGS are problematic given the relatively broad product scope represented by certain OTR tires.

[15] E-mail from ***, Denman, July 10, 2007. The company indicated in this e-mail that the ***.

At the conference, Denman's chairman stated that "{o}ver the last five years . . . Denman has lost substantial amounts of business and market share in the OTR arena primarily to Chinese tires. Our prices with all our major OTR customers have been dropped dramatically to meet Chinese pricing, almost to a customer. Our pricing is now at negative margins. Positive contribution margins or else we would not keep it, but at negative margins in the OTR area." Conference transcript, p. 48 (Pensler) (emphasis added). Staff notes that the term contribution margin generally refers to the difference between sales price and variable cost which, if positive, contributes to the coverage

(continued...)

Notwithstanding ***, the pattern of stable or increasing gross margins reported by most U.S. producers indicates that in general higher input costs were successfully passed through in the form of higher prices.

While overall operating income followed a trend similar to gross profit, ***. The company stated that "***."[16]

*** in 2004 and 2006, respectively. Specialty stated that "***."[17]

BFNA attributed its ***.[18] As noted above and in addition to the general increases in raw material inputs that all U.S. producers experienced, ***."[19] ***."[20]

In contrast with ***. With regard to the 2006 fall off in its sales, Titan stated that "***."[21] The company also noted that ***.[22]

Notwithstanding the factors specified by Titan regarding the 2006 decline in its sales, public information also indicates that Titan's 2006 sales were lower in part due to a slower agriculture market.[23]

As shown in table VI-1, interim 2006 reflected higher profitability margins compared to full-year 2006. With regard to this pattern, Titan stated that "***."[24]

Titan's capacity reconfiguration in the fourth quarter of 2006 and first quarter 2007, as noted previously and in the context of *** in 2006, also impacted relative profitability between first quarter and full-year 2006.[25]

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[15] (...continued)
of fixed costs.

[16] E-mail from Covington and Burling on behalf of Goodyear, July 20, 2007. Goodyear also noted that "***." Ibid.

[17] E-mail from ***, Specialty, July 12, 2007.

[18] Letter from King and Spalding on behalf of BFNA, July 16, 2007.

[19] Ibid. ***. Letter from King and Spalding on behalf of BFNA, July 24, 2007.
***. Ibid.
***.

[20] Letter from King and Spalding on behalf of BFNA, July 16, 2007.

[21] Letter from Stewart and Stewart on behalf of Titan, July 12, 2007.

[22] Ibid.

[23] ". . . the company {Titan} expects to report its 2006 farm tire business-tire and wheel revenues combined fell at least $75 million from 2005 because of a down agricultural market." Titan boosting capacity for OTR tires of two sites, *Tire Business*, February 12, 2007, p. 3. The article further noted that, according to a Titan executive, a ". . . combination of reorganizing and a lighter farm market probably left Titan short on its expectation of $720 million to $735 million in corporate sales for 2006." Ibid. Titan's 2006 Annual Report noted that "{t}he agriculture tire and wheel market was down 12-13 percent in 2006 with results below the strong level we experienced in 2004 and 2005." Titan 2006 Annual Report, p. 7.

Pro forma information in Titan's 2006 10-K, which restates Titan's operations as if all acquisition occurred at the beginning of 2005, indicates that overall sales in 2006 were 8.0 percent lower compared to 2005. Titan 2006 10-K, p. F-14.

[24] E-mail from ***, Titan, July 18, 2007.

[25] In its 2006 10-K and first quarter 2007 10-Q, Titan stated that its overall gross profit margin for 2006 and first quarter 2007 had been reduced by approximately 2 percent and 3 percent, respectively, due to the realignment costs. Titan 2006 10-K, p. 20, and Titan 2007 10-Q (first quarter), p. 20.

In addition to other items, pro forma financial results presented in respondents' postconference briefs eliminated the effect of Titan's capacity reconfiguration by reducing Titan's COGS by the midpoint of public estimates of the capacity reconfiguration's impact on gross profit. With respect to alternative ways of recognizing realignment costs in Titan's consolidated financial results, Titan's CEO specifically noted that the decision had been
(continued...)

At the end of the period, the U.S. industry's interim 2007 operating income margin was lower compared to interim 2006 due to the combination of a somewhat lower overall gross profit margin in part offset by a lower SG&A expense ratio. The decline in the overall interim 2007 SG&A expense ratio was ***. In response to a question regarding its interim 2007 SG&A expenses, Titan explained that "***."[26]

As shown in table VI-1, "other expenses" increased notably in 2005. Titan, which accounted for the *** of other expenses, stated that "***."[27] According to the company, these were the only specific other expense items it was able to identify.[28]

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, ASSETS, AND RETURN ON INVESTMENT

Data on capital expenditures, research and development ("R&D") expenses, assets, and return on investment are presented in table VI-4. As shown in table VI-4, overall capital expenditures increased during the period with BFNA accounting for *** of cumulative capital expenditures. According to BFNA, "***."[29]

In contrast with the majority of other U.S. producers, ***.[30] The company also noted that "***."[31]

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[25] (...continued)
made not to capitalize associated labor costs. Titan Earnings Conference Call Q1 2007, p. 4 (GPX postconference brief, attach. 2).

[26] Letter from Stewart and Stewart on behalf of Titan, July 12, 2007.

[27] Ibid.

[28] According to the Commission's income statement format, non-recurring expenses/charges would generally be excluded from SG&A expenses and reported as part of other expenses. In this regard, it should be noted that Titan's consolidated income statement separately identified goodwill impairment, lawsuit-related charges, and depreciation on idled assets. Titan 2006 10-K, p. F-4. Since Titan's certain-OTR-tire-specific SG&A expense ratios were ***.

[29] At the staff conference the BFNA representative noted that "{w}e have invested tens of millions of dollars in recent years to improve our cost structure and productivity and lower our conversion cost to drive cost down in producing OTR tires." Conference transcript, pp. 43-44 (Burchfield). With respect to capital expenditures and the manufacture of bias type tires, the BFNA company official also stated that ". . . we've been driving technology in an older segment of business to drive costs down. So we have done what they told you not to do at business school, do not capitalize in dead end markets, but when the market is 60 percent of your business you have no choice . . . {s}o the point is we have capitalized in these segments of business to drive down costs because if you don't address costs long-term you're out of business anyway." Conference transcript, p. 99 (Burchfield).

[30] Letter from King and Spalding on behalf of BFNA, July 16, 2007.

[31] Ibid.

Table VI-4
Certain OTR tires: Capital expenditures, R&D expenses, assets, and return on investment, by firms, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Capital expenditures (*$1,000*)				
BFNA	***	***	***	***	***
Carlisle	***	***	***	***	***
Denman	***	***	***	***	***
Goodyear	***	***	***	***	***
Michelin[1]	***	***	***	***	***
Specialty	***	***	***	***	***
Titan	***	***	***	***	***
Total capital expenditures	23,393	25,176	27,241	2,523	4,014
	R&D expenses (*$1,000*)				
BFNA	***	***	***	***	***
Carlisle	***	***	***	***	***
Denman	***	***	***	***	***
Goodyear	***	***	***	***	***
Michelin	***	***	***	***	***
Specialty	***	***	***	***	***
Titan	***	***	***	***	***
Total R&D expenses	13,737	9,519	8,259	2,050	2,393
	Assets (*$1,000*)				
BFNA	***	***	***	***	***
Carlisle	***	***	***	***	***
Denman	***	***	***	***	***
Goodyear	***	***	***	***	***
Michelin	***	***	***	***	***
Specialty	***	***	***	***	***
Titan	***	***	***	***	***
Total assets	576,699	650,022	771,236	782,033	842,329

Table continued on next page.

Table VI-4--*Continued*
Certain OTR tires: Capital expenditures, R&D expenses, assets, and return on investment, by firms, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
	Return on investment[2] (*percent*)				
BFNA	***	***	***	***	***
Carlisle	***	***	***	***	***
Denman	***	***	***	***	***
Goodyear	***	***	***	***	***
Michelin	***	***	***	***	***
Specialty	***	***	***	***	***
Titan	***	***	***	***	***
Average	(0.2)	2.9	2.6	12.3	11.7

[1] Public information cited in a postconference brief indicated that Michelin spent $85 million at its Lexington, SC plant to increase tire capacity. In order to clarify the extent to which this investment was related to certain OTR tire production, the company stated that "***." E-mail from ***, Michelin, July 24, 2007.

[2] Return on investment, as presented in this table, is the ratio of annual operating income to total assets. Operating income was annualized for interim return on investment.

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

. According to Titan, "."[32] While Titan also stated that, "***,"[33] it should be noted that in the investing activities section of Titan's consolidated statement of cash flows, where total capital expenditures are also identified, the company reported a $100 million investing cash outflow in 2005 for its acquisition of Goodyear's North American farm tire assets and a $44.6 million investing cash outflow in 2006 for its acquisition of Continental's OTR assets.[34] As indicated previously, Titan's acquisition of Continental and Goodyear OTR assets are appropriately reflected in the financial information reported to the Commission as if Titan owned these assets throughout the period.

For the industry as a whole R&D declined during the period. This pattern was ***. Goodyear stated that "***."[35]

In contrast with Goodyear, *** R&D expenses during the period. According to the company, "***."[36]

[32] Letter from Stewart and Stewart on behalf of Titan, July 12, 2007.

[33] Ibid.

[34] Titan 2006 10-K, p. F-7.

[35] E-mail from Covington and Burling on behalf of Goodyear, July 20, 2007.

[36] Letter from ***, July 16, 2007.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of certain OTR tires from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Actual Negative Effects

BFNA	***.
Carlisle	***.
Denman	***.
Goodyear	***.
Michelin	***.
Specialty	***.
Titan	***.

Anticipated Negative Effects

BFNA	***.
Carlisle	***.
Denman	***.
Goodyear	***.[37]
Michelin	***.
Specialty	***.
Titan	***.

[37] E-mail from Covington and Burling on behalf of Goodyear, July 20, 2007.

PART VII: THREAT CONSIDERATIONS

Section 771(7)(F)(I) of the Act (19 U.S.C. § 1677(7)(F)(I)) provides that–

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors[1]*--*

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider [these factors] . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies is presented in Part I. Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN CHINA

The petition in these investigations identified approximately 100 producers and/or exporters of certain OTR tires in China.[3] The Commission sent foreign producer questionnaires to the 21 firms that were identified with contact information, and received 17 completed foreign producer questionnaire responses.[4] The responding firms reported that they accounted for an estimated 31.5 percent of certain OTR tire production in China during 2006 and an estimated 75.3 percent of exports to the United States of certain OTR tires during 2006.[5] Table VII-1 presents the responding subject producers in China, and quantities and shares of reported 2006 production and exports to the United States of certain OTR tires.

Table VII-1
Certain OTR tires: Chinese producers' production, shares of reported production, and share of reported exports to the United States, 2006

* * * * * * *

Table VII-2 presents information on Chinese producers' certain OTR tire operations as compiled from responses to the Commission's questionnaire. Chinese capacity and production grew throughout the period of investigation, and are projected to increase in 2007 and 2008.[6] [7] Capacity utilization rates registered approximately 90 percent throughout the period.[8] As was the case with U.S. producers, the average production weight of certain OTR tires produced in China increased throughout the period of investigation, by 6 percent from 2004 to 2006, and a projected 25 percent from 2006 to 2007.

[3] Petition, exh. 4.

[4] Other identified sources of imports of certain OTR tires from China that did not submit foreign producer questionnaire responses included: ***.

[5] The coverage share is based on a summary of estimates provided by firms in response to the Commission's questionnaire. Chinese producers' questionnaire responses, section II-8, fn. 3 and 4. Counsel for the Chinese respondents assert that the foreign producer questionnaire data for the 17 responding firms "appear to account for a very high proportion of total subject imports" based on surveys of the Chinese Rubber Industry Association. Chinese respondents postconference brief, pp. 9-11. Petitioners argue that the foreign producer questionnaire data submitted to the Commission "significantly understates the size of the Chinese OTR industry," citing Chinese export statistics and the total of 100 companies identified in the petition "who either are or could be shipping subject merchandise to the United States." Petitioners' postconference brief, p. 39.

[6] ***, reported that it plans to expand production of OTR tires in China and that approximately *** percent of the new capacity being added will be dedicated to subject tires. As reported by the firm, "***." ***'s foreign producer questionnaire response, section II-1.

[7] In addition to ***, *** reported plans to expand production. *** is currently undergoing an OTR tire production expansion to add an additional *** units of annual production capacity to be completed by ***. Another firm, ***, reported that it will *** if demand increases. ***'s foreign producer questionnaire responses, section II-1.

[8] Capacity for responding firms was based on operating ranges of 40 to 168 hours per week, 45 to 52 weeks per year. *** reported a 40-hour work week, while seven firms reported 160-hour work weeks, and two firms reported 168-hour work weeks. *** firms reported working 50 weeks each year.

Table VII-2
Certain OTR tires: Chinese producers' operations, 2004-06, January-March 2006, and January-March 2007 and projected 2007-08

Item	Actual experience			January-March		Projections	
	2004	2005	2006	2006	2007	2007	2008
	Quantity (*1,000 tires*)						
Capacity	3,804	4,346	5,377	1,197	1,266	5,603	5,674
Production	3,450	4,014	4,751	1,079	1,171	5,107	5,191
End-of-period inventories	486	401	431	396	763	446	459
Shipments:							
Internal consumption	5	2	25	0	0	1	2
Home market	1,731	2,046	2,322	560	601	2,661	2,728
Exports to--							
The United States	766	953	1,092	267	282	943	946
All other markets	793	1,110	1,253	256	325	1,483	1,501
Total exports	1,560	2,063	2,345	523	607	2,427	2,447
Total shipments	3,295	4,111	4,693	1,083	1,208	5,089	5,176
	Ratios and shares (*percent*), except as noted						
Capacity utilization	90.7	92.4	88.4	90.1	92.5	91.2	91.5
Average production weight (pounds per tire)	129	120	134	134	167	165	170
Ratio inventories to production	14.1	10.0	9.1	9.2	16.3	8.7	8.8
Ratio inventories to shipments	14.8	9.7	9.2	9.1	15.8	8.8	8.9
Share of shipments:							
Internal consumption	0.2	0.1	0.5	0.0	0.0	([1])	([1])
Home market	52.5	49.8	49.5	51.7	49.7	52.3	52.7
Exports to--							
The United States	23.3	23.2	23.3	24.6	23.3	18.5	18.3
All other markets	24.1	27.0	26.7	23.7	26.9	29.1	29.0
Total exports	47.3	50.2	50.0	48.3	50.2	47.7	47.3

[1] Less than 0.05 percent.

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

Home market sales accounted for approximately half of total shipments of certain OTR tires during the period of investigation, and are projected to account for 52 to 53 percent of total shipments in 2007 and 2008. Exports as a share of total shipments fluctuated slightly. Exports to the United States consistently accounted for 23 percent during 2004-06 and are projected to decrease to approximately 18 percent in 2007 and 2008.[9] The share of exports to all other markets increased from 24.1 percent to 26.7

[9] Three Chinese producers, ***, indicated in their questionnaire responses that future projections are based on certain factors that will cause exports to decline. These factors include the consistent rise of the Chinese renminbi over the U.S. dollar, the recent VAT rebate reduction on subject products from 13 percent to 5 percent, the recent rise in ocean transportation costs, and increases in global competition. Foreign producers' questionnaire responses, section II-7. In addition, counsel for Chinese respondents cite the reduction of the export tax rebates for rubber products as factors that discourage exports to the United States. Chinese respondents' postconference brief, p. 44.

percent from 2004 to 2006, and is projected to increase to about 29 percent of total exports in 2007 and 2008.[10]

In addition to certain OTR tires, Chinese producers produce nonsubject OTR tires and truck tires on the same equipment and machinery used to produce certain OTR tires. Of the 17 Chinese producers that submitted questionnaire responses, two producers reported devoting production exclusively to certain OTR tires. Table VII-3 presents Chinese producers' share of subject and nonsubject OTR tire production using the same equipment and machinery.

Table VII-3
Tires: Shares of Chinese production of tires using the same equipment and machinery, 2006

* * * * * * *

[10] Counsel for respondents argued that the Chinese producers are focused on the home market and exports to third countries. "On a combined basis, home market shipments and third country exports account for roughly 80 percent of total in the 2006 unit volume and probably more on a value basis." Conference transcript, pp. 180-181 (Anderson). Other export markets reported by Chinese producers included: Australia, Brazil, Canada, Chile, Egypt, European Union, India, Indonesia, Liberia, Malaysia, Mexico, Morocco, New Zealand, Russia, South Africa, Turkey, United Arab Emirates, and Yemen. Foreign producer questionnaire responses, section II-8.

U.S. IMPORTERS' INVENTORIES

Data collected in these investigations on U.S. importers' end-of-period inventories of certain OTR tires are presented table VII-4. U.S. importers' reported inventories of certain OTR tires from China decreased by 30.0 percent from 2004 to 2005, then increased by 57.1 percent from 2005 to 2006. Inventories from China increased by 28.0 percent during January-March 2007 when compared to January-March 2006. These inventories from China, as a share of imports, fell from 21.2 percent in 2004 to 12.1 percent in 2006.

Table VII-4
Certain OTR tires: U.S. importers' end-of-period inventories of imports, by source, 2004-06, January-March 2006, and January-March 2007

Item	Calendar year			January-March	
	2004	2005	2006	2006	2007
China:					
Inventories (*1,000 tires*)	111	78	123	83	106
Ratio of inventories to imports (*percent*)	21.2	10.1	12.1	10.2	10.6
Ratio to U.S. shipments of imports (*percent*)	19.9	9.8	13.1	10.7	10.3
Nonsubject sources:					
Inventories (*1,000 tires*)	266	249	222	267	220
Ratio of inventories to imports (*percent*)	32.6	23.3	22.8	24.0	16.2
Ratio to U.S. shipments of imports (*percent*)	32.8	24.1	23.3	26.6	17.2
All sources:					
Inventories (*1,000 tires*)	378	327	344	350	326
Ratio of inventories to imports (*percent*)	28.1	17.8	17.3	18.2	13.8
Ratio to U.S. shipments of imports (*percent*)	27.5	17.8	18.3	19.7	14.1

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

U.S. IMPORTERS' CURRENT ORDERS

Thirteen U.S. importers reported that they had placed orders for certain OTR tires from China for delivery into the United States after March 31, 2007. Table VII-5 presents U.S. importers' orders for the April-December 2007 period of certain OTR tires from China.

Table VII-5
Certain OTR tires: U.S. importers' current orders from China for April-December 2007 delivery

* * * * * * *

ANTIDUMPING AND COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on questionnaire responses of U.S. producers, U.S. importers, and Chinese producers, no known antidumping or countervailing duties on subject OTR tires exist in third-country markets.[11]

INFORMATION ON NONSUBJECT SOURCES

"Bratsk" Considerations

As a result of the Court of Appeals for the Federal Circuit ("CAFC") decision in *Bratsk Aluminum Smelter v. United States* ("Bratsk"), the Commission is directed to:[12] [13]

> *undertake an "additional causation inquiry" whenever certain triggering factors are met: "whenever the antidumping investigation is centered on a commodity product, and price competitive non-subject imports are a significant factor in the market." The additional inquiry required by the Court, which we refer to as the Bratsk replacement/benefit test, is "whether non-subject imports would have replaced the subject imports without any beneficial effect on domestic producers.*

All parties agree that the Bratsk considerations do not apply to certain OTR tires because such tires are not commodity products.[14] [15] [16]

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[11] One firm, ***, reported that Argentina, Turkey, and South Africa all have antidumping duties on tires from China, but it is unclear at this time as to whether the tires involved are certain OTR tires. In Argentina, antidumping duties on imports of tires from China, Indonesia, and Thailand were imposed on March 21, 2003 and antidumping duties on imports of tires from Brazil were imposed on June 14, 2005. In South Africa, provisional antidumping duties on imports of tires from China were imposed on October 20, 2006. In Turkey, antidumping duties on imports of new rubber pneumatic tires from China were imposed on August 20, 2005. *** importer questionnaire response, section I-10.

[12] *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand),* USITC Publication 3910, March 2007, p. 2; citing *Bratsk Aluminum Smelter v. United States*, 444 F.3d at 1375.

[13] In the silicon metal remand, Chairman Pearson noted "consistent with his views in *Lined Paper School Supplies From China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final),* USITC Pub. 3884 (Sept. 2006) at 51, that while he agrees with the Commission that the Federal Circuit's opinion suggests a replacement/benefit test, he also finds that the Federal Circuit's opinion could be read, not as requiring a new test, but rather as a reminder that the Commission, before it makes an affirmative determination, must satisfy itself that it has not attributed material injury to factors other than subject imports." *Silicon Metal from Russia, Inv. No. 731-TA-991 (Second Remand),* USITC Publication 3910, March 2007, p. 2, fn. 17. Commissioner Okun joined in those separate and dissenting views in *Lined Paper*.

[14] Counsel for GPX noted that certain subject OTR tires can be considered as a commodity product, but asks the Commission to "look carefully at whether or not the imposition of a dumping duty would benefit, for example, the Trelleborgs that moved to Sri Lanka and not to the U.S. industry." Conference transcript, p. 206 (Sailer).

[15] Certain OTR tires are produced to be used on specific vehicles and equipment due to factors such as its size, ply rating, and tread type. An example of differing applications for certain OTR tires, dependent on each specific OTR tire specification: "If you have a tire that is operating on a vehicle that's mowing lawns in a park, you're going to have a turf and flotation tire. It's not a severe duty. But these pieces of equipment also operate in steel yards and scrap yards and severe-duty mining operations, and, in those cases, you need a much more severe-duty tire. You simply cannot compare a size and ply rating and tread type across a broad range of tire applications." Conference

(continued...)

The Global Tire Industry

The tire industry is multinational in nature; therefore, production plants are situated in virtually every geographic region, particularly in North America, Europe, Japan, other Asian countries, Oceania, Latin America, the Middle East, and Africa.[17] Strategic supplies of natural rubber integral to the production of certain OTR tires are situated near the equator in many of the Asian countries, including Malaysia, Indonesia, Thailand, India, China, and Sri Lanka; there is also significant production in Brazil, and several West African countries.[18] Tire plants of one form or another are also found in all of these countries. Large global tire plants in many regions of the world have the capability to produce a variety of tires, including, passenger car, truck and bus, and certain OTR tires, variably dependent upon logistics, demand, and affiliation.

Based on 2006 new tire sales of all types, Bridgestone is the largest tire manufacturer in the world, followed by Michelin and Goodyear. Among them, they accounted for $56 billion, or about 67 percent of the aggregate $84 billion total of new tire sales by the top 10 global leaders.

[15] (...continued)
transcript, p. 149 (Gantz). No incentive exists for firms to shift production of the subject product from abroad to the United States. Conference transcript, p. 87 (Stewart).

[16] The import values range broadly for certain OTR tires. For example, "the CIF value per unit for 2006, if all categories at issue are combined, the average unit value for China was $25 per tire. The second-largest supplier in value is Japan, and the average unit value there was $1,417 per tire. Next is Spain, at $1,191 per tire, and then France, at $676 per tire." Conference transcript, p. 120 (Dorn).

[17] Found at www.rubbernews.com, retrieved on July 27, 2007.

[18] International Rubber Study Group, Wembley, U.K., 2007.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–448 and 731–TA–1117 (Preliminary)]

Certain Off-The-Road Tires From China

AGENCY: United States International Trade Commission.

ACTION: Institution of countervailing duty and antidumping investigations and scheduling of a preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase countervailing duty and antidumping investigations Nos. 701–TA–448 and 731–TA–1117 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of certain

off-the-road tires imports from China,[1] that are alleged to be subsidized by the government of China and sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to sections 701(c)(1)(B) and 732(c)(1)(B) of the Act (19 U.S.C. § 1671a(c)(1)(B) § 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by Wednesday, August 1, 2007. The Commission's views are due at Commerce within five business days thereafter, or by August 9, 2007.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

DATES: *Effective Date:* June 18, 2007.

FOR FURTHER INFORMATION CONTACT: Joanna Lo (202–205–1888), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on June 18, 2007, by Titan Tire Corporation, Des Moines, IA, and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (''USW''), Pittsburgh, PA.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigations is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission countervailing duty and antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on July 9, 2007, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Joanna Lo (202–205–1888) not later than July 5, 2007, to arrange for their appearance. Parties in support of the imposition of countervailing or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before July 12, 2007, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

[1] The imported products covered by these investigations are new pneumatic tires designed for off-the-road and off-highway use. Vehicles and equipment using the subject tires include, but are not limited to, agricultural and forestry vehicles and equipment (e.g., agricultural tractors, combine harvesters, agricultural high clearance sprayers, industrial tractors, log-skidders, agricultural implements, highway-towed implements, agricultural logging, and agricultural dump trucks and rigid frame haul trucks, front end loaders, dozers, lift trucks, straddle carriers, graders, mobile cranes, compactors); and industrial vehicles and equipment (e.g., smooth floor industrial, mining, counterbalanced lift trucks, industrial and mining vehicles other than smooth floor, skid-steers/mini-loaders, and smooth floor off-the-road counterbalanced lift trucks). The tires may be either tube-type or tubeless, radial or non-radial, and intended for sale either to original equipment manufacturers or the replacement market. The subject tires currently enter under the following Harmonized Tariff Schedule the United States subheadings: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0000, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, and 4011.94.8000.

Expressly excluded from the petition are: tires of a kind designed primarily for on-highway or on-road use, including passenger cars, race cars, station wagons, sport utility vehicles, minivans, mobile homes, motorcycles, bicycles, on-road or on-highway trailers, light trucks, trucks and buses, and other such vehicles. Also excluded are tires of a kind used on aircraft, all-terrain vehicles, and vehicles for turf, lawn and garden, golf and trailer applications (so-called consumer tires). Also excluded are tires of a kind used for mining and construction vehicles and equipment that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the numbers of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum of 1,500 pounds). The written description of the scope of these investigations is dispositive.

Issued: June 19, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–12114 Filed 6–21–07; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–912]
[C–570–913]

Extension of the Deadline for Determining the Adequacy of the Antidumping Duty and Countervailing Duty Petitions: New Pneumatic Off–The-Road Tires from The People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 16, 2007.

FOR FURTHER INFORMATION CONTACT: Laurel LaCivita or Charles Riggle, AD/CVD Operations, Office 8 (antidumping); or Mark Hoadley or Thomas Gilgunn, AD/CVD Operations, Office 6 (countervailing), Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–4243, (202) 482–0650, (202) 482–3148, and (202) 482–4236, respectively.

SUPPLEMENTARY INFORMATION:

BACKGROUND

The Petitions

On June 18, 2007, the Department of Commerce (''Department'') received antidumping duty and countervailing duty petitions (''petitions'') filed in proper form by Titan Tire Corporation, a subsidiary of Titan International, Inc. (''Titan''), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO-CLC (''USW'') (collectively, ''Petitioners''), on behalf of the domestic industry producing new pneumatic off–the-road tires (''OTR tires'').

Determination of Industry Support for the Petitions

Sections 702(b)(1) and 732(b)(1) of the Tariff Act of 1930, as amended (''Act'') require that antidumping and countervailing duty petitions be filed by or on behalf of the domestic industry. Sections 702(c)(4)(A) and 732(c)(4)(A) of the Act provide that the Department's industry support determination be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, sections 702(c)(4)(D) and 732(c)(4)(D) of the Act provide that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) if there is a large number of producers, determine industry support using a statistically valid sampling method to poll the industry.

Extension of Time

Sections 702(c)(1)(A)(ii) and 732(c)(1)(A)(ii) of the Act provide that within 20 days of the filing of antidumping and countervailing duty petitions, the Department will determine, inter alia, whether the petitions have been filed by or on behalf of the U.S. industry producing the domestic like product. Sections 702(c)(1)(B) and 732(c)(1)(B) of the Act provide that the deadline for the initiation determination can be extended by 20 days in any case in which the Department must ''poll or otherwise determine support for the petition by the industry . . . .'' Because it is not clear from the petitions whether the industry support criteria have been met, we have determined to extend the time limit for initiating the investigations in order to poll the domestic industry. We intend to issue polling questionnaires to all known domestic producers of OTR tires identified in the petitions. The questionnaires will be on file in the Central Records Unit in room B–099 of the main Department of Commerce building. The questionnaire requests each company to respond to the questions and fax its response to the Department.

We will need additional time to analyze the domestic producers' responses to our request for information. See the ''Determination of Industry Support for the Petitions'' section of this notice, above. Therefore, in accordance with sections 702(c)(1)(B) and 732(c)(1)(B) of the Act, we are extending the deadline for determining the adequacy of the petitions until July 28, 2007, which is 40 days from the filing date of the petitions. Because July 28, 2007, falls on a Saturday, the initiation determination will be due no later than Monday, July 30, 2007, the first business day following the statutory deadline.

International Trade Commission Notification

Because the Department has extended the deadline for the initiation determinations, the Department has contacted the International Trade Commission (''ITC'') and has made this extension notice available to the ITC.

Dated: July 6, 2007.

David M. Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E7–13719 Filed 7–13–07; 8:45 am]

BILLING CODE 3510–DS–S

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–448 and 731–TA–1117 (Preliminary)]

Certain Off-the-Road Tires From China

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

SUMMARY: On June 18, 2007, the Commission established a schedule for the conduct of the subject investigations (72 FR 30831, June 4, 2007). Subsequently, the Department of Commerce extended the date for its initiation of the investigations from July 9 to July 30, 2007. The Commission, therefore, is revising its schedule to conform with Commerce's new schedule.

The Commission's new schedule for the investigations is as follows: the deadline for filing written briefs is July 17, 2007, and the administrative deadline for transmitting determinations and views to Commerce is August 27, 2007.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: July 18, 2007.

FOR FURTHER INFORMATION CONTACT: Joanna Lo (202–205–1888/ *joanna.lo@usitc.gov*), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at: *http://edis.usitc.gov*.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

By order of the Commission.

Issued: July 12, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7–13829 Filed 7–17–07; 8:45 am]

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Notices

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–912]

Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* August 6, 2007.

FOR FURTHER INFORMATION CONTACT: Laurel LaCivita or Charles Riggle, AD/CVD Operations, Office 8, Import

Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4243 or (202) 482–0650, respectively.

Initiation of Investigation

The Petition

On June 18, 2007, the Department of Commerce (''Department'') received a petition on imports of certain new pneumatic off-the-road tires (''certain OTR tires'') from the People's Republic of China (''PRC'') filed in proper form by Titan Tire Corporation, a subsidiary of Titan International, Inc. (''Titan''), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL–CIO–CLC (''USW''), (collectively, ''Petitioners'') on behalf of the domestic industry producing certain OTR tires. The period of investigation (''POI'') is October 1, 2006 through March 31, 2007.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (''the Act''), Petitioners alleged that imports of certain OTR tires from the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States. The Department issued supplemental questions to Petitioners on June 21 and 22, 2007. Petitioners filed an amendment to the petition on June 22, 2007 and responded to both questionnaires on June 27, 2007.

Scope of Investigation

The products covered by this investigation are certain OTR tires. For a full description of the scope of the investigation, please see the **Scope of Investigation** in Attachment I of this notice.

Comments on the Scope of the Investigation

During our review of the petition, we discussed the scope with Petitioners to ensure that it accurately reflects the product for which the domestic industry is seeking relief. During this review, we noted that, while the Department typically prefers to rely upon physical characteristics to determine the scope of product coverage, the scope description proposed by Petitioners relied upon, in part, end-use applications as a method for determining scope coverage. As discussed in the preamble to the Department's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit comments on the scope of the investigation, including whether the definition of covered merchandise should be based on end-use application, and whether additional Harmonized Tariff Schedule of the United States (''HTSUS'') numbers should be included in the scope description. The deadline for submitting such comments is fourteen calendar days after publication of this initiation notice. Rebuttal comments are due seven calendar days after the deadline for submitting comments on the scope of the investigation. Comments should be addressed to Import Administration's Central Records Unit in Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230—Attention: Laurel LaCivita, Room 4416. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with interested parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd.* v. *United States,* 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the 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.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that certain OTR tires constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* the *Antidumping Duty Investigation Initiation Checklist: Certain Off-the-Road Tires from the People's Republic of China (PRC),* Industry Support at Attachment II (AD Initiation Checklist), on file in the Central Records Unit (CRU), Room B–099 of the main Department of Commerce building. On July 6, 2007, the Department extended the initiation deadline by 20 days to poll the domestic industry in accordance with section 732(c)(4)(D) of the Act, because it was ''not clear from the petitions whether the industry support criteria have been met * * *'' *See Extension of the Deadline for Determining the Adequacy of the Antidumping Duty and Countervailing Duty Petitions: New Pneumatic Off-the-Road Tires from the People's Republic of China,* 72 FR 38816 (July 16, 2007). On July 16, 2007, we issued polling questionnaires to all

known domestic producers of certain OTR tires identified in the petitions and by the Department's research. The questionnaires are on file in the CRU. For a detailed discussion of the responses received, *see* AD Initiation Checklist at Attachment II.

Based on an analysis of the data collected, we determine that the Petitioners have demonstrated industry support representing over 50 percent of the total production of the domestic like product. Therefore, the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. Furthermore, given that the Petitioners represent more than 50 percent of the total production of the domestic like product, the requirements of section 732(c)(4)(A)(ii) of the Act are also met. Accordingly, we determine that this petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See* AD Initiation Checklist at Attachment II.

The Department finds that the Petitioners filed the petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to the countervailing duty investigation that they are requesting the Department initiate. *See* AD Initiation Checklist at Attachment II.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate this investigation on imports of certain OTR tires from the PRC. The source of data for the deductions and adjustments relating to the U.S. price as well as normal value (''NV'') for the PRC are also discussed in the AD Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we will reexamine the information and revise the margin calculations, if appropriate.

Export Price

Petitioners relied on nineteen U.S. prices for certain OTR tires manufactured in the PRC and offered by U.S. distributors for sale in the United States. The prices provided were invoice prices for specific models of certain OTR tires falling within the scope of this petition for delivery to the U.S. customer during the POI. Petitioners deducted from the invoice prices the costs associated with exporting and delivering the product, which include ocean freight and insurance, and foreign brokerage and handling, distributor costs and profit, U.S. inland freight and, where applicable, U.S. duties. Petitioners did not deduct foreign-inland-freight charges or domestic brokerage and handling (in China) from the export price (''EP'') because such costs were included in the valuation of international movement expenses. *See* Volume I of the petition at Exhibit 5.

Normal Value

Petitioners stated that the PRC is a non-market economy (''NME'') and no determination to the contrary has yet been made by the Department. In previous investigations, the Department has determined that the PRC is a NME. *See, e.g., Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and remains in effect for the purpose of initiating this investigation. Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market-economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioners selected India as the surrogate country. Petitioners argued that, pursuant to section 773(c)(4) of the Act, India is an appropriate surrogate country because it is a market-economy country that is at a comparable level of economic development to that of the PRC and is a significant producer and exporter of certain OTR tires. *See* Volume I of the petition at Exhibits 6 and 7. Based on the information provided by Petitioners, we believe that their use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, we will solicit comments regarding surrogate-country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i), interested parties will be provided an opportunity to submit publicly available information to value factors of production within 40 calendar days after the date of publication of the preliminary determination.

Petitioners provided dumping margin calculations using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioners calculated NV based on consumption rates for inputs used to produce certain OTR tires experienced by U.S. producers. In accordance with section 773(c)(4) of the Act, Petitioners valued factors of production, where possible, on reasonably available, public surrogate country data. To value certain factors of production, Petitioners used official Indian government import statistics, excluding shipments from countries previously determined by the Department to be NME countries and excluding shipments into India from Indonesia, the Republic of Korea and Thailand, because the Department has previously excluded prices from these countries because they may maintain broadly-available, non-industry specific export subsidies. *See, e.g., Hand Trucks and Certain Parts Thereof From the People's Republic of China: Final Results of Administrative Review and Final Results of New Shipper Review*, 72 FR 27287 and Issues and Decision Memorandum at Comment 23 (May 15, 2007). Petitioners valued two separate inputs using Indonesian import statistics gathered from *Statistics Indonesia*, the official Indonesian import statistics, because it claimed that the Indian import values were aberrationally high. Citing *Saccharin from the People's Republic of China: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 7515, 7516 (February 13, 2006) and *The Timken Company* v. *United States*, 59 F. Supp. 2d 1371, 1375–76 (CIT 1999) (sustaining the Department's practice of resorting to a second surrogate country when the values in the primary surrogate country are deemed to be inappropriate), Petitioners explained that the Department looks to secondary countries when a particular value in the primary country is questionable. *See* Volume I of the petition at Exhibit 8B.

For inputs valued in Indian rupees and not contemporaneous with the POI, Petitioners developed an inflation factor based on import prices into India as published in *Chemical Weekly*. See Volume II of the petition at Exhibit 8F. Where such information was unavailable, Petitioners used information from the wholesale price indices (''WPI'') in India as published in the *International Financial Statistics* (''IFS'') of the International Monetary Fund (''IMF'') for input prices during

the period preceding the POI. *Id.* In addition, Petitioners made currency conversions, where necessary, based on the average exchange rate for the POI, based on monthly exchange rates published by the U.S. Federal Reserve Board. *See* Volume I of the petition at Exhibit 5 and 8K.

We revised Petitioners' calculation of the surrogate values for material inputs to include more contemporaneous data than was provided in the petition, and to base our calculations on a single source of information. As a result, we valued raw material inputs using the weighted-average unit import values derived from the Monthly Statistics of the Foreign Trade of India, as published by the Directorate General of Commercial Intelligence and Statistics of the Ministry of Commerce and Industry, Government of India in the World Trade Atlas, available at *http://www.gtis.com/wta.htm* (''WTA'') for the period July through December 2006, which includes the first three months of the POI, and the three months immediately preceding the POI. We made no adjustments for inflation since the surrogate values for this period include a significant portion of the POI. In addition, we corrected the values for certain factors to correct clerical errors made by Petitioners in the transcription of the U.S. dollar values recorded for the POI by *Statistics Indonesia* into the normal value calculations. *See* Exhibits 8B and 8E of the petition and AD Initiation Checklist at Attachments V and V–R. We also calculated the surrogate values for two factors for which there were no imports into India during the period July to December 2006 using the most contemporaneous values available in the Indian WTA data. We made appropriate adjustments for inflation. *See* AD Initiation Checklist at Attachments V and V–R.

The Department calculates and publishes the surrogate values for labor to be used in NME cases on its Web site. Therefore, to value labor, Petitioners used a labor rate of $0.83 per hour, published on the Department's Web site, *http://ia.ita.doc.gov/wages*, in accordance with the Department's regulations. *See* 19 CFR 351.408(c)(3) and AD Initiation Checklist.

Petitioners valued electricity in the production of certain OTR tires based on the Indian electricity rate as reported in the *Key World Energy Statistics 2003*, published by the International Energy Agency for the year 2000. *See* Volume II of the petition at Exhibit 8J. Petitioners valued water by calculating the weighted-average rate of water for industrial use from various regions as reported by the Maharashtra Industrial Development Corporation at *http://midcindia.org*. dated June 1, 2003. *Id.* Petitioners valued natural gas using the rate published by the Gas Authority of India Ltd. Web site, a supplier of natural gas in India, covering the period January through June 2002. *Id.* In each case, Petitioners inflated these figures to the POI using information published in *IFS*. *See* Volume II of the petition at Exhibit 8I. We revised these calculations to take into account more current information concerning the WPI in India based on the *IFS* statistics. *See* AD Initiation Checklist at Attachments 5 and 5–H through 5–M.

For the NV calculations, Petitioners derived the figures for factory overhead, selling, general and administrative expenses, and profit from the financial ratios of seven Indian producers of merchandise that is either identical or similar to the domestic like product: Apollo Tyres Ltd. (''Apollo''), Balkrishna Industries Limited (''Balkrishna''), CEAT Limited (''CEAT''), Goodyear India (''Goodyear''), J.K. Industries Ltd. (''J.K. Industries''), MRF Limited (''MRF'') and TVS Srichakra Limited (''TVS''). The financial statements provided covered the periods of April 2004 to March 2005 (Apollo), October 2004 to September 2005 (J.K. Industries, MRF Ltd.), January to December 2005 (''Goodyear'') and April 2005 to March 2006 (CEAT, Balkrishna, Apollo and TVS). We accepted the information presented in the financial statements provided in Volume I of the petition at Exhibit 8N for Balkrishna, CEAT and TVS for the purposes of initiation, because these data appear to be the most contemporaneous and best information on such expenses currently available to Titan. We did not use the information from the financial statements for Apollo, Goodyear, J.K. Industries and MRF, because of the availability of more contemporaneous information from Balkrishna, CEAT and TVS.

We made one adjustment to Petitioners' calculations of the financial ratios: We excluded commissions from the calculation of selling, general and administrative expenses (''SG&A'') because commissions are ordinarily accounted for in the calculation of U.S. price. Therefore, in order to avoid double counting direct selling expenses, we omitted them from the calculation of the financial ratio for SG&A. *See* AD Initiation Checklist at Attachment V and V–Q.

Based on the data provided by Petitioners, there is reason to believe that imports of certain OTR tires from the PRC are being, or are likely to be, sold in the United States at less than fair value. Based upon comparisons of EP to the NV, calculated in accordance with section 773(c) of the Act, the estimated calculated dumping margins for certain OTR tires from the PRC range from 30.49 percent to 210.48 percent.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured by reason of the imports of the subject merchandise sold at less than NV. Petitioners contend that the industry's injured condition is illustrated by the reduced market share, lost sales, reduced production and capacity utilization, reduced shipments, underselling and price depressing and suppressing effects, lost revenue and sales, reduced employment, decline in financial performance, decrease in capital expenditure, and increase in import penetration. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* AD Initiation Checklist at Attachment III.

Separate-Rates Application

On April 5, 2005, the Department modified the process by which exporters and producers may obtain separate-rate status in NME investigations. *See* Policy Bulletin 05.1: ''Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries,'' available on the Department's Web site at *http://ia.ita.doc.gov/policy/bull05–1.pdf*. The process now requires the submission of a separate-rate status application. Based on our experience in processing separate-rate applications in antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. *See Certain Steel Nails from the People's Republic of China and the United Arab Emirates: Initiation of Antidumping Duty Investigations*, 72 FR 38816 (July 16, 2007); *Initiation of Antidumping Duty Investigation: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 72 FR 36663 (July 5, 2007); *and, Initiation of Antidumping Duty Investigations: Coated Free Sheet Paper from Indonesia, the People's Republic of China, and the Republic of Korea*, 71 FR 68537 (November 27, 2006). The specific requirements for submitting the

separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's Web site at *http://ia.ita.doc.gov/* on the date of publication of this initiation notice in the **Federal Register**. Submission of the separate-rate application is due no later than August 20, 2007.

NME Respondent Selection and Quantity and Value Questionnaire

For NME investigations, it is the Department's practice to request quantity and value information from all known exporters identified in the petition. Although many NME exporters respond to the quantity and value information request, at times some exporters may not have received the quantity and value questionnaire or may not have received it in time to respond by the specified deadline. Therefore, the Department typically requests the assistance of the NME government in transmitting the Department's quantity and value questionnaire to all companies who manufacture and export subject merchandise to the United States, as well as to manufacturers who produce the subject merchandise for companies who were engaged in exporting subject merchandise to the United States during the POI. The quantity and value data received from NME exporters is used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rates application by the respective deadlines in order to receive consideration for separate-rate status. Appendix II of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters no later than August 20, 2007. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the Department's Web site at *http://ia.ita.doc.gov/ia-highlights-and-news.html*. The Department will send the quantity and value questionnaire to those exporters identified in Volume I of the petition at Exhibit 4, and to the PRC government.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate-Rates and Combination Rates Bulletin states the following:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of ''combination rates'' because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See Separate-Rates and Combination Rates Bulletin, at 6.

Initiation of Antidumping Investigation

Based upon our examination of the petition on certain OTR tires from the PRC, we find that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of certain OTR tires from the PRC are being, or are likely to be, sold in the United States at less than fair value. Unless postponed, we will make our preliminary determination no later than 140 calendar days after the date of publication of this initiation notice.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the government of the PRC.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of this initiation, whether there is a reasonable indication that imports of certain OTR tires from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. *See* section 733(a)(2)(A)(i) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: July 30, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

Appendix I—Scope of The Investigation

Attachment I—Scope of the Investigation for the Petitions Covering Certain New Pneumatic Off-the-Road Tires From the People's Republic of China

The products covered by the scope are new pneumatic tires designed for off-the-road (OTR) and off-highway use, subject to exceptions identified below. Certain OTR tires are generally designed, manufactured and offered for sale for use on off-road or off-highway surfaces, including but not limited to, agricultural fields, forests, construction sites, factory and warehouse interiors, airport tarmacs, ports and harbors, mines, quarries, gravel yards, and steel mills. The vehicles and equipment for which certain OTR tires are designed for use include, but are not limited to: (1) Agricultural and forestry vehicles and equipment, including agricultural tractors,[1] combine harvesters,[2] agricultural high clearance sprayers,[3] industrial tractors,[4] log-skidders,[5] agricultural implements, highway-towed implements, agricultural logging, and agricultural, industrial, skid-steers/mini-loaders; [6] (2) construction vehicles and equipment, including earthmover articulated dump products, rigid frame haul trucks,[7] front end loaders,[8] dozers,[9]

[1] Agricultural tractors are four-wheeled vehicles usually with large rear tires and small front tires that are used to tow farming equipment.

[2] Combine harvesters are used to harvest crops such as corn or wheat.

[3] Agricultural sprayers are used to irrigate agricultural fields.

[4] Industrial tractors are four-wheeled vehicles usually with large rear tires and small front tires that are used to tow industrial equipment.

[5] A log skidder has a grappling lift arm that is used to grasp, lift and move trees that have been cut down to a truck or trailer for transport to a mill or other destination.

[6] Skid-steer loaders are four-wheel drive vehicles with the left-side drive wheels independent of the right-side drive wheels and lift arms that lie alongside the driver with the major pivot points behind the driver's shoulders. Skid-steer loaders are used in agricultural, construction and industrial settings.

[7] Haul trucks, which may be either rigid frame or articulated (i.e., able to bend in the middle) are typically used in mines, quarries and construction sites to haul soil, aggregate, mined ore, or debris.

[8] Front loaders have lift arms in front of the vehicle. It can scrape material from one location to another, carry material in its bucket or load material into a truck or trailer.

[9] A dozer is a large four-wheeled vehicle with a dozer blade that is used to push large quantities of soil, sand, rubble, etc., typically around construction sites. They can also be used to perform ''rough grading'' in road construction.

lift trucks, straddle carriers,[10] graders,[11] mobile cranes, compactors; and (3) industrial vehicles and equipment, including smooth floor, industrial, mining, counterbalanced lift trucks, industrial and mining vehicles other than smooth floor, skid-steers/mini-loaders, and smooth floor off-the-road counterbalanced lift trucks.[12] The foregoing list of vehicles and equipment generally have in common that they are used for hauling, towing, lifting, and/or loading a wide variety of equipment and materials in agricultural, construction and industrial settings. The foregoing descriptions are illustrative of the types of vehicles and equipment that use certain OTR tires, but are not necessarily all-inclusive. While the physical characteristics of certain OTR tires will vary depending on the specific applications and conditions for which the tires are designed (*e.g.*, tread pattern and depth), all of the tires within the scope have in common that they are designed for off-road and off-highway use. Except as discussed below, OTR tires included in the scope of the petitions range in size (rim diameter) generally but not exclusively from 8 inches to 54 inches. The tires may be either tube-type or tubeless, radial or non-radial, and intended for sale either to original equipment manufacturers or the replacement market. The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (''HTSUS'') subheadings: 4011.20.10.25, 4011.20.10.35, 4011.20.50.30, 4011.20.50.50, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.00, 4011.92.00.00, 4011.93.40.00, 4011.93.80.00, 4011.94.40.00, and 4011.94.80.00. While HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope is dispositive.

Specifically excluded from the scope are new pneumatic tires designed, manufactured and offered for sale primarily for on-highway or on-road use, including passenger cars, race cars, station wagons, sport utility vehicles, minivans, mobile homes, motorcycles, bicycles, on-road or on-highway trailers, light trucks, and trucks and buses. Such tires generally have in common that the symbol ''DOT'' must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following designations that are used by the Tire and Rim Association:

Prefix Letter Designations

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

LT—Identifies a tire intended primarily for service on light trucks; and,

ST—Identifies a special tire for trailers in highway service.

Suffix Letter Designations

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

MH—Identifies tires for Mobile Homes;

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

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

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

MC—Identifies tires and rims for motorcycles.

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

Appendix II—Quantity and Value Questionnaire

Where it is not practicable to examine all known producers/exporters of subject merchandise, section 777A(c)(2) of the Tariff Act of 1930 (as amended) permits us to investigate (1) A sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or (2) exporters and producers accounting for the largest volume and value of the subject merchandise that can reasonably be examined.

In the chart below, please provide the total quantity and total value of all your sales of merchandise covered by the scope of this investigation (*See* scope section of this notice), produced in the PRC, and exported/shipped to the United States during the period October 1, 2006, through March 31, 2007.

Market	Total quantity	Terms of sale	Total value
United States			
1. Export Price Sales			
2.			
a. Exporter name			
b. Address			
c. Contact			
d. Phone No.			
e. Fax No.			
3. Constructed Export Price Sales			
4. Further Manufactured Sales			
Total Sales			

[10] A straddle carrier is a rigid frame, engine-powered machine that is used to load and offload containers from container vessels and load them onto (or off of) tractor trailers.

[11] A grader is a vehicle with a large blade used to create a flat surface. Graders are typically used to perform ''finish grading.'' Graders are commonly used in maintenance of unpaved roads and road construction to prepare the base course onto which asphalt or other paving material will be laid.

[12] A counterbalanced lift truck is a rigid frame, engine-powered machine with lift arms that has additional weight incorporated into the back of the machine to offset or counterbalance the weight of loads that it lifts so as to prevent the vehicle from overturning. An example of a counterbalanced lift truck is a counterbalanced fork lift truck. Counterbalanced lift trucks may be designed for use on smooth floor surfaces, such as a factory or warehouse, or other surfaces, such as construction sites, mines, etc.

Total Quantity

Please report quantity on a metric ton basis. If any conversions were used, please provide the conversion formula and source.

Terms of Sales

Please report all sales on the same terms, such as ''free on board'' at port of export.

Total Value

All sales values should be reported in U.S. dollars. Please provide any exchange rates used and their respective dates and sources.

Export Price Sales

Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated customer occurs before importation into the United States.

Please include any sales exported by your company directly to the United States.

Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.

If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.

Please do not include in your figures any sales of merchandise manufactured in Hong Kong.

Constructed Export Price Sales

Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated customer occurs after importation. However, if the first sale to the unaffiliated customer is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation.

Please include any sales exported by your company directly to the United States.

Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.

If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.

Please do not include in your figures any sales of merchandise manufactured in Hong Kong.

Further Manufactured Sales

Further manufacture or assembly (including re-packing) sales (further manufactured sales'') refers to merchandise that undergoes further manufacture or assembly in the United States before being sold to the first unaffiliated customer.

Further manufacture or assembly costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expense, interest expense, and additional packing expense incurred in the country of further manufacture, as well as all costs involved in moving the product from the U.S. port of entry to the further manufacturer.

[FR Doc. E7–15200 Filed 8–3–07; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–913]

Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Initiation of Countervailing Duty Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce

EFFECTIVE DATES: August 7, 2007.

FOR FURTHER INFORMATION CONTACT: Mark Hoadley or Toni Page, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–3148 and (202) 482–1398, respectively.

Initiation of Investigation

The Petition

On June 18, 2007, the Department of Commerce (the Department) received a petition filed in proper form by Titan Tire Corporation and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union, ALF–CIO–CLC (petitioners). On June 22, 2007 and July 3, 2007, the Department issued requests for additional information and clarification of certain areas of the petition involving general issues concerning the countervailing duty (CVD) allegations. Based on the Department's requests, the petitioners filed additional information concerning the petition on June 27, 2007 and July 5, 2007.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), petitioners allege that manufacturers, producers, or exporters of certain new pneumatic off-the-road tires (OTR tires) in the People's Republic of China (the PRC) received countervailable subsidies within the meaning of section 701 of the Act and that such imports are materially injuring an industry in the United States.

The Department finds that petitioners filed this petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and petitioners have demonstrated sufficient industry support with respect to the countervailing duty investigation that they are requesting the Department to initiate (*see, infra,* ''Determination of Industry Support for the Petition'').

Scope of Investigation

The merchandise covered by this investigation is certain new pneumatic off-the-road tires from the PRC. *See* Attachment to this notice for a complete description of the merchandise covered by this investigation.

Comments on Scope of Investigation

During our review of the petition, we discussed the scope with petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties: Countervailing Duties: Final Rule,* 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments within 20 calendar days of the publication of this notice. Comments should be addressed to

Import Administration's Central Records Unit (CRU), Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department invited representatives of the Government of the People's Republic of China (hereinafter, the GOC) for consultations with respect to the countervailing duty petition. The Department held these consultations in Beijing, China with representatives of the GOC on July 16, 2007. *See* the Memorandum to The File, entitled, ''Consultations with Officials from the Government of the People's Republic of China'' (July 16, 2007) (public document on file in the CRU of the Department of Commerce, Room B–099).

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the ''industry'' as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC., Inc.* v. *United States,* 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd.* v. *United States,* 688 F. Supp. 639, 644 (1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the 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.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' (*i.e.,* the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that certain OTR tires constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* the *Countervailing Duty Investigation Initiation Checklist: Certain New Pneumatic Off-The-Road Tires from the People's Republic of China (PRC) (OTR Tires CVD Initiation Checklist),* Industry Support at Attachment II, on file in the Central Records Unit (CRU), Room B–099 of the main Department of Commerce building.

On July 6, 2007, the Department extended the initiation deadline by 20 days to poll the domestic industry in accordance with section 702(c)(4)D) of the Act, because it was ''not clear from the petitions whether the industry support criteria have been met * * *'' *See Extension of the Deadline for Determining the Adequacy of the Antidumping Duty and Countervailing Duty Petitions: New Pneumatic Off-the-Road Tires from the People's Republic of China,* 72 FR 38816 (July 16, 2007). On July 16, 2007, we issued polling questionnaires to all known domestic producers of certain OTR tires identified in the petition and by the Department's research. The questionnaires are on file in the CRU. For a detailed discussion of the responses received, *see OTR Tires CVD Initiation Checklist* at Attachment II.

Based on an analysis of the data collected, we determine that the petitioners have demonstrated industry support representing over 50 percent of the total production of the domestic like product. Therefore, the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 702(c)(4)(A)(i) of the Act are met. Furthermore, given that the petitioners represent more than 50 percent of the total production of the domestic like product, the requirements of section 702(c)(4)(A)(ii) of the Act are also met. Accordingly, we determine that this petition is filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. See *OTR Tires CVD Initiation Checklist* at Attachment II.

The Department finds that the petitioners filed the petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to the countervailing duty investigation that they are requesting the Department initiate. *See OTR Tires CVD Initiation Checklist* at Attachment II.

Injury Test

Because the PRC is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Iniury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured by reason of the imports of the subject merchandise sold at less than NV. Petitioners contend that the industry's injured condition is illustrated by the reduced market share, lost sales, reduced production and capacity utilization rate, reduced shipments, underselling and price depressing and suppressing effects, lost revenue and sales, reduced employment, decline in financial performance, decrease in capital expenditure, and increase in import penetration. We have assessed

the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See OTR Tires CVD Initiation Checklist* at Attachment III.

Subsidy Allegations

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition on behalf of an industry that (1) alleges the elements necessary for an imposition of a duty under section 701(a) of the Act and (2) is accompanied by information reasonably available to petitioners supporting the allegations. The Department has examined the countervailing duty petition on OTR tires from the PRC and found that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of OTR tires in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see OTR Tires CVD Initiation Checklist*.

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise:

GOC Loan Programs

1. Discounted Loans for Export-Oriented Enterprises
2. Loan Forgiveness for State Owned Enterprises (SOEs)
3. Preferential Lending to SOEs

GOC Currency Program

4. Foreign Currency Retention Scheme

GOC Grant Programs

5. Grants to the Tire Industry for Electricity
6. The State Key Technologies Renovation Project Fund

GOC Provision of Goods or Services for Less Than Adequate Remuneration

7. Provision of Land and Utilities to SOEs for Less than Adequate Remuneration
8. Provision of Land and Utilities to Foreign Invested Enterprises (FIEs) for Less than Adequate Remuneration

GOC Income Tax Programs

9. Preferential Tax Policies for Enterprises with Foreign Investment (Two Free, Three Half Income Program)
10. Preferential Tax Policies for Export-Oriented FIEs
11. Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-Oriented Enterprises
12. Tax Benefits for FIEs in Encouraged Industries that Purchase Domestic Origin Machinery
13. Tax Subsidies to FIEs Based in Specially Designated Geographic Areas

GOC Indirect Tax Programs and Import Tariff Programs

14. Value Added Tax (VAT) Rebate for FIE Purchases of Domestically Produced Equipment
15. VAT and Tariff Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
16. VAT Export Rebates
17. Exemption from Payment of Staff and Worker Benefit Taxes for Export-Oriented Enterprises

Provincial Grant Programs

18. Funds for Outward Expansion of Industries in Guangdong Province
19. Export Interest Subsidy Funds for Enterprises Located in Guangdong and Zhejiang Provinces

Provincial Provision of Goods and Services for Less Than Adequate Remuneration

20. Provision of Land and Utilities at Less Than Adequate Remuneration to Export-Oriented Enterprises and FIEs by Provincial Governments

Provincial and Local Tax Programs for FIEs

21. Local Income Tax Exemption and Reduction Programs for ''Productive'' FIEs

For further information explaining why the Department is investigating these programs, *see* the *OTR Tires CVD Initiation Checklist*.

We are not including in our investigation the following programs alleged to benefit producers and exporters of the subject merchandise in the PRC:

1. Managed Exchange Rate Export Subsidy (Currency Manipulation)

Petitioners allege that the GOC's manipulates its currency to maintain an undervalued RMB. According to petitioners, the undervalued RMB benefits PRC exporters. Petitioners have not sufficiently alleged the elements necessary for the imposition of a countervailing duty and did not support the allegation with reasonably available information. Therefore, we do not plan to investigate the currency manipulation program.

2. Preferential Lending to the Tire Industry

Petitioners allege that state-owned commercial banks must be under directives from the GOC to give preferential loans to the tire industry. Petitioners failed to demonstrate that such loans could be specific to the tire industry.

3. Grants to the Tire Industry for Land-Usage Fees

Petitioners allege that the GOC offers grants to Chinese tire manufacturers to cover land-usage fees. Petitioners did not provide any evidence of grants to cover land usage fees specific to the tire industry.

4. VAT Export Rebate of Prior-Stage, Cumulative Taxes

Petitioners allege that the VAT levied on capital goods in the PRC actually constitutes a prior stage cumulative tax. Paragraph (h) of the Illustrative List of Export Subsidies in Annex I to the WTO Subsidies and Countervailing Measures Agreement applies to prior stage indirect taxes and VAT systems are expressly excluded from consideration under paragraph (h).

5. Lower VAT Rebates for Downstream Products

Petitioners allege that the GOC provides lower rebates for exports of major inputs to tire production than it provides to exports of tires; thus, benefitting tire production by suppressing the market for inputs. Petitioners were unable to demonstrate that the price of inputs (*e.g.*, rubber) had been affected by the alleged lower export rebate.

Application of the Countervailing Duty Law to the PRC

The Department has treated the PRC as an NME country in all past antidumping duty investigations and administrative reviews. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. *See e.g., Tapered Roller Bearings and Parts Thereof, Finished and 10 Unfinished, (TRBs) From the People's Republic of China: Preliminary Results of 2001–2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500, 7500–1 (February 14, 2003), unchanged in *TRBs from the People's Republic of China: Final Results of 2001–2002 Administrative Review*, 68

FR 70488, 70488–89 (December 18, 2003).

In the amended preliminary determination in the investigation of coated free sheet paper from the PRC, the Department preliminarily determined that the current nature of the PRC economy does not create obstacles to applying the necessary criteria in the CVD law. *See Coated Free Sheet Paper from the People's Republic of China: Amended Preliminary Affirmative Countervailing Duty Determination*, 72 FR 17484, 17486 (April 9, 2007) (*CFS Preliminary Determination*), and Memorandum for David M. Spooner, Assistant Secretary for Import Administration, ''Countervailing Duty Investigation of Coated Free Sheet Paper from The People's Republic of China—Whether the Analytic Elements of the *Georgetown Steel* Opinion are Applicable to China's Present-Day Economy,'' (March 29,2007), on file in the CRU. Therefore, because the petitioners have provided sufficient allegations and support of their allegations to meet the statutory criteria for initiating a countervailing duty investigation of OTR tires from the PRC, initiation of a CVD investigation is warranted in this case.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act, a copy of the public version of the petition has been provided to the GOC. To the extent practicable, we will attempt to provide a copy of the public version of the petition to each exporter named in the petition, as provided for under 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of this initiation, whether there is a reasonable indication that imports of subsidized OTR tires from the PRC are materially injuring, or threatening material injury to, a u.s. industry. *See* section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: July 30, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

Attachment—Scope of the Investigation for the Petitions Covering Certain New Pneumatic Off-the-Road Tires From the People's Republic of China

The products covered by the scope are new pneumatic tires designed for off-the-road (OTR) and off-highway use, subject to exceptions identified below. Certain OTR tires are generally designed, manufactured and offered for sale for use on off-road or off-highway surfaces, including but not limited to, agricultural fields, forests, construction sites, factory and warehouse interiors, airport tarmacs, ports and harbors, mines, quarries, gravel yards, and steel mills. The vehicles and equipment for which certain OTR tires are designed for use include, but are not limited to: (1) Agricultural and forestry vehicles and equipment, including agricultural tractors,[1] combine harvesters,[2] agricultural high clearance sprayers,[3] industrial tractors,[4] log-skidders,[5] agricultural implements, highway-towed implements, agricultural logging, and agricultural, industrial, skid-steers/mini-loaders; [6] (2) construction vehicles and equipment, including earthmover articulated dump products, rigid frame haul trucks,[7] front end loaders,[8] dozers,[9] lift trucks, straddle carriers,[10] graders,[11] mobile cranes, compactors; and (3) industrial vehicles and equipment, including smooth floor, industrial, mining, counterbalanced lift trucks, industrial and mining vehicles other than smooth floor, skid-steers/mini-loaders, and smooth floor off-the-road counterbalanced lift trucks.[12] The foregoing list of vehicles and equipment generally have in common that they are used for hauling, towing, lifting, and/or loading a wide variety of equipment and materials in agricultural, construction and industrial settings. The foregoing descriptions are illustrative of the types of vehicles and equipment that use certain OTR tires, but are not necessarily all-inclusive. While the physical characteristics of certain OTR tires will vary depending on the specific applications and conditions for which the tires are designed (*e.g.*, tread pattern and depth), all of the tires within the scope have in common that they are designed for off-road and off-highway use. Except as discussed below, OTR tires included in the scope of the petitions range in size (rim diameter) generally but not exclusively from 8 inches to 54 inches. The tires may be either tube-type or tubeless, radial or non-radial, and intended for sale either to original equipment manufacturers or the replacement market. The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (''HTSUS'') subheadings: 4011.20.10.25, 4011.20.10.35, 4011.20.50.30, 4011.20.50.50, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.00, 4011.92.00.00, 4011.93.40.00, 4011.93.80.00, 4011.94.40.00, and 4011.94.80.00. While HTSUS subheadings are provided for convenience and Customs purposes, our written description of the scope is dispositive.

Specifically excluded from the scope are new pneumatic tires designed,

[1] Agricultural tractors are four-wheeled vehicles usually with large rear tires and small front tires that are used to tow farming equipment.

[2] Combine harvesters are used to harvest crops such as corn or wheat.

[3] Agricultural sprayers are used to irrigate agricultural fields.

[4] Industrial tractors are four-wheeled vehicles usually with large rear tires and small front tires that are used to tow industrial equipment.

[5] A log skidder has a grappling lift arm that is used to grasp, lift and move trees that have been cut down to a truck or trailer for transport to a mill or other destination.

[6] Skid-steer loaders are four-wheel drive vehicles with the left-side drive wheels irIdependent of the right-side drive wheels and lift arms that lie alongside the driver with the major pivot points behind the driver's shoulders. Skid-steer loaders are used in agricultural, construction and industrial settings.

[7] Haul trucks, which may be either rigid frame or articulated (i.e., able to bend in the middle) are typically used in mines, quarries and construction sites to haul soil, aggregate, mined ore, or debris.

[8] Front loaders have lift arms in front of the vehicle. It can scrape material from one location to another, carry material in its bucket or load material into a truck or trailer.

[9] A dozer is a large four-wheeled vehicle with a dozer blade that is used to push large quantities of soil, sand, rubble, etc., typically around construction sites. They can also be used to perform ''rough grading'' in road construction.

[10] A straddle carrier is a rigid frame, engine-powered machine that is used to load and offload containers from container vessels and load them onto (or off of) tractor trailers.

[11] A grader is a vehicle with a large blade used to create a flat surface. Graders are typically used to perform ''finish grading.'' Graders are commonly used in maintenance of unpaved roads and road construction to prepare the base course onto which asphalt or other paving material will be laid.

[12] A counterbalanced lift truck is a rigid frame, engine-powered machine with lift arms that has additional weight incorporated into the back of the machine to offset or counterbalance the weight of loads that it lifts so as to prevent the vehicle from overturning. An example of a counterbalanced lift truck is a counterbalanced fork lift truck. Counterbalanced lift trucks may be designed for use on smooth floor surfaces, such as a factory or warehouse, or other surfaces, such as construction sites, mines, etc.

manufactured and offered for sale primarily for on-highway or on-road use, including passenger cars, race cars, station wagons, sport utility vehicles, minivans, mobile homes, motorcycles, bicycles, on-road or on-highway trailers, light trucks, and trucks and buses. Such tires generally have in common that the symbol ''DOT'' must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following designations that are used by the Tire and Rim Association:

Prefix letter designations:

• P—Identifies a tire intended primarily for service on passenger cars;

• LT—Identifies a tire intended primarily for service on light trucks; and,

• ST—Identifies a special tire for trailers in highway service.

Suffix letter designations:

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

• MH—Identifies tires for Mobile Homes;

• HC—Identifies a heavy duty tire designated for use on ''HC'' 15″ tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation. *Example:* 8R17.5 LT, 8R17.5 HC;

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

• MC—Identifies tires and rims for motorcycles.

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

[FR Doc. 07–3833 Filed 8–6–07; 8:45 am]

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APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject: Certain Off-the-Road Tires from China

Inv. Nos.: 701-TA-448 and 731-TA-1117 (Preliminary)

Date and Time: July 9, 2006 - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

OPENING REMARKS:

In Support of the Imposition of Countervailing and Antidumping Duties (**Terence P. Stewart**, Stewart & Stewart)
In Opposition to Imposition of Countervailing and Antidumping Duties (**Francis J. Sailer,** Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt)

IN SUPPORT OF THE IMPOSITION OF COUNTERVAILING AND ANTIDUMPING DUTIES:

Stewart & Stewart LLP
Washington, D.C.
on behalf of

Titan Tire Corporation and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Works International Union, AFL-CIO-CLC ("USW")

Jeff M. Vasichek, Vice President, Titan Marketing Services
Paul Hawkins, Vice President, Operations, Titan Tire Corporation
Jeffrey J. Kramer, Operations Manager, Titan Tire Corporation
Daniel Steltmann, Research and Development, Titan Tire Corporation
Richard Hofmaster, USW Local 745, Freeport, IL
Sanford Pensler, Chairman, Denman Tire Corporation

Terence P. Stewart)
Eric P. Salonen)
Elizabeth A. Argenti) --OF COUNSEL
Carl Moyer)

King & Spalding LLP
Washington, D.C.
on behalf of

Bridgestone Americas Holding, Inc.

Ralph Burchfield, President, Off-Road Products, Bridgestone Firestone North America Tire

Joseph W. Dorn)– OF COUNSEL

IN OPPOSITION TO THE IMPOSITION OF COUNTERVAILING AND ANTIDUMPING DUTIES:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

GPX International Tire Corporation, Inc.

Brian Ganz, Chairman, GPX International Tire Corporation, Inc.
Ned Edwards, Owner, Star Tire Company
Dan Denis, Director of Commercial Sales, VIP Quirk Tire

Charles Anderson, Principal, Capital Trade Incorporated
Andy Szamosszegi, Managing Consultant, Capital Trade Incorporated

Francis J. Sailer
Ned H. Marshak
) OF COUNSEL

Hogan & Hartson LLP
Washington, DC
on behalf of

Aeolus Tyre Co., Ltd.; Guizhou Tyre Co. Ltd.; Hangzhou Zhongce Rubber Co., Ltd.; Jiangsu Feichi Co., Ltd.; Laizhou Xiongying Rubber Industry Co., Ltd.; Shangdong Jinyu Tyre Co., Ltd.; Shangdong Linglong Rubber Co., Ltd.; Shangdong Taishan Tyre Co., Ltd.; Shangdong Xingyuan International Trading Co., Ltd.; Shangdong Wanda Boto Tyre Co., Ltd.; Shifeng Double-Star Tyre Co., Ltd.; Tianjin United Tire & Rubber International Co., Ltd.; Wendeng Sanfeng Tyre Co., Ltd.; Xuzhou Midland Specialty Tyre Co., Ltd.; and Xuzhou Xugong Tyres Co., Ltd.

John Reilly, Economist, Nathan Associates, Inc.

T. Clark Weymouth
Craig A. Lewis
Jonathan T. Stoel
)--OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of the Imposition of Duties (**Terence P. Stewart**, Stewart & Stewart)
In Opposition to Imposition of Duties (**T. Clark Weymouth,** Hogan & Hartson)

APPENDIX C

SUMMARY DATA

Table C-1
OTR tires: Summary data concerning the U.S. market, 2004-06, January-March 2006, and January-March 2007

(Quantity=1,000 tires, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per tire; period changes=percent, except where noted)

	Reported data					Period changes			
				January-March					Jan.-Mar.
Item	2004	2005	2006	2006	2007	2004-06	2004-05	2005-06	2006-07
U.S. consumption quantity:									
Amount	8,060	9,323	8,244	2,220	2,036	2.3	15.7	-11.6	-8.3
Producers' share (1)	52.9	44.7	37.2	40.6	43.9	-15.7	-8.3	-7.4	3.3
Importers' share (1):									
China	22.3	33.6	41.5	36.6	36.8	19.2	11.3	8.0	0.1
Nonsubject:									
Canada	2.2	0.7	1.1	0.8	0.7	-1.1	-1.4	0.4	-0.1
France	1.0	0.9	1.1	1.3	0.9	0.0	-0.2	0.2	-0.4
India	2.5	2.4	1.6	2.3	1.8	-0.9	-0.1	-0.8	-0.5
Japan	1.3	1.4	1.5	1.3	1.2	0.2	0.1	0.1	-0.1
Mexico	2.0	1.4	1.1	1.0	1.5	-0.9	-0.6	-0.3	0.4
Sri Lanka	1.4	2.0	2.4	2.0	2.9	1.0	0.7	0.4	0.9
Taiwan	5.0	3.7	3.5	3.6	3.4	-1.4	-1.3	-0.2	-0.2
Thailand	3.3	3.6	3.9	4.0	2.2	0.5	0.3	0.2	-1.8
All others	6.2	5.7	5.2	6.4	4.6	-1.0	-0.5	-0.5	-1.8
Subtotal Nonsubject	24.8	21.8	21.2	22.7	19.3	-3.5	-3.0	-0.5	-3.4
Total imports	47.1	55.3	62.8	59.4	56.1	15.7	8.3	7.4	-3.3
U.S. consumption value:									
Amount	1,323,057	1,565,576	1,663,295	437,713	473,464	25.7	18.3	6.2	8.2
Producers' share (1)	64.7	58.5	51.1	56.4	56.1	-13.6	-6.2	-7.4	-0.2
Importers' share (1):									
China	8.6	13.4	18.4	15.4	16.7	9.8	4.8	5.0	1.3
Nonsubject:									
Canada	2.1	1.6	1.7	1.8	1.7	-0.3	-0.5	0.1	-0.2
France	3.6	3.3	3.6	4.1	3.2	-0.0	-0.3	0.3	-0.8
India	1.2	1.3	0.9	1.4	0.9	-0.3	0.1	-0.4	-0.5
Japan	7.4	8.9	10.3	7.6	8.7	2.9	1.5	1.4	1.1
Mexico	0.5	0.4	0.2	0.2	0.3	-0.3	-0.1	-0.2	0.1
Sri Lanka	0.8	1.1	1.3	1.1	1.4	0.5	0.3	0.2	0.3
Taiwan	1.7	1.3	1.1	1.1	0.9	-0.6	-0.3	-0.3	-0.2
Thailand	1.0	1.1	0.8	0.8	0.5	-0.2	0.1	-0.3	-0.4
All others	8.3	8.9	10.5	10.1	9.6	2.2	0.6	1.6	-0.5
Subtotal Nonsubject	26.7	28.1	30.5	28.3	27.2	3.8	1.4	2.4	-1.1
Total imports	35.3	41.5	48.9	43.6	43.9	13.6	6.2	7.4	0.2
U.S. imports from:									
China:									
Quantity	1,796	3,129	3,424	813	749	90.6	74.2	9.4	-7.9
Value	114,065	210,200	305,705	67,222	78,977	168.0	84.3	45.4	17.5
Unit value	$63.50	$67.17	$89.28	$82.67	$105.51	40.6	5.8	32.9	27.6
Ending inventory quantity	111	78	123	83	106	9.9	-30.0	57.1	28.0
Nonsubject									
Canada									
Quantity	174	69	90	18	15	-48.5	-60.6	30.7	-16.7
Value	27,759	25,606	29,081	8,071	7,857	4.8	-7.8	13.6	-2.7
Unit value	$159.67	$373.61	$324.58	$446.47	$521.81	103.3	134.0	-13.1	16.9
France									
Quantity	81	80	87	28	18	7.1	-1.6	8.8	-36.2
Value	48,056	51,700	59,868	17,822	15,381	24.6	7.6	15.8	-13.7
Unit value	$592.26	$647.45	$688.82	$636.13	$860.64	16.3	9.3	6.4	35.3
India									
Quantity	200	223	129	51	37	-35.6	11.8	-42.4	-27.2
Value	16,089	20,389	15,427	5,970	4,091	-4.1	26.7	-24.3	-31.5
Unit value	$80.51	$91.27	$119.95	$118.19	$111.30	49.0	13.4	31.4	-5.8
Japan									
Quantity	104	126	123	28	24	18.2	21.5	-2.8	-14.6
Value	98,517	140,094	171,431	33,146	41,169	74.0	42.2	22.4	24.2
Unit value	$947.56	$1,108.59	$1,395.13	$1,177.73	$1,712.87	47.2	17.0	25.8	45.4
Mexico									
Quantity	163	132	90	23	30	-45.0	-19.3	-31.9	30.8
Value	7,021	6,993	3,961	928	1,564	-43.6	-0.4	-43.4	68.5
Unit value	$42.96	$53.03	$44.09	$40.26	$51.83	2.6	23.4	-16.9	28.8
Sri Lanka									
Quantity	109	187	197	45	60	81.2	72.0	5.3	32.1
Value	10,542	17,947	22,324	5,030	6,817	111.8	70.2	24.4	35.5
Unit value	$96.79	$95.78	$113.12	$110.90	$113.80	16.9	-1.0	18.1	2.6
Taiwan									
Quantity	402	344	292	81	70	-27.4	-14.4	-15.2	-13.2
Value	22,231	20,955	17,537	4,780	4,193	-21.1	-5.7	-16.3	-12.3
Unit value	$55.35	$60.94	$60.15	$59.24	$59.90	8.7	10.1	-1.3	1.1
Thailand									
Quantity	269	337	318	89	45	18.5	25.4	-5.5	-48.8
Value	12,804	16,583	13,226	3,688	2,256	3.3	29.5	-20.2	-38.8
Unit value	$47.67	$49.22	$41.54	$41.49	$49.61	-12.8	3.3	-15.6	19.6
All others									
Quantity	496	531	426	142	94	-14.2	6.9	-19.8	-33.7
Value	110,071	139,838	174,673	44,301	45,382	58.7	27.0	24.9	2.4
Unit value	$221.77	$263.55	$410.30	$311.88	$481.80	85.0	18.8	55.7	54.5
Subtotal, nonsubject									
Quantity	1,998	2,029	1,751	505	393	-12.4	1.6	-13.7	-22.1
Value	353,090	440,105	507,529	123,736	128,709	43.7	24.6	15.3	4.0
Unit value	$176.74	$216.93	$289.88	$245.13	$327.13	64.0	22.7	33.6	33.4
Ending inventory quantity	266	249	222	267	220	-16.7	-6.6	-10.9	-17.7
Total imports									
Quantity	3,794	5,158	5,175	1,318	1,142	36.4	36.0	0.3	-13.3
Value	467,155	650,305	813,233	190,959	207,686	74.1	39.2	25.1	8.8
Unit value	$123.13	$126.08	$157.15	$144.90	$181.87	27.6	2.4	24.6	25.5
Ending inventory quantity	378	327	344	350	326	-8.9	-13.5	5.4	-6.9

Table continued on next page.

Table C-1--Continued
OTR tires: Summary data concerning the U.S. market, 2004-06, January-March 2006, and January-March 2007

(Quantity=1,000 tires, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per tire; period changes=percent, except where noted)

Item	Reported data			January-March		Period changes			Jan.-Mar.
	2004	2005	2006	2006	2007	2004-06	2004-05	2005-06	2006-07
U.S. producers':									
Average capacity quantity (tires). . . .	10,137	10,142	10,180	2,504	2,600	0.4	0.1	0.4	3.8
Average capacity quantity (pounds).	1,090,773	1,087,203	1,081,971	277,287	276,764	-0.8	-0.3	-0.5	-0.2
Production quantity (tires).	4,692	5,191	3,773	1,060	959	-19.6	10.6	-27.3	-9.6
Production quantity (pounds).	553,060	639,571	509,452	142,006	149,755	-7.9	15.6	-20.3	5.5
Capacity utilization (tires) (1)	46.3	51.2	37.1	42.3	36.9	-9.2	4.9	-14.1	-5.5
Capacity utilization (pounds) (1)	50.7	58.8	47.1	51.2	54.1	-3.6	8.1	-11.7	2.9
Unit weight (pounds per tire)	118	123	135	134	156	14.6	4.5	9.6	16.6
U.S. shipments:									
Quantity	4,266	4,165	3,070	902	894	-28.1	-2.4	-26.3	-0.9
Value	855,902	915,271	850,062	246,754	265,778	-0.7	6.9	-7.1	7.7
Unit value	$200.61	$219.73	$276.94	$273.53	$297.36	38.0	9.5	26.0	8.7
Export shipments:									
Quantity	500	653	517	146	135	3.5	30.7	-20.8	-7.5
Value	139,110	162,458	160,403	39,634	39,403	15.3	16.8	-1.3	-0.6
Unit value	$278.50	$248.79	$310.20	$271.65	$291.87	11.4	-10.7	24.7	7.4
Ending inventory quantity	769	969	933	920	818	21.4	26.0	-3.7	-11.0
Inventories/total shipments (1)	16.1	20.1	26.0	21.9	19.9	9.9	4.0	5.9	-2.1
Production workers	4,325	4,300	3,972	4,056	3,884	-8.2	-0.6	-7.6	-4.2
Hours worked (1,000s)	8,507	8,541	8,018	2,104	1,975	-5.7	0.4	-6.1	-6.1
Wages paid ($1,000s)	246,516	250,072	231,252	58,784	56,533	-6.2	1.4	-7.5	-3.8
Hourly wages	$28.98	$29.28	$28.84	$27.94	$28.63	-0.5	1.0	-1.5	2.5
Productivity (tires per hour)	0.55	0.61	0.47	0.50	0.49	-14.7	10.2	-22.6	-3.7
Unit labor costs	$52.54	$48.18	$61.29	$55.44	$58.96	16.7	-8.3	27.2	6.4
Net sales:									
Quantity	4,851	4,983	3,808	1,109	1,089	-21.5	2.7	-23.6	-1.7
Value	995,663	1,083,867	1,020,377	289,236	308,421	2.5	8.9	-5.9	6.6
Unit value	$205.24	$217.52	$267.96	$260.86	$283.11	30.6	6.0	23.2	8.5
Cost of goods sold (COGS)	902,109	958,760	896,691	236,855	258,403	-0.6	6.3	-6.5	9.1
Gross profit or (loss)	93,554	125,107	123,686	52,382	50,019	32.2	33.7	-1.1	-4.5
SG&A expenses	94,453	106,241	103,554	28,250	25,351	9.6	12.5	-2.5	-10.3
Operating income or (loss)	(899)	18,866	20,133	24,132	24,667	(2)	(2)	6.7	2.2
Capital expenditures	23,393	25,176	27,241	2,523	4,014	16.4	7.6	8.2	59.1
Unit COGS	$185.96	$192.41	$235.48	$213.61	$237.20	26.6	3.5	22.4	11.0
Unit SG&A expenses	$19.47	$21.32	$27.19	$25.48	$23.27	39.7	9.5	27.5	-8.7
Unit operating income or (loss)	($0.19)	$3.79	$5.29	$21.76	$22.64	(2)	(2)	39.6	4.0
COGS/sales (1)	90.6	88.5	87.9	81.9	83.8	-2.7	-2.1	-0.6	1.9
Operating income or (loss)/ sales (1)	(0.1)	1.7	2.0	8.3	8.0	2.1	1.8	0.2	-0.3

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not meaningful for the negative-to-positive comparisons.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from adjusted statistics of the U.S. Department of Commerce..

APPENDIX D

IMPORT STATISTICS AND ADJUSTMENTS

Table D-1
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	ADJUSTED STATISTICS				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	1,796,174	3,129,170	3,424,042	813,103	748,510
Value	114,064,793	210,199,577	305,704,559	67,222,499	78,977,039
AUV	$63.50	$67.17	$89.28	$82.67	$105.51
Nonsubject:					
Canada					
Quantity	173,847	68,535	89,598	18,078	15,057
Value	27,758,639	25,605,535	29,081,314	8,071,236	7,856,954
AUV	$159.67	$373.61	$324.58	$446.47	$521.81
France					
Quantity	81,140	79,852	86,914	28,017	17,872
Value	48,055,886	51,700,208	59,867,899	17,822,354	15,381,417
AUV	$592.26	$647.45	$688.82	$636.13	$860.64
India					
Quantity	199,835	223,380	128,615	50,509	36,754
Value	16,089,234	20,388,945	15,427,396	5,969,742	4,090,869
AUV	$80.51	$91.27	$119.95	$118.19	$111.30
Japan					
Quantity	103,970	126,371	122,878	28,144	24,035
Value	98,517,409	140,094,105	171,430,779	33,146,173	41,168,875
AUV	$947.56	$1,108.59	$1,395.13	$1,177.73	$1,712.87
Mexico					
Quantity	163,444	131,882	89,843	23,056	30,164
Value	7,020,995	6,993,316	3,961,053	928,124	1,563,520
AUV	$42.96	$53.03	$44.09	$40.26	$51.83
Sri Lanka					
Quantity	108,917	187,382	197,346	45,355	59,905
Value	10,542,133	17,947,034	22,324,245	5,030,002	6,816,961
AUV	$96.79	$95.78	$113.12	$110.90	$113.80
Taiwan					
Quantity	401,646	343,865	291,535	80,690	70,000
Value	22,230,591	20,955,270	17,536,857	4,779,947	4,192,929
AUV	$55.35	$60.94	$60.15	$59.24	$59.90
Thailand					
Quantity	268,622	336,918	318,369	88,876	45,475
Value	12,804,079	16,583,368	13,226,435	3,687,606	2,256,215
AUV	$47.67	$49.22	$41.54	$41.49	$49.61
All others					
Quantity	496,329	530,602	425,718	142,047	94,192
Value	110,071,272	139,837,690	174,672,659	44,301,096	45,381,504
AUV	$221.77	$263.55	$410.30	$311.88	$481.80
Subtotal nonsubject :					
Quantity	1,997,750	2,028,787	1,750,816	504,772	393,454
Value	353,090,238	440,105,471	507,528,637	123,736,280	128,709,244
AUV	$176.74	$216.93	$289.88	$245.13	$327.13
Total					
Quantity	3,793,924	5,157,957	5,174,858	1,317,875	1,141,964
Value	467,155,031	650,305,048	813,233,196	190,958,779	207,686,283
AUV	$123.13	$126.08	$157.15	$144.90	$181.87
Shares of total official statistics (percent):					
Quantity	25.4	33.5	28.9	25.8	23.1
Value	78.1	83.9	83.8	80.9	83.1

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	TOTAL EXCLUSIONS				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	9,430,146	9,227,328	11,526,124	3,502,661	3,451,860
Value	52,374,822	58,080,968	72,634,252	21,504,406	23,650,879
AUV	$5.55	$6.29	$6.30	$6.14	$6.85
Nonsubject:					
Canada					
Quantity	3,972	100	2,506	0	0
Value	59,475	1,838	24,519	0	0
AUV	$14.97	$18.38	$9.78		
France					
Quantity	80,993	21,483	9,471	5,990	1,576
Value	9,711,117	7,891,493	6,282,019	1,685,404	2,919,098
AUV	$119.90	$367.34	$663.29	$281.37	$1,852.22
India					
Quantity	22,665	35,818	5,240	1,862	3,925
Value	276,817	80,301	146,525	31,429	23,388
AUV	$12.21	$2.24	$27.96	$16.88	$5.96
Japan					
Quantity	33,870	38,847	9,751	2,320	1,013
Value	37,415,746	13,782,405	23,075,988	5,184,787	2,931,450
AUV	$1,104.69	$354.79	$2,366.53	$2,234.82	$2,893.83
Mexico					
Quantity	9,070	864	11,070	8,118	555
Value	64,347	14,057	173,534	128,693	8,784
AUV	$7.09	$16.27	$15.68	$15.85	$15.83
Sri Lanka					
Quantity	208	401	0	0	2,904
Value	3,173	6,149	0	0	46,075
AUV	$15.25	$15.33			$15.87
Taiwan					
Quantity	854,743	446,934	581,165	103,061	210,729
Value	8,170,142	4,604,172	6,439,658	1,325,456	2,597,482
AUV	$9.56	$10.30	$11.08	$12.86	$12.33
Thailand					
Quantity	451,084	351,539	444,241	149,716	107,741
Value	2,927,933	2,544,424	4,163,177	1,191,538	967,459
AUV	$6.49	$7.24	$9.37	$7.96	$8.98
All others					
Quantity	276,950	106,531	112,662	12,297	29,712
Value	20,341,891	37,422,735	44,514,481	14,170,440	9,082,848
AUV	$73.45	$351.28	$395.12	$1,152.35	$305.70
Subtotal nonsubject :					
Quantity	1,733,555	1,002,517	1,176,106	283,364	358,155
Value	78,970,641	66,347,574	84,819,901	23,717,747	18,576,584
AUV	$45.55	$66.18	$72.12	$83.70	$51.87
Total					
Quantity	11,163,701	10,229,845	12,702,230	3,786,025	3,810,015
Value	131,345,463	124,428,542	157,454,153	45,222,153	42,227,463
AUV	$11.77	$12.16	$12.40	$11.94	$11.08
Shares of total official statistics (percent):					
Quantity	74.6	66.5	71.1	74.2	76.9
Value	21.9	16.1	16.2	19.1	16.9

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	Large tires (> 1,500 pounds)				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	63	89	518	0	292
Value	127,143	270,065	3,054,644	0	1,797,881
AUV	$2,018.14	$3,034.44	$5,897.00	ERR	$6,157.13
Nonsubject:					
Canada					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
France					
Quantity	4,435	4,126	3,550	921	1,576
Value	8,954,386	7,810,756	6,254,174	1,663,718	2,919,098
AUV	$2,019.03	$1,893.06	$1,761.74	$1,806.43	$1,852.22
India					
Quantity	0	0	29	0	0
Value	0	0	60,296	0	0
AUV			$2,079.17		
Japan					
Quantity	9,009	5,512	8,657	2,070	1,013
Value	37,274,054	13,531,801	23,058,198	5,180,576	2,931,450
AUV	$4,137.42	$2,454.97	$2,663.53	$2,502.69	$2,893.83
Mexico					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
Sri Lanka					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
Taiwan					
Quantity	0	2	0	0	0
Value	0	6,960	0	0	0
AUV		$3,480.00			
Thailand					
Quantity	0	24	0	0	0
Value	0	34,652	0	0	0
AUV		$1,443.83			
All others					
Quantity	7,481	11,758	11,254	3,440	1,696
Value	18,497,731	36,742,392	43,804,177	14,070,714	8,860,989
AUV	$2,472.63	$3,124.88	$3,892.32	$4,090.32	$5,224.64
Subtotal nonsubject :					
Quantity	20,925	21,422	23,490	6,431	4,285
Value	64,726,171	58,126,561	73,176,845	20,915,008	14,711,537
AUV	$3,093.25	$2,713.40	$3,115.23	$3,252.22	$3,433.26
Total					
Quantity	20,988	21,511	24,008	6,431	4,577
Value	64,853,314	58,396,626	76,231,489	20,915,008	16,509,418
AUV	$3,090.02	$2,714.73	$3,175.25	$3,252.22	$3,607.04
Shares of total official statistics (percent):					
Quantity	0.1	0.1	0.1	0.1	0.1
Value	10.8	7.5	7.9	8.9	6.6

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	Small tires (< $20 per tire w/out 7 firms)				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	9,430,083	9,227,239	11,525,606	3,502,661	3,451,568
Value	52,247,679	57,810,903	69,579,608	21,504,406	21,852,998
AUV	$5.54	$6.27	$6.04	$6.14	$6.33
Nonsubject:					
Canada					
Quantity	3,972	100	2,506	0	0
Value	59,475	1,838	24,519	0	0
AUV	$14.97	$18.38	$9.78		
France					
Quantity	76,558	17,357	5,921	5,069	0
Value	756,731	80,737	27,845	21,686	0
AUV	$9.88	$4.65	$4.70	$4.28	
India					
Quantity	22,665	35,818	5,211	1,862	3,925
Value	276,817	80,301	86,229	31,429	23,388
AUV	$12.21	$2.24	$16.55	$16.88	$5.96
Japan					
Quantity	24,861	33,335	1,094	250	0
Value	141,692	250,604	17,790	4,211	0
AUV	$5.70	$7.52	$16.26	$16.84	
Mexico					
Quantity	9,070	864	11,070	8,118	555
Value	64,347	14,057	173,534	128,693	8,784
AUV	$7.09	$16.27	$15.68	$15.85	$15.83
Sri Lanka					
Quantity	208	401	0	0	2,904
Value	3,173	6,149	0	0	46,075
AUV	$15.25	$15.33			$15.87
Taiwan					
Quantity	854,743	446,932	581,165	103,061	210,729
Value	8,170,142	4,597,212	6,439,658	1,325,456	2,597,482
AUV	$9.56	$10.29	$11.08	$12.86	$12.33
Thailand					
Quantity	451,084	351,515	444,241	149,716	107,741
Value	2,927,933	2,509,772	4,163,177	1,191,538	967,459
AUV	$6.49	$7.14	$9.37	$7.96	$8.98
All others					
Quantity	269,469	94,773	101,408	8,857	28,016
Value	1,844,160	680,343	710,304	99,726	221,859
AUV	$6.84	$7.18	$7.00	$11.26	$7.92
Subtotal nonsubject :					
Quantity	1,712,630	981,095	1,152,616	276,933	353,870
Value	14,244,470	8,221,013	11,643,056	2,802,739	3,865,047
AUV	$8.32	$8.38	$10.10	$10.12	$10.92
Total					
Quantity	11,142,713	10,208,334	12,678,222	3,779,594	3,805,438
Value	66,492,149	66,031,916	81,222,664	24,307,145	25,718,045
AUV	$5.97	$6.47	$6.41	$6.43	$6.76
Shares of total official statistics (percent):					
Quantity	74.5	66.3	70.9	74.1	76.8
Value	11.1	8.5	8.4	10.3	10.3

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	> = $10 and <$20 (w/out 7 firms)				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	246,528	208,399	157,936	37,961	30,226
Value	4,158,297	3,491,734	2,455,930	626,095	468,337
AUV	$16.87	$16.76	$15.55	$16.49	$15.49
Nonsubject:					
Canada					
Quantity	3,972	100	0	0	0
Value	59,475	1,838	0	0	0
AUV	$14.97	$18.38			
France					
Quantity	44,609	0	0	0	0
Value	657,903	0	0	0	0
AUV	$14.75				
India					
Quantity	14,398	733	4,736	1,862	675
Value	234,997	12,143	82,691	31,429	10,028
AUV	$16.32	$16.57	$17.46	$16.88	$14.86
Japan					
Quantity	4,211	12,698	1,094	250	0
Value	73,392	194,231	17,790	4,211	0
AUV	$17.43	$15.30	$16.26	$16.84	ERR
Mexico					
Quantity	2,682	864	11,070	8,118	555
Value	47,290	14,057	173,534	128,693	8,784
AUV	$17.63	$16.27	$15.68	$15.85	$15.83
Sri Lanka					
Quantity	144	401	0	0	2,160
Value	2,603	6,149	0	0	42,488
AUV	$18.08	$15.33			$19.67
Taiwan					
Quantity	388,268	188,550	388,023	91,792	162,166
Value	5,450,696	2,640,360	5,423,084	1,251,179	2,199,039
AUV	$14.04	$14.00	$13.98	$13.63	$13.56
Thailand					
Quantity	86,841	83,650	149,225	43,322	32,263
Value	1,309,825	1,279,375	2,233,810	643,139	461,451
AUV	$15.08	$15.29	$14.97	$14.85	$14.30
All others					
Quantity	21,192	12,958	5,843	4,981	4,854
Value	300,751	166,065	68,015	55,246	55,916
AUV	$14.19	$12.82	$11.64	$11.09	$11.52
Subtotal nonsubject :					
Quantity	566,317	299,954	559,991	150,325	202,673
Value	8,136,932	4,314,218	7,998,924	2,113,897	2,777,706
AUV	$14.37	$14.38	$14.28	$14.06	$13.71
Total					
Quantity	812,845	508,353	717,927	188,286	232,899
Value	12,295,229	7,805,952	10,454,854	2,739,992	3,246,043
AUV	$15.13	$15.36	$14.56	$14.55	$13.94
Shares of total official statistics (percent):					
Quantity	5.4	3.3	4.0	3.7	4.7
Value	2.1	1.0	1.1	1.2	1.3

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	<$10 (w/out 7 firms)				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	1,748,973	2,096,344	2,686,705	835,558	631,498
Value	7,582,134	9,537,375	10,756,949	3,300,081	3,081,326
AUV	$4.34	$4.55	$4.00		$4.88
Nonsubject:					
Canada					
Quantity	0	0	2,506	0	0
Value	0	0	24,519	0	0
AUV			$9.78		
France					
Quantity	31,949	17,357	5,921	5,069	0
Value	98,828	80,737	27,845	21,686	0
AUV	$3.09	$4.65	$4.70	$4.28	
India					
Quantity	8,267	35085	475	0	3,250
Value	41,820	68,158	3,538	0	13,360
AUV	$5.06	$1.94	$7.45		$4.11
Japan					
Quantity	20,650	20,637	0	0	0
Value	68,300	56,373	0	0	0
AUV	$3.31	$2.73			
Mexico					
Quantity	6,388	0	0	0	0
Value	17,057	0	0	0	0
AUV	$2.67				
Sri Lanka					
Quantity	64	0	0	0	744
Value	570	0	0	0	3,587
AUV	$8.91				$4.82
Taiwan					
Quantity	288,699	168,488	170,018	8,454	46,919
Value	1,765,056	1,376,949	929,495	60,460	386,251
AUV	$6.11	$8.17	$5.47	$7.15	$8.23
Thailand					
Quantity	364,243	267,865	295,016	106,394	75,478
Value	1,618,108	1,230,397	1,929,367	548,399	506,008
AUV	$4.44	$4.59	$6.54	$5.15	$6.70
All others					
Quantity	155,288	61,914	92,294	1,850	23,022
Value	522,268	239,508	472,417	15,773	131,543
AUV	$3.36	$3.87	$5.12	$8.53	$5.71
Subtotal nonsubject :					
Quantity	875,548	571,346	566,230	121,767	149,413
Value	4,132,007	3,052,122	3,387,181	646,318	1,040,749
AUV	$4.72	$5.34	$5.98	$5.31	$6.97
Total					
Quantity	2,624,521	2,667,690	3,252,935	957,325	780,911
Value	11,714,141	12,589,497	14,144,130	3,946,399	4,122,075
AUV	$4.46	$4.72	$4.35	$4.12	$5.28
Shares of total official statistics (percent):					
Quantity	17.5	17.3	18.2	18.8	15.8
Value	2.0	1.6	1.5	1.7	1.6

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	Excluded firms (1)				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	7,434,582	6,922,496	8,680,965	2,629,142	2,789,844
Value	40,507,248	44,781,794	56,366,729	17,578,230	18,303,335
AUV	$5.45	$6.47	$6.49	$6.69	$6.56
Nonsubject:					
Canada					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
France					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
India					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
Japan					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
Mexico					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
Sri Lanka					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
Taiwan					
Quantity	177,776	89,894	23,124	2,815	1,644
Value	954,390	579,903	87,079	13,817	12,192
AUV	$5.37	$6.45	$3.77	$4.91	$7.42
Thailand					
Quantity	0	0	0	0	0
Value	0	0	0	0	0
AUV					
All others					
Quantity	92,989	19,901	3,271	2,026	140
Value	1,021,141	274,770	169,872	28,707	34,400
AUV	$10.98	$13.81	$51.93	$14.17	$245.71
Subtotal nonsubject :					
Quantity	270,765	109,795	26,395	4,841	1,784
Value	1,975,531	854,673	256,951	42,524	46,592
AUV	$7.30	$7.78	$9.73	$8.78	$26.12
Total					
Quantity	7,705,347	7,032,291	8,707,360	2,633,983	2,791,628
Value	42,482,779	45,636,467	56,623,680	17,620,754	18,349,927
AUV	$5.51	$6.49	$6.50	$6.69	$6.57
Shares of total official statistics (percent):					
Quantity	51.5	45.7	48.7	51.6	56.4
Value	7.1	5.9	5.8	7.5	7.3

(1) Exlcuded firms include ***.

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Table D-1--Continued
OTR tires: U.S. imports, 2004-06, January-March, 2006, and January-March 2007

(Quantity in number of tires, value in actual dollars, and unit values per tire)

	OFFICIAL STATISTICS (2)				
	2004	**2005**	**2006**	**Jan-Mar 2006**	**Jan-Mar 2007**
China					
Quantity	11,226,320	12,356,498	14,950,166	4,315,764	4,200,370
Value	166,439,615	268,280,545	378,338,811	88,726,905	102,627,918
AUV	$14.83	$21.71	$25.31	$20.56	$24.43
Nonsubject:					
Canada					
Quantity	177,819	68,635	92,104	18,078	15,057
Value	27,818,114	25,607,373	29,105,833	8,071,236	7,856,954
AUV	$156.44	$373.09	$316.01	$446.47	$521.81
France					
Quantity	162,133	101,335	96,385	34,007	19,448
Value	57,767,003	59,591,701	66,149,918	19,507,758	18,300,515
AUV	$356.29	$588.07	$686.31	$573.64	$941.00
India					
Quantity	222,500	259,198	133,855	52,371	40,679
Value	16,366,051	20,469,246	15,573,921	6,001,171	4,114,257
AUV	$73.56	$78.97	$116.35	$114.59	$101.14
Japan					
Quantity	137,840	165,218	132,629	30,464	25,048
Value	135,933,155	153,876,510	194,506,767	38,330,960	44,100,325
AUV	$986.17	$931.35	$1,466.55	$1,258.24	$1,760.63
Mexico					
Quantity	172,514	132,746	100,913	31,174	30,719
Value	7,085,342	7,007,373	4,134,587	1,056,817	1,572,304
AUV	$41.07	$52.79	$40.97	$33.90	$51.18
Sri Lanka					
Quantity	109,125	187,783	197,346	45,355	62,809
Value	10,545,306	17,953,183	22,324,245	5,030,002	6,863,036
AUV	$96.64	$95.61	$113.12	$110.90	$109.27
Taiwan					
Quantity	1,256,389	790,799	872,700	183,751	280,729
Value	30,400,733	25,559,442	23,976,515	6,105,403	6,790,411
AUV	$24.20	$32.32	$27.47	$33.23	$24.19
Thailand					
Quantity	719,706	688,457	762,610	238,592	153,216
Value	15,732,012	19,127,792	17,389,612	4,879,144	3,223,674
AUV	$21.86	$27.78	$22.80	$20.45	$21.04
All others					
Quantity	773,279	637,133	538,380	154,344	123,904
Value	130,413,163	177,260,425	219,187,140	58,471,536	54,464,352
AUV	$168.65	$278.22	$407.12	$378.84	$439.57
Subtotal nonsubject :					
Quantity	3,731,305	3,031,304	2,926,922	788,136	751,609
Value	432,060,879	506,453,045	592,348,538	147,454,027	147,285,828
AUV	$115.79	$167.07	$202.38	$187.09	$195.96
Total					
Quantity	14,957,625	15,387,802	17,877,088	5,103,900	4,951,979
Value	598,500,494	774,733,590	970,687,349	236,180,932	249,913,746
AUV	$40.01	$50.35	$54.30	$46.27	$50.47
Shares of total official statistics (percent):					
Quantity	100.0	100.0	100.0	100.0	100.0
Value	100.0	100.0	100.0	100.0	100.0

(2) Data for the January-March 2006 and 2007 periods are derived from proprietary Customs data.

Source: Compiled from official Commerce statistics and proprietary Customs data.

APPENDIX E

U.S. PRODUCERS' U.S. SHIPMENTS AND U.S. IMPORTS BY TYPES

Table E-1
Certain OTR tires: U.S. producers' U.S. shipments and U.S. imports, by types, 2004-06

	U.S. producers			Imports from China			Imports from all other sources			TOTAL	
Item	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005
	Quantity (1,000 tires)										
Agricultural/forestry:											
Herringbone or similar tread	1,819	1,814	1,639	96	143	221	364	448	282	2,279	2,405
Not herringbone >= 40.6 cm (16")	362	322	248	293	407	583	511	310	296	1,166	1,039
Not herringbone < 40.6 cm (16")	626	534	470	0	0	0	0	0	0	626	534
Subtotal	2,807	2,671	2,356	390	550	805	875	757	578	4,071	3,978
Construction/Industrial:											
Herringbone < 61 cm (24")	368	444	270	293	455	521	91	117	126	752	1,016
Herringbone >= 61 cm (24") < 99.06 cm (39	573	592	274	59	129	159	302	260	228	933	980
Radial less than 61 cm (24")	68	62	18	106	414	335	66	68	71	240	544
Radial >= to 61 cm (24") < 99.06 cm (39")	67	63	51	1	1	12	46	81	91	114	146
Other < 61 cm (24")	209	200	146	164	292	354	168	324	381	541	817
Other >= 61 cm (24") < 99.06 cm (39")	99	107	92	27	49	76	31	47	66	158	203
Subtotal	1,384	1,468	851	650	1,341	1,458	704	897	962	2,739	3,706
Off-the-highway:											
Radial >= 40.6 cm (16")	10	12	5	2	10	4	101	73	45	113	96
Radial < 40.6 cm (16")	1	1	1	14	3	2	27	17	16	42	22
Other >= 40.6 cm (16")	135	151	64	270	312	518	80	69	29	485	532
Other < 40.6 cm (16")	22	25	13	310	662	413	49	19	11	380	705
Subtotal	167	189	83	595	987	937	258	179	101	1,020	1,354
Other	0	0	0	161	253	224	164	208	121	325	460
Total	4,358	4,327	3,291	1,796	3,131	3,424	2,000	2,040	1,763	8,155	9,498
	Value ($1,000)										
Agricultural/forestry:											
Herringbone or similar tread	408,950	438,877	457,740	16,511	21,378	35,062	64,885	83,705	66,998	490,347	543,960
Not herringbone >= 40.6 cm (16")	41,142	41,582	39,714	13,115	20,607	33,793	28,223	22,923	26,853	82,480	85,111
Not herringbone < 40.6 cm (16")	50,715	50,729	57,093	0	0	0	0	0	0	50,715	50,729
Subtotal	500,808	531,188	554,546	29,626	41,985	68,856	93,109	106,628	93,851	623,543	679,800
Construction/Industrial:											
Herringbone < 61 cm (24")	55,488	66,553	39,063	16,770	29,028	39,619	18,646	22,579	22,343	90,905	118,160
Herringbone >= 61 cm (24") < 99.06 cm (39	157,560	166,518	133,338	10,546	30,473	61,082	56,631	51,349	78,375	224,737	248,339
Radial less than 61 cm (24")	20,879	18,870	7,786	2,751	12,199	12,519	14,308	18,276	23,287	37,938	49,345
Radial >= to 61 cm (24") < 99.06 cm (39")	62,840	64,279	73,332	883	1,073	13,029	71,081	127,660	177,338	134,805	193,012
Other < 61 cm (24")	24,796	26,687	20,502	7,585	13,324	22,181	11,000	21,165	23,685	43,381	61,176
Other >= 61 cm (24") < 99.06 cm (39")	21,469	25,702	25,780	5,260	13,028	29,405	14,872	23,133	34,240	41,601	61,863
Subtotal	343,032	368,608	299,801	43,795	99,124	177,835	186,539	264,163	359,269	573,366	731,895
Off-the-highway:											
Radial >= 40.6 cm (16")	1,698	2,163	1,187	300	1,563	684	37,961	38,567	41,399	39,959	42,293
Radial < 40.6 cm (16")	170	180	237	1,210	285	240	3,381	3,095	4,356	4,761	3,561
Other >= 40.6 cm (16")	23,238	28,087	16,929	12,637	15,915	21,596	16,830	10,059	11,726	52,705	54,062
Other < 40.6 cm (16")	4,342	5,323	3,857	12,800	22,614	16,472	2,385	2,365	1,462	19,527	30,302
Subtotal	29,448	35,753	22,210	26,947	40,378	38,993	60,557	54,086	58,943	116,952	130,218
Other	0	0	0	13,697	28,871	20,124	12,915	15,287	8,758	26,612	44,158
Total	873,288	935,549	876,558	114,065	210,358	305,808	353,120	440,164	520,821	1,340,473	1,586,071
	Unit value (per tire)										
Agricultural/forestry:											
Herringbone or similar tread	$224.86	$241.90	$279.30	$171.79	$149.54	$158.35	$178.15	$187.00	$237.38	$215.16	$226.19
Not herringbone >= 40.6 cm (16")	113.64	129.07	160.34	44.70	50.63	57.94	55.27	74.02	90.82	70.73	81.93
Not herringbone < 40.6 cm (16")	80.97	94.99	121.52	--	--	--	--	--	--	80.97	94.99
Average	178.41	198.91	235.34	76.06	76.34	85.57	106.42	140.80	162.40	153.15	170.90
Construction/Industrial:											
Herringbone < 61 cm (24")	150.79	149.87	144.79	57.19	63.76	75.98	204.67	192.86	177.79	120.83	116.25
Herringbone >= 61 cm (24") < 99.06 cm (39	275.02	281.45	487.07	179.13	236.83	384.06	187.78	197.84	344.08	240.78	253.44
Radial less than 61 cm (24")	307.04	306.33	432.56	25.91	29.47	37.32	215.73	268.86	328.06	157.75	90.78
Radial >= to 61 cm (24") < 99.06 cm (39")	944.96	1020.30	1437.88	847.55	757.80	1121.72	1542.20	1570.80	1946.46	1186.32	1324.84
Other < 61 cm (24")	118.54	133.15	140.18	46.15	45.57	62.59	65.57	65.34	62.15	80.15	74.90
Other >= 61 cm (24") < 99.06 cm (39")	216.23	240.31	278.96	196.20	263.87	384.97	472.20	491.12	522.49	263.98	304.10
Average	247.88	251.15	352.21	67.33	73.91	121.95	264.84	294.53	373.40	209.36	197.51
Off-the-highway:											
Radial >= 40.6 cm (16")	169.80	180.25	237.40	158.49	151.81	156.11	375.31	525.53	928.06	353.50	442.01
Radial < 40.6 cm (16")	170.00	180.00	237.00	88.04	81.66	103.10	125.22	177.23	268.61	114.05	162.16
Other >= 40.6 cm (16")	172.70	186.02	263.65	46.78	51.08	41.70	209.07	145.70	399.51	108.63	101.69
Other < 40.6 cm (16")	201.00	216.71	297.87	41.35	34.16	39.92	48.70	127.06	131.70	51.37	42.97
Average	176.17	189.62	267.08	45.27	40.89	41.60	235.07	303.00	582.01	114.65	96.14
Other	--	--	--	85.10	114.21	89.93	78.97	73.62	72.26	82.01	95.91
Average	200.38	216.22	266.37	63.50	67.18	89.31	176.52	215.73	295.50	164.38	166.98

--Table continued on next page.

Table E-1--Continued
Certain OTR tires: U.S. producers' U.S. shipments and U.S. imports, by types, 2004-06

Item	U.S. producers			Imports from China			Imports from all other sources			TOTAL	
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005
	Share of quantity (percent)										
Agricultural/forestry:											
Herringbone or similar tread	41.7	41.9	49.8	5.4	4.6	6.5	18.2	21.9	16.0	27.9	25.3
Not herringbone >= 40.6 cm (16")	8.3	7.4	7.5	16.3	13.0	17.0	25.5	15.2	16.8	14.3	10.9
Not herringbone < 40.6 cm (16")	14.4	12.3	14.3	0.0	0.0	0.0	0.0	0.0	0.0	7.7	5.6
Subtotal	64.4	61.7	71.6	21.7	17.6	23.5	43.7	37.1	32.8	49.9	41.9
Construction/Industrial:											
Herringbone < 61 cm (24")	8.4	10.3	8.2	16.3	14.5	15.2	4.6	5.7	7.1	9.2	10.7
Herringbone >= 61 cm (24") < 99.06 cm (39	13.1	13.7	8.3	3.3	4.1	4.6	15.1	12.7	12.9	11.4	10.3
Radial less than 61 cm (24")	1.6	1.4	0.5	5.9	13.2	9.8	3.3	3.3	4.0	2.9	5.7
Radial >= to 61 cm (24") < 99.06 cm (39")	1.5	1.5	1.5	0.1	0.0	0.3	2.3	4.0	5.2	1.4	1.5
Other < 61 cm (24")	4.8	4.6	4.4	9.1	9.3	10.4	8.4	15.9	21.6	6.6	8.6
Other >= 61 cm (24") < 99.06 cm (39")	2.3	2.5	2.8	1.5	1.6	2.2	1.6	2.3	3.7	1.9	2.1
Subtotal	31.8	33.9	25.9	36.2	42.8	42.6	35.2	44.0	54.6	33.6	39.0
Off-the-highway:											
Radial >= 40.6 cm (16")	0.2	0.3	0.2	0.1	0.3	0.1	5.1	3.6	2.5	1.4	1.0
Radial < 40.6 cm (16")	0.0	0.0	0.0	0.8	0.1	0.1	1.3	0.9	0.9	0.5	0.2
Other >= 40.6 cm (16")	3.1	3.5	2.0	15.0	10.0	15.1	4.0	3.4	1.7	5.9	5.6
Other < 40.6 cm (16")	0.5	0.6	0.4	17.2	21.1	12.1	2.4	0.9	0.6	4.7	7.4
Subtotal	3.8	4.4	2.5	33.1	31.5	27.4	12.9	8.7	5.7	12.5	14.3
Other	0.0	0.0	0.0	9.0	8.1	6.5	8.2	10.2	6.9	4.0	4.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)										
Agricultural/forestry:											
Herringbone or similar tread	46.8	46.9	52.2	14.5	10.2	11.5	18.4	19.0	12.9	36.6	34.3
Not herringbone >= 40.6 cm (16")	4.7	4.4	4.5	11.5	9.8	11.1	8.0	5.2	5.2	6.2	5.4
Not herringbone < 40.6 cm (16")	5.8	5.4	6.5	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.2
Subtotal	57.3	56.8	63.3	26.0	20.0	22.5	26.4	24.2	18.0	46.5	42.9
Construction/Industrial:											
Herringbone < 61 cm (24")	6.4	7.1	4.5	14.7	13.8	13.0	5.3	5.1	4.3	6.8	7.4
Herringbone >= 61 cm (24") < 99.06 cm (39	18.0	17.8	15.2	9.2	14.5	20.0	16.0	11.7	15.0	16.8	15.7
Radial less than 61 cm (24")	2.4	2.0	0.9	2.4	5.8	4.1	4.1	4.2	4.5	2.8	3.1
Radial >= to 61 cm (24") < 99.06 cm (39")	7.2	6.9	8.4	0.8	0.5	4.3	20.1	29.0	34.0	10.1	12.2
Other < 61 cm (24")	2.8	2.9	2.3	6.6	6.3	7.3	3.1	4.8	4.5	3.2	3.9
Other >= 61 cm (24") < 99.06 cm (39")	2.5	2.7	2.9	4.6	6.2	9.6	4.2	5.3	6.6	3.1	3.9
Subtotal	39.3	39.4	34.2	38.4	47.1	58.2	52.8	60.0	69.0	42.8	46.1
Off-the-highway:											
Radial >= 40.6 cm (16")	0.2	0.2	0.1	0.3	0.7	0.2	10.8	8.8	7.9	3.0	2.7
Radial < 40.6 cm (16")	0.0	0.0	0.0	1.1	0.1	0.1	1.0	0.7	0.8	0.4	0.2
Other >= 40.6 cm (16")	2.7	3.0	1.9	11.1	7.6	7.1	4.8	2.3	2.3	3.9	3.4
Other < 40.6 cm (16")	0.5	0.6	0.4	11.2	10.8	5.4	0.7	0.5	0.3	1.5	1.9
Subtotal	3.4	3.8	2.5	23.6	19.2	12.8	17.1	12.3	11.3	8.7	8.2
Other	0.0	0.0	0.0	12.0	13.7	6.6	3.7	3.5	1.7	2.0	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from responses to the Commission's questionnaires and official Commerce statistics, adjusted.

APPENDIX F

ADDITIONAL PRICE DATA

Table F-1
Off-the-road tires: Weighted-average f.o.b. selling prices and quantities of products 1-5 for imports from nonsubject countries, January 2004-March 2007

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Table F-2
Off-the-road tires: Reported f.o.b. selling prices for products not meeting the defined specifications for products 1 and 5, by company

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