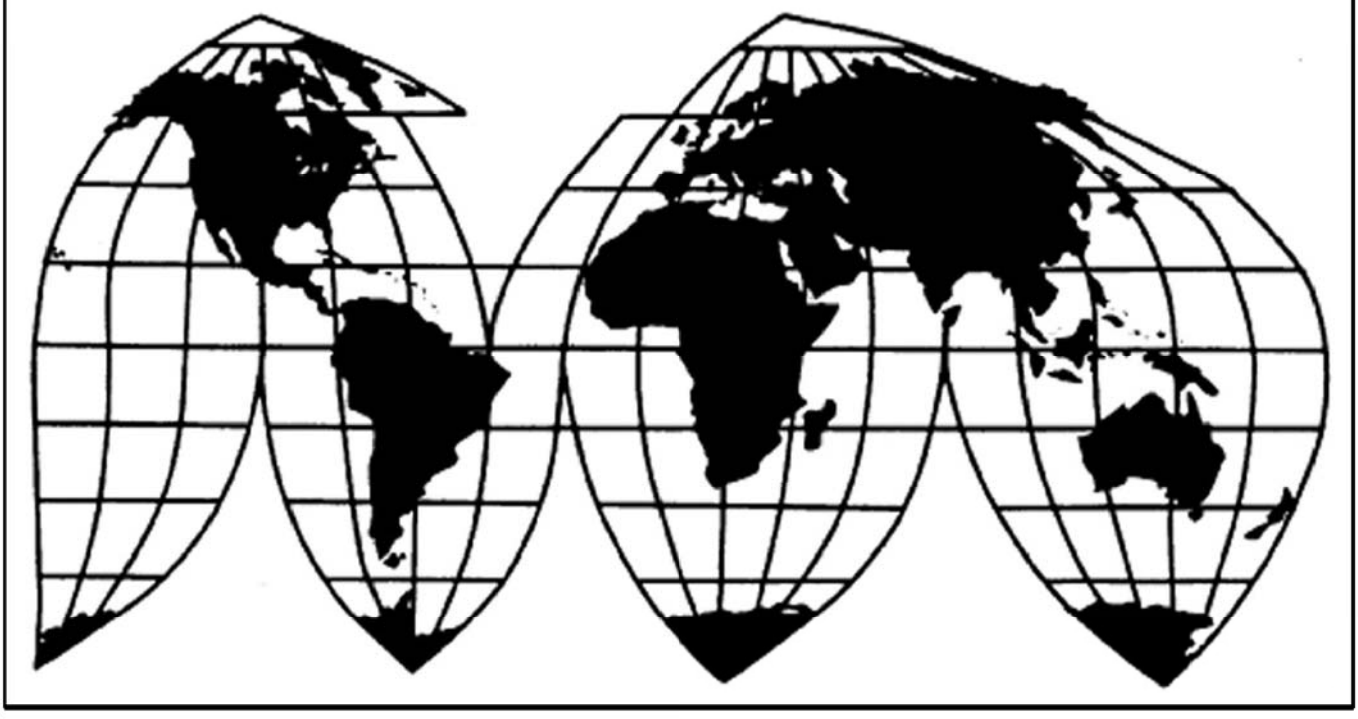
Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka

Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)

Publication 4594 **March 2016**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Meredith M. Broadbent, Chairman
Dean A. Pinkert, Vice Chairman
Irving A. Williamson
David S. Johanson
F. Scott Kieff
Rhonda K. Schmidtlein

Catherine DeFilippo
Director of Operations

Staff assigned

Michael Szustakowski, Investigator
Justin Enck, Investigator
Raymond Cantrell, Industry Analyst
Lauren Gamache, Economist
Jennifer Brinkhaus, Accountant
Russell Duncan, Statistician
Carolyn Holmes, Statistical Assistant
John Henderson, Attorney
Joseph Traw, Intern
Elizabeth Haines, Supervisory Investigator

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

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

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

Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)

Publication 4594

March 2016

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

Appendixes

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been delted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)

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

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain new pneumatic off-the-road tires ("OTR tires") from India, 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, 4011.94.80, 8431.49.90, 8709.90.00, and 8716.90.10[2] of the Harmonized Tariff Schedule of the United States, that are allegedly sold in the United States at less than fair value ("LTFV") and imports of OTR tires that are allegedly subsidized by the governments of India and Sri Lanka.

The Commission also found that imports of OTR tires from China are negligible pursuant to section 771(24) of the Act, and its investigations with regard to imports from this country are thereby terminated pursuant to section 733(a)(1) of the Act.

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 the investigations of OTR tires from India and Sri Lanka under sections 703(b) or 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) or 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.

---

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

[2] OTR tires may also enter under the following HTS subheadings: 4011.99.45, 4011.99.85, 8424.90.90, 8431.20.00, 8431.39.00, 8431.49.10, 8431.49.90, 8432.90.00, 8433.90.50, 8503.00.95, 8708.70.05, 8708.70.25, 8708.70.45, and 8716.90.50.

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 January 8, 2016, Titan Tire Corporation of Des Moines, Iowa and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC of Pittsburgh, Pennsylvania filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of imports of OTR tires from China and India that are alleged to be sold in the United States at LTFV and imports of OTR tires alleged to be subsidized by the governments of China, India, and Sri Lanka. Accordingly, effective January 8, 2016, the Commission, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)), instituted countervailing duty investigation Nos. 701-TA-551-553 and antidumping duty investigation Nos. 731-TA-1307-1308 (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 January 15, 2016 (81 FR 2236). The conference was held in Washington, DC, on January 29, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

By order of the Commission.

Lisa R. Barton
Secretary to the Commission

Issued:

Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain new pneumatic off-the-road tires ("OTR tires") from India that are allegedly sold in the United States at less than fair value ("LTFV") and imports of OTR tires from India and Sri Lanka that are allegedly subsidized by the governments of India and Sri Lanka, respectively. We also determine that imports of OTR tires from China that are allegedly sold in the United States at LTFV and are allegedly subsidized by the government of China are negligible, and therefore terminate the antidumping and countervailing duty investigations on OTR tires from China.

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 determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that 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

The petitions in these investigations were filed on January 8, 2016, by Titan Tire Corporation ("Titan"), a domestic producer of OTR tires, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC, a union with workers engaged in the manufacture of OTR tires in the United States. Petitioners appeared at the staff conference and submitted a postconference brief.

The following respondent entities appeared at the staff conference and submitted postconference briefs: Balkrishna Industries Limited ("BKT"), a producer of subject merchandise from India; CEAT Ltd. ("CEAT"), a producer and exporter of subject merchandise from India; ATC Tires Private Limited ("ATC") and Alliance Tires Americas, Inc. ("ATA") (collectively "Alliance"), respectively a producer and a U.S importer of subject merchandise from India; and Camso Loadstar (Private) Limited, and Camso USA, Inc. (collectively, "Camso"),

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

respectively a producer and a U.S. importer of subject merchandise from Sri Lanka. In addition, Super Grip Corporation ("Super Grip") and Weihai Zhongwei Rubber Co., Ltd. (collectively "Weihai"), respectively an importer and a producer of subject merchandise from China, and the government of Sri Lanka ("Sri Lanka") submitted postconference briefs.

U.S. industry data are based on the questionnaire responses of five producers, accounting for essentially all U.S. production of OTR tires as of January 1, 2016.[3] U.S. import data are based on questionnaire responses from 29 U.S. importers, accounting for, by value, approximately *** percent of subject imports from China (*i.e.*, mounted OTR tires) during January-September 2015; *** percent of subject imports of unmounted OTR tires from India in 2014; *** percent of subject imports of unmounted OTR tires from Sri Lanka in 2014; *** percent of imports of mounted OTR tires from Sri Lanka during January-September 2015; and 85 percent of imports of unmounted OTR tires from all other countries in 2014.[4]

The Commission received responses to its questionnaires from two producers of subject merchandise in China, whose exports accounted for *** percent of the quantity of U.S. imports of mounted OTR tires from China in 2014;[5] 14 producers/exporters in India, whose exports accounted for *** percent of the quantity of U.S. imports of unmounted OTR tires from India in 2014;[6] and two producers in Sri Lanka, whose exports accounted for *** percent of the quantity of U.S. imports of unmounted OTR tires from Sri Lanka in 2014 and *** percent of the quantity of U.S. imports of mounted OTR tires in 2014.[7]

III. Domestic Like Product

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."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[9] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[10]

[3] Confidential Report ("CR") at I-5, III-1; Public Report ("PR") at I-IV, III-1.

[4] CR at IV-1 to IV-2; PR at IV-1. *** importer reported importing mounted OTR tires from India valued at $*** during January-September 2015, although it is estimated that approximately $*** of mounted OTR tires were imported from India during January-September 2015. CR at IV-2 n.2; PR at IV-1 n.2.

[5] CR at II-7 n.13; VII-3; INV-OO-011 (Feb. 16, 2016); PR at II-4 n.13, VII-3.

[6] CR at II-9 n.18; VII-10; INV-OO-011 (Feb. 16, 2016); PR at II-5 n.18, VII-6.

[7] CR at II-11 n.21; VII-17; INV-OO-011 (Feb. 16, 2016); PR at II-6 n.21, VII-10.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

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.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[13] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that is allegedly subsidized and/or sold at less than fair value,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[16]

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

---

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

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

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

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

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

[16] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

The scope of these investigations is certain new pneumatic off-the-road tires (certain off road tires). Certain off road tires are tires with an off road tire size designation. The tires included in the scope may be either tube-type[17] or tubeless, radial, or non-radial, regardless of whether for original equipment manufacturers or the replacement market.

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

Prefix designations:

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

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

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

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

Suffix designations:

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

DT – Tires primarily designed for sand and paver service.

NHS – Not for Highway Service.

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

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

IND – Drive wheel tractor tire used in industrial service.

SL – Service limited to agricultural usage.

FI – Implement tire for agricultural towed highway service.

CFO – Cyclic Field Operation.

SS – Differentiates tires for off-highway vehicles such as mini and skid-steer loaders from other tires which use similar size designations such as 7.00-15TR and 7.00-15NHS, but may use different rim bead seat configurations.

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

All tires marked with any of the prefixes or suffixes listed above in their sidewall markings are covered by the scope regardless of their intended use.

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

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

The entire section on Off-the-Road tires;

The entire section on Agricultural tires; and

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

Industrial, Mining, Counterbalanced Lift Truck (Smooth Floors Only);

Industrial and Mining (Other than Smooth Floors);

Construction Equipment;

Off-the-Road and Counterbalanced Lift Truck (Smooth Floors Only);

Aerial Lift and Mobile Crane; and

Utility Vehicle and Lawn and Garden Tractor.

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

Excluded from the scope of these investigations are any products covered by the existing antidumping and countervailing duty orders on Certain New Pneumatic Off-the-Road Tires from the People's Republic of China. *See Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Notice of Amended Final Affirmative Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 73 FR 51624 (September 4, 2008); *Certain New Pneumatic Off-the-Road Tires From the*

People's Republic of China: Countervailing Duty Order, 73 FR 51627 (September 4, 2008).[18]

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

Prefix letter designations:

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

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

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

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

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

Suffix letter designations:

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

MH – Identifies tires for Mobile Homes;

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

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

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

ST – Special tires for trailers in highway service; and

M/C – Identifies tires and rims for motorcycles.

[18] {Footnote to scope definition} In these prior investigations, the Department found that imports of off road tires mounted on wheels were not within the scope of subject merchandise. *See Certain New Pneumatic Off-The-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008) and accompanying Issues and Decision Memorandum at Comment 19.

> The following types of tires are also excluded from the scope: Pneumatic tires that are not new, including recycled or retreaded tires and used tires; non-pneumatic tires, including solid rubber tires; aircraft tires; and turf, lawn and garden, and golf tires. Also excluded from the scope are mining and construction tires that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the number of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum 1500 pounds).
>
> The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1025, 4011.20.1035, 4011.20.5030,
>
> 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0050, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.4550, 4011.99.8550, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530,
>
> 8716.90.5035 and 8716.90.5055. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.[19]

In 2008, the Commission conducted antidumping and countervailing duty investigations with respect to OTR tires from China and made affirmative final determinations; these imports remain subject to orders.[20] Unlike the current investigations, the scope of the 2008 investigations did not include mounted OTR tires (*i.e.,* tires mounted on a wheel or rim).[21] Imports from China subject to the outstanding orders (*i.e.,* unmounted OTR tires) are specifically excluded from the scope of these investigations. By contrast, the investigations concerning subject imports from India and Sri Lanka encompass both mounted and unmounted OTR tires.

All pneumatic (air pressurized) rubber tires, including OTR tires, have the same basic internal components, consisting of a base rubber inner liner or a rubber inner tube, impervious to air migration from the tire; rubberized reinforcing tire cord plies and belts that give the tire

---

[19] *Certain New Pneumatic Off-the-Road Tires From India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 81 Fed. Reg. 7073, 7080-7081 (Feb. 10, 2016) (footnotes in original); *Certain New Pneumatic Off-the-Road Tires From India, the People's Republic of China, and Sri Lanka: Initiation of Countervailing Duty Investigations*, 81 Fed. Reg. 7067, 7072-7073 (Feb. 10, 2016) (footnotes in original).

[20] *Certain Off-The-Road Tires From China*, Inv. Nos. 701-TA-448 and 731-TA-1117 (Final), USITC Pub. 4031 (Aug. 2008). In 2014, the Commission conducted five-year reviews of the resulting orders, and made affirmative determinations. *Certain Off-The-Road Tires From China*, Inv. Nos. 701-TA-448 and 731-TA-1117 (Review), USITC Pub. 4448 (Jan. 2014).

[21] *Certain Off-The-Road Tires From China*, Inv. Nos. 701-TA-448 and 731-TA-1117 (Final), USITC Pub. 4031) at 4-6 (Aug. 2008).

strength and stability; and a rubberized steel bead that provides an airtight seal of the tire rim with a given metal wheel. The outer components of a tire consist of the tread that runs around the outside of the tire, the sidewall, and the rubber rim. All tires generally contain varying amounts of natural and synthetic rubber in addition to several other components such as carbon black reinforcement, sulfur curing agents, textile fabric or steel reinforcing plies and belts, and steel bead wire that forms the rim of the tire.[22]

Compared to on-the-road passenger vehicle and light truck tires, most OTR tires are designed for more rugged use in off-the-road applications, which require greater strength and heavier load-bearing characteristics. A generally higher content of stronger, more durable natural rubber is used in certain OTR tires relative to the more supple synthetic rubbers which are used in higher proportions in on-the-road tires. Also, more substantial internal reinforcement is required, including rubberized textile and steel tire cord plies and belts and heavy duty steel bead bundles for rim construction. OTR tires are produced in a wide variety of types and sizes depending upon end use, ranging from relatively small agricultural implement and industrial forklift tires to larger tires found on farm tractors and harvesting equipment, as well as earthmover/construction equipment used in mining and construction.[23]

A. Arguments of the Parties

Petitioners' Argument. Petitioners argue that the Commission should find one domestic like product that is coextensive with the scope, consisting of all OTR tires whether they are sold in mounted or unmounted form, but in any event only the tire itself should be included in the domestic like product, since only the tire itself is included in the scope.[24] They argue that neither Commission practice nor the six-factor analysis supports defining the like product to include completed tire-and-wheel assemblies outside the scope.[25]

Petitioners further argue that a six-factor analysis of tires sold in mounted or unmounted form confirms that there should be a single like product. They state that all OTR tires, whether sold in mounted or unmounted form, have identical physical characteristics, are made at the same facilities on the same equipment and by the same employees, are interchangeable, are perceived as similar by customers and produces, are available in the same channels of distribution, and do not display consistent price variations.[26]

Respondents' Argument. Respondents argue that the Commission should find two separate like products, consisting of unmounted OTR tires and mounted OTR tires. They state that the fact that the scope covers only the tire portion of a mounted OTR tire does not preclude the Commission from finding domestically produced mounted OTR tires to be "like" the in-scope subject merchandise. They assert that the Commission must consider what is being sold in the marketplace, which is a mounted OTR tire, even if only the tire portion is

[22] CR at I-16 to I-17; PR at I-12 to I-13.
[23] CR at I-17 to I-18; PR at I-13 to I-14.
[24] Petitioners' Postconference Brief at 4-6 and response to staff question #3 at 1-3.
[25] Petitioners' Postconference Brief at 6-9.
[26] Petitioners' Postconference Brief at 10-12.

subject to the investigation, and there is no separate sale of the tire when sold in its mounted form. They contend that unmounted and mounted OTR tires have different physical characteristics and uses, are not interchangeable, are perceived differently by customers and producers, and have different channels of distribution. They assert that mounted and unmounted tires have different manufacturing facilities, processes, and employees. They state that the cost of a mounted tire necessarily differs from that of an unmounted tire, given the cost of the mounting and of the wheel.[27]

CEAT argues that the like product issue relates to goods at different stages of processing, since the production of mounted OTR tires from unmounted OTR tires involves the input of wheels and associated components, as well as the processing step of assembling the wheel with the tire. CEAT states that use of the Commission's semi-finished product analysis establishes a clear dividing line between these product categories. It asserts that ***. It states that there appear to be different markets for the upstream and downstream articles, since mounted tires are sold primarily to original equipment manufacturers ("OEM"), while unmounted tires are sold in both the OEM market and the aftermarket. CEAT contends that the process used to produce the downstream article is far from an insignificant assembly process and the ***.[28]

B. Analysis

Based on the following analysis, we define a single domestic like product that is coextensive with the scope. The domestic like product arguments raised in the preliminary phase of these investigations involve two distinct issues. One is whether there should be two domestic like products, as several respondents have urged. We analyze this by initially examining whether there is a clear dividing line between the articles within the scope – in other words, unmounted tires and the tire portion of a mounted tire and wheel assembly. We then examine the second issue, which concerns whether the domestic like product definition should encompass articles outside the scope – specifically, the assembly of a mounted tire.

1. Whether Unmounted and Mounted OTR Tires within the Scope are Separate Domestic Like Products.

Our examination of whether there should be multiple domestic like products is provided below. Since essentially all economic end uses of a tire in unmounted form require it to be mounted on a wheel and thus become a tire in mounted form, this issue involves products at different stages of processing. Accordingly, we analyze this question using the Commission's semi-finished product analysis.[29]

---

[27] Alliance's Postconference Brief at 5-12; BKT's Postconference Brief at 2-6; CEAT's Postconference Brief at 14-28; Camso's Postconference Brief at 2-3.

[28] CEAT's Postconference Brief at 20-25.

[29] In a semi-finished product analysis, the Commission typically examines 1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; 2) whether there are perceived to be separate markets for the upstream and downstream articles; 3) differences in the physical characteristics and functions of the upstream and downstream articles; 4) (Continued…)

Dedication for Use. All OTR tires have the same end use, whether mounted prior to sale or sold unmounted and then mounted prior to use. Of the OTR tires domestically manufactured, some will be sold in mounted form and some in unmounted form, but essentially all of them will ultimately be mounted. The customer can buy the tire already mounted on a wheel, buy the tire and do the mounting itself, or have a third party mount the tire.[30] There is no alternative economic use for an unmounted tire.

Separate Markets. Tires are sold commercially in both mounted and unmounted form. OEMs are the principal purchasers of both mounted and unmounted tires from U.S. producers.[31] OEM customers may purchase mounted tires to be included on new equipment they are producing, although they may purchase unmounted tires as well. By contrast, customers in the OTR tire aftermarket that are looking to replace a tire, but not the wheel, will seek an unmounted tire.[32] This difference in customers is reflected in data for channels of distribution for U.S. producers' shipments of mounted tires and their shipments of unmounted tires. In 2014, U.S. producers shipped *** percent of their shipments of mounted tires to OEMs, and only *** percent to distributors. By contrast, *** percent of U.S. producers' shipments of unmounted tires went to OEMs in 2014, and a substantial share (*** percent) went to distributors, while *** percent went to tire mounters.[33]

Differences in Physical Characteristics and Functions of the Upstream and Downstream Articles. Regardless of whether the tire is in mounted or unmounted form, the scope only includes the tire itself, and the tire is essentially the same regardless of whether it is in mounted or unmounted form and has the same underlying function.[34] Nevertheless, the fact that a tire is mounted on a wheel gives it a physical characteristic that makes it different from an unmounted tire.

Differences in Value. The record indicates that mounting services may add between *** percent of the value of the tire portion of the mounted tire. Questionnaire data indicate that value added for U.S. producers with mounting operations was *** percent in 2012, 2013, and

---

(…Continued)
differences in the costs or value of the vertically differentiated articles; and 5) the significance and extent of the processes used to transform the upstream into the downstream articles. *See*, *e.g.*, *Hydrofluorocarbon Blends and Components from China*, 731-TA-1279 (Preliminary), USITC Pub. 4558 at 7-9 (Aug. 2015); *Glycine from India*, *Japan*, *and Korea*, Inv. Nos. 731-TA-1111-1113 (Preliminary), USITC Pub. No. 3921 at 7 (May 2007); *Artists' Canvas from China*, Inv. No. 731-TA-1091 (Final), USITC Pub. No. 3853 at 6 (May 2006); *Live Swine from Canada*, Inv. No. 731-TA-1076 (Final), US1TC Pub. 3766 at 8 n.40 (Apr. 2005); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Preliminary), USITC Pub. No. 3533 at 7 (Aug. 2002).

[30] CR at I-33; PR at I-24; Petitioners' Postconference Brief at 10; Transcript of Conference ("Conference Tr.") at 25-26 (Brewer).

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

[32] Conference Tr. at 172, 186-187, 188 (Clark).

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

[34] CR at I-33; PR at I-24.

2014, and *** percent in January-September ("interim") 2015.[35] In addition, Titan's witnesses have stated that the value added in mounting is around *** percent of the total value of a completed assembly.[36] This disregards the cost of the wheel, which may be *** percent of the overall cost of a mounted OTR tire, but the wheel is outside the scope.[37]

Extent of Processes Used to Transform Downstream Product into Upstream Product. According to Titan, in contrast to the huge capital investment and sophisticated equipment required for OTR tire production, the equipment needed in mounting operations consists of a tire clamp and a mounting arm, and the primary raw materials used in mounting are the tire and wheel, as well as minor additional raw materials such as a valve stem or tire fillers. Any such additional raw materials are usually about $*** per assembly. According to Titan, the degree of training and technical expertise required of mounting employees is ***, far less than that required for workers engaged in tire production.[38] Respondents contend that mounting operations involve more complex equipment and greater training and technical expertise than petitioners claim.[39] However, there is little information available on the record in the preliminary phase of these investigations about the mounting process other than the information Titan has supplied.

Conclusion. We find that the record evidence pertaining to the semi-finished product factors relied upon by the Commission supports the inclusion of all in-scope merchandise within the same domestic like product. Although there may be some differences between the markets for tires in mounted form and tires in unmounted form, all tires in unmounted form are ultimately mounted. The available information suggests that the difference in value between a tire in unmounted form and one in mounted form is relatively small, less than *** percent, and that the process used to mount a tire does not involve complex equipment, specialized raw materials, or substantial technical expertise. Accordingly, we do not find OTR tires in unmounted form and the tire portion of a mounted OTR tire to be separate domestic like products.

2. Whether the Domestic Like Product Should Include Wheel Assemblies Outside the Scope

We next examine whether the domestic like product should be defined to encompass articles outside the scope. The scope includes OTR tires in both unmounted form and mounted form, but in mounted form the scope only includes the tire and not the whole wheel assembly. As previously discussed, respondents have argued that mounted tires should be a separate like product from unmounted tires and that the Commission should go beyond the scope to include the entire wheel assembly, and not just the tire, within such a like product. Although no party

[35] CR/PR at Table VI-3.

[36] Petitioners' Postconference Brief, Exh. 1, Declaration of Lester Brewer at Paragraph 9; and Exh. 5, Declaration of Dennis Nutter at Paragraph 3.

[37] Alliance's Postconference Brief at 12.

[38] Conference Tr. at 26-27 (Brewer); Petitioners' Postconference Brief, Exh. 1, Declaration of Lester Brewer at Paragraphs 5-8; and Exh. 5, Declaration of Dennis Nutter at Paragraph 3.

[39] Alliance's Postconference Brief at 11; CEAT's Postconference Brief at 22-23.

has specifically advocated that the Commission should define a single like product to include the wheel assembly with a mounted tire, we now examine this issue, which is implicated by the respondents' arguments.

Physical Characteristics and Uses. A completed wheel assembly has different physical characteristics from an unmounted tire or from the tire portion of a mounted tire, since the assembly also has a wheel and rim, which are made from different materials from the tire.[40] Nevertheless, both the tire portion of a wheel assembly and the entire assembly have the same ultimate use when installed on an OTR vehicle.

Manufacturing Facilities, Production Processes and Employees. Titan's tire mounting is a separate operation from its tire production operations and is in an off-site location with different employees and separate equipment from that used in tire production.[41] In addition, the production process for wheels, rims, and other components for an assembly is different from that for a tire, involves different raw materials and equipment, and is typically done at separate facilities with different employees.[42]

Channels of Distribution. Because producers of wheel assemblies for resale sell the entire assembly, the channels of distribution for a full wheel assembly are the same as those for the tire-only component of a mounted OTR tire, which, as previously discussed, U.S. producers ship *** to OEM purchasers. U.S. producers' shipments of unmounted tires go primarily to OEM purchasers, but a substantial share of such shipments go to distributors.[43] Petitioners acknowledge that there is an overlap between OTR tires and completed assemblies in both the aftermarket and the OEM market.[44]

Interchangeability. A completed wheel assembly with wheel, rim, and tire has limited interchangeability with the tire itself.[45]

Producer and Customer Perceptions. According to both petitioners and respondents, customers and producers perceive OTR tires and completed wheel assemblies (including the tire, wheel, and other components) to be different products.[46]

Price. Respondents suggest that the cost of the wheel is approximately *** percent of the overall cost of a mounted tire, indicating that the value of a wheel assembly is substantially higher than the value of the tire portion of a mounted tire. According to Titan's sales data, the tire accounts for *** percent of the invoice price of a wheel-mounted tire.[47]

Conclusion. There are both similarities and distinctions between a tire and a complete wheel assembly containing a wheel, rim, and the tire portion of that assembly. Distinctions

[40] CR at I-33; PR at I-24.
[41] Conference Tr. at 26 (Brewer).
[42] CR at I-33; PR at I-25.
[43] CR/PR at Table II-1.
[44] Petitioners' Postconference Brief at 9.
[45] Petitioners' Postconference Brief at 9.
[46] CR at I-34; PR at I-25; Petitioners' Postconference Brief at 9; BKT's Postconference Brief at 4-5.
[47] Alliance's Postconference Brief at 12; Petition at I-19; Petitioners' Postconference Brief at 9.

include the additional physical components of the completed assembly, limited interchangeability, the wheel assembly being performed in a separate location with different employees and separate equipment from those used in tire production, and likely differences in value. On the other hand, the ultimate use of the tire and the completed assembly is the same, and the channels of distribution for the mounted tire with wheel assembly are the same as those for the tire itself in the vast majority of cases. Moreover, we acknowledge that there is some merit to respondents' position that it is the entire wheel assembly, and not merely the tire portion of a mounted tire, that is the good sold in the marketplace. Nevertheless, given that the record indicates that the differences between a tire and a mounted tire with wheel assembly outweigh the similarities, we do not define the domestic like product to encompass articles excluded from the scope definition for purposes of our preliminary determinations.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[48] 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.

These investigations raise one domestic industry issue concerning what processing activities are sufficient to constitute domestic production.[49] [50] In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[51]

---

[48] 19 U.S.C. § 1677(4)(A).

[49] There are no related party issues in these investigations. One U.S. producer, ***, is affiliated with ***. CR/PR at Table III-3. However, *** is an importer or exporter of subject merchandise into the U.S. market. CR at III-6 and n.4; PR at III-4. Moreover, *** is not an importer of subject merchandise. CR at III-6; PR at III-4. Accordingly, *** are not related parties. 19 U.S.C. § 1677(4)(B)(i).

[50] Petitioners argue that mounting operations are not sufficient to constitute domestic production, asserting that the capital investment, technical expertise, value-added, and employment associated with mounting activities are small on an absolute basis and minimal compared to the activities involved in the production of the tire itself. Petitioners' Postconference Brief, response to staff question #3 at 4-7. Respondents state that mounting activities involve significant capital expenditures and costs and constitute sufficient production-related activities. CEAT's Postconference Brief at 28-31.

[51] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Certain Uncoated Paper from Australia, Brazil, China, Indonesia, and Portugal*, Inv. Nos. 701-TA-528-529 and 731-TA-1264-1268 at 7-8 (Final), USITC Pub. 4592 (Feb. 2016); *Certain Mechanical Transfer Drive Components from Canada and China*, Inv. Nos. (Continued…)

The record in the preliminary phase of these investigations is limited regarding tire mounting operations. The Commission obtained questionnaire data regarding mounting operations from ***.[52] In addition to testimony by Titan's witnesses at the conference, petitioners supplied additional information from Titan regarding its operations in response to staff questions. The Commission does not have such data from any OTR tire mounters that do not also produce OTR tires.

Source and extent of the firm's capital investment. According to Titan, the assets involved in its mounting operations are valued at about $***, as compared to *** for its tire manufacturing operations. In contrast to the sophisticated tire building and curing equipment at Titan's Des Moines, Iowa plant, the only equipment needed in the mounting operations are a tire clamp and a mounting arm, which are simple and widely available in the market. While Titan's tire manufacturing plant takes up around *** square feet, the off-site space occupied by its mounting operations is substantially smaller, at approximately *** square feet. Capital expenditures for its tire manufacturing were about *** higher than capital expenditures for its mounting operations during the POI.[53] The relatively small extent of Titan's capital investment dedicated to mounting operations is of particular relevance given that *** percent of Titan's shipments of unmounted OTR tires in 2014 were internally consumed in the production of wheel assemblies.[54]

Technical expertise involved. According to Titan, the expertise needed for its mounting operations is relatively low, with workers in mounting operations *** of training as compared to *** for tire builders. Further, mounting workers earn wages that are *** of wages of workers employed in tire building, reflecting the greater technical sophistication and skill level required in tire building compared to mounting.[55]

Value added to the product in the United States. As previously discussed, questionnaire data indicate that the value added to the tire for U.S. producers with mounting operations was *** percent in 2012, 2013, and 2014, and *** percent in interim 2015.[56] Titan's witnesses have stated that the value added in mounting is around *** percent of the total value of a completed assembly.[57]

(…Continued)
701-TA-550 and 731-TA-1304-1305 (Preliminary), USITC Pub. 4587 at 20-23 (Dec. 2015); *Diamond Sawblades and Parts Thereof from China and Korea*, Inv. Nos. 731-TA-1092-93 (Final), USITC Pub. 3862 at 8-11 (July 2006).

[52] CR at VI-13; PR at VI-3. The period of investigation ("POI") is January 2012-September 2015.

[53] Petitioners' Postconference Brief, Exh. 1, Declaration of Lester Brewer at Paragraphs 3-6.

[54] ***.

[55] Petitioners' Postconference Brief, Exh. 1, Declaration of Lester Brewer at Paragraph 8.

[56] CR/PR at Table VI-3.

[57] Petitioners' Postconference Brief, Exh. 1, Declaration of Lester Brewer at Paragraph 9; and Exh. 5, Declaration of Dennis Nutter at Paragraph 3.

Employment levels. Titan reported that the number of employees needed for its mounting operations is relatively low, with approximately *** worker employed in mounting for every *** workers employed in tire production.[58]

Quantity and type of parts sourced in the United States. According to Titan, the primary raw materials used in mounting are the tire and wheel, as well as minor additional raw materials such as a valve stem or tire fillers (*e.g.* foam or calcium). Any such additional raw materials are usually about $*** per assembly.[59] The questionnaire data indicate that *** of the mounted tires that they produce.[60]

Conclusion. Based on the information in the record, we find for purposes of these preliminary determinations that tire mounting operations are not sufficient production-related activities to constitute domestic production. The value added to the product by tire mounting operations appears to be between *** and *** percent, and the capital investment, technical expertise required, employment levels, and raw materials all appear to be relatively modest, particularly in comparison to tire production.

Accordingly, we define the domestic industry as all domestic producers of the domestic like product, but not including firms that perform tire mounting operations but do not otherwise produce OTR tires.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[61]

A. Arguments of the Parties

Petitioners. Petitioners argue that the Commission should find that imports from each of the three subject countries are not negligible. In their postconference brief, petitioners submitted estimates of subject imports from China, revised from estimates in the petition, which include estimates of volumes and values of subject merchandise that they assert are likely included in certain Harmonized Tariff Schedule ("HTS") "basket categories" (*i.e.,* HTS numbers that do not specifically pertain to OTR tires, and generally include imports of out-of-scope products, but which petitioners assert also include some subject imports from China). Petitioners contend that their revised estimates provide the best basis for making a negligibility determination in the preliminary phase of the investigations. They assert that adding five percent of the value of those basket category imports brings subject imports from China well

[58] Petitioners' Postconference Brief, Exh. 1, Declaration of Lester Brewer at Paragraph 7.

[59] Conference Tr. at 26-27 (Brewer); Petitioners' Postconference Brief, Exh. 5, Declaration of Dennis Nutter at Paragraph 3.

[60] CR/PR at Table III-6.

[61] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

above the negligibility threshold.[62] They state that the petition identified seven importers that import subject mounted tires from China and that the volume of imports reported in the Commission's questionnaire data is ***.[63] Petitioners further state that, even if the Commission were to determine that imports from China are negligible for purposes of present injury, they should not be found negligible for purposes of threat, since there is a potential that such imports will imminently exceed the negligibility threshold.[64]

Respondents. Weihai argues that the record contains clear and convincing evidence that imports of the subject merchandise from China are negligible and that there is no likelihood that contrary evidence will be presented in the final phase of the investigations and further asserts that there is no potential that subject imports from China will imminently exceed the negligibility threshold.[65]

B. Analysis

We find that subject imports are not negligible in the investigations of OTR tires from India and Sri Lanka.[66] Negligibility is an issue in the investigations of OTR tires from China. For the reasons stated below, we find that subject imports from China are negligible and terminate the investigations with respect to such imports.

Analysis Based on Commission Questionnaire Data

Questionnaire data indicate that subject imports of OTR tires from China accounted for *** percent of total imports over the applicable 12-month period prior to the filing of the petition, which is January-December 2015.[67] This figure is well below the 3 percent negligibility threshold. It reflects questionnaire responses from eight importers of subject merchandise from China.[68] The Commission received usable questionnaire responses from importers accounting for approximately *** percent of subject imports from China during the period from January to September 2015.[69] As previously discussed, petitioners assert that the petition

[62] Petitioners' Postconference Brief at 14-15 and response to staff question #4, at 1-8;

[63] Petition at I-22 and Exhibit I-16, Tab A; Petitioners' Postconference Brief, response to staff question #4, at 8.

[64] Petitioners' Postconference Brief, response to staff question #4, at 9-10.

[65] Weihai's Postconference Brief at 1-3.

[66] Imports from India and Sri Lanka are above the pertinent negligibility thresholds. For calendar year 2015, the 12-month period preceding filing of the petitions, subject imports from India were *** percent of total imports and subject imports from Sri Lanka were *** percent. CR /PR at Table IV-6; INV-OO-012 (Feb. 18, 2016).

[67] CR/PR at Table IV-6; INV-OO-012 (Feb. 18, 2016).

[68] In addition to the *** importers of subject merchandise from China listed in Table IV-2 of the Commission Report, the Commission received import data from *** importers of subject merchandise listed in the note to Table IV-6 of the Report. CR/PR at Tables IV-2, IV-6; INV-OO-012 (Feb. 18, 2016).

[69] CR at IV-1; PR at IV-1. This coverage estimate is based on a comparison of responses to U.S. importers' questionnaires with *** for imports under the four mounted tire-specific HTS statistical reporting numbers (*i.e.,* 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020), excluding imports from firms that reported to the Commission that they did not import subject merchandise. This (Continued…)

identified seven known importers of mounted OTR tires that imported subject merchandise from China. They further assert that *** and that the reported volume of subject imports from China is substantially understated.[70] The record does not support these contentions.[71] To the contrary, the Commission received import data from all seven of the importers identified by petitioners. Of the seven firms identified in the petition as importers of mounted tires, four firms reported imports of mounted tires from China, which are included in the Commission's import data,[72] and three firms reported that they do not import any OTR tires.[73] [74]

In light of this, we believe that the importer questionnaire data are reasonably complete. In our view, neither logic nor the record supports the petitioners' apparent view that in any final phase of these investigations, the Commission is likely to obtain information about additional importers of subject merchandise from China whose identity was not reasonably available to the petitioners either when they filed their petition or during the course of the current investigations.[75]

*Analysis Based on *** Relating to OTR Tires*

Although our view is that Commission questionnaire data provide the best source of import data for subject imports from China, we have also analyzed negligibility using ***. These provided a calculation for subject imports from China that is generally consistent with

---

(…Continued)
estimate does not include the imports reported by ***, and ***. CR/PR at Table IV-6; INV-OO-012 (Feb. 18, 2016).

[70] Petition at Exhibit I-16, Tab A; Petitioners' Postconference Brief, response to staff question #4, at 8.

[71] The Commission received two questionnaire responses from Chinese producers of OTR tires; the U.S. exports of those two firms accounted for *** percent of the quantity of U.S. imports of mounted tires in 2014. CR at II-7 n.13, VII-3; INV-OO-011 (Feb. 16, 2016); PR at II-4 n.13, VII-3. Petitioners assert that they identified in the petition 28 known producers and exporters of OTR tires in mounted form, but ***, and that the coverage of the Chinese industry from the questionnaire responses of the two responding Chinese producers is inadequate. However, they do not explain the relevance of this argument to the negligibility analysis based on import data provided by importers. Petitioners' Postconference Brief, response to staff question #4, at 8. Put differently, the likelihood of obtaining data from additional producers of subject merchandise in China is not germane to the question of whether the Commission is likely to obtain additional import data from importers concerning imports of subject merchandise during the 12-month period pertinent for determining negligibility.

[72] The four firms listed in the petition that reported imports of mounted tires from China are ***. CR at IV-1; PR at IV-1; CR/PR at Table IV-6; INV-OO-012 (Feb. 18, 2016).

[73] The three firms identified in the petition as importers of mounted OTR tires that reported to the Commission that they did not import any OTR tires are ***. CR at IV-1; INV-OO-012 (Feb. 18, 2016); PR at IV-1; questionnaire response of ***.

[74] The Commission also received import data for subject merchandise from China from four firms not identified in the petition as importers of mounted tires: ***. CR/PR at Table IV-2.

[75] Petitioners did not identify any additional importers of subject merchandise from China, or of mounted tires generally, when asked to do so in their postconference brief. Petitioners' Postconference Brief, response to staff question #1.

that derived from the questionnaire data. The most recent 12-month period before the filing of the petitions for which data from *** are available is December 2014 through November 2015, as opposed to calendar year 2015 for the questionnaire data. These data, which are reflected in the "Base data" case in Table IV-7 of the Commission Report, show that subject imports from China accounted for *** percent of total imports by value for December 2014 through November 2015.[76]

Thus, calculations based either on Commission questionnaire data or on *** for OTR tires, which are the two most reliable sources of import data for this analysis, indicate that subject imports from China are far below the 3 percent negligibililty threshold.

Supplemental Analysis Including HTS Statistical Basket Categories

As stated above, the two most reliable sources of data available show that subject imports from China are well below the 3 percent negligibility threshold. Nevertheless, because petitioners have argued that certain HTS basket categories may include some subject imports from China, we have for purposes of our negligibility analysis derived what we consider an upper bound estimate of the volume of subject imports from China in those basket categories, even though we have no specific information that any of the imports in those basket categories are in fact subject merchandise.

At petitioners' request, four HTS categories (which were formerly part of broad basket categories) were specifically broken out in July 2014 to cover imports of mounted OTR tires.[77] However, petitioners were unsuccessful in 2014 in obtaining additional statistical breakouts for mounted OTR tires in other basket categories that they had asserted include imports of mounted OTR tires.[78] Petitioners have identified a number of basket categories in which they now assert that imports of wheel-mounted OTR tires may be entering the United States.[79]

---

[76] CR/PR at Table IV-7. This *** percent calculation for U.S. imports of mounted OTR tires from China is based solely on the four mounted tire-specific HTS statistical reporting numbers (*i.e.,* 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020).

[77] In 2014, pursuant to a decision by the Committee for Statistical Annotation of the Tariff Schedule, four HTS numbers that had previously been basket categories were given more specific statistical breakouts for particular products. As of July 1, 2014, merchandise that had previously been reported in those four basket categories was reported more specifically in 12 HTS categories, four of which correspond to mounted OTR tires, and eight of which correspond to out-of-scope merchandise. The four categories applying to mounted OTR tires are HTS 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Since July 2014, these four are the only HTS provisions that correspond to the mounted OTR tires subject to these investigations, although they may also contain some mounted tires that are out-of-scope. CR/PR at Table IV-7; technical note to Table IV-7 (EDIS Document No. 574709); Petition at Exhibit I-18.

[78] Petition at I-30. The Committee for Statistical Annotation of the Tariff Schedule granted 24 statistical breakouts requested by petitioners, effective July 1, 2014, but denied requested breakouts under 12 HTS numbers, citing low trade and/or disclosure concerns. Petition at Exhibit I-18.

[79] Petition at I-30 to I-31. The specific HTS numbers in question include 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, (Continued…)

To analyze petitioners' argument, Commission staff examined imports in the relevant HTS basket categories that petitioners assert may include subject merchandise. Commission staff first derived a benchmark for conducting this analysis using the HTS categories (mentioned above) that had been broken out of larger basket categories in 2014 in order to specifically identify subject mounted tires. These new HTS breakouts allowed staff to calculate the value of subject imports from China relative to the total value of imports from China for all of the HTS categories that had been included in the larger basket categories prior to the 2014 breakouts. Using this approach for the period January to November 2015, staff derived a benchmark ratio of 1.585 percent.[80] [81]

Commission staff multiplied this 1.585 percent benchmark by the total value of U.S. imports from China under the relevant basket categories for the period December 2014 through November 2015.[82] The product of this multiplication, $***, represented a possible additional value of subject imports from China during that 12-month period. This value was then added to the value in the "Base data" columns in Table IV-7, resulting in a possible combined value for subject imports from China of $***. With the value of total imports from all other sources remaining the same, this increase in the numerator representing the value of imports from China increased the estimated share of value for subject imports from China during the period December 2014 through November 2015 from *** percent in the "Base data" case to *** percent in the shaded case marked "Base + Estimate for China" in Table IV-7 of the Commission Report.[83] This *** percent estimate remains well below the 3 percent negligibility threshold.

(…Continued)
8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035, and 8716.90.5055. CR/PR at Table IV-7; technical note to Table IV-7 (EDIS Document No. 574709).

[80] The value of imports from China under the four new HTS statistical reporting numbers applicable to mounted tires was approximately $*** in January-November 2015, while the value of merchandise imported from China under the other eight new HTS statistical reporting numbers applicable to out-of-scope merchandise was approximately $*** in the same period. Accordingly, the total value of imports from China in January-November 2015 under all 12 of these new HTS statistical reporting numbers was approximately $***, and thus the percentage of that total in the four HTS four statistical reporting numbers applicable to mounted tires was approximately 1.585 percent. Technical note to Table IV-7 (EDIS Document No. 574709).

[81] Given possible differences in the compositions of the imports in the 12 new categories (formerly reported in basket categories) that were used to calculate the 1.585 percent benchmark and those in the present basket categories at issue, this benchmark may not be authoritative. However, the record does not support a conclusion that any other benchmark is authoritative. As explained below, we believe that this benchmark is more reliable than the much higher benchmarks that petitioners have advocated.

[82] This is the most recent 12-month period prior to the filing of the petition for which *** data were available.

[83] CR/PR at Table IV-7; technical note to Table IV-7 (EDIS Document No. 574709). The assumption underlying this calculation is that only subject imports from China would increase based on an analysis of these basket categories. This ensured that the numerator for subject imports from China (Continued…)

Thus, as with our analysis of the more reliable questionnaire data and *** pertaining specifically to wheel-mounted tires, an analysis of import data for HTS basket categories identified by petitioners that may (or may not) include imports of subject merchandise likewise results in imports from China being well below the negligibility threshold. Petitioners' analysis of the HTS basket category data, by contrast, is based upon unreasonable assumptions.[84]

The analysis in the "Base + Estimate for China" case presented in Table IV-7 of the Commission Report and summarized above reflects an effort to derive the largest realistic estimate of subject imports from China. Indeed, the results of this estimate, which yielded a *** percent share of value for subject imports from China, were far more favorable to petitioners than the results derived from questionnaire data, but were still well below the 3 percent negligibility threshold. In light of this, and the flawed logic and methodology underlying petitioners' contrary arguments, we find that there is not a reasonable likelihood that the Commission would obtain evidence in any final phase of these investigations supporting a conclusion that subject imports from China could reach the 3 percent negligibility threshold.

Accordingly, we find that subject imports from China are negligible for purposes of our present material injury analysis.

Negligibility for Threat Analysis

With respect to negligibility for purposes of threat, we find that the record in the preliminary phase of these investigations provides clear and convincing evidence that subject imports from China are not likely to surpass the 3 percent negligibility threshold in the imminent future.

(…Continued)
alone would increase and that therefore the estimated proportion that imports from China constituted of total imports could only increase. *See* Technical note to Table IV-7 (EDIS Document No. 574709). Although these assumptions may not be realistic, they are the assumptions most favorable to petitioners.

[84] As with our "Base + Estimate for China" analysis discussed above, petitioners have calculated a benchmark to apply to the basket categories to estimate what proportion of the imports from China in these categories might be mounted OTR tires from China. While our approach calculated a benchmark of 1.585 percent, petitioners have calculated much higher benchmarks of 11.27 percent by volume and 12.97 percent by value, which are significantly inflated. One likely reason for petitioners' higher benchmarks is that rather than including data from all four HTS reporting numbers applicable to mounted tires in their calculation to derive these benchmarks, petitioners included only two of these numbers and left the other two out of the analysis. Petitioners' Postconference Brief, response to staff question #4, at 2. Petitioners have based their analysis only on HTS 8709.90.0020 and 8716.90.1020, and have left out HTS 8431.49.9038 and 8431.49.9090, which Commission staff included in its analysis. Moreover, in some of their assumptions, petitioners have relied on data from 2007 that may be outdated to justify their other calculations. Petitioners' Postconference Brief, response to staff question #4, at 3 (relying on public import data from 2007 as basis for allocation of other data).

While petitioners assert that the industry in China has been rapidly increasing its exports to the United States, resulting in an increase in subject imports on both an absolute and a relative basis,[85] this is unsupported by the import data on the record. Although the volume of subject imports from China increased between 2012 and 2014, these imports were approximately *** percent lower in 2015 than in 2014. This decline hardly suggests that subject imports from China are likely to "imminently" exceed the negligibility threshold.[86]

In short, imports of OTR tires from China are well below the negligibility threshold, the record in these preliminary investigations contains clear and convincing evidence that it is unlikely that they will imminently surpass the 3 percent threshold given the trend during 2015, and there is no likelihood that evidence leading to a contrary result will arise in a final phase of these investigations. Accordingly, we find that imports from China are negligible and terminate the investigations with respect to such imports.

VI. Cumulation

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

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

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

[85] Petitioners' Postconference Brief, response to staff question #4, at 9-10.

[86] Petitioners have also asserted that duty deposit rates that Chinese producers face under the existing orders on OTR tires from China are likely to increase, providing such producers with an incentive to increase shipments of mounted tires to the United States to avoid duty liability, but petitioners have presented little more than speculation about what is likely happen to duty deposit rates in the future and how that might affect Chinese producers' incentives if duty deposit rates do in fact go up. The petition cites a May 2015 *Federal Register* notice indicating the results of a Commerce administrative review of the existing OTR tires orders. There is no analysis of how this review may have changed duty deposit rates, but as previously indicated, to the extent there was such a change, it was not reflected in increasing volumes of subject imports from China in 2015. Indeed, petitioners have presented no historical analysis of any correlation between imports of mounted tires from China and duty deposit rates on unmounted tires from China under the orders. *See* Petition at I-33 to I-34 and n.75; Petitioners' Postconference Brief, response to staff question #4, at 9; Conference Tr. at 44-45 (Stewart).

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

(4) whether the subject imports are simultaneously present in the market.[87]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[88] Only a "reasonable overlap" of competition is required.[89]

A. Arguments of the Parties

Petitioners. Petitioners argue that subject imports from all subject countries should be cumulated, because they satisfy all the conditions for cumulation. They assert that OTR tires from all subject sources and the United States are fungible. Petitioners argue that even if, as respondents contend, subject imports from India and Sri Lanka may be somewhat concentrated in different market segments, there is sufficient overlap between subject imports from India and Sri Lanka and the domestic like product to constitute a reasonable overlap of competition.[90] As to channels of distribution, petitioners state that domestically produced OTR tires overlap with subject imports from India and Sri Lanka in the aftermarket.[91] As to geographic overlap, petitioners state that subject imports from all sources and OTR tires from domestic producers are available throughout the country.[92] As to simultaneous presence in the market, petitioners assert that subject imports from India and Sri Lanka entered the United States in every month of the POI.[93]

Respondents. Respondents argue that there is not a reasonable overlap of competition between subject imports from India and Sri Lanka and that they should not be cumulated. Respondents assert that subject imports from India are not fungible with subject imports from Sri Lanka, because imports of unmounted OTR tires from India are used almost exclusively in

[87] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'*d, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

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

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

[90] Petitioners' Postconference Brief at 17-20.

[91] Petition at I-35 to I-36.

[92] Petition at I-36 to I-37.

[93] Petition at I-38 to I-39.

the agriculture and forestry sector, while imports of unmounted tires from Sri Lanka are predominantly for construction or industrial use.[94]

Camso argues that subject imports from Sri Lanka do not compete with the domestic like product. It states that U.S. producers sell mainly into the OEM market, where imports from Sri Lanka do not compete, and that most of the alleged injury to the domestic industry has taken place in the agricultural sector, in which Camso does not participate. Further, petitioners have not asserted injury in the compact construction submarket, the one portion of the aftermarket in which subject imports from Sri Lanka are sold.[95]

CEAT also argues that subject imports from Sri Lanka, which are alleged to be subsidized but are not alleged to be dumped, should not be cumulated with imports from the other subject countries for purposes of the Commission's injury determination in the antidumping investigations involving subject imports from China and India.[96]

B. Analysis

As discussed above, we have found that imports are negligible in the antidumping and countervailing duty investigations involving subject imports from China and have terminated those investigations. Consequently, those imports are ineligible for cumulation.[97] Subject imports from India and Sri Lanka remain eligible for cumulation because the petitions were filed with respect to all such subject imports on the same day, January 8, 2016.[98]

---

[94] Camso's Postconference Brief at 6-7; Sri Lanka's Postconference Brief at 9; CEAT's Postconference Brief at 11-12.

[95] Camso's Postconference Brief at 8-12.

[96] CEAT's Postconference Brief at 9-11.

[97] 19 USC § 1677(7)(G)(ii)(II).

[98] We note that in these investigations imports of OTR tires from both India and Sri Lanka are subject to countervailing duty allegations. CEAT argues that subject imports from Sri Lanka, which are not alleged to be dumped, may not be cumulated with subject imports from India for purposes of the Commission's antidumping investigation with respect to subject imports from India, citing the WTO Dispute Settlement Body (DSB) action in *United States – Countervailing Duty Investigation on Hot-Rolled Steel Products from India.* CEAT's Postconference Brief at 9-11, citing Appellate Body Report, *US – Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India*, WT/DS436/AB/R (Dec. 8, 2014) (adopted Dec. 19, 2014). We observe that, even after adoption, DSB reports only bind Members with respect to particular cases or matters subject to the dispute and Members are provided a reasonable period of time to implement the findings and recommendations of the panel or Appellate Body in that dispute. WTO Agreement on Dispute Settlement Understanding, Articles 3, 17, 19, 21, 22. Given that the United States is currently in the process of addressing steps to render that particular *Hot-Rolled Steel* proceeding not inconsistent with the DSB's findings, we do not believe that it is appropriate to take action in these investigations based solely on the Appellate Body report in that dispute. Under the circumstances, we follow our practice of "cross-cumulating" imports subject to the countervailing duty investigations with imports subject to the antidumping duty investigation. *See Bingham & Taylor v. United States*, 815 F.2d 982 (Fed. Cir. 1987); *see also, e.g.*, *Certain Crystalline Silicon Photovoltaic Products from China and Taiwan*, Inv. Nos. 701-TA-511 and 731-TA-1246-1247 (Final), USITC Pub. 4519 at 24 n.124 (Feb. 2015); *Circular Welded Carbon-Quality Steel Pipe from India, Oman,* (Continued…)

The record indicates that there is a reasonable overlap of competition between subject imports from India and Sri Lanka, and between subject imports from both countries and the domestic like product, for the following reasons.

Fungibility. In the preliminary phase of these investigations, the Commission has limited data regarding competition between the domestic like product and subject imports from India and Sri Lanka in different end use and customer segments that would permit us to evaluate the parties' arguments concerning the extent to which OTR tires from different sources compete in individual segments.[99] In any final phase of these investigations, we will seek data by customer and end use segments. Nevertheless, in our view the currently available data indicate a sufficient degree of fungibility between and among the subject imports and the domestic like product to satisfy the reasonable overlap standard.

With respect to unmounted tires, all reporting U.S. producers reported that subject imports of unmounted tires from both India and Sri Lanka were "always" or "frequently" interchangeable with the domestic like product and with each other. A substantial majority of U.S. importers reported that subject imports of unmounted tires from both India and Sri Lanka were "always" or "frequently" interchangeable with the domestic like product and with each other. With respect to mounted tires, *** reporting U.S. producers reported that subject imports of mounted tires from India, and Sri Lanka were "always" or "frequently" interchangeable with the domestic like product and with each other. A majority of U.S. importers reported that subject imports of mounted tires from India and Sri Lanka were "always" or "frequently" interchangeable with the domestic like product and with each other.[100]

Moreover, the Commission's pricing data show that with respect to pricing product 10 (skid steer tire, unmounted), subject imports from Sri Lanka, subject imports from India, and the domestic like product ***, indicating head-to-head competition between products from each of these three sources.[101] We observe that pricing product 10 was the pricing product with the highest volume of shipments of subject imports from both India and Sri Lanka.[102] Moreover, two purchasers that responded to the preliminary phase lost sales and lost revenue

---

(…Continued)
the United Arab Emirates, and Vietnam, Inv. Nos. 701-TA-482 to 484 (Final), USITC Pub. 4362 at 12 n.59 (Dec. 2012); *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Final), USITC Pub. 3509 at 29-31 (May 2009).

[99] Moreover, there are limited data regarding imports of mounted tires from India and Sri Lanka. *** importer reported importing mounted OTR tires from India, valued at $***, during January-September 2015, although it is estimated that approximately $*** of mounted OTR tires were imported from India during January-September 2015. CR at IV-2 n.2; PR at IV-1 n.2; CR/PR at Table IV-5.

[100] CR/PR at Table II-4.

[101] CR/PR at Table V-8.

[102] *See* CR/PR at Figures V-2 to V-7.

survey – including the *** responding purchaser of unmounted OTR tires – reported purchases of subject merchandise from both India and Sri Lanka.[103]

Channels of Distribution. U.S. producers' U.S. shipments of unmounted OTR tires went primarily to OEMs, but a *** share also went to distributors. In 2014, *** percent of U.S. shipments went to OEMs, *** percent went to distributors, and *** percent went to tire mounters.[104] U.S. producers' U.S. shipments of mounted tires went *** to OEMs, with *** percent of shipments in 2014 going to OEMs and *** percent going to distributors.[105]

Subject imports of unmounted OTR tires from both India and Sri Lanka went primarily to distributors, but an *** share of imports from each country went to OEMs. In 2014, *** percent of U.S. importers' shipments of subject imports of unmounted tires from India went to distributors, *** percent went to OEMs, and *** percent went to tire mounters. In 2014, *** percent of U.S. importers' shipments of subject imports of unmounted tires from Sri Lanka went to distributors, *** percent went to OEMs, and *** percent went to tire mounters.[106]

Thus, the data show some overlap in channels of distribution between the domestic like product, subject imports from India, and subject imports from Sri Lanka in shipments of unmounted OTR tires both to distributors and to OEMs.

Geographic Overlap. U.S. producers reported selling OTR tires to all regions in the contiguous United States. Similarly, importers of subject merchandise from both India and Sri Lanka reported selling subject OTR tires to all regions in the contiguous United States.[107] Thus, there is clear geographic overlap between and among subject imports from India and Sri Lanka and the domestic like product.

Simultaneous Presence in Market. The domestic like product was present in the U.S. market throughout the POI.[108] Subject imports of unmounted tires from India and Sri Lanka were present in the U.S. market in every month of the POI.[109]

Conclusion. The record indicates sufficient fungibility between the domestic like product and subject imports from India and Sri Lanka to meet the reasonable overlap standard. Market participants' perceptions of interchangeability between subject imports from India and Sri Lanka and the domestic like product, pricing data showing that the domestic like product and subject imports from India and Sri Lanka sell a common product in the U.S. market, and

---

[103] CR/PR at Table V-13.

[104] CR at II-2; PR at II-1; CR/PR at Table II-1.

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

[106] CR/PR at Table II-1. With respect to subject imports of mounted tires from India and Sri Lanka, there ***. *Id.*

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

[108] CR/PR at Tables V-3 to V-8.

[109] CR/PR at Table IV-8. Data for subject imports of mounted tires were only available for the period July 2014 through September 2015, showing that subject imports of mounted tires from India were present in the U.S. market in 8 out of 15 months and subject imports of mounted tires from Sri Lanka were present in 9 out of 15 months. CR/PR at Table IV-9.

information concerning some overlap in purchasers all rebut respondents' assertions that subject imports from India and Sri Lanka compete in entirely distinct segments in the U.S. market. Appreciable percentages of the domestic like product and subject imports from India and Sri Lanka are sold to distributors, and appreciable percentages from all three sources are also sold to OEMs. The domestic like product and subject imports from India and Sri Lanka were simultaneously present in the U.S. market throughout the POI and were all sold in multiple U.S. regions. Consequently, the record indicates that there is a reasonable overlap of competition between and among subject imports from India and Sri Lanka and the domestic like product. We accordingly consider subject imports from India and Sri Lanka on a cumulated basis for our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

VII. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[110] 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.[111] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[112] 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.[113] 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."[114]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[115] it does not define the phrase "by reason of," indicating that this aspect of the

[110] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here to the extent pertinent and practicable.

[111] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[112] 19 U.S.C. § 1677(7)(A).

[113] 19 U.S.C. § 1677(7)(C)(iii).

[114] 19 U.S.C. § 1677(7)(C)(iii).

[115] 19 U.S.C. §§ 1671b(a), 1673b(a).

injury analysis is left to the Commission's reasonable exercise of its discretion.[116] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[117]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[118] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[119] Nor does

---

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

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

[118] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[119] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other

(Continued…)

the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[120] It is clear that the existence of injury caused by other factors does not compel a negative determination.[121]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[122] [123] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[124]

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

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

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

[122] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

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

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports

(Continued…)

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[125] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[126] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[127]

(…Continued)

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

542 F.3d at 878.

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

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

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

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

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[128] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[129]

B. 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

U.S. demand for OTR tires depends on the demand for domestically produced downstream products using OTR tires. The types of vehicles using OTR tires include farm tractors, combine harvesters, aerial work platforms, earthmoving vehicles, irrigation equipment, log skidders, off-the-road dump trucks, run-in-loaders, graders, mobile cranes, lift trucks, and skid-steer mini-loaders. OTR tires are used both on new vehicles in the OEM market and as replacement tires for vehicles in the aftermarket.[130]

The parties have identified several major end-use segments of the market for OTR tires, including agricultural, construction, industrial and mining. While the parties agree that demand in the agricultural and mining segments has been declining due to lower commodity prices and farm income,[131] they have offered differing views on demand conditions in the construction and industrial segments.[132] Respondents argue that a decline in demand for off-the-road

---

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

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

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

[130] CR at II-1, II-14; PR at II-1, II-7; Conference Tr. at 23 (Brewer). In any final phase of these investigations, we will seek data on U.S. shipments to OEM and aftermarket purchasers.

[131] Petitioners' Postconference Brief at 20-21; Alliance's Postconference Brief at 18-21; BKT's Postconference Brief at 8-9. Respondents assert that there have been offsetting trends within the agricultural segment, stating that falling commodity prices have benefited dairy and cattle farmers and that demand for smaller tractors used by those farmers has increased, while demand for larger tractors has declined. Alliance's Postconference Brief at 19-20.

[132] Petitioners state that there has been a slight increase in demand for OTR tires in the aftermarket in the construction and industrial segments, which has been offset by declines in demand for original equipment in those two segments. Petitioners' Postconference Brief at 20-21. Respondents assert that demand in the construction segment has been rising over the past year, following positive trends in housing starts and commercial and government construction projects, and that demand in the industrial segment has also been improving. Alliance's Postconference Brief at 20-22.

vehicles tends to have a large effect on demand for OTR tires from OEM purchasers, but a smaller effect on demand for replacement OTR tires in the aftermarket.[133]

*** reporting U.S. producers reported a decrease in U.S. demand for OTR tires since January 2012. Responses by U.S. importers were mixed, but a majority reported that demand had either decreased or fluctuated since January 2012.[134]

Apparent U.S. consumption of OTR tires declined from *** tires in 2012 to *** tires in 2013 and *** tires in 2014. It was lower in interim 2015 at *** tires than it was in interim 2014, when it was ***.[135]

2. Supply Conditions

The market for OTR tires is supplied by the domestic industry, cumulated subject imports, and imports from other sources. The domestic industry has the largest share of the U.S market, with a market share of *** percent in 2014. Its market share declined between 2012 and 2014 and was *** percentage points lower in interim 2015 than in interim 2014.[136] Titan is the largest U.S. producer of OTR tires, accounting for *** percent of U.S. unmounted tire production and *** percent of mounted tire production during the POI.[137] The domestic industry has ample unused capacity to produce unmounted OTR tires, with capacity utilization of *** percent in 2014.[138]

Cumulated subject imports from India and Sri Lanka had a market share of *** percent in 2014. Their market share increased from 2012 to 2014 and was almost *** percentage points higher in interim 2015 than in interim 2014.[139]

Imports from other sources include nonsubject imports, as well as subject imports from China that are ineligible for cumulation. A significant source of nonsubject imports during the POI was imports of unmounted OTR tires from China that are subject to the outstanding orders.

---

[133] BKT's Postconference Brief at 8-9.

[134] CR/PR at Table II-3.

[135] CR/PR at Table IV-12.

[136] The domestic industry's share of apparent U.S. consumption was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. CR/PR at Table IV-13.

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

[138] Capacity utilization for OTR tire production operations was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. Capacity utilization for OTR tire mounting operations was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. CR/PR at Table III-6.

[139] The share of apparent U.S. consumption held by cumulated subject imports, by quantity, rose from *** percent in 2012 to *** percent in 2013 and *** percent in 2014. It was *** percent in interim 2014, and *** percent in interim 2015. CR/PR at Table IV-13.

The market share of imports from other sources was relatively stable over the POI and was *** percent in 2014.[140]

3. Substitutability and Other Conditions

We find that there is a moderate-to-high degree of substitutability between domestically produced OTR tires and OTR tires imported from India and Sri Lanka.[141] Petitioners argue that subject imports are present in all segments of the U.S. market and compete head-to-head with the domestic like product on the basis of price.[142] Respondents assert that there are different "tiers" of suppliers of OTR tires in the U.S. market based on perceived quality and brand recognition and that domestic suppliers in higher tiers and/or with recognized brands command a price premium in the U.S. market over subject imports. Respondents further assert that the U.S. OTR market is highly segmented by end use (*e.g.,* agricultural), customer category (*e.g.,* OEM and aftermarket), and quality tier and that this segmentation limits the ability of subject imports to compete with the domestic industry.[143] As previously discussed, we will seek further information in any final phase of these investigations concerning competition between the domestic like product and subject imports in particular end-use segments, and for sales to OEMs and the aftermarket. We will also examine the extent to which quality tiers exist, whether market participants can identify those tiers and the suppliers within them and the extent to which any such tiers affect competition between the domestic like product and the subject imports.

Raw materials accounted for *** percent of the domestic industry's total cost of goods sold ("COGS") in 2014.[144] Raw materials used in the production of OTR tires include natural rubber, synthetic rubber, carbon black, and various chemicals, textiles and steel.[145] The price of synthetic rubber declined by *** percent over the POI, and the price of natural rubber declined by *** percent.[146]

---

[140] The share of apparent U.S. consumption held by imports from other sources, by quantity, declined from *** percent in 2012 to *** percent in 2013, and then increased to *** percent in 2014. It was *** percent in interim 2014 and *** percent in interim 2015. CR/PR at Table C-1.

[141] CR at II-18; PR at II-12.

[142] Petitioners' Postconference Brief at 21-22. Petitioners assert that subject imports from India and Sri Lanka meet or exceed quality standards. They state that any "tiers" are more of a marketing tool than a measure of product quality. They emphasize that respondents place subject imports from India and Sri Lanka in the same quality tier as Titan. *Id.*; Conference Tr. at 231-232 (Drake); *see* Conference Tr. at 123 (Mazzola).

[143] Alliance's Postconference Brief at 13-18; BKT's Postconference Brief at 13-15.

[144] CR/PR at Table VI-1. In 2014, the domestic industry's average unit COGS was $*** per tire. Raw material costs accounted for $*** per tire, direct labor $*** per tire, and other factory costs $*** per tire. *Id.*

[145] CR at I-22, V-1; PR at I-16, V-1.

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

In 2014, shipments by domestic producers were most frequently sold under contracts, while most shipments of subject imports were sold in the spot market.[147] Some contracts contain provisions that periodically adjust contract prices in response to changes in raw material costs,[148] while some contracts contain provisions permitting customers to request a lower price if they receive a better offer from another supplier.[149]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[150]

The volume of cumulated subject imports from India and Sri Lanka increased from *** tires in 2012 to *** tires in 2013 and *** tires in 2014. It was *** tires in interim 2014 and *** tires in interim 2015.[151] The share of apparent U.S. consumption held by cumulated subject imports, by quantity, increased from *** percent in 2012 to *** percent in 2013 and *** percent in 2014. It was *** percent in interim 2014, and higher, at *** percent, in interim 2015.[152]

Cumulated subject imports increased their share of the U.S. market largely at the expense of the domestic industry. The domestic industry's market share was *** percent in 2012 and *** percent in 2013, but then declined to *** percent in 2014. It was *** percent in interim 2014 and *** percent in interim 2015.[153] Thus, the market share of subject imports increased by *** percentage points between 2012 and 2014, while the market share of the domestic industry declined by *** percentage points. Similarly, the market share of subject imports was *** percentage points higher in interim 2015 than in interim 2014, while the market share of the domestic industry was *** percentage points lower in interim 2015 than in 2014.

We find that the volume of cumulated subject imports and the increase in that volume are significant both in absolute terms and relative to consumption in the United States.

---

[147] Of U.S. producers' U.S. commercial shipments in 2014, *** percent were sold under long-term contracts, *** percent under annual contracts, and *** percent under short-term contracts, while *** percent were made in the spot market. CR/PR at Table V-2. Of U.S. importers' U.S. commercial shipments of subject imports in 2014, *** percent were sold in the spot market, while *** percent were sold under long-term contracts, *** percent under annual contracts, and *** percent under short-term contracts. CR/PR at Table V-2.

[148] Conference Tr. at 126, 194-195 (Mazzola); 194 (Bulger).

[149] CR at V-4 to V-5; PR at V-3; Conference Tr. at 29-30 (Nutter).

[150] 19 U.S.C. § 1677(7)(C)(i).

[151] CR/PR at Table IV-3.

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

[153] CR/PR at Table IV-13.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of 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.[154]

As previously discussed, there is a moderate-to-high degree of substitutability between domestically produced OTR tires and OTR tires imported from India and Sri Lanka.[155] The record in the preliminary phase of these investigations supports a finding that price is at least a moderately important factor in purchasing decisions.[156]

In the preliminary phase of these investigations, the Commission collected pricing data on 12 different products and received usable pricing data from five U.S. producers and 18 importers.[157] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of unmounted OTR tires and *** percent of U.S. producers' shipments of mounted tires during 2012-14.[158] Pricing data reported by importers of unmounted OTR tires from India accounted for approximately *** percent of commercial shipments of unmounted OTR tires from India during 2012-14. Pricing data reported by importers of OTR tires from Sri Lanka accounted for about *** percent of commercial shipments of unmounted OTR tires from Sri Lanka and about *** percent of commercial shipments of mounted tires from Sri Lanka during 2012-14.[159]

Cumulated subject imports undersold the domestic industry in 67 out of 88 comparisons by margins ranging from 0.1 percent to 51.0 percent with an average margin of underselling of 25.6 percent. There were *** tires from the cumulated subject countries involved in

---

[154] 19 U.S.C. § 1677(7)(C)(ii).

[155] CR at II-18; PR at II-12.

[156] *See* CR at II-20; PR at II-13 (price identified by purchasers surveyed as one of several major factors in purchasing decisions).

[157] Three of these products concern irrigation pivot tires, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches. Three concern rear farm tires, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches. Three concern front farm tires, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches. Three concern skid steer tires, size 10-16.5, ply rating of 10, weight from 55 to 85 lbs., rim width 8.25 inches. CR at V-6 to V-7; PR at V-4 to V-5.

[158] We invite the parties in their comments on the draft questionnaires in any final phase of these investigations to suggest additional or alternative pricing products that reflect areas of competition between the domestic like product and subject imports or that may increase product coverage.

[159] CR at V-7 to V-8; PR at V-5. There were no reported shipments of mounted OTR tires from India in the pricing data. CR at V-7 n.14; PR at V-5 n.14.

underselling observations and only *** tires involved in overselling observations.[160] In light of our findings on the substitutability of the domestic like product and cumulated subject imports and the importance of price in purchasing decisions, we find this underselling to be significant for purposes of our preliminary determinations.

We do not find that subject imports depressed U.S. producers' prices to a significant degree. The pricing data indicate that both domestic prices and subject import prices declined over the POI.[161] However, these price declines occurred at the same time as substantial declines in the prices for national rubber and synthetic rubber, both raw materials used in the production of OTR tires.[162] Moreover, they occurred during a time when apparent U.S. consumption of OTR tires was declining.[163] On the current record, we are unable to conclude that the decline in prices for the domestic like product has been as a result of subject imports rather than other factors.

We also do not find that subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree, because it is unlikely that the domestic industry would have been in a position to raise prices given the underlying conditions of competition. As previously discussed, these included declining apparent U.S. consumption and falling unit costs.[164]

While the cumulated subject imports were underselling the domestic like product, they were also gaining market share at the domestic industry's expense at a time when demand was declining, as discussed in Section VII.C. Additionally, information on the record from some U.S purchasers indicates that they shifted purchases from the domestic like product to subject imports because of lower prices for subject imports, while some purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced subject imports.[165]

Given the significant underselling by subject imports, the increase in the market share of subject imports at the expense of the domestic industry, and the reports by U.S. purchasers of some domestic industry lost sales and price concessions, we find that subject imports had significant price effects on the domestic industry.

---

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

[161] Declines in domestic prices during the POI ranged between 3.8 percent and 32.1 percent, while declines in prices of subject imports during the POI ranged between 2.5 percent and 21.5 percent. CR/PR at Table V-11.

[162] The price of synthetic rubber declined by *** percent over the POI, and the price of natural rubber declined by *** percent. CR at V-1; PR at V-1; CR/PR at Figure V-1.

[163] CR/PR at Table IV-12.

[164] The domestic industry's average unit COGS declined from $*** per tire in 2012 to $*** per tire in 2013 and $*** per tire in 2014. It was $*** per tire in interim 2014 and $*** per tire in interim 2015. CR/PR at Table VI-1.

[165] CR at V-26 to V-29; PR at V-9 to V-10; CR/PR at Tables V-15, V-16.

E. Impact of the Subject Imports[166]

Section 771(7)(C)(iii) of the Tariff 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." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, 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."[167]

The domestic industry's capacity for unmounted OTR production remained stable during the POI, while capacity for mounting OTR tires remained stable between 2012 and 2014, but was higher in interim 2015 than in interim 2014.[168] Production of OTR tires declined between 2012 and 2014, and was lower in interim 2015 than in interim 2014, while production of mounted OTR tires fluctuated but likewise declined between 2012 and 2014.[169] Capacity utilization for both unmounted tires and mounted tires declined between 2012 and 2014, and was lower in interim 2015 than in interim 2014.[170] U.S. shipments declined from 2012 to 2014 for both mounted and unmounted tires, and were lower in interim 2015 than in interim 0214 for unmounted tires.[171] The ratio of inventories to total shipments increased between 2012 and 2014 for both tire production and tire mounting operations.[172] The domestic industry's

---

[166] In its notice initiating the antidumping duty investigations, Commerce reported estimated dumping margins ranging from 10.77 to 76.45 percent for imports from India. *Certain New Pneumatic Off-the-Road Tires From India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 81 Fed. Reg. 7073, 7078 (Feb. 10, 2016).

[167] 19 U.S.C. § 1677(7)(C)(iii). This provision was recently amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[168] Capacity for unmounted OTR tire production was *** tires in 2012, 2013, and 2014. It was *** tires in interim 2014 and interim 2015. Capacity for mounting OTR tires was *** tires in 2012, 2013, and 2014. It was *** tires in interim 2014 and *** tires in interim 2015. CR/PR at Table III-6.

[169] Production of unmounted OTR tires declined from *** tires in 2012 to *** tires in 2013 and *** tires in 2014; it was *** tires in interim 2014 and *** tires in interim 2015. Production of mounted OTR tires increased from *** tires in 2012 to *** tires in 2013, and then declined to *** tires in 2014; it was *** tires in interim 2014 and *** tires in interim 2015. CR/PR at Table III-6.

[170] Capacity utilization for OTR tire production operations was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. Capacity utilization for OTR tire mounting operations was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. CR/PR at Table III-6.

[171] U.S. shipments of unmounted OTR tires were *** tires in 2012, *** tires in 2013, and *** tires in 2014. They were *** tires in interim 2014 and *** tires in interim 2015. U.S. shipments of mounted OTR tires were *** tires in 2012, *** tires in 2013, and *** tires in 2014. They were *** tires in interim 2014 and *** tires in interim 2015. CR/PR at Table III-7.

[172] The ratio of inventories to total shipments for OTR tire production operations was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and (Continued…)

market share declined from *** percent in 2012 to *** percent in 2014, and was *** percentage points lower in interim 2015 than in interim 2014.[173]

As a result of the lower production, shipments, and capacity utilization, employment indicators also declined over the POI. For both OTR tire production and tire mounting, the number of production and related workers ("PRWs") declined,[174] as did the total hours worked,[175] and the wages paid.[176] Productivity fluctuated for OTR tire production, while it increased for OTR tire mounting.[177]

The domestic industry's net sales revenues declined throughout the period.[178] U.S. producers' COGS also declined.[179] Operating income was $*** in 2012, increased to $*** in 2013, and then declined to $*** in 2014. The $*** operating income in interim 2015 was lower than the $*** in interim 2014.[180]

(…Continued)
*** percent in interim 2015. The ratio of inventories to total shipments for OTR tire mounting operations was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. CR/PR at Table III-18.

[173] The domestic industry's market share was *** percent in 2012, *** percent in 2013, and *** percent in 2014; it was *** percent in interim 2014 and *** percent in interim 2015. CR/PR at Table IV-13.

[174] The average number of PRWs for OTR tire production was *** in 2012, *** in 2013, and *** in 2014; it was *** in interim 2014 and *** in interim 2015. CR/PR at Table III-11. The average number of PRWs for OTR tire mounting was *** in 2012, *** in 2013, and *** in 2014; it was *** in interim 2014 and *** in interim 2015. CR/PR at Table III-11.

[175] For OTR tire production, total hours worked were *** hours in 2012, *** hours in 2013, and *** hours in 2014; they were *** hours in interim 2014 and *** hours in interim 2015. For OTR tire mounting, total hours worked were *** hours in 2012, *** hours in 2013, and *** hours in 2014; they were *** hours in interim 2014 and *** hours in interim 2015. CR/PR at Table III-11.

[176] Wages paid for OTR tire production totaled $*** in 2012, $*** in 2013, and $*** in 2014; they totaled $*** in interim 2014 and $*** in interim 2015. Wages paid for OTR tire mounting totaled $*** in 2012, $*** in 2013, and $*** in 2014; they totaled $*** in interim 2014 and $*** in interim 2015. CR/PR at Table III-11.

[177] Productivity for OTR tire production, as measured by tires per 1,000 hours, was *** in 2012, *** in 2013, and *** in 2014; it was *** in interim 2014 and *** in interim 2015. Productivity for OTR tire mounting, as measured by tires per 1,000 hours, was *** in 2012, *** in 2013, and *** in 2014; it was *** in interim 2014 and *** in interim 2015. CR/PR at Table III-11.

[178] Net sales value was $*** in 2012, $*** in 2013, and $*** in 2014. It was $*** in interim 2014 and $*** in interim 2015. CR/PR at Table VI-1. Net sales by volume were *** tires in 2012, *** tires in 2013, and *** tires in 2014. Net sales by volume were *** tires in interim 2014 and *** tires in interim 2015. CR/PR at Table VI-1.

[179] Total COGS was $*** in 2012, $*** in 2013, and $*** in 2014. Total COGS was $*** in interim 2014 and $*** in interim 2015. CR/PR at Table VI-1.

[180] CR/PR at Table VI-1. The industry's gross profit was $*** in 2012, $*** in 2013, and $*** in 2014. It was $*** in interim 2014 and $*** in interim 2015. *Id.* The industry had net income of $*** in (Continued…)

The operating income margin was *** percent in 2012, *** percent in 2013, and *** percent in 2014. It was *** percent in interim 2014 and *** percent in interim 2015.[181] Capital expenditures declined from $*** in 2012 to $*** in 2014.[182] Research and development (R&D) expenses fluctuated but increased overall between 2012 and 2014.[183]

The domestic industry's loss of market share caused by increasing volumes of low-priced subject imports resulted in the industry achieving lower production, capacity utilization, and U.S. shipments than it would have absent subject import competition. Reduced output, in turn, led to a substantial decline in the industry's employment indicators, including declines in PRWs, hours worked, and wages paid. We find that the domestic industry's loss of market share as a result of subject imports also had a direct effect on the industry's revenues, and consequently its profitability. Sales revenues declined by *** percent between 2012 and 2014, and were *** percent lower in interim 2015 than in interim 2014.[184] The industry's operating income declined by *** percent from 2012 to 2014, and was *** percent lower in interim 2015 than in interim 2014.[185] We accordingly find that the significant volume of cumulated subject imports, which gained market share at the expense of the domestic industry through significant underselling, had a significant impact on the domestic industry.

In our analysis of the impact of subject imports on the domestic industry, we have taken into account whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from other factors to the subject imports. Respondents have argued that the decline in U.S. demand, particularly in the OEM market, was responsible for any decline in the domestic industry's performance.[186] However, the overall decline in U.S. demand cannot explain the domestic industry's loss of market share to low-priced subject imports, which led to the industry attaining fewer shipments and lower revenues than it would have otherwise. In any final phase of these investigations, we will examine whether changes in demand for specific end user segments contributed to the industry's loss of market share.

Respondents also assert that the domestic industry's difficulties are unique to Titan, whose problems are the result of its own mismanagement, including poor customer service and

---

(…Continued)
2012, $*** in 2013, and $*** in 2014. Net income was $*** in interim 2014 and $*** in interim 2015. *Id*.

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

[182] Capital expenditures totaled $*** in 2012, $*** in 2013, and $*** in 2014. They were $*** in interim 2014 and $*** in interim 2015. CR/PR at Table VI-5.

[183] R&D expenses totaled $*** in 2012, $*** in 2013, and $*** in 2014. They were $*** in interim 2014 and $*** in interim 2015. CR/PR at Table VI-5.

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

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

[186] BKT's Postconference Brief at 21-24; Alliance's Postconference Brief at 32-33; CEAT's Postconference Brief at 46-50.

an unsuccessful investment in new technology, and not a result of subject imports.[187] However, we base our analysis on the performance of the domestic industry as a whole, which includes Titan as the largest producer. In any event, the declines in the performance of the domestic industry that we have identified were not limited to Titan.[188] In any final phase of these investigations, we will seek information in our questionnaires about any differences in customer service and quality or other characteristics between OTR tires from different sources.

We have also considered the role of imports from other sources. These include subject imports from China that are ineligible for cumulation, as well as nonsubject imports, which include imports of unmounted tires from China that are subject to the outstanding orders. Imports from other sources were generally a stable presence in the market over the POI, but their market share declined by *** between 2012 and 2014, and was lower in interim 2015 than in interim 2014.[189] Thus, imports from other sources cannot explain the domestic industry's loss of market share. Accordingly, we find that subject imports had injurious effects on the domestic industry distinct from any effects from imports from other sources.[190]

We therefore conclude, for purposes of these preliminary phase determinations, that the cumulated subject imports have had a significant adverse impact on the domestic industry.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of OTR tires from India that are allegedly sold in the United States at less than fair value and imports of OTR tires from India and Sri Lanka that are allegedly subsidized by the governments of India and Sri Lanka, respectively. We also conclude that subject imports of OTR tires from China that are allegedly sold in the United States at LTFV and are allegedly subsidized by the government of China are negligible.

[187] Alliance's Postconference Brief at 37-39; BKT's Postconference Brief at 23-24; Camso's Postconference Brief at 18-20.

[188] Domestic producers other than Titan also displayed declines in sales revenues throughout the POI and declines in operating income and operating margin after 2013. CR/PR at Table VI-2.

[189] The share of apparent U.S. consumption held by imports from other sources, by quantity, was *** percent in 2012, *** percent in 2013, and *** percent in 2014. It was *** percent in interim 2014, and *** percent in interim 2015. CR/PR at Table IV-13.

[190] For purposes of the considerations required by *Bratsk/Mittal*, Vice Chairman Pinkert and Commissioner Kieff find that OTR tires are not a commodity product. OTR tires have a number of end uses, come in many types and sizes, and are of either bias ply or radial construction. *See* CR at I-18 to I-19; PR at I-13 to I-14.

PART I: INTRODUCTION

BACKGROUND

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

Effective date	Action
January 8, 2016	Petition filed with Commerce and the Commission; institution of Commission investigation (81 FR 2236, January 15, 2016)
January 29, 2016	Commission's conference
February 3, 2016	Commerce's notice of initiation of AD and CVD investigations (81 FR 7073 and 81 FR 7067, February 10, 2016)
February 19, 2016	Commission's vote
February 24, 2016	Commission's determinations
March 2, 2016	Commission's views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United*

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations.

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

[3] A list of witnesses appearing at the conference is presented in app. B of this report.

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

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

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

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

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

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

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy 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 of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

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. The largest sector of the OTR tire market in the United States is agricultural applications.[6]

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

The leading U.S. importers of OTR tires from China are ***; while the leading importers of OTR tires from India are ***; and the leading importers of OTR tires from Sri Lanka are ***. Leading importers of OTR tires from nonsubject countries (***) include ***. Leading purchasers of OTR tires in the United States include ***.

Apparent U.S. consumption totaled *** in 2014. Currently, five firms are known to produce OTR tires in the United States. The U.S. producers' U.S. shipments totaled *** in 2014, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled *** in 2014 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** in 2014 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

[6] Conference transcript (Stewart), p. 83.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for essentially all of U.S. production capacity of OTR tires as of January 1, 2016.[7] Usable questionnaire responses were received from 29 companies representing, by value, *** percent of U.S. subject imports from China (*i.e.*, mounted OTR tires) in January-September 2015, *** percent of unmounted OTR tire imports from India,[8] *** percent of unmounted OTR tire imports from Sri Lanka in 2014 and over *** of imports of mounted OTR tires from Sri Lanka in January-September 2015, and 85.2 percent of unmounted OTR tires imports from all other countries in 2014.[9]

PREVIOUS AND RELATED INVESTIGATIONS

OTR tires have been the subject of prior countervailing and antidumping duty investigations in the United States. On June 18, 2007, Titan and the USW filed petitions for antidumping and countervailing duties on OTR tires from China.[10] Commerce imposed preliminary antidumping and countervailing duties in September 2007,[11] and in August 2008, the Commission determined that imports of OTR tires from China were a cause of material injury to the domestic industry.[12] In 2013, Commerce and the Commission

---

[7] All known U.S. producers of OTR tires, except for Mitas Tires North America, Inc. ("Mitas"), Sumitomo Rubber, and Trelleborg Wheel Systems Americas Inc. ("Trelleborg") provided a response to the U.S. producers' questionnaire. Mitas was identified in the petition but Trelleborg acquired its OTR tire plant in Charles City, Iowa in November 2015. Sumitomo Rubber produces only out-of-scope passenger vehicle, light truck and bus, ATV, and motorcycle tires at its Tonawanda, New York plant. ***. Staff believes that the only U.S. production of subject merchandise not accounted for in this report is Trelleborg's Charles City, Iowa plant. MTD's January 2016 report estimates that Trelleborg's plant accounts for 0.7 percent of U.S. OTR tire production capacity (Table III-1).

[8] *** importer, ***, reported importing mounted OTR tires from India valued at $*** of such tires imported during January-September 2015.

[9] No importer reported importing mounted OTR tires from all other sources. Staff estimates that there was $*** million of such tires imported during January-September 2015.

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

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

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

conducted sunset reviews of the orders and determined that they should remain in place.[13] These orders remain in place today and include the same OTR tires that are subject to these investigations; however, mounted OTR tires are not subject under the existing orders.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On February 10, 2016 Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on OTR tires from China.[14] Commerce indicated its intentions to investigate the following 38 alleged subsidy programs:[15]

A. Preferential Lending
    1. Government Policy Lending
    2. Preferential Loans to State-Owned Enterprises
    3. Discounted Loans for Export-Oriented Enterprises
B. Export Buyer's Credits and Export Seller's Credits from State-Owned Banks
C. Export Credit Insurance Subsidies
D. Export Credit Guarantees
E. Provision of Goods and Services for Less Than Adequate Remuneration ("LTAR")
    1. Provision of Carbon Black for LTAR
    2. Provision of Nylon Cord for LTAR
    3. Provision of Synthetic Rubber and Butadiene for LTAR
    4. Provision of Natural Rubber for LTAR
    5. Provision of Land-Use Rights to Off Road Tire Producers for LTAR
    6. Provision of Land-Use Rights for SOEs for LTAR
    7. Provision of Land-Use Rights for FIEs for LTAR
    8. Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR
    9. Provision of Electricity for LTAR
F. Direct Tax Exemptions and Reductions
    1. Income Tax Reductions for High- and New-Technology Enterprises ("HNTEs")
    2. Enterprise Income Tax Law, Research and Development ("R&D") Program

---

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

[14] *Certain New Pneumatic Off-The-Road Tires from India, the People's Republic of China, and Sri Lanka: Initiation of Countervailing Duty Investigations,* 81 FR 7067, February 10, 2016.

[15] Enforcement and Compliance Office of AD/CVD Operations CVD Investigation Initiation Checklist, *Certain New Pneumatic Off-The-Road Tires from the People's Republic of China (C-570-035), February 3, 2016.*

3. Income Tax Reduction for Advanced-Technology FIEs
4. Income Tax Credits on Purchases of Domestically-Produced Equipment by FIEs
5. Income Tax Credits for Domestically-Owned Companies Purchasing PRC-Made Equipment

G. Indirect Tax Exemptions and Reductions
1. Import Duty Exemptions for Imported Equipment
2. Value-Added Tax ("VAT") Exemptions for Imported Equipment
3. VAT Refunds for FIEs on Purchases of PRC-Made Equipment
4. VAT Refunds for Domestic Firms on Purchases of PRC-Made Equipment
5. VAT Exemptions and Deductions for Central Regions

H. Grants
1. State Key Technology Renovation Project Fund Program
2. Famous Brands Program
3. Special Fund for Energy-Saving Technology Reform
4. The Clean Production Technology Fund
5. Export Loan Interest Subsidies
6. Export Interest Subsidy Funds for Enterprises Located in Zhejiang Province
7. Direct Government Grants Indicated in the Financial Statements of Off Road Tire Producers
    a) *Direct Government Grants to Aeolus*
    b) *Direct Government Grants to Double Coin*
    c) *Direct Government Grants to GITI*
    d) *Direct Government Grants to Guizhou Tyre*
    e) *Direct Government Grants to Qingdao Doublestar*
    f) *Direct Government Grants to Sailun*

On February 10, 2016, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on OTR tires from India. [16] Commerce indicated its intentions to investigate the following 27 alleged subsidy programs: [17]

1. Advance Authorization Scheme (AAS)
2. Duty Drawback Scheme (DDB Scheme)
3. Duty Free Import Authorization Scheme (DFIA Scheme)
4. Tax and Duty Incentives Under the Special Economic Zones (SEZs) Program
5. Tax and Duty Incentives Under the Export-Oriented Units (EOUs) Program
6. Market Development Assistance (MDA) Scheme
7. Focus Product Scheme

[16] *Certain New Pneumatic Off-The-Road Tires from India, the People's Republic of China, and Sri Lanka: Initiation of Countervailing Duty Investigations,* 81 FR 7067, February 10, 2016.

[17] Enforcement and Compliance Office of AD/CVD Operations CVD Investigation Initiation Checklist, *Certain New Pneumatic Off-The-Road Tires from India (C-533-870), February 3, 2016.*

8. Market Access Initiative
9. Income Deduction Program
10. Export Promotion of Capital Goods Scheme (EPCG Scheme)
11. Status Certificate Program
12. Rupee-Denominated Pre- and Post- Shipment Credits
13. Export Credit Insurance
14. Assistance to States for Infrastructure Development for Exports and Allied Activities ("ASIDE")
15. GOI Central Capital Investment Subsidy Scheme
16. GOI Freight Subsidy Scheme, 2013
17. New Industrial Policy of Tamil Nadu, 2007 - Capital Subsidy
18. Tamil Nadu Industrial Policy, 2014
19. Punjab Fiscal Incentives for industrial Promotion, 2013
20. Kerala Industrial & Commercial Policy Amended, 2015
21. Maharashtra Package Scheme of Incentives, 2013
22. State of Maharashtra Octroi Refund Scheme
23. State of Maharashtra Loan Guarantees Based on Octroi Refunds
24. Incentives Under the West Bengal Support for Industries Scheme
25. Union Territories Sales Tax Exemption
26. Gujarat Industrial Policy. 2015 Stamp Duty Reimbursement
27. Gujarat Industrial Policy. 2015 Infrastructure Subsidies

On February 10, 2016, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on OTR tires from Sri Lanka. [18] Commerce indicated its intentions to investigate the following 16 alleged subsidy programs:[19]

1. Export Development Reward Scheme
2. Tax Concessions for Specified Undertakings
3. Tax Concessions for Exporters of Non-Traditional Products
4. Incentives for Producers and Suppliers of Exporters
5. Tax Exemptions and Concessions for Export Production Village (EPV) Companies
6. Incentives for New Undertakings
7. Incentives for Certain New Undertakings in Certain Areas
8. Incentives for New Undertakings in Any Lagging Region
9. Incentives for Certain Undertakings with High Investments
10. Nation Building Tax (NBT) Preferences
11. Port and Airport Levy (PAL) Preferences

[18] *Certain New Pneumatic Off-The-Road Tires from India, the People's Republic of China, and Sri Lanka: Initiation of Countervailing Duty Investigations,* 81 FR 7067, February 10, 2016.

[19] Enforcement and Compliance Office of AD/CVD Operations CVD Investigation Initiation Checklist, *Certain New Pneumatic Off-The-Road Tires from Sri Lanka(C-542-801), February 3, 2016.*

12. Tax Incentives from the Board of Investment (BOI) of Sri Lanka
13. Exemptions/Concessions for Fiscal Levies on Capital and Intermediate Goods
14. Export Processing Zones (EPZ)
15. Sri Lanka EDB Assistance
16. Export Credit Guarantees from the Sri Lanka Export Credit Insurance Corporation (SLECIC)

Alleged sales at LTFV

On February 10, 2016, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on OTR tires from China and India. Commerce has initiated antidumping duty investigations based on estimated dumping margins of 11.20 to 77.69 percent for OTR tires from China and 10.77 to 76.45 percent for OTR tires from India.[20]

THE SUBJECT MERCHANDISE

Commerce's scope[21]

Commerce has defined the scope of this investigation as follows:

The scope of these investigations is certain new pneumatic tires ("Certain OTR tires"). Certain OTR Tires are tires with an OTR tire size designation. The tires included in the scope may be either tube-type[22] or tubeless, radial, or non-radial, regardless of whether for original equipment manufacturers or the replacement market.

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

Prefix designations:
DH -Identifies a tire intended for agricultural and logging service which must be mounted on a DH drop center rim.

[20] *Certain New Pneumatic Off-The-Road Tires from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 81 FR 7073, February 10, 2016.

[21] Ibid.

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

VA - Identifies a tire intended for agricultural and logging service which must be mounted on a VA multipiece rim.
IF - Identifies an agricultural tire to operate at 20% higher rated load than standard metric tires at the same inflation pressure.
VF -Identifies an agricultural tire to operate at 40% higher rated load than standard metric tires at the same inflation pressure.

Suffix designations:
ML -Mining and logging tires used in intermittent highway service.
DT -Tires primarily designed for sand and paver service.
NHS -Not for Highway Service.
TG -Tractor Grader, off-the-road tire for use on rims having bead seats with nominal +0.188" diameter (not for highway service).
K - Compactor tire for use on 5° drop center or semi-drop center rims having bead seats with nominal minus .032 diameter.
IND -Drive wheel tractor tire used in industrial service.
SL - Service limited to agricultural usage.
FI -Implement tire for agricultural towed highway service.
CFO - Cyclic Field Operation.
SS -Differentiates tires for off-highway vehicles such as mini and skid-steer loaders from other tires which use similar size designations such as 7.00-15TR and 7.00-15NHS, but may use different rim bead seat configurations.

All tires marked with any of the prefixes or suffixes listed above in their sidewall markings are covered by the scope regardless of their intended use.

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

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

- *Industrial, Mining, Counterbalanced Lift Truck (Smooth Floors Only);*
- *Industrial and Mining (Other than Smooth Floors);*

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

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

Excluded from the scope of this investigation are any products covered by the existing antidumping and countervailing duty orders on Certain OTR Tires from the People's Republic of China. See Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Notice of Amended Final Affirmative Determination of Sales at Less Than Fair Value and Antidumping Duty Order, 73 Fed. Reg. 51624 (Dep't Commerce Sept. 4, 2008); Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Countervailing Duty Order, 73 Fed. Reg. 51627 (Dep't Commerce Sept. 4, 2008).[23]

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

Prefix letter designations:
AT -Identifies a tire intended for service on All-Terrain Vehicles;
P -Identifies a tire intended primarily for service on passenger cars;

[23] In these prior investigations, the Department found that imports of OTR tires mounted on wheels were not within the scope of subject merchandise. *See Certain New Pneumatic Off-The-Road Tires from the People's Republic a/China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination a/Critical Circumstances,* 73 Fed. Reg. 40485 (Dep't Commerce July 15, 2008) and accompanying Issues and Decision Memorandum at Comment 19.

LT -Identifies a tire intended primarily for service on light trucks;
T -Identifies a tire intended for one-position "temporary use" as a spare only; and
ST -Identifies a special tire for trailers in highway service.

Suffix letter designations:
TR -Identifies a tire for service on trucks, buses, and other vehicles with rims having specified rim diameter of nominal plus 0.156" or plus 0.250";
MH -Identifies tires for Mobile Homes;
HC -Identifies a heavy duty tire designated for use on "HC" 15" tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation.
Example: 8Rl 7.5 LT, 8Rl 7.5 HC;
LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service;
ST - Special tires for trailers in highway service; and
M/C - Identifies tires and rims for motorcycles.

The following types of tires are also excluded from the scope: Pneumatic tires that are not new, including recycled or retreaded tires and used tires; non-pneumatic tires, including solid rubber tires; aircraft tires; and turf, lawn and garden, and golf tires. Also excluded from the scope are mining and construction tires that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the number of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum1500 pounds).

The subject merchandise is currently imported under Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.50, 4011.92.00.00, 4011.93.40.00, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Tires meeting the scope description may also be imported under the following HTSUS provisions: 4011.99.4550, 4011.99.8550, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035, and 8716.90.5055. While HTSUS provisions are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following provisions of the 2016 HTS: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0090,[24] 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Tires meeting the scope description may also be imported under the following HTS provisions: 4011.99.4590,[25] 4011.99.8590,[26] 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035, and 8716.90.5055.[27]

THE PRODUCT

Description and uses[28]

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 rim with a given metal wheel. The outer components of a tire that can be seen on an assembled tire are the tread that runs around the outside of the tire, the sidewall, and the rubber rim. All tires generally contain varying amounts of

---

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

[25] In 2016, HTS subheading 4011.99.45 was annotated to provide separate data under 4011.99.4520 (tires of a kind used on golf carts, ATVs, and for turf, lawn and garden, and trailer applications) and 4011.99.4590 (all others covered by the rate line).

[26] In 2016, HTS subheading 4011.99.85 was annotated to provide separate data under 4011.99.8520 (tires of a kind used on golf carts, ATVs, and for turf, lawn and garden, and trailer applications) and 4011.99.8590 (all others covered by the rate line).

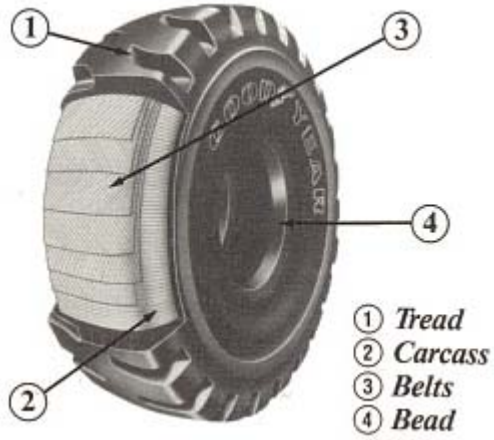
[27] Decisions on the tariff classification and treatment of imported goods are solely within the authority of U.S. Customs and Border Protection.

[28] Unless otherwise noted this information is based on the following publications: *Certain-Off-The-Road Tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Final),* USITC Publication 4031, August 2008, *and Certain Off-The-Road tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014.

natural and synthetic rubber in addition to several other components such as carbon black reinforcement, sulfur curing agents, textile fabric or steel reinforcing plies and belts, and steel bead wire that forms the rim of the tire.[29] [30]

Compared to on-the-road passenger and light truck tires, most 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 durable natural rubber is used in OTR tires relative to the more supple synthetic rubbers which are used in higher proportions in on-the-road tires.[31] Also, more substantial internal reinforcement is required, including rubberized textile and steel tire cord plies and belts, and heavy duty steel bead bundles for rim construction as shown in figure I-1.[32]

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



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

OTR tires are produced in a wide variety of types and sizes depending upon end-use, ranging from relatively small agricultural implement and industrial forklift tires, to larger tires found on the more familiar farm tractors and harvesting equipment, together

[29] Ibid (Review), p. I-10.

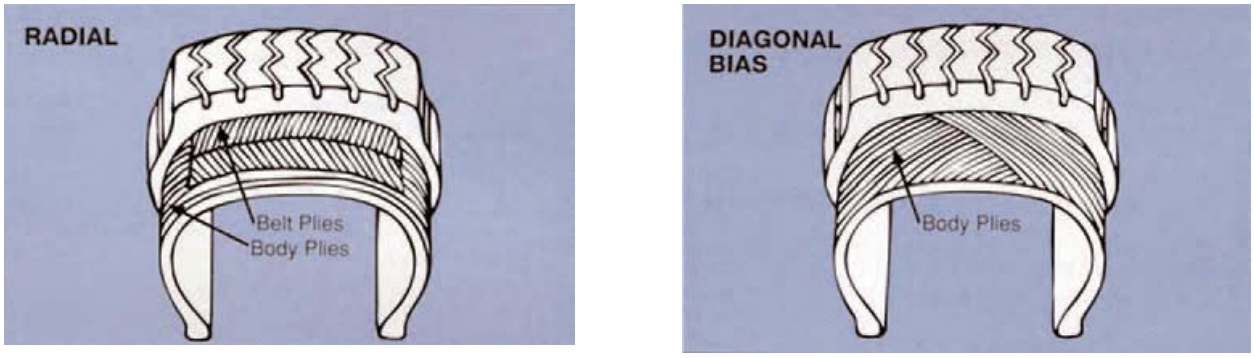
[30] Commission staff plant trips to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007, and Michelin BFGoodrich, Tuscaloosa, AL, tire plant, April 21, 2015.

[31] *Anatomy of a Tire,* http://infohouse.p2ric.org/ref/11/10504/html/intro/tire.htm, retrieved June 15, 2014.

[32] *Certain Off-The-Road Tires from China, Inv. Nos. 701-TA-448 and 731-TA-1117 (*Review), USITC Publication 4448, January 2014, pp. I-10;11.

with earthmover/construction equipment type tires used in mining and construction such as on haulage and dump trucks, front end loaders, dozers, graders, lift trucks, and mobile cranes (figure I-1).[33] Unlike on-the-road tires, OTR tires are typically designed to run at lower speeds.[34] These tires may be of bias ply or radial construction (figure I-2) depending upon the end use, and consist of multiple tread types depending on the types of equipment and end-use requirements. 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.[35] [36]

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



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

In radial construction, the reinforcing rubber-coated tire cord body plies run parallel from bead to bead, or perpendicular to the direction of travel, while bias ply tire cords run diagonally to the direction of travel. Radial tires typically have a longer tire life and higher speed rating than bias ply tires. Radials provide a wider footprint affording excellent traction and superior performance in agricultural and other OTR use sectors,

[33] Titan reports that demand for the smaller sized mining tires produced by Titan and used in coal mining has declined substantially, while USW reports that Bridgestone's Bloomington, IN, plant has reduced shifts in its bias tire operations. Conference transcript, Hawkins, p. 20, and Johnson, p. 36.

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

[35] Ibid.

[36] Titan's agricultural tire rim diameters range from 9 to 54 inches, with the 54-inch rim diameter being the largest agricultural wheel manufactured in North America. Titan's agricultural tires range from about 1 foot to 7 feet in outside diameter height, and from 5 to 49 inches in width. Earthmoving/construction tires range from 20 to 63 inches in rim diameter, with the 63 inch rim diameter being the largest in North America. The outside diameter of these tires range from 3 feet to 13 feet in height, and in weight from 50 pounds to 12,500 pounds. Titan Form 10-K for the calendar year ending December 31, 2014, Securities and Exchange Commission, February 26, 2015.

including reduced soil compaction and improved handling, smoother ride, fuel economy, and higher resistance to cuts, punctures, and tears in selected applications. Bias ply tires are typically used in lower speed applications where sidewall strength, stiffness, and heavy load and lifting applications are important; however, both bias and radial ply tires are used on agricultural, mining and construction, and industrial equipment.[37] [38]

In the United States, OTR producers have generally adopted the Tire and Rim Association ("TRA") standards: Off-the-Road tires are defined as those used principally on earthmover and construction vehicles; agricultural tires on farm tractors, farm implements, and other agricultural machinery, and; industrial tires on counterbalanced lift trucks for mining, skid-steers/mini-loaders, and other industrial applications. TRA standards identify the type of equipment on which the tire is used, the tire type and size, and the speed and load carrying ply ratings. These designations are typically molded into the sidewall.[39] Foreign tires may not conform exclusively to TRA standards, but usually carry a manufacturer and tire name, tire size and country-of-origin markings, together with construction materials and end-use types.[40] [41] Examples of TRA tire standards described in table I-1 compare the physical properties of a radial OTR construction and mining tire to smaller bias ply agricultural and industrial tires.

[37] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-11.

[38] Radial tire trends are growing in popularity in the agricultural sector and other OTR tire sectors due to superior performance characteristics compared to bias ply tires. In agriculture, Titan's Low Sidewall (LSW) and Michelin's Ultraflex radial technologies are providing for a wider footprint and reduced soil compaction, together with increased load bearing characteristics, speed ratings and handling demands associated with today's larger tractors and harvesting equipment. The same is true for increasing demands in the mining and construction areas for improved handing, speed, and load bearing characteristics. *Modern Tire Dealer*, "What to expect in 2016," December 2015, pp. 36-44.

[39] *2015 Year Book,* Tire and Rim Association.

[40] BKT's postconference brief, exh. 5.

[41] Certain Chinese and Indian tire industry officials are affiliates of TRA. *Tire and Rim Association 2015 Year Book*.

Table I-1
OTR tires: Tire and Rim Association specifications

OTR tire: 37/65R57 NHS		Agricultural tire: 14.5/75-16.1 SL 10PR		Industrial tire: 23x10.50-12 NHS	
37	Width of tire cross section (inches)	14.5	Width of tire cross section (inches)	23	Overall diameter (inches)
65	Aspect ratio (ratio of sidewall height to	75	Aspect ratio	10.50	Width of tire cross section (inches)
R	Radial ply	-	Bias ply	-	Bias ply
57	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 69 psi)	121	Load index (max. load)		
		A8	Speed symbol (25		

Source: *2015 Year Book*, Tire and Rim Association, pp. 4-02, 4-19, 5-02, 6-02.

Production process[42]

The production processes for OTR tires, are generally more labor intensive and typically require more semi-automated production sequences than for on-the-road passenger and light truck tires. This is due to the larger sizes, number of components, and higher strength properties demanded in OTR tire end-use applications. The majority of OTR tires are of tubeless design, i.e., do not usually contain inflatable inner tubes such as those found in bicycle tires.

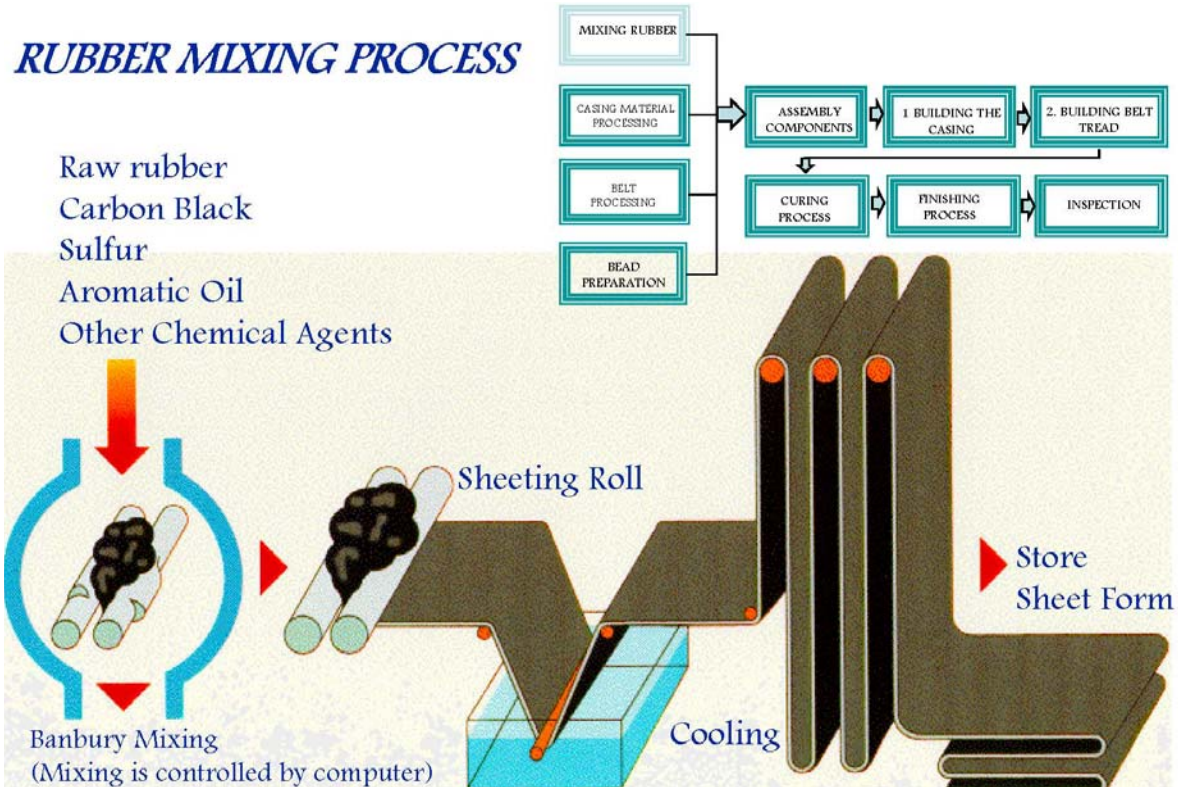
Several stages are required for the production of OTR tires, including rubber batch formulation and mixing, tire component processing, tire assembly, tire curing, and final inspection as shown in figure I-3. The initial stage is the receiving and testing of various raw materials. These include natural and synthetic rubbers, textile and steel tire cord, carbon black reinforcing pigment, steel wires for rim bead, and other rubber processing chemicals, including antioxidants, accelerators, plasticizers, sulfur curing agents, silica, processing oils, and resins.[43] [44]

[42] Unless otherwise noted this information is based on the following publications: *Certain-Off-The-Road Tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Final),* USITC Publication 4031, August 2008, *and Certain Off-The-Road tires from China, Investigations Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014.

[43] Ibid (Review), p. I-13.

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-3. Each batch is placed into a Banbury mixer where the rubber is heated, softened, and thoroughly mixed with the other ingredients under conditions of mixer blade shear and ram pressure. Following the discharge of a given rubber compound batch from the mixer, the mass is cooled, and sulfur curing agents are added. Subsequent Banbury mixing is usually required to complete this step.[45] [46]

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



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

During the mixing process, heat and friction soften the rubber for several applications, including a type of rubber compound designed to hold air on the inside of

(*…continued*)

[44] Commission staff plant trips to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007, and Michelin BFGoodrich, Tuscaloosa, AL, tire plant, April 21, 2015.

[45] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review), USITC Publication 4448*, January 2014, p. I-13.

[46] Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

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.[47] [48]

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

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

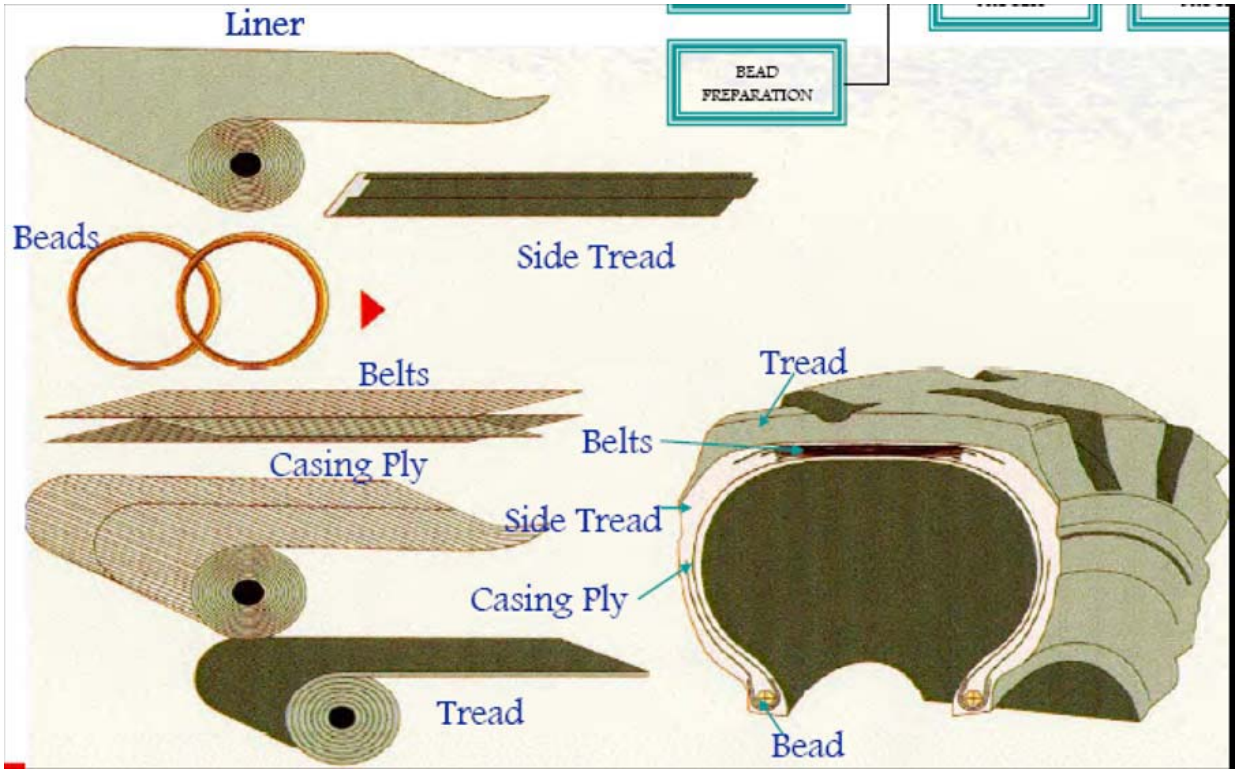
The multiple components that are processed into rubberized assembly elements in preparation for tire building process are shown in the diagram of figure I-4.[49]

[47] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. I-14.

[48] Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

[49] Ibid.

Figure I-4
OTR tires: OTR tire assembly components



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

OTR tire building is the process in which all of the above individual components that make up the tire are sequentially assembled by employees in a circular fashion about a horizontally positioned cylindrical drum to create a green (uncured) tire structure. The fundamentals of tire assembly may proceed in either one or two stages. Many bias ply assemblies are completed in one stage,[50] [51] while radial tire building often proceeds in two stages as shown in figure I-5. In the first stage, a radial body casing consisting of the innerliner, reinforcing plies, rim beads and sidewall rubber is assembled on a rotating, collapsible drum that is slightly larger than the bead diameter, while the steel belts and tread are assembled on another rotating drum to a diameter that is close to that of the final tire.[52] Several tire manufacturers and equipment vendors have devised automated

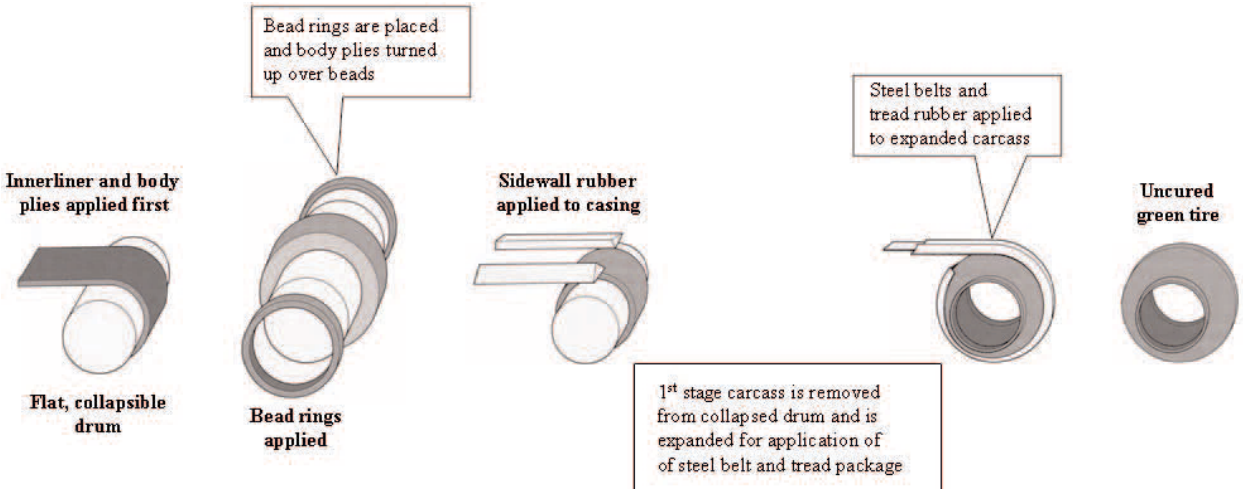
[50] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14; 15.

[51] Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

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

tire assembly equipment that combines several assembly steps or links them into a continuous process.[53]

Figure I-5
OTR tires: OTR tire assembly process



OTR tire building is typically performed manually or semi-manually by employees. The time necessary to complete a single tire building cycle can vary from a few minutes or more depending upon the type of tire being assembled. In bias ply tire building, the tire cord reinforcement body plies are placed at alternating angles around the drum circumference as the assembly proceeds so that its configuration in the finished tire will result in a crisscross herringbone reinforcement pattern running from bead to bead at angles to the direction of travel; otherwise, radial construction involves placing parallel steel or fabric body plies that run "radially" from bead to bead at right angles to the direction of tire travel.[54] [55]

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-6. After the curing press is closed, the bladder is injected with steam and expanded to force the green tire assembly out against the mold walls. The green tire thus takes on the configuration of the tire mold, including that of the sidewall, sidewall size designations, and tread type. Vulcanization or curing of the green

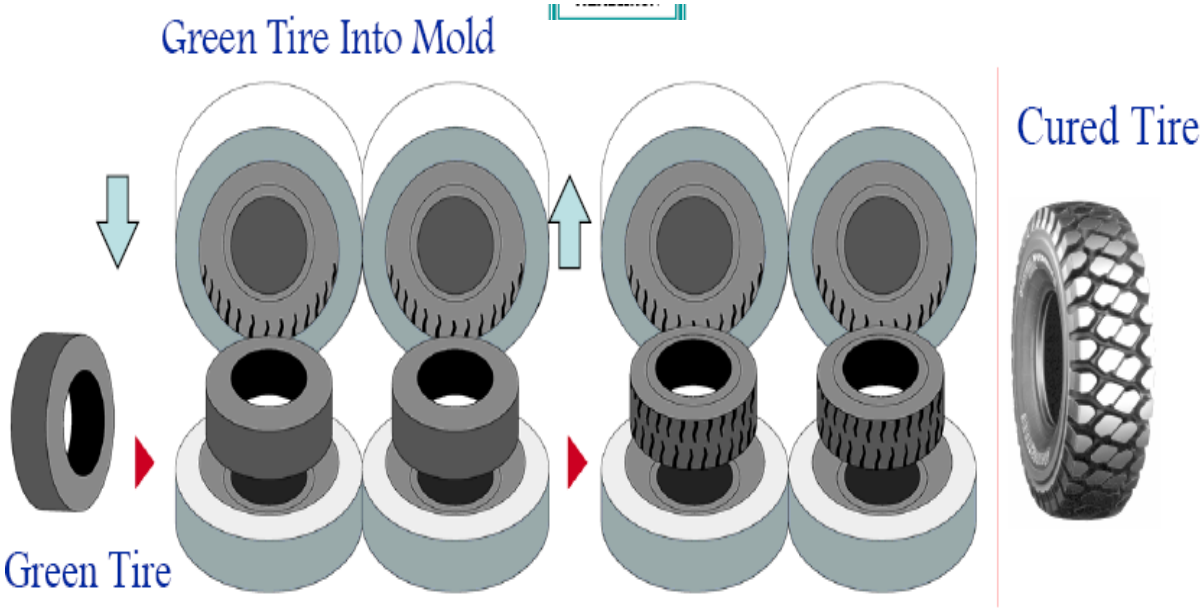
[53] If required by the specified speed rating, full width nylon cap plies or cap strips are wound over the belts before the extruded tread/subtread/undertread package is applied. "The Pneumatic Tire," NHTSA, 2005, p. 24.

[54] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14;15.

[55] Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

tire takes place in the mold at elevated temperature and pressure. Curing times vary widely depending upon the size of the tire, and may vary nominally from a few minutes to several hours; each tire model requires its own mold. During vulcanization, the original weak green tire rubber takes on a strong, durable nature (thermoset), and will not again soften with heat due to molecular cross-linking or bonding of the rubber with the sulfur chemical additives.[56] [57]

Figure I-6
OTR tires: Tire curing process



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

Following the molding and curing process, the finished tire is moved to the quality control area for a final visual and x-ray inspection. The tires that pass inspection are then moved to a warehouse for storage and shipping. Finished, unmounted tires are coded to track their whereabouts, and to identify the plant of manufacture and other important information.[58] [59]

---

[56] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14; 15.

[57] Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

[58] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-16.

[59] Commission staff plant trip to Bridgestone Firestone North America (BFNA) tire plant, Des Moines, IA, July 19, 2007.

OTR rims, wheels, and tire assemblies

Rim and wheel assembly manufacturing reportedly becomes more complex for most products according to end-use sectors, beginning with the more fundamental assemblies for certain nonsubject consumer wheels, to more advanced processes required for certain OTR agricultural equipment wheels, and heavier construction and industrial equipment wheels.[60]

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

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

In contrast, most nonsubject consumer wheels are manufactured from rims and center discs from steel plates. Rims are rolled and welded, and discs are stamped and formed from the sheets. The completed wheel assembly entails welding the rims to the centers and painting the assembled product.[61]

The rim and center disk combination that make up a wheel are shown in figure I-7. As stated in Titan's cited 10-K, the center piece configuration may be either welded or pressed in multiple stage operations.

[60] Titan International Form 10-K for the calendar year period 2014, Securities and Exchange Commission, February 26, 2015, pp. I-3–7.

[61] Ibid.

Figure I-7
OTR Rim and Wheel Assembly

Source: http://www.dawsontireservice.com/oems, retrieved January 20, 2016.

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

Figure I-8
OTR agricultural wheel and tire assembly

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

DOMESTIC LIKE PRODUCT ISSUES

Petitioners noted three potential like product issues: (1) whether the definition of like product should be expanded to include tire and wheel assemblies; (2) whether unmounted and mounted OTR tires should be considered separate like products and (3); whether there are clear dividing lines between OTR tires based on end use, size, construction or channels of distribution.[62] Petitioners argue that both mounted and unmounted OTR tires should comprise a single domestic industry and they do not believe that the wheel and rim assemblies should be included in the like product definition.[63] Petitioners also argue that the Commission has previously found that there are no clear dividing lines between the various types of OTR tires and nothing has changed that would call that finding into question.[64]

Respondents argue that mounted and unmounted OTR tires should be considered two separate like products.[65] Some respondents argue that because mounted OTR tires are attached to wheels or rims when imported, those items should also be included in the like product definition of mounted OTR tires.

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

Physical characteristics and uses

There is no physical difference between the tires used in a mounted OTR tire and an unmounted OTR tire. Both tires are built to ultimately be mounted on a wheel assembly. A Titan representative noted that sometimes OTR tires are produced before it is known whether they will ultimately be sold unmounted or as part of a mounted OTR tire assembly.[66] Petitioners and respondents agree that a complete mounted OTR tire and wheel assembly is physically different from an unmounted OTR tire alone. The complete assembly includes a wheel which is made of different materials and built to serve a different purpose.[67]

---

[62] Petitioners' postconference brief, pp. 6-12 .

[63] Ibid., pp. 6-7.

[64] Ibid., p. 12.

[65] Camso's postconference brief, pp. 2-3; BKT's postconference brief, pp. 2-3; Alliance's postconference brief, pp. 6-7.

[66] Conference transcript, p. 26 (Brewer).

[67] Petitioners' postconference brief, p. 7 ; Alliance's postconference brief, pp. 8-9; BKT's postconference brief, pp. 3-4.

Manufacturing facilities and production employees

While OTR tires are made at the same facilities, by the same employees, regardless of whether they are ultimately sold in mounted or unmounted form, the wheels, rims, and other components of mounted OTR tire assemblies are typically produced in separate facilities by different employees. The process of mounting the tire is also done at separate facilities by different employees with unique training.[68] A Titan representative estimated that OTR tire production operations represent *** times the value and *** times the capital expenditures of Titan's mounting operations.[69]

Interchangeability

Respondents argue that mounted and unmounted OTR tires are not interchangeable because, a customer in need of a mounted OTR tire will not be able to substitute that product with an unmounted OTR tire alone.[70] Petitioners do not dispute this but state that the wheel and final assembly are not in scope.[71]

Customer and producer perceptions

Respondents point out that only a few foreign or domestic producers produce mounted OTR tires and argue that this demonstrates that producers view the two products differently.[72] Both petitioners and respondents acknowledge that customers perceive complete mounted OTR tire assemblies somewhat differently from unmounted tires.[73]

Channels of distribution

Petitioners state that both mounted and unmounted OTR tires are sold in the aftermarket and OE market.[74] Respondents argue that mounted OTR tires are generally sold in the OE market, while unmounted tires tend to be sold to aftermarket customers.[75] According to questionnaire data, U.S. producers *** shipped between *** and *** percent of mounted tires to the U.S. OE market, while *** to *** percent of unmounted tires shipments were to the U.S. OE market during the period of investigation.[76]

---

[68] Petitioners' postconference brief, p. 8.
[69] Declaration of ***, Petitioner's posthearing brief, exh. 1.
[70] Alliance's postconference brief, p. 10; BKT's postconference brief, p. 4.
[71] Petitioners' postconference brief, p. 11.
[72] Alliance's postconference brief, p. 9; BKT's postconference brief, pp. 3-4.
[73] Petitioners' postconference brief, p. 9; BKT's postconference brief, p. 4.
[74] Petitioners' postconference brief, p. 11.
[75] Alliance's postconference brief, p. 9; BKT's postconference brief, p. 4.
[76] See table II-1 of this report.

Price

Petitioners argue that the price of the OTR tire itself is not different whether mounted or not and that the price of the wheel assembly is irrelevant. They estimate that the value added by mounting operations is *** percent of the overall value of the tire.[77] Respondents argue that there is a difference in price, based on petitioners' estimate that the relative cost of wheel assembly comprises about 30 percent of the total mounted OTR tire. [78]

[77] Petitioners' postconference brief, p. 11.
[78] Ibid., p. 9.

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

U.S. MARKET CHARACTERISTICS

OTR tires vary widely by size and are used in a wide array of applications and sectors, including agriculture and forestry,[1] construction, mining and industrial.[2] The types of vehicles using OTR tires include farm tractors, combine harvesters, irrigation equipment, log skidders, off-road dump trucks, run-in loaders, graders, mobile cranes, lift trucks, and skid-steer mini-loaders.[3] Apparent U.S. consumption of OTR tires decreased during 2012-14 from *** million tires to *** million tires. Overall, apparent U.S. consumption in 2014 was *** percent lower than in 2012.[4]

OTR tires may be bias ply or radial.[5] OTR tires are sold both to original equipment manufacturers ("OEMs") and to the aftermarket. Tires sold to the aftermarket must fit the same machines and equipment that are served by OTR tires in the OEM market.[6] OTR tires are also sold as unmounted and mounted tires. Petitioner Titan is the only U.S. producer that offers unmounted and mounted tires using its own wheels and its own mounting services.[7]

Respondents argued that the U.S. OTR tire market is a series of niche markets, and tires are produced to fit specific needs of specific vehicles and applications.[8]

CHANNELS OF DISTRIBUTION

U.S. producers sold unmounted OTR tires mainly to OEMs while importers of unmounted OTR tires sold mainly to distributors, as shown in table II-1. The vast majority of U.S.-produced mounted OTR tires were shipped to OEMs, and the majority of imported mounted tires were sold to distributors. Importer Alliance Tire estimated that almost 85 percent of its sales are to the aftermarket.[9]

---

[1] Agricultural tires reportedly have the largest market share. Conference transcript, pp. 20, 83 (Hawkins, Stewart).

[2] Petitioners stated that the majority of imports from India and Sri Lanka are for industrial and construction applications. Conference transcript, p. 83 (Stewart).

[3] Conference transcript, p. 23 (Brewer).

[4] Apparent U.S. consumption was *** percent lower in January-September 2015 than in the same period in 2014.

[5] Radial tires are more expensive and are more likely to be used in larger tire sizes with heavier loads. Conference transcript, p. 84 (Brewer, Stewart). Smaller horsepower tractors such as compact and utility tractors, primarily use bias tires, but tractors with over 100 horsepower are increasingly likely to use radial tires. Conference transcript, p. 89 (Nutter). Petitioner Titan is able to produce both bias and radial tires on the same equipment. Conference transcript, p. 90 (Brewer).

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

[7] Conference transcript, p. 25 (Brewer).

[8] Conference transcript, p. 122 (Mazzola).

[9] Conference transcript, p. 123 (Mazzola).

Table II-1
OTR Tires: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2012-September 2015

* * * * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling OTR tires to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 33.6 percent within 100 miles of their U.S. point of shipment, 41.0 percent between 101 and 1,000 miles, and 25.4 percent over 1,000 miles.

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

Region	U.S. producers	China	India	Sri Lanka	Any subject country
Northeast	5	11	11	3	18
Midwest	5	13	12	4	21
Southeast	5	11	13	3	20
Central Southwest	5	12	11	4	19
Mountains	5	11	10	4	17
Pacific Coast	5	10	10	3	16
Other[1]	3	6	6	2	12
All regions (except Other)	5	8	9	3	14
Reporting firms	5	15	13	4	22

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of OTR tires have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced OTR tires to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity, but responsiveness is constrained by the relatively low share of exports to alternative markets, low inventory levels, and a limited ability to switch production to other products.

Industry capacity

Domestic capacity utilization decreased from 2012 to 2014. For unmounted OTR tires, domestic capacity utilization decreased from *** percent in 2012 to *** percent in 2014.[10] For mounted OTR tires, domestic capacity utilization *** from *** percent in 2012 to *** percent in 2014.[11] This relatively low level of capacity utilization suggests that U.S. producers may have a substantial ability to increase production of product in response to an increase in prices.

Alternative markets

U.S. producers' exports of unmounted tires, as a percentage of total shipments, decreased slightly from *** percent (*** tires) in 2012 to *** percent (*** tires) in 2014,[12] indicating that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories of unmounted OTR tires fluctuated but showed an overall decrease from *** percent of total shipments (*** tires) in 2012 to *** percent of total shipments (*** tires) in 2014. U.S. producers' inventories of mounted OTR tires increased from *** percent of total shipments (*** tires) in 2012 to *** percent of total shipments (*** tires) in 2014. These inventory levels suggest that U.S. producers may have a limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

*** of five responding U.S. producers stated that they could switch production from unmounted OTR tires to other products such as all-terrain vehicles ("ATVs"), lawn and garden, and power sports tires. No U.S. producers reported an ability to shift production from mounted OTR tires to other products.

Supply constraints

U.S. producers/importers *** reported capacity limitations and high demand in 2012 contributed to supply limitations. U.S. importer *** reported that tires for *** have been difficult to obtain in the United States.

---

[10] Domestic capacity utilization for unmounted OTR tires was *** percent lower in January-September 2015 than the same period in 2014.

[11] Domestic capacity utilization for mounted OTR tires was *** percent lower in January-September 2015 than in the same period in 2014.

[12] U.S. producers' exports of mounted tires, as a percentage of total shipments, *** slightly from *** percent (*** tires) in 2012 to *** percent (*** tires) in 2014.

Subject imports from China[13]

Based on available information, producers of OTR tires from China have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of OTR tires to the U.S. market.[14] The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity, but responsiveness is limited by the lack of alternate markets, relatively small inventories, and no ability to produce alternate products.

Industry capacity

Responding Chinese producers reported that production capacity of mounted tires fluctuated during 2012-14, *** from *** to *** tires in 2013, and then increasing to *** tires in 2014.[15] Capacity utilization rates also fluctuated, *** from *** percent in 2012 to *** percent in 2013, and then *** to *** percent in 2014. Petitioner reported that a Chinese producer announced plans to build a new specialty tire plant in 2015.[16]

Alternative markets[17]

Responding Chinese producers reported fluctuating export shipments of mounted tires, showing an overall decrease during 2012-14. Export shipments to the United States *** from *** percent of total shipments (*** tires) in 2012 to *** percent (*** tires) in 2013, and increased to *** percent (*** tires) in 2014.

Inventory levels

Responding Chinese producers reported *** inventory levels of mounted tires from *** tires (*** percent of total shipments) in 2012 to *** tires (*** percent of total shipments) in 2014.

---

[13] The Commission received two questionnaire responses from Chinese producers. The exports of these firms accounted for *** percent of imports of mounted OTR tires from China in 2014.

[14] Data presented in the following text refer only to mounted OTR tires from China. Data pertaining to nonsubject unmounted tires from China will be included in footnotes.

[15] Production capacity of nonsubject unmounted tires from China fluctuated, increasing from *** tires in 2012 to *** tires in 2013, and declining to *** tires in 2014. Capacity utilization also fluctuated, increasing from *** percent in 2012 to *** percent in 2013, and declining to *** percent in 2014 .

[16] Conference transcript, p. 54 (Drake).

[17] Export shipments of nonsubject unmounted tires from China increased from *** percent of total shipments (*** tires) in 2012 to *** percent (*** tires) in 2014. Top markets for Chinese unmounted tires are the UAE, Russia, and Mexico.

Production alternatives

Responding Chinese producers indicated that no other products can be produced on the same equipment as unmounted or mounted OTR tires.

Supply constraints

No Chinese producers reported production constraints. Several importers indicated that strikes at the West Coast ports caused some availability issues in 2015.

Subject imports from India[18]

Based on available information, producers of OTR tires from India have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of unmounted OTR tires to the U.S. market.[19] The main contributing factors to this degree of responsiveness of supply are the existence of alternative markets, a limited ability to produce alternate products, but constraining factors include low inventory levels, and moderately high capacity utilization rates.

Industry capacity

Responding Indian producers reported an increase in capacity from 10.7 million unmounted tires in 2012 to 13.0 million unmounted tires in 2014. Capacity utilization rates decreased slightly from 83.0 percent in 2012 to 79.8 percent in 2014. Indian production capacity has grown through new plants and plant expansions: the petitioners reported that BKT opened a new OTR tire plant in 2015, that Alliance opened a new OTR tire plant in India in late 2014, and that producer TBS announced plans to increase tire capacity at two of its Indian plants in 2015.[20]

Alternative markets

Export shipments of unmounted OTR tires from India to the United States and to other markets increased in absolute quantities from 802,161 tires in 2012 to 895,509 tires in 2014. However, exports to the United Sates as a share of total shipments decreased from 9.1 percent in 2012 to 8.7 percent in 2014. Shipments to all other markets fluctuated slightly, between 36.4 percent (2013) and 37.9 percent (2012). Other top destination markets for unmounted tires include Germany, the Philippines, and Brazil (in order of size).

---

[18] The Commission received 14 questionnaire responses from Indian producers. The exports of these firms account for *** percent of reported imports from India in 2014.

[19] No shipments of mounted OTR tires from India were reported, therefore the data presented in the following text refer only to unmounted OTR tires from India.

[20] Petition, p. I-60; Conference transcript, p. 54 (Drake).

Inventory levels

End-of-period inventories of unmounted tires increased from over 420,000 tires in 2012 to over 532,000 tires in 2014, and inventories accounted for 5.2 percent of total shipments in 2014.

Production alternatives

Five of 14 responding Indian producers reported an ability to shift from the production of unmounted OTR tires to other products, including bias ply light truck and truck tires. Indian producer *** reported that some light commercial vehicle tires can potentially be produced in the same curing press as small tractor front tires. All responding Indian producers indicated that there are no production alternatives for mounted tires.

Supply constraints

No Indian producers reported production constraints. Several importers indicated that strikes at the West coast ports caused some availability issues in 2015.

Subject imports from Sri Lanka[21]

Based on available information, producers of OTR tires from Sri Lanka have the ability to respond to changes in demand with moderate changes in the quantity of shipments of OTR tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply is some available capacity, though responsiveness is constrained by relatively small inventories.

Industry capacity

Responding Sri Lankan producers reported an *** in capacity of unmounted tires from about *** tires in 2012 to almost *** tires in 2014. The capacity utilization rate for unmounted tires increased slightly overall from *** percent in 2012 to *** percent in 2014. Capacity for mounted tires *** from *** in 2012 to *** in 2014, and the capacity utilization rate *** slightly from *** percent in 2012 to *** percent in 2014.

Petitioners stated that Trelleborg expanded its OTR tire plant in Sri Lanka in 2010.[22]

---

[21] The Commission received two questionnaire responses from Sri Lankan producers. The exports of these firms accounted for *** percent of imports of unmounted OTR tires and *** percent of imports of mounted OTR tires from Sri Lanka in 2014..

[22] Conference transcript, p. 54 (Drake).

Alternative markets

Export shipments to the United States of unmounted tires increased from about *** tires (*** tires (*** percent of total shipments) in 2014. Exports of mounted tires fluctuated, showing an overall *** from about *** tires in 2012 to *** (*** percent of total shipments) in 2014. Other export markets include Germany, Italy, and Latvia.

Inventory levels

Responding Sri Lankan producers reported *** inventories of unmounted tires (from *** percent of total shipments in 2012 to *** percent in 2014) and fluctuating inventories of mounted tires (*** from *** percent of total shipments in 2012 to *** percent in 2013, and *** to *** percent in 2014).

Production alternatives

Responding Sri Lankan producers indicated that no other products can be produced on the same equipment as unmounted OTR tires. However, producer *** reported that ***.

Supply constraints

No Sri Lankan producers reported production constraints. Several importers indicated that strikes at the West Coast ports caused some availability issues in 2015.

Nonsubject imports

Nonsubject sources accounted for 47.2 percent of unmounted OTR tire imports in 2014.[23] Nonsubject country sources include Brazil, Costa Rica, France, Indonesia, Italy, Japan, Luxembourg, Mexico, the Netherlands, Poland, Spain, Thailand, and Turkey. No mounted tire imports were reported from nonsubject countries.

U.S. demand

Based on available information, the overall demand for OTR tires is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the somewhat limited substitutes for OTR tires and the small cost share of OTR tires in most OEM applications of OTR tires. When replacement tires sold in the aftermarket, the cost of the tire can contribute almost the entire cost to the purchaser.

[23] No imports of nonsubject mounted OTR tires were reported.

Demand has declined in major end-use segments for OTR tires, including agriculture and mining. While there has been an increase in aftermarket demand for construction and industrial tires as the economy recovers, demand for tires in the OEM segment has declined.[24]

End uses

U.S. demand for OTR tires depends on the demand for U.S.-produced downstream products. Reported end uses include tractors, aerial work platforms, and earthmoving vehicles in the OEM market and replacement tires for these vehicles in the aftermarket.

Cost share

OTR tires account for a small share of the cost of the end-use products in the OEM market and most reported cost shares of OTR tires in OEM vehicles were less than 5 percent. The reported share of OTR tires in the total cost of replacement tires in the aftermarket ranged from 65-100 percent, depending on the defined final product.

Business cycles

Three of four U.S. producers and 18 of 25 importers reported that the market was subject to business cycles. Demand is cyclical and tends to follow demand in agriculture, commodities, and construction sectors.[25] Specifically, demand in mining and construction sectors is higher during the spring and summer months; demand for agricultural tires is driven by factors that affect agricultural production, such as climate and crop prices; and demand for tires for construction is driven by oil prices and highway construction. U.S. importer *** reported that demand for tires is susceptible to weather and seasonal changes.

Demand trends

Most firms reported a decrease in U.S. demand for OTR tires since January 1, 2012 (table II-3). This decrease in demand is largely attributable to decreased demand in the agricultural and mining sectors. Construction spending and housing starts have increased over the period.

[24] Conference transcript, p. 20; petitioners' postconference brief, p. 20.
[25] Conference transcript, pp. 13, 20, 45 (Stewart, Hawkins, Stewart).

Table II-3

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

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers.--				
Unmounted tires	***	***	***	***
Mounted tires	***	***	***	***
Importers.--				
Unmounted tires	5	5	8	6
Mounted tires	2	2	2	3
Demand outside the United States:				
U.S. producers.--				
Unmounted tires	***	***	***	***
Mounted tires	***	***	***	***
Importers.--				
Unmounted tires	3	3	5	3
Mounted tires	1	4	1	0

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

Petitioners stated that the majority of U.S. producers' shipments of OTR tires are agricultural tires.[26] Petitioners stated that since 2013, the market for agricultural tires has seen a sharp downturn as commodity prices and farm income have fallen.[27] As a result, purchases of new farm equipment in the original equipment market have declined.[28] However, there may be a countercyclical trend for OTR sales in the aftermarket, as consumers are more likely to replace tires on older equipment to extend its life.[29] Respondents argued that due to the segmentation of the OTR market, overall demand trends may not be sufficient explanation for OTR tire demand. While commodity and farm income may have fallen (figure II-1), they argue that dairy and cattle farmers have benefitted from the low commodity prices, and that demand for smaller tractors used on those farms has increased.[30]

[26] Petition, p. I-44.

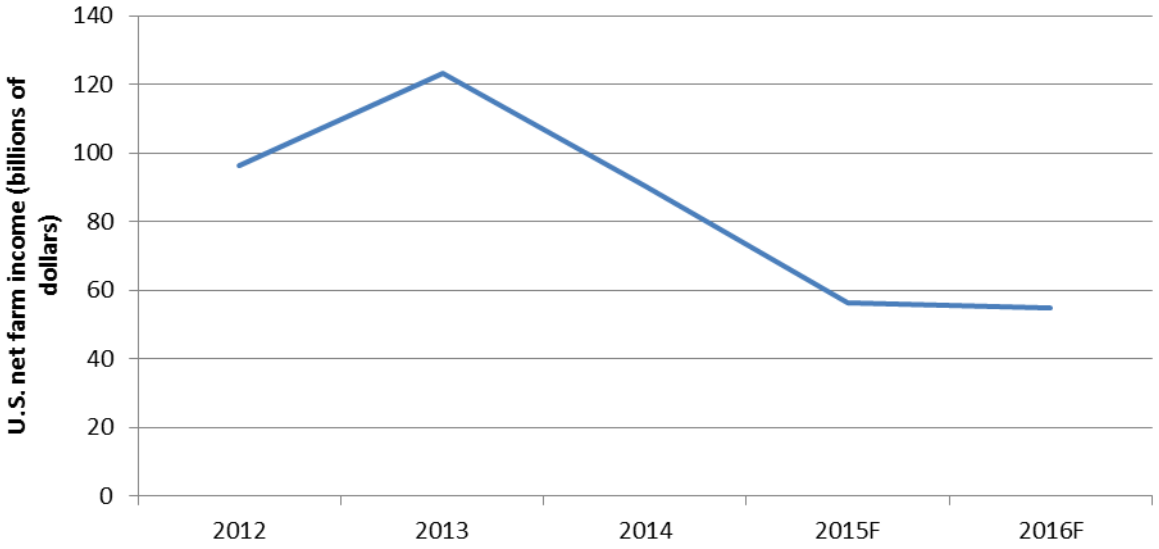
[27] Drought in parts of the United States, and tax-break changes have also impacted demand from the agricultural sector. GOSL's postconference brief, p. 13.

[28] Conference transcript, p. 20 (Hawkins).

[29] Conference transcript, pp. 205, 137 (Mazzola); CEAT's postconference brief, pp. 35-6; BKT's postconference brief, p. 9; Alliance's postconference brief, pp. 16, 20.

[30] Conference transcript, p. 124 (Mazzola).

Figure II-1
U.S. net farm income, 2012-2016[1]



[1] Data for 2015-16 are forecast, and are denoted by "F".

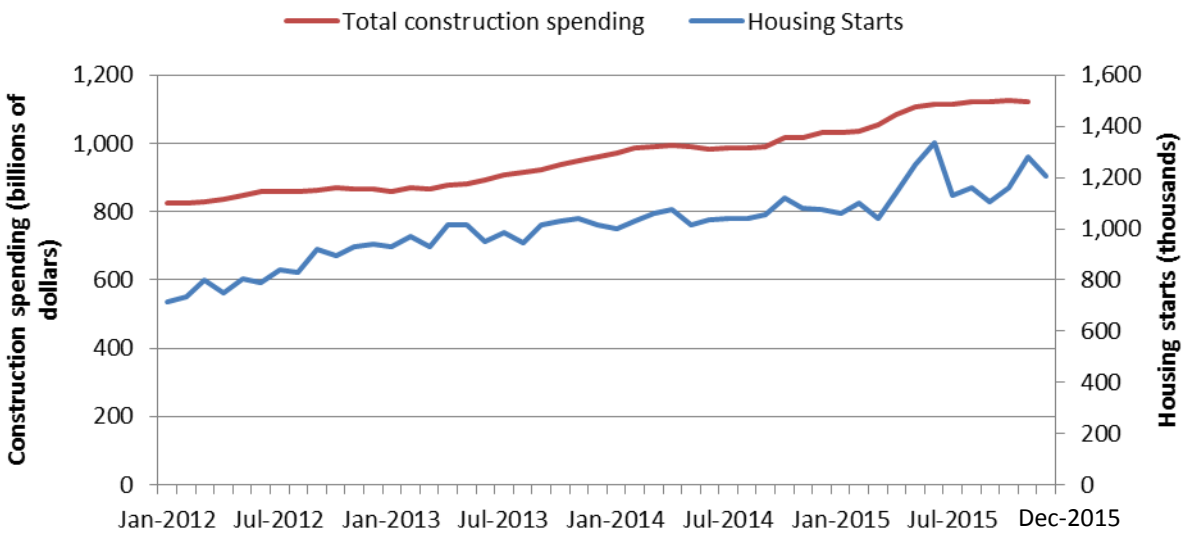
Source: U.S. Department of Agriculture, "U.S. farm sector financial indicators, 2011-2016F," http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics.aspx, accessed February 11, 2016.

According to petitioners, demand for OTR tires in the OEM segment of the construction sector has also declined.[31] Respondents state that demand is driven by developments such as housing starts and commercial and government construction spending.[32] As shown in figure II-2, housing starts and total construction spending have increased overall since January 2012. Petitioners also stated that demand for mining tires has declined as commodity prices have fallen (figures II-3 and II-4).[33]

[31] Conference transcript, p. 20 (Hawkins).
[32] Alliance's postconference brief, pp. 19-20.
[33] Conference transcript, p. 20 (Hawkins).

Figure II-2

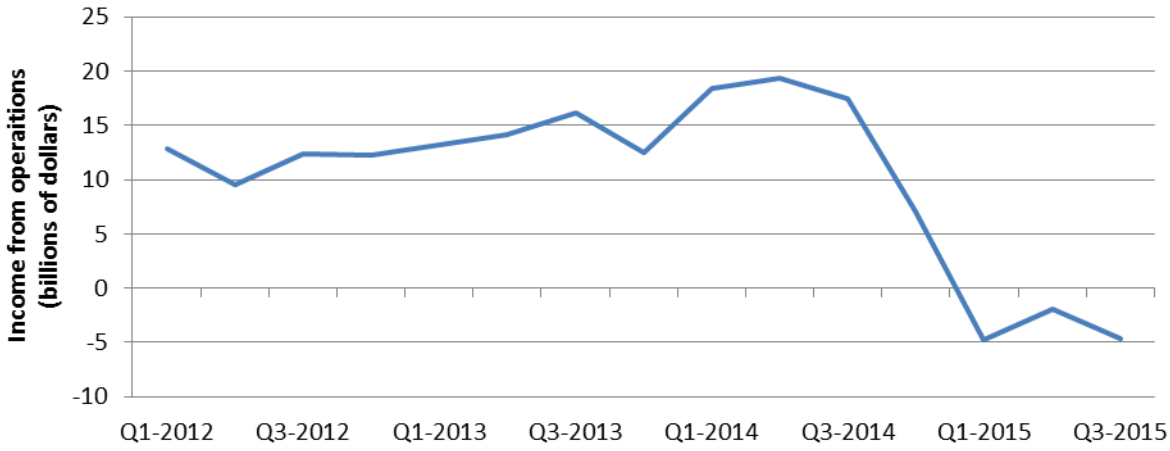
Annual rate for total construction spending, seasonally adjusted, and annual rate for housing starts, January 2012-December 2015



Source: U.S. Census Bureau, "Construction Spending," http://www.census.gov/econ/currentdata/, accessed January 19, 2016.

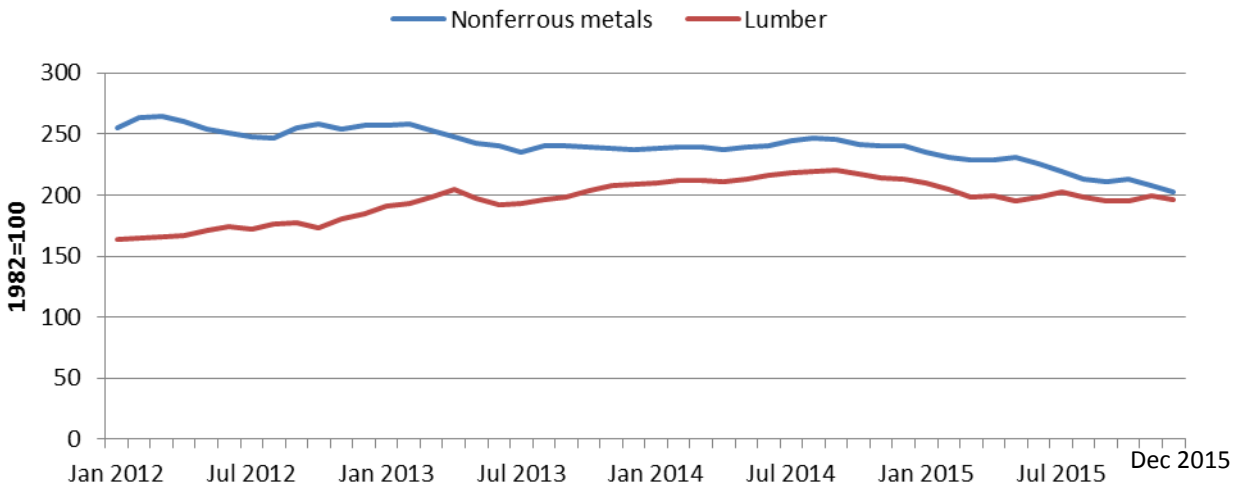
Figure II-3

U.S. total income from mining operations, not seasonally adjusted, Q1 2012-Q3 2015



Source: U.S. Census Bureau, "Quarterly Financial Report: Manufacturing, Mining, Trade, and Selected Service Industries," http://www.census.gov/econ/qfr/, accessed January 19, 2016.

Figure II-4
Price indices of nonferrous metals and lumber, seasonally adjusted, 1982=100, January 2012 to December 2015[1]



[1] Data for September-December 2015 are subject to revision.

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

Substitute products

Substitutes for OTR tires are limited. Most U.S. producers and importers reported that there are no substitutes. Solid tires may be substituted for OTR tires in telehandlers, skid steers, wheel loaders, and counter-balanced lift trucks; retreaded tires may be substituted in earthmoving applications; and tracks may be substituted for some construction applications.

SUBSTITUTABILITY ISSUES

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

Lead times

Overall, OTR tires are primarily sold from inventory. U.S. producers reported that *** percent of their commercial shipments of unmounted OTR tires were sold from inventory, with lead times averaging *** days. Their remaining shipments of unmounted tires were produced-to-order, with lead times averaging *** days. U.S. importers reported that 70.1 percent of their commercial shipments of unmounted tires were sold from U.S. inventory (with an average lead

time of 4.1 days), [34] 4.6 percent were sold from foreign inventories, and the remaining 25.2 percent were produced-to-order.

U.S. producers reported that *** percent of commercial shipments of mounted OTR tires were sold from inventory (with an average lead time of *** days), and *** percent were produced-to-order (with an average lead time of *** days.) The vast majority of importers' shipments of mounted OTR tires were sold from U.S. inventory and lead times averaged about 8 days. The remaining shipments of mounted OTR were produced-to-order or sold from foreign inventories, with similar lead times of about three months.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[35] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for OTR tires. The major identified purchasing factors were brand preferences, quality,[36] reliability, availability, customer demand, price, exclusivity, and warranty service.

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

In order to determine whether U.S.-produced OTR tires can generally be used in the same applications as imports from China, India, and Sri Lanka, U.S. producers and importers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-4, *** U.S. producers reported that OTR tires can "always" or "frequently" be used interchangeably, regardless of country pair for *** unmounted *** OTR tires.

Most U.S. importers also reported that unmounted and mounted OTR tires can "always" or "frequently" be used interchangeably, regardless of country pair, with the plurality of importers indicating that OTR tires were "frequently" interchangeable for most country pairs. In a comparison of unmounted OTR tires from India with unmounted tires from China, most importers reported that OTR tires are "always" interchangeable. In a comparison of unmounted OTR tires from India and other sources, importers were evenly split over product being "always" or "frequently" interchangeable. Similarly, most importers reported that mounted OTR tires from the United States were "always" or "frequently" interchangeable with subject and nonsubject sources.

---

[34] This excludes lead times of 120 days reported by importers ***. If these reported lead times are included, average lead time for shipments from U.S. inventory have an average of 40.1 days.

[35] This information is compiled from responses by purchasers identified by Petitioners and *** to the lost sales lost revenue allegations. See Part V for additional information.

[36] Petitioners argue that subject OTR tires satisfy industry quality standards, and that some importers with excellent customer service can ship from inventory within three days, and that those tires are covered by warranties. Petitioners' postconference brief, p. 22.

Table II-4

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

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
Interchangeability for unmounted tires.--								
United States vs. China	***	***	***	***	8	10	3	0
United States vs. India	***	***	***	***	8	9	5	0
United States vs. Sri Lanka	***	***	***	***	4	8	1	0
China vs. India	***	***	***	***	6	4	4	1
China vs. Sri Lanka	***	***	***	***	4	6	1	1
India vs. Sri Lanka	***	***	***	***	4	6	1	0
United States vs. Other	***	***	***	***	7	11	1	0
China vs. Other	***	***	***	***	5	6	2	0
India vs. Other	***	***	***	***	6	6	2	0
Sri Lanka vs. Other	***	***	***	***	4	7	1	0
Interchangeability for mounted tires.--								
United States vs. China	***	***	***	***	3	4	1	0
United States vs. India	***	***	***	***	2	2	1	0
United States vs. Sri Lanka	***	***	***	***	1	3	1	0
China vs. India	***	***	***	***	1	1	1	0
China vs. Sri Lanka	***	***	***	***	1	2	1	0
India vs. Sri Lanka	***	***	***	***	1	2	0	0
United States vs. Other	***	***	***	***	1	3	1	0
China vs. Other	***	***	***	***	1	2	1	0
India vs. Other	***	***	***	***	1	2	1	0
Sri Lanka vs. Other	***	***	***	***	1	2	1	0

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

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

Importers indicating that OTR tires are “sometimes” or “never” interchangeable cited reasons including design, size, and factory differences from factory to factory. Importer *** stated that U.S.-produced tires are made of a better compound than imported tires, and that this quality level is necessary for some applications. Additionally, *** reported that domestically produced tires are larger than an imported tire of the same size (i.e., ***.)

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of OTR tires from the United States, subject, or nonsubject countries. As seen in table II-5, responses of U.S. producers and importers were divided. A plurality of U.S. producers reported that differences other than price were “frequently” significant when comparing unmounted OTR tires from the United States with tires from China, India, and Sri Lanka. U.S. producer *** reported that availability, technical expertise, and product range of U.S.-produced OTR tires are frequently better than for imported OTR tires.

Table II-5

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

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
Factors other than price for unmounted tires.--								
United States vs. China	***	***	***	***	4	6	8	4
United States vs. India	***	***	***	***	6	5	6	4
United States vs. Sri Lanka	***	***	***	***	0	3	5	2
China vs. India	***	***	***	***	2	4	4	4
China vs. Sri Lanka	***	***	***	***	0	1	6	2
India vs. Sri Lanka	***	***	***	***	0	1	4	2
United States vs. Other	***	***	***	***	2	7	6	3
China vs. Other	***	***	***	***	0	3	8	3
India vs. Other	***	***	***	***	0	2	7	3
Sri Lanka vs. Other	***	***	***	***	0	2	6	2
Factors other than price for mounted tires.--								
United States vs. China	***	***	***	***	2	1	3	1
United States vs. India	***	***	***	***	1	0	2	1
United States vs. Sri Lanka	***	***	***	***	0	0	2	1
China vs. India	***	***	***	***	0	0	1	1
China vs. Sri Lanka	***	***	***	***	0	0	1	2
India vs. Sri Lanka	***	***	***	***	0	0	1	1
United States vs. Other	***	***	***	***	0	0	1	1
China vs. Other	***	***	***	***	0	0	1	1
India vs. Other	***	***	***	***	0	0	1	1
Sri Lanka vs. Other	***	***	***	***	0	0	2	1

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

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

A plurality of importers reported that factors other than price were “sometimes” significant when comparing unmounted OTR tires from the United States with tires from China and Sri Lanka. A plurality of importers reported that factors other than price were “always” significant when comparing domestically produced unmounted tires with tires from India. U.S. importer *** reported that certain products manufactured in India are ***, have technical advantages such as high flotation and high speed capabilities, and while the product range of OTR tires from China is limited, the full range is available from India. U.S. importer *** stated that OTR tires from China and India generally offer higher quality and lower prices than domestically produced tires, and that China offers better availability and flexibility for OTR

tires.[37] U.S. importer *** reported disadvantages for OTR tires from India including longer delivery times, perceived lesser quality when compared to U.S. tires, limited technical support and product range, and a lack of variety in payment terms.

More generally, U.S. importer *** reported that factors such as quality, availability, supply chain, product range, and technical support are all important factors, and *** identified other important factors such as the ability to combine products in a shipping container, a willingness to create new products, shipping speed and consistency, and product quality. U.S. importers *** reported factors other than price including brand equity, original OEM fitment, quality, availability and lead times, product range, terms, and technical support.

[37] U.S. importer *** reported that there is a significant technical advantage when comparing OTR tires from Europe with OTR tires from China.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of five firms that accounted for the vast majority of U.S. production of OTR tires during 2014.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to nine firms based on information contained in the petition and industry publications. Five firms provided usable data on their productive operations. Staff believes that these responses represent essentially all of U.S. production of OTR tires in mounted and unmounted formats.[1]

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

[1] All known U.S. producers of OTR tires, except for Mitas, Sumitomo Rubber, and Trelleborg provided a response to the U.S. producers' questionnaire. Mitas was identified in the petition but Trelleborg acquired its OTR tire plant in Charles City, Iowa in November 2015. Sumitomo Rubber produces only out-of-scope passenger vehicle, light truck and bus, ATV, and motorcycle tires at its Tonawanda, New York plant. ***. Staff believes that the only U.S. production of subject merchandise not accounted for in this report is Trelleborg's Charles City, Iowa plant. MTD's January 2016 report estimates that Trelleborg's plant accounts for 0.7 percent of U.S. OTR tire production capacity (Table III-1).

Table III-1[1]

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

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

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

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

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

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

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

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

[7] Mitas was identified as a U.S. producer by petitioners. Petition, p. I-7 and exh. I-3. In November, 2016, Trelleborg offered to buy Mitas' Charles City, IA plant. The acquisition is expected to be final in mid-2016, http://www.tirebusiness.com/article/20151123/ISSUE/311239985/trelleborg-to-buy-mitas-parent-cgs Retrieved, February 12, 2016.

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

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

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

Table III-2
OTR tires: U.S. producers of OTR tires, their positions on the petition, production locations, production, and shares of reported production, January 2012 through September 2015

Firm	Position on petition	Production location(s)	Share of unmounted tire production	Share of mounted tire production
BFNA	***	Bloomington, IL Des Moines, IA	***	***
Carlstar	***	Jackson, TN Clinton, TN	***	***
Goodyear	***	Topeka, KS	***	***
Specialty	***	Indiana, PA Unicoi, TN	***	***
Titan	Support	Bryan, OH Des Moines, IA Freeport, IL	***	***
Total			100.0	100.0

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

BFNA

BFNA is wholly-owned by Bridgestone Corporation of Tokyo, Japan and produces OTR tires at its Bloomington, Illinois and Des Moines, Iowa plants, which combined employed an average of *** OTR tire production-related workers in 2014, down from an average of *** production-related workers in 2012.[2] BFNA does not have OTR tire mounting operations.

Carlstar

Carlstar is wholly-owned by American Industrial Partners of New York, New York and produces OTR tires at its Jackson and Clinton, Tennessee plants, which employed an average of *** OTR tire production-related workers and *** workers in mounting operations during January to September 2015. Carlstar ***. Its principal export markets for OTR tires are affiliates in ***.

Goodyear

Goodyear is a publicly traded company on the NASDAQ exchange (symbol, “GT”), headquartered in Akron, Ohio and produces OTR tires at its Topeka, Kansas plant which employed an average *** production related workers during January to September 2015

[2] In its questionnaire response ***.

compared to *** during the same period in 2014.[3] Goodyear does not have OTR tire mounting operations. Its principal export markets for OTR tires are affiliates in ***. Goodyear ***.

Specialty

Specialty is wholly-owned by Polymer Enterprises and produces OTR tires at its Indiana, Pennsylvania and Unicoi, Tennessee plants which combined, employed an average of *** OTR tire production-related workers in 2014. Specialty does not have OTR tire mounting operations. Its principal export markets for OTR tires are ***.

Titan

Titan is headquartered in Des Moines, Iowa and produces OTR tires at its Des Moines, Iowa; Freeport, Illinois; and Bryan, Ohio plants which employed an average of *** OTR tire production-related workers and *** workers in mounting operations in 2014. Titan was the ***. Its principal export markets for OTR tires are ***.

RELATED PARTIES

Table III-3 presents information on U.S. producers' ownership, related and/or affiliated firms, and share of total production of OTR tires.

Table III-3
OTR tires: U.S. producers' ownership, related and/or affiliated firms, and share of ownership, since January 2012

* * * * * * *

As indicated in table III-3, one U.S. producer *** is related to foreign producers of the subject merchandise[4] and no U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, no U.S. producers directly import the subject merchandise and no U.S. producers purchase the subject merchandise from U.S. importers.

CHANGES IN OPERATIONS

Table III-4 presents U.S. producers' reported changes in operations.

Table III-4
OTR tires: U.S. producers' reported changes in operations, since January 1, 2012

* * * * * * *

[3] In its U.S. producers' questionnaire response, Goodyear credits the ***.
[4] ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Unmounted OTR tires

Table III-5 and figure III-1 present U.S. producers' overall capacity and production on the same equipment as subject production. Domestic producers' overall capacity on the same equipment used for unmounted OTR tires production increased by *** percent from 2012 to 2014, but was *** during January to September 2015 and the comparable period in 2014.[5] Domestic producers' overall production on the same equipment used for unmounted OTR tires production decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than the comparable period in 2014. Capacity utilization on the same equipment used for unmounted OTR tires production decreased by *** percentage points from 2012 to 2014 and was *** percentage points lower during January to September 2015 than the comparable period in 2014.

Mounted OTR tires

Domestic producers' overall capacity on the same equipment used for mounted OTR tires production was *** from 2012 to 2014, but was *** percent higher during January to September 2015 than the comparable period in 2014. Domestic producers' overall production on the same equipment used for mounted OTR tires production decreased by *** percent from 2012 to 2014, but was *** percent higher during January to September 2015 than in the comparable period in 2014. Capacity utilization on the same equipment used for mounted OTR tires production decreased by *** percentage points from 2012 to 2014 and was *** percentage points lower during January to September 2015 than the comparable period in 2014.

*** U.S. producers indicate that they have the ability to shift OTR tire capacity to the production of other tires. ***. *** was the only U.S. producer that indicated that it had the ability to ***.

Table III-5
OTR tires: U.S. producers' overall capacity and production on the same equipment as subject production, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

Table III-6 and figures III-1 and III-2 present U.S. producers' production, capacity, and capacity utilization for unmounted and mounted OTR tires. Domestic producers' capacity for unmounted OTR tires increased by *** percent from 2012 to 2014, but was *** percent lower during January to September 2015 than in the comparable period in 2014. Domestic producers' production of unmounted OTR tires decreased by *** percent from 2012 to 2014, and was ***

[5] In its questionnaire response, ***.

percent lower during January to September 2015 than the comparable period in 2014. Capacity utilization for unmounted OTR tires decreased by *** percentage points from 2012 to 2014 and was *** percentage points lower during January to September 2015 than the comparable period in 2014.

Domestic producers' capacity for mounted OTR tires was *** from 2012 to 2014, but was *** percent higher during January to September 2015 than in the comparable period in 2014. Domestic producers' production of mounted OTR tires decreased by *** percent from 2012 to 2014, and was *** percent higher during January to September 2015 than the comparable period in 2014. Capacity utilization for mounted OTR tires decreased by *** percentage points from 2012 to 2014 and was *** percentage points lower during January to September 2015 than the comparable period in 2014.

Table III-6
OTR tires: U.S. producers' production, capacity, and capacity utilization, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

Figure III-1
OTR tires: U.S. producers' unmounted OTR tire capacity, production, and capacity utilization, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

Figure III-2
OTR tires: U.S. producers' mounted OTR tire capacity, production, and capacity utilization, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

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

Unmounted OTR tire operations

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments of unmounted OTR tires. Domestic producers' U.S. shipment quantities of unmounted OTR tires decreased by *** percent from 2012 to 2014, and were *** percent lower during January to September 2015 than in the comparable period in 2014. U.S. shipment values decreased by *** percent from 2012 to 2014, and were *** percent lower during January to September 2015 than in the comparable period in 2014. The quantity of domestic producers' exports of unmounted OTR tires decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than the comparable period in 2014. The value of exports of unmounted OTR tires decreased by *** percent from 2012 to 2014, and were *** percent lower during January to September 2015 than the comparable period in 2014.

The average unit value of domestic producers' U.S. shipments of unmounted OTR tires decreased by *** percent from 2012 to 2014, and was *** percent lower during January to

September 2015 than the comparable period in 2014. The average unit value of domestic producers' exports decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than the comparable period in 2014.[6]

Table III-7
OTR tires: U.S. producers' U.S. shipments and export shipments of unmounted OTR tires, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

Mounted OTR tires operations

Table III-8 presents U.S. producers' U.S. shipments and export shipments of mounted OTR tires. Domestic producers' U.S. shipment quantities of mounted OTR tires decreased by *** percent from 2012 to 2014, but were *** percent higher during January to September 2015 than in the comparable period in 2014. U.S. shipment values of mounted OTR tires decreased by *** percent from 2012 to 2014, and were *** percent lower during January to September 2015 than in the comparable period in 2014. Domestic producers' export quantities of mounted OTR tires decreased by *** percent from 2012 to 2014, but were *** percent higher during January to September 2015 than the comparable period in 2014. Domestic producers' export value of mounted OTR tires decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than the comparable period in 2014.

The average unit value of domestic producers' U.S. shipments of mounted OTR tires decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than in the comparable period in 2014. The average unit value of U.S. exports of mounted OTR tires decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than the comparable period in 2014.[7]

Table III-8
OTR tires: U.S. producers' U.S. shipments, export shipments, and total shipments of mounted OTR tires, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

[6] Alliance noted that the price of the top five raw materials (natural rubber, synthetic rubber, steel, textiles, and chemicals) used to produce OTR tires have fallen considerably over the period of investigation. Alliance's postconference brief, pp. 27-28. Petitioners acknowledge the price decline in raw material imputs, but argue that the price depression observed in the data is deeper than raw material cost savings passed along to customers. Conference transcript, p. 31 (Nutter). In response to staff questions at the conference, petitioners point to Titan's growing COGS to net sales ratios (***). Petitioners' postconference brief, Answer to Staff Question #5, p. 1.

[7] Petitioners acknowledge that the decline in prices is in part due to raw material costs. Conference transcript, p. 22 (Hawkins); p. 31 (Nutter); p. 51 (Drake); p. 98 (Stewart); p. 126.

Table III-9 presents U.S. producers' U.S. shipments for purposes of apparent U.S. consumption.

Table III-9
OTR tires: U.S. producers' U.S. shipments for purposes of apparent U.S. consumption, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-10 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** Inventories of unmounted tires remained between *** and *** percent of production throughout the period of investigation. Inventories of mounted OTR tires were between *** and *** percent of U.S. production during the period of investigation.

Inventories of unmounted OTR tires decreased *** percent from 2012 to 2014, and were *** percent lower during January to September 2015 than in the comparable period in 2014. Inventories of mounted OTR tires increased by *** percent from 2012 to 2014, but were *** percent lower during January to September 2015 than the comparable period in 2014.

Table III-10
OTR tires: U.S. producers' inventories, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

No U.S. producer reported importing or purchasing OTR tires from a subject source. ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-11 shows U.S. producers' employment-related data. The number of production related workers involved in OTR tire production decreased by *** percent from 2012 to 2014, and was *** percent lower during January to September 2015 than in the comparable period in 2014. Hourly wages related to OTR tire production increased by *** percent from 2012 to 2014, and were *** percent higher during January to September 2015 than the comparable period in 2014.

The number of production related workers involved in OTR tire mounting decreased by *** percent from 2012 to 2014, but was *** percent higher during January to September 2015 than in the comparable period in 2014. Hourly wages related to OTR tire mounting increased by *** percent from 2012 to 2014, and were *** percent higher during January to September

2015 than the comparable period in 2014. Hourly wages paid to workers involved in mounting operations are roughly half those of hourly wages paid to production-related workers.[8]

Table III-11
OTR tires: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

[8] Petitioners note that production-related workers require greater technical sophistication, skill level, and training than workers involved in mounting operations. Petitioners' postconference brief, p. 6. Respondents noted that the Commission previously recognized that certain large diameter OTR tires (which are out of scope in these investigations) require as much as six months of training in order to mount to a wheel. Alliance postconference brief, p. 11; *Certain New Pneumatic Off-the-Road Tires from China: Inv. Nos. 701-TA-448 and 731-TA-1117 (Final)* USITC Pub. 4031, p. 10.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to over 200 firms believed to be potential importers of subject OTR tires, as well as to all U.S. producers of OTR tires.[1] Usable questionnaire responses were received from 29 companies representing, by value, ***percent of U.S. subject imports from China (*i.e.*, mounted OTR tires) in January-September 2015, *** percent of unmounted OTR tire imports from India,[2] *** percent of unmounted OTR tire imports from Sri Lanka in 2014 and *** percent of imports of mounted OTR tires from Sri Lanka in January-September 2015, and 85 percent of unmounted OTR tires imports from all other countries in 2014.[3] Table IV-1 lists all responding U.S. importers of unmounted OTR tires from subject countries India, Sri Lanka, and nonsubject sources (*i.e.*, China and all other sources), their locations, and their shares of U.S. imports in January 2012-September 2015.

[1] The petition listed over 200 possible firms as importers of OTR tires. Petition at Exh. I-16. A review of the list of firms shows many redundant names along with names of shipping companies that typically do not actually import merchandise. The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by ***, may have accounted for more than one percent of total imports of unmounted tires under HTS subheadings: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.00.00, 4011.62.00.00, 4011.63.00.00, 4011.69.00.50, 4011.92.00.00, 4011.93.40.00, 4011.93.8000, 4011.94.4000, 4011.94.8000 in 2014 and January 2015 – October 2015. The Commission also issued questionnaires that, based on a review of data provided by ***, may have accounted for more than one percent of total imports of mounted tires under HTS subheadings: 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020.

The petition identified seven importers of mounted OTR tires. Petition at Exh. I-16, Tab A. Four of these firms, Dawson Tire and Wheel LLC, Georgia One Tire (identified in the petition as American International Tire but had changed its name to Georgia One Tire in October 2015), Supergrip, and West Worldwide Services reported imports of mounted OTR tires, ***. ***.

[2] *** importer, ***, reported importing mounted OTR tires from India valued at $*** in January-September 2015. Staff estimates that there was approximately $*** of such tires imported during January-September 2015.

[3] No importer reported importing mounted OTR tires from all other sources. Staff estimates that there was $*** million of such tires imported during January-September 2015.

Table IV-1
OTR tires: U.S. importers, their headquarters, and share of imports of unmounted OTR tires by source, January 2012 through September 2015

Firm	Headquarters	Share of imports by source (percent)			
		China	India	Sri Lanka	All other sources
		Unmounted tires			
Alliance Tire Americas, Inc.	Wakefield, MA	***	***	***	***
American Kenda Rubber Ind. Co. Ltd.	Reynoldsburg, OH	***	***	***	***
American Omni Trading Company, LLC	Houston, TX	***	***	***	***
American Pacific Industries Inc.	Scottsdale, AZ	***	***	***	***
Apollo Vredestein Tires Inc	Metuchen, NJ	***	***	***	***
BKT TIRES, INC	Brentwood, TN	***	***	***	***
BKT USA INC	Akron, OH	***	***	***	***
Blackstone OTR LLC	Rome, GA	***	***	***	***
Bridgestone Americas Tire Operations, LLC	Nashville, TN	***	***	***	***
Camso USA Inc.	Charlotte, NC	***	***	***	***
Caribbean Rubber Corp.	Bayamon, PR	***	***	***	***
China Manufacturers Alliance, LLC	Monrovia, CA	***	***	***	***
Clark Equipment Company dba Bobcat Company	West Fargo, ND	***	***	***	***
Duramax, Inc.	City Of Industry, CA	***	***	***	***
Foreign Tire Sales, Inc.	Union, NJ	***	***	***	***
GTC North America, Inc.	Canton, OH	***	***	***	***
Michelin North America, Inc.	Greenville, SC	***	***	***	***
OTR Wheel Engineering, Inc	Rome, GA	***	***	***	***
PB Global Inc	Melville, NY	***	***	***	***
Pride Tires Inc.	Mississauga, ON	***	***	***	***
Silverstone Inc	Omaha, NE	***	***	***	***
Strategic Import Supply, LLC	Minnetonka, MN	***	***	***	***
Super Grip Corporation	Piney Flats, TN	***	***	***	***
TBC Corporation	Palm Beach Gardens, FL	***	***	***	***
The Goodyear Tire & Rubber Company	Akron, OH	***	***	***	***
Tire Wholesalers Company, Inc	Troy, MI	***	***	***	***
Titan Tire Corporation	Des Moines, IA	***	***	***	***
Tyres International Inc	Stow, OH	***	***	***	***
West Worldwide Services, Inc.	Adel, IA	***	***	***	***
Total		***	***	***	***

Note 1.--Shaded cells denote true zeroes.
Note 2.—***.

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

Table IV-2 lists all responding U.S. importers of mounted OTR tires from subject countries China, India, Sri Lanka, and from all other sources, their locations, and their shares of U.S. imports, in January 2012-September 2015.

Table IV-2
OTR tires: U.S. importers, their headquarters, and share of imports of mounted OTR tires by source, January 2012 through September 2015

Firm	Headquarters	Share of imports by source (percent)			
		China	India	Sri Lanka	All other sources
		Mounted tires			
Alliance Tire Americas, Inc.	Wakefield, MA	***	***	***	***
Apollo Vredestein Tires Inc	Metuchen, NJ	***	***	***	***
Blackstone OTR LLC	Rome, GA	***	***	***	***
Camso USA Inc.	Charlotte, NC	***	***	***	***
OTR Wheel Engineering, Inc	Rome, GA	***	***	***	***
Silverstone Inc	Omaha, NE	***	***	***	***
Super Grip Corporation	Piney Flats, TN	***	***	***	***
West Worldwide Services, Inc.	Adel, IA	***	***	***	***
Total		***	***	***	***

Note 1.--Shaded cells denote true zeroes.

Note 2.—***.

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

U.S. IMPORTS

Table IV-3 presents data for U.S. imports of subject OTR tires from China, India, and Sri Lanka, and nonsubject sources (*i.e.*, unmounted OTR tires from China and OTR tires from all other sources).

Table IV-3
OTR tires: Overall U.S. imports, by source (where mounted OTR tire origin is based on country of tire production), 2012-14, January to September 2014, and January to September 2015

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
	Quantity (tires)				
U.S. imports of overall OTR tires from.--					
China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	872,578	933,236	1,089,106	814,179	995,971
China, nonsubject	404,517	315,408	345,529	247,007	220,002
All other sources	645,961	559,251	590,712	471,730	437,168
Nonsubject sources	1,050,478	874,659	936,241	718,737	657,170
Total U.S. imports	1,923,056	1,807,895	2,025,347	1,532,916	1,653,141
	Value (1,000 dollars)				
U.S. imports of overall OTR tires from.--					
China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	196,080	189,018	214,103	158,307	171,913
China, nonsubject	145,315	108,356	116,228	86,189	72,975
All other sources	1,114,504	706,052	618,014	476,064	403,066
Nonsubject sources	1,259,819	814,408	734,242	562,253	476,041
Total U.S. imports	1,455,899	1,003,426	948,345	720,560	647,954
	Unit value (dollars per tire)				
U.S. imports of overall OTR tires from.--					
China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	225	203	197	194	173
China, nonsubject	359	344	336	349	332
All other sources	1,725	1,262	1,046	1,009	922
Nonsubject sources	1,199	931	784	782	724
Total U.S. imports	757	555	468	470	392

Table continued on next page.

Table IV-3--*Continued*
OTR tires: Overall U.S. imports, by source (where mounted OTR tire origin is based on country of tire production), 2012-14, January to September 2014, and January to September 2015

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
	Share of quantity (percent)				
U.S. imports of overall OTR tires from.--					
China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	45.4	51.6	53.8	53.1	60.2
China, nonsubject	21.0	17.4	17.1	16.1	13.3
All other sources	33.6	30.9	29.2	30.8	26.4
Nonsubject sources	54.6	48.4	46.2	46.9	39.8
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports of overall OTR tires from.--					
China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	13.5	18.8	22.6	22.0	26.5
China, nonsubject	10.0	10.8	12.3	12.0	11.3
All other sources	76.6	70.4	65.2	66.1	62.2
Nonsubject sources	86.5	81.2	77.4	78.0	73.5
Total U.S. imports	100.0	100.0	100.0	100.0	100.0

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

Table IV-4 presents data for U.S. imports of subject unmounted OTR tires from India, Sri Lanka, and nonsubject sources (*i.e.*, unmounted tires from China and unmounted OTR tires from all other sources).

Table IV-4
OTR tires: U.S. imports of unmounted OTR tires, by source, 2012-14, January to September 2014, and January to September 2015

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
	Quantity (tires)				
U.S. imports of unmounted OTR tires from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	834,590	888,025	1,047,170	778,536	977,933
China	404,517	315,408	345,529	247,007	220,002
All other sources	645,961	559,251	590,712	471,730	437,168
Nonsubject sources	1,050,478	874,659	936,241	718,737	657,170
Total U.S. imports	1,885,068	1,762,684	1,983,411	1,497,273	1,635,103
	Value (1,000 dollars)				
U.S. imports of unmounted OTR tires from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	184,201	176,957	201,722	147,409	166,835
China	145,315	108,356	116,228	86,189	72,975
All other sources	1,114,504	706,052	618,014	476,064	403,066
Nonsubject sources	1,259,819	814,408	734,242	562,253	476,041
Total U.S. imports	1,444,020	991,365	935,964	709,662	642,876
	Unit value (dollars per tire)				
U.S. imports of unmounted OTR tires from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	221	199	193	189	171
China	359	344	336	349	332
All other sources	1,725	1,262	1,046	1,009	922
Nonsubject sources	1,199	931	784	782	724
Total U.S. imports	766	562	472	474	393

Table continued on next page.

Table IV-4--*Continued*
OTR tires: U.S. imports of unmounted OTR tires, by source, 2012-14, January to September 2014, and January to September 2015

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
	Share of quantity (percent)				
U.S. imports of unmounted OTR tires from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	44.3	50.4	52.8	52.0	59.8
China	21.5	17.9	17.4	16.5	13.5
All other sources	34.3	31.7	29.8	31.5	26.7
Nonsubject sources	55.7	49.6	47.2	48.0	40.2
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports of unmounted OTR tires from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	12.8	17.8	21.6	20.8	26.0
China	10.1	10.9	12.4	12.1	11.4
All other sources	77.2	71.2	66.0	67.1	62.7
Nonsubject sources	87.2	82.2	78.4	79.2	74.0
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports of unmounted OTR tires from.--					
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	***	***	***	***	***
China	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	***	***	***	***	***

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

Table IV-5 presents data for U.S. imports of subject mounted OTR tires from China, India, Sri Lanka, and nonsubject sources (*i.e.*, mounted OTR tires from all other sources).

Table IV-5
OTR tires: U.S. imports of mounted OTR tires, by source, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Table IV-6 presents data, based on questionnaire responses, for imports during 2015 for each subject source.

Table IV-6
OTR tires: U.S. imports in the twelve month period preceding the petition, 2015

* * * * * * *

Table IV-7 presents data, based on *** for the value of imports from December 2014 through November 2015. The unshaded columns report data on the primary (i.e., OTR tire-specific) HTS provisions for subject merchandise, while the shaded columns add a portion of the basket HTS provisions listed in the scope description to the primary HTS provisions. The addition of data from the basket HTS provisions is based on estimates of the ratio of subject to nonsubject merchandise in four HTS subheadings that were broken out into subject and nonsubject HTS provisions in July of 2014.

Table IV-7
OTR tires: U.S. imports in the twelve-month period preceding the petition based on Customs data, December 2014 through November 2015

* * * * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of

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

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

distribution, and (4) simultaneous presence in the market. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Alliance, Balkrishna, and CEAT provided information in their briefs in response to a request from Staff for firms to provide U.S. shipment data by the sectors that they view are in the market and also list who are the competitors in those particular markets.[6] Appendix D presents their responses. Alliance provided quantity and value data for three segments (agricultural, construction/industrial, and off-highway (OTR)) each with sub-segments (e.g., drive tires, steer tires, size range for radial and bias tires, tread type) by sales to OE and aftermarket.[7] Alliance did not address whether it had competitors in these purported segments. Balkrishna provided quantity and value data for three segments (agricultural, construction/mining, and industrial) each with sub-segments (e.g., forestry, bias, size of forklift) by sales to OE and replacement market.[8] Balkrishna did not address whether it had competitors in these purported segments. CEAT did not provide data, but did provide segment categories, distinguishing between agriculture, industrial, construction, and mining, and for each of these identified sub-segments, applications, features, and other categories.[9] CEAT did not identify competitors in these purported segments.

Presence in the market

Table IV-8 presents data on monthly subject U.S. imports of unmounted tires from India and Sri Lanka.

Table IV-8
OTR tires: Monthly subject U.S. imports of unmounted OTR tires, January 2012 through September 2015

* * * * * * *

Table IV-9 presents data on monthly subject U.S. imports of mounted tires from China, India, and Sri Lanka.

Table IV-9
OTR tires: Monthly subject U.S. imports of mounted OTR tires, July 2014 through September 2015

* * * * * * *

[6] Conference transcript, p. 233 (Duncan).
[7] Postconference brief of Alliance, exh. 3.
[8] Postconference brief of Balkrishna, exh. 5.
[9] Postconference brief of CEAT, Responses to Questions from Commission Staff and annexure 1.

Geographical markets

Table IV-10 presents data on U.S. imports by Customs district of entry of unmounted OTR tires from India and Sri Lanka.

Table IV-10
OTR tires: Subject U.S. imports of unmounted OTR tires by Customs district of entry, January 2012 through September 2015

* * * * * * *

Table IV-11 presents data on U.S. imports by Customs district of entry of mounted OTR tires from China, India, and Sri Lanka.

Table IV-11
OTR tires: Subject U.S. imports of mounted OTR tires by Customs district of entry, August 2014 through October 2015

* * * * * * *

APPARENT U.S. CONSUMPTION

Table IV-12 presents data on apparent U.S. consumption for OTR tires.

Table IV-12
OTR tires: Apparent U.S. consumption, 2012-14, January to September 2014, and January to September 2015

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
	Quantity (tires)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers U.S. shipments of imports of overall[1] OTR tires from.--China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	817,808	902,307	1,047,585	799,762	936,195
China, nonsubject	418,969	310,025	344,180	240,324	212,831
All other sources	586,720	545,051	549,450	450,147	415,868
Nonsubject sources	1,005,689	855,076	893,630	690,471	628,699
Total U.S. importers' U.S. shipments	1,823,497	1,757,383	1,941,215	1,490,233	1,564,894
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers U.S. shipments of imports of overall[1] OTR tires from.--China, subject	***	***	***	***	***
India	***	***	***	***	***
Sri Lanka	***	***	***	***	***
Subject sources	202,711	209,819	238,392	182,499	191,040
China, nonsubject	159,715	113,458	120,345	89,233	73,711
All other sources	881,799	731,179	770,853	606,378	495,275
Nonsubject sources	1,041,514	844,637	891,198	695,611	568,986
Total U.S. importers' U.S. shipments	1,244,225	1,054,456	1,129,590	878,110	760,026
Apparent U.S. consumption	***	***	***	***	***

[1] The mounted OTR tires based on the origin of the country in which the OTR tire was produced.

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

U.S. MARKET SHARES

U.S. market share data for OTR tires are presented in table IV-13.

Table IV-13
OTR tires: Market shares, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials include natural rubber, synthetic rubber, carbon black, and various chemicals, textiles, and steel.[1] The ratio of raw materials to COGS declined from *** percent in 2012 to *** percent in 2014. This decline has largely been driven by the decline in rubber prices. The prices of synthetic rubber decreased by *** percent during January 2012-September 2015, and the prices of natural rubber decreased by *** percent during January 2012-August 2015[2] (figure V-1).

Figure V-1

Monthly prices, natural rubber SICOM TSR20 futures, January-December 2012, natural rubber SGX TSR20 futures, January 2013-September 2015, and synthetic rubber SBR USA, January 2012-August 2015

* * * * * * *

Prices for OTR tires are often directly linked to a raw material cost index and are subject to periodic revision (usually every six months).[3] Respondents stated that there is a built-in price break in the aftermarket to absorb changes in raw material costs, but no such break exists for the OEM market, which is dominated by large producer customers.[4] For this reason, they argue that the OEM market is more quickly affected by a drop in raw material costs. [5]

Petitioner Titan reported that when it submits a bid for a tire in both unmounted and mounted form, it quotes a discrete price for the tire, the wheel, and the entire assembly, adding that any declines in steel cost would not extend to a decline in the price of a tire.[6] Respondent and importer Camso reported selling mounted tires from Sri Lanka, and indicated that declines in raw material costs for the wheel (including steel) would impact the final selling price for a mounted tire.[7]

---

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

[2] Latest available data for natural rubber prices, as shown in figure V-1.

[3] Conference transcript, pp. 126, 194 (Mazzola, Bulger); Alliances's postconference brief, p. 27. Petitioner argues that price declines lag actual declines in costs, and the reverse is true for price increases; therefore, prices for customers do not reflect changes in raw material costs. Petitioner's postconference brief, p. 2.

[4] Alliance's postconference brief, p. 28.

[5] Conference transcript, p. 194 (Nolan).

[6] Conference transcript, p. 32 (Nutter).

[7] Conference transcript, pp. 201-2 (Bulger). Sri Lankan producer Camso also argued that ***. Camso's postconference brief, exh. 1, p. 4.

U.S. inland transportation costs

A large majority of responding U.S. producers (*** of 5) and importers (20 of 23) reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 2 to 5 percent while importers reported costs of 1 to 25 percent (averaging 5.9 percent).

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, and price lists. U.S. producer *** reported that depending on the customer, prices may be determined by transaction-specific negotiations. As presented in table V-1, U.S. producers and importers use a variety of pricing methods, but the plurality of responses for both producers and importers was set price lists.

Table V-1

OTR tires: U.S. producers and importers reported price setting methods, by number of responding firms[1]

Method	U.S. producers	U.S. importers
Transaction-by-transaction	***	12
Contract	***	7
Set price list	***	18
Other	***	4

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

U.S. producers reported selling *** percent of their product under long-term contract, and about *** percent of their shipments were made in the spot market. U.S. importers reported selling the vast majority of their product in the spot market (table V-2). Petitioner Titan stated that OEM sales are generally made through contracts, and sales to the aftermarket are generally in the spot market.[8]

[8] Conference transcript, pp. 29, 84 (Nutter, Brewer).

Table V-2

OTR tires: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2014

Item	U.S. producers	Subject U.S. importers
	Share (percent)	
Share of commercial U.S. shipments.--		
Long-term contracts	***	0.4
Annual contract	***	2.1
Short-term contracts	***	5.6
Spot sales	***	91.9

Note.--Because of rounding, figures may not add to the totals shown.

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

Petitioner Titan stated that some of its OEM customers are covered by multiyear contracts, but many of its contracts contain escape clauses by which the customer can request a lower price if faced with a better offer from another seller. It also argued that it faces pressure to lower prices from OEM customers even without a formal escape clause.[9]

Sales terms and discounts

Most U.S. producers and importers typically quote prices on a delivered basis. All U.S. producers reported offering quantity and/or total volume discounts. U.S. producer/importer *** reported that its discounts are based on quantities purchased and market conditions. A plurality of importers (12 of 26) reported offering no discounts. Importer *** indicated that its discounts were contractually determined. Importer *** reported offering discounts ***, and three importers reported offering early payment discounts. Importer *** reported that it offers a ***.

Several producers reported offering a variety of sales terms; *** of four responding producers reported net 30 days sales terms, *** reported net 60 days, and *** reported 2/10 net 30 days. U.S. producer *** reported sales terms of ***. A plurality of importers reported commonly offering sales terms of net 30 days. However, three importers reported offering net 90 days. *** reported wire against shipment, and *** reported ***.

Branding

Respondents reported that there is a price premium for brands because of perceived quality differences and brand recognition. According to respondents, the OTR market is generally split into three tiers. The top tier includes Michelin, Bridgestone, Firestone, and

[9] Conference transcript, p. 30 (Nutter); petitioners' postconference brief, p. 23.

Goodyear branded tires. Petitioner Titan is considered to be in the second tier with some Chinese producers. Other Chinese and Southeast Asian producers are considered to be in the third tier.[10]

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following OTR tires products shipped to unrelated U.S. customers during January 2012-September 2015.[11]

Irrigation pivot tire, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches.

Product 1.-- Irrigation pivot tire, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches, *unmounted, tire only*.

Product 2.-- Irrigation pivot tire, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches, *sold as part of a kit*.

Product 3.-- Irrigation pivot tire, size 11.2-38, ply rating of 6, weight from 90 to 125 lbs., rim width 10 inches, *wheel-mounted tire*.

Rear farm tire, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches.

Product 4.-- Rear farm tire, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches, *unmounted, tire only*.

Product 5.-- Rear farm tire, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches, *sold as part of a kit*.

Product 6.-- Rear farm tire, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches, *wheel-mounted tire*.

Front farm tire, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches.

Product 7.-- Front farm tire, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches, *unmounted, tire only*.

Product 8.-- Front farm tire, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches, *sold as part of a kit*.

Product 9.-- Front farm tire, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches, *wheel-mounted tire*.

Skid steer tire, size 10-16.5, ply rating of 10, weight from 55 to 85 lbs., rim width 8.25 inches.

Product 10.-- Skid steer tire, size 10-16.5, ply rating of 10, weight from 55 to 85 lbs., rim width 8.25 inches, *unmounted, tire only*.

---

[10] Conference transcript p. 123 (Mazzola); GOSL post-conference brief, p. 14; Alliance's postconference brief, p. 29.

[11] Petitioner raised concerns about the ***. Petitioners' postconference brief, p. 29. Respondents raised concerns regarding the broad product mix (such as variations in weight, and SKUs) possible within each pricing product definition. CEAT's postconference brief, p. 42; Alliance's postconference brief, p. 28.

Product 11.-- Skid steer tire, size 10-16.5, ply rating of 10, weight from 55 to 85 lbs., rim width 8.25 inches, *sold as part of a kit.*

Product 12.-- Skid steer tire, size 10-16.5, ply rating of 10, weight from 55 to 85 lbs., rim width 8.25 inches, *wheel-mounted tire.*

Five U.S. producers and 18 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[12] [13] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of unmounted OTR tires and *** percent of U.S. producers' shipments of mounted tires during 2012-14. No pricing data were reported for subject mounted OTR tires from China. Pricing data reported by importers of unmounted OTR tires from India accounted for approximately *** percent of commercial shipments of unmounted OTR tires during 2012-14.[14] Pricing data reported by importers of OTR tires from Sri Lanka accounted for about *** percent of commercial shipments of unmounted OTR tires from Sri Lanka, and about *** percent of commercial shipments of mounted tires from Sri Lanka during 2012-14.

Price data for products 1, 4, 6, 7, 9, 10, and 12 are presented in tables V-3 to V-8 and figures V-2 to V-7. [15] [16] Nonsubject country prices for unmounted OTR tires from China and OTR tires from Thailand are presented in Appendix E.

Table V-3

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2012-September 2015

* * * * * * *

[12] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[13] The Commission requested pricing data for four products, sold as unmounted tires, as kits, and as wheel-mounted tires, based on information presented in the petition. However, petitioners and respondents agreed that OTR tires are not sold as kits, and no pricing data were reported for kits. Conference transcript, pp. 82 (Stewart), 203-4 (Arnold, Mazzola, Clark).

[14] There were no reported shipments of mounted OTR tires from India.

[15] No pricing data were reported for products 3 and 9.

[16] Pricing data for unmounted tires from China (products 1, 4, 7, and 10) are presented but are not subject to these investigations.

Table V-4

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2012-September 2015

* * * * * * *

Table V-5

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2012-September 2015

* * * * * * *

Table V-6

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, January 2012-September 2015

* * * * * * *

Table V-7

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 10[1] and margins of underselling/(overselling), by quarters, January 2012-September 2015

* * * * * * *

Table V-8

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 12[1] and margins of underselling/(overselling), by quarters, January 2012-September 2015

* * * * * * *

Figure V-2

OTR tires: Weighted-average prices and quantities of domestic and imported product 1[1], by quarters, January 2012-September 2015

* * * * * * *

Figure V-3

OTR tires: Weighted-average prices and quantities of domestic and imported product 4[1], by quarters, January 2012-September 2015

* * * * * * *

Figure V-4

OTR tires: Weighted-average prices and quantities of domestic and imported product 6[1], by quarters, January 2012-September 2015

* * * * * * *

Figure V-5

OTR tires: Weighted-average prices and quantities of domestic and imported product 7[1], by quarters, January 2012-September 2015

* * * * * * *

Figure V-6

OTR tires: Weighted-average prices and quantities of domestic and imported product 10[1], by quarters, January 2012-September 2015

* * * * * * *

Figure V-7

OTR tires: Weighted-average prices and quantities of domestic and imported product 12[1], by quarters, January 2012-September 2015

* * * * * * *

Price trends

Prices decreased overall during January 2012-September 2015. Table V-11 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from 3.8 to 32.1 percent during January 2012-September 2015 while subject import price decreases ranged from 2.5 to 21.5 percent.

Table V-11

OTR tires: Summary of weighted-average f.o.b. prices from the United States and China, India, and Sri Lanka

* * * * * * *

Price comparisons

As shown in table V-12, prices for OTR tires imported from subject countries were below those for U.S.-produced product in 67 of 88 instances (*** short tons); margins of underselling ranged from 0.1 to 51.0 percent. In the remaining 21 instances, prices for OTR tires from China, India, and Sri Lanka were between 0.8 and 23.0 percent above prices for the domestic product.

Table V-12

OTR tires: Instances of underselling/overselling and the range and average of margins, by country and by product, January 2012-September 2015

Source	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
China mounted	0	0	---	---	---
India unmounted	***	***	***	***	***
India mounted	0	0	---	---	---
India underselling	***	***	***	***	***
Sri Lanka unmounted	***	***	***	***	***
Sri Lanka mounted	0	0	---	---	---
Sri Lanka underselling	***	***	***	***	***
Total subject underselling	67	***	25.6	0.1	51.0
Source	**(Overselling)**				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
China mounted	0	0	---	---	---
India unmounted	***	***	***	***	***
India mounted	0	0	---	---	---
India underselling	***	***	***	***	***
Sri Lanka unmounted	0	0	---	---	---
Sri Lanka mounted	***	***	***	***	***
Sri Lanka underselling	***	***	***	***	***
Total subject underselling	21	***	(11.3)	(0.8)	(23.0)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

Of the five responding U.S. producers, four reported that they had to reduce prices, and one reported that it also had to roll back announced price increases. Four firms reported that they had lost sales, and two U.S. producers (***) submitted lost sales and lost revenue allegations. The two responding U.S. producers identified 15 firms where they lost sales or revenue (two consisting of lost sales allegations only and 13 consisting of both lost sales and lost revenue allegations). U.S. producers submitted allegations against China, India, and Sri Lanka. U.S. producers submitted allegations for the entire period during January 2012-September 2015, and all allegations covered individual sales. Submitted allegations covered product types including ***. Staff contacted 15 purchasers and received responses from seven purchasers. Responding purchasers reported purchasing 1,079,085 unmounted and mounted OTR tires in 2014 (table V-13).

Table V-13
OTR tires: Purchasers' responses to purchasing patterns

* * * * * * *

During 2014, purchasers purchased *** percent of unmounted OTR tires from U.S. producers, *** percent from India, *** percent from Sri Lanka, *** percent from nonsubject countries, and *** percent from "unknown source" countries. During 2014, purchasers purchased *** percent of mounted OTR tires from U.S. producers, *** percent from China, *** percent from India, *** percent from nonsubject countries, and *** percent from "unknown source" countries. No purchaser reported purchasing mounted OTR tires from Sri Lanka.

Of the responding purchasers, two reported decreasing purchases from domestic producers, two reported increasing purchases, and two reported fluctuating purchases. No purchaser did not purchase U.S. product (table V-14).[17] Purchaser *** reported business growth as the reason for increasing domestic purchases. Purchaser *** reported that its domestic purchases decreased due to the brand preferences of an end user. Two purchasers (***) reported that purchases from domestic producers fluctuated based on product demand and farming sector performance. *** stated that weather (as a driver of agricultural demand) factors affect its purchasing patterns more than price.

Table V-14
OTR tires: Changes in purchasing patterns from U.S., subject, and nonsubject countries, January 2012-September 2015

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	2	2	0	2
China	0	2	2	0	1
India	1	1	1	2	0
Sri Lanka	3	0	2	0	0
All other countries	0	0	3	2	0
Sources unknown	4	0	0	1	0

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

Of the seven responding purchasers, two purchasers reported that they had shifted purchases of OTR tires from U.S. producers to imports from Sri Lanka, and one purchaser reported shifting purchases to OTR tires from India since 2012. All three of these purchasers reported that price was the reason for the shift, and the reported estimated share of purchases shifted ranged from *** to *** percent (table V-15).

[17] Of the seven responding purchasers, two purchasers indicated that they did not know the source of the OTR tires they purchased.

Table V-15
OTR tires: Purchasers' responses to shifting supply sources since 2012

* * * * * * *

Of the six responding purchasers, two reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries (table V-16). The reported estimated price reductions ranged from 5 to 15 percent. Purchaser *** reported that U.S. producers lowered their prices mainly due to declining raw material costs, but also to compete with high quality, low-priced OTR tires from India.

Table V-16
OTR tires: Purchasers' responses to U.S. producer price reductions

* * * * * * *

In responding to the lost sales lost revenue survey, purchaser *** provided additional comments: "***."

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

The financial results of five U.S. producers of OTR tires are presented in this section of the report. All responding U.S. producers reported their financial results on the basis of U.S. generally accepted accounting principles ("GAAP") for calendar-year periods.[1]

With respect to its U.S. operations, ***.[2] [3]

While OTR tire revenue primarily represents commercial sales, *** also reported internal consumption[4] and a small volume of transfers to related firms were reported by ***.[5]

OPERATIONS ON OTR TIRES

Table VI-1 presents aggregated data on U.S. producers' operations in relation to OTR tires over the period examined, while table VI-2 presents selected company-specific financial data.

BFNA and Titan account for the *** of sales presented in table VI-1: ***, of total sales value. The remaining producers Specialty, Goodyear, and Carlstar accounted for *** percent, respectively, of total sales value. The industry's total net sales value decreased by *** percent from 2012 to 2014 and was *** percent lower in interim 2015 when compared to interim 2014. As shown in table VI-2, net sales unit values varied greatly between companies, with the lowest net sales unit value being *** and the highest being ***. This is due to different product mixes between the companies reporting data. With the exception of ***, all companies reported lower net sales unit values in 2014 when compared to 2012.[6]

Table VI-1
OTR tires: Results of operations of U.S. producers, 2012-14, January-September 2014, and January-September 2015

* * * * * * *

[1] ***.

[2] ***.

[3] The Commission's current practice requires that relevant cost information associated with input purchases from related suppliers correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records. See *1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37.

[4] ***.

[5] Staff collected financial data that included value-added data for net sales and the components of cost of goods sold ("COGS") for producers who mounted OTR tires. ***.

[6] ***

Table VI-2
OTR tires: Results of operations of U.S. producers, by firm, 2012-14, January-September 2014, and January-September 2015

* * * * * * *

Cost of goods sold and gross profit or (loss)

The total cost of raw materials as a share of COGS decreased from 2012 to 2014 and was lower in January-September 2015 compared to the same period in 2014 (see table VI-1). This pattern is generally consistent with available information which indicates that primary input costs decreased throughout the period of investigation.[7]

Direct labor costs as a share of COGS were the second largest component after raw material cost during the period of investigation, ranging from *** percent of total COGS in 2012 to *** percent in interim 2015. On an overall basis, direct labor increased in 2013 but decreased in 2014 and was lower in interim 2015 than interim 2014. Other factory costs as a share of total COGS ranged from *** percent in 2012 to *** percent in interim 2015.

The industry's gross profits were $*** in 2012, $*** in 2013, and $*** in 2014. From 2012 to 2013, the decreases in COGS (specifically, raw material costs) outpaced the decrease in net sales value leading to the increase in gross profit. However, from 2013 to 2014 net sales decreased more than raw material costs, which decreased gross profit. The most notable change in gross profit was the comparison of the interim periods, with the industry reporting a gross profit of $*** million in interim 2014 and $*** million in interim 2015. The decrease in the industry's per-unit COGS from 2012 to interim 2015 (of $*** per tire) did not offset the larger decrease in net sales unit values (of $*** per tire). This combined with a decrease in the net sales quantities resulted in gross profits decreasing by *** percent from 2012 to 2014 and being *** percent lower in interim 2015 when compared to interim 2014.

SG&A expenses and operating profit or (loss)

Overall SG&A expense ratios ranged from *** percent in 2012 to a period high of *** percent in interim 2015 (see table VI-1). While total SG&A expenses fluctuated within a relatively narrow range from 2012 to 2014, and were *** percent lower in interim 2015 compared to interim 2014, the increase in the SG&A expense ratio is mainly attributable to the decrease in net sales throughout the period.

Table VI-2 shows that company-specific SG&A ratios (the ratio of total SG&A expenses to revenue) were at somewhat different levels but remained within a relatively narrow range. ***.

Due to the relatively stable SG&A expense, the industry's operating profits followed the same pattern as gross profits with operating profit increasing in 2013, decreasing in 2014, and being lower in interim 2015 than interim 2014. On a company-specific basis, *** companies

[7] ***. ***.

reported an operating loss in 2012 and 2013, while *** reported an operating loss in 2014 and *** reported operating losses in interim 2015.

All other expenses and net income (or loss)

All other expenses (net of all other income) increased from $*** in 2012 to $*** in 2014, and was higher in interim 2015 when compared to interim 2014. By definition, items classified at this level in the income statement only affect net income or (loss).

Overall net income of the OTR tires industry followed the same pattern as gross and operating profits, increasing in 2013, decreasing in 2014, and being lower in interim 2015 when compared to interim 2014.

VALUE ADDED BY MOUNTING OPERATIONS

In general, the Commission calculates "value added" by determining the share of conversion costs (direct labor and other factory costs) to total COGS. Based on the information reported to the Commission, value added calculated for producers with mounting operations (***) ranged from ***. The value added analysis for mounting operations is presented in table VI-3.

Table VI-3
OTR tires: Value added analysis for mounting operations, 2012-14, January-September 2014, and January-September 2015

* * * * * * *

Variance analysis

A variance analysis for the operations of U.S. producers of OTR tires is presented in table VI-4.[8] The information for this variance analysis is derived from table VI-1. The analysis illustrates that from 2012 to 2014, the decrease in operating income is primarily attributable to a higher unfavorable price variance despite a favorable cost/expense variance (i.e., prices decreased more than costs and expenses).

[8] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Table VI-4
OTR tires: Variance analysis on the operations of U.S. producers, between fiscal years and between partial year periods

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development ("R&D") expenses by firm. As shown in table VI-5, ***. Overall, capital expenditures decreased by *** percent from 2012 to 2014 and *** when comparing interim 2015 to interim 2014.

Table VI-5
OTR tires: Capital expenditures and research and development expenses of U.S. producers, 2012-14, January-September 2014, and January-September 2015

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets[9] and their return on investment ("ROI"). As reported by the industry, total assets decreased from $*** in 2012 to $*** in 2014.

Table VI-6
OTR tires: U.S. producers' total assets and return on investment, 2012-14

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of OTR tires to describe any actual or potential negative effects of imports of OTR tires from China, India, or Sri Lanka on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-7 presents U.S. producers' responses.

[9] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for OTR tires.

Table VI-7
OTR tires: Actual and anticipated negative effects of imports on investment, growth, and development

* * * * * * *

The Commission requested U.S. producers of OTR tires to describe any actual or potential negative effects on their return on investment or their growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of OTR tires from China, India, and Sri Lanka. *** of five U.S. producers responded "yes" and *** responded "no" to actual negative effects on investment.[10] *** of five U.S. producers responded "yes" and *** responded "no" to actual negative effects on growth and development. *** of five U.S. producers responded "yes" and *** U.S. producers responded "no" to anticipated negative effects of imports.[11]

[10] ***.
[11] ***.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*
>
> *(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,*

[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."

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

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

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

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

THE INDUSTRY IN CHINA

Overview

The Commission issued foreign producers'/exporters' questionnaires to 43 firms believed to produce and/or export OTR tires from China.[3] Useable responses to the Commission's questionnaire were received from two firms: Tianjin United Tire and Rubber International Co., Ltd ("Tianjin") and Weihai Zhongwei Rubber Co., Ltd. ("Weihai"). The Chinese respondents' exports of mounted OTR tires to the United States accounted for *** percent of imports of mounted OTR tires from China in 2014.[4] Table VII-1 presents information on the OTR tires operations of the responding producers and exporters in China.

Table VII-1
OTR tires: Summary data on firms in China, January 2012 through September 2015

* * * * * * *

Changes in operations

As presented in table VII-2, responding producers in China reported only one change in operations.

Table VII-2
OTR tires: Reported changes in operations by firms in China

* * * * * * *

Operations of mounted OTR tires producers in China

Table VII-3 presents information on the unmounted tire operations of the responding producers/exporters in China. Unmounted tires from China are not included in the scope of these investigations because they are currently under order. Table VII-4 presents information on the mounted tire operations of the responding Chinese firms. Chinese producers'/exporters' mounted tire capacity, production, shipments, and capacity utilization decreased from 2012 to 2013, increased in 2014, and were lower in January-September 2015 compared to January-September 2014. Exports of mounted tires to the United States accounted for the majority of total shipments of Chinese producers, declining from *** percent in 2012 to *** percent in 2014, and were *** percent in January-September 2015. Inventories declined from 2012 to third quarter 2015.

---

[3] These firms were identified through a review of information submitted in the petition and contained in ***. Tianjin Wanda Tyre Group Co., Ltd. provided responses indicating that it does not produce subject merchandise in China.

[4] ***.

Table VII-3
OTR tires: Data on the unmounted OTR tire industry in China, 2012-14, January to September 2014, January to September 2015, and calendar year projections for 2015 and 2016[5]

* * * * * * *

Table VII-4
OTR tires: Data on the mounted OTR tire industry in China, 2012-14, January to September 2014, January to September 2015, and calendar year projections for 2015 and 2016

* * * * * * *

Alternative products

Chinese firms did not report any other products that were produced using the same machinery as the subject merchandise.

[5] Unmounted OTR tires from China are not part of the scope for these investigations because they are currently under order. Unmounted tire statistics are shown here only for informational purposes. Internal consumption of unmounted tires feed into the production of mounted tires.

Exports

According to GTA, the top export markets for OTR tires produced in China during 2014 were the United States, United Arab Emirates ("UAE"), and Russia (Table VII-5). During 2014, the United States, UAE, and Russia accounted for 21.6, 4.2, and 4.0 percent of total exports from China, respectively.

Table VII-5
OTR tires: Exports from China to top destination markets and the United States, 2012-14

Item	Calendar year		
	2012	2013	2014
	Value (1,000 dollars)		
China's exports to the United States	1,707,145	1,653,399	2,051,024
China's exports to other major destination markets.--			
United Arab Emirates	578,536	418,099	400,557
Russia	447,649	459,920	382,165
Mexico	304,641	296,027	381,428
Saudi Arabia	444,301	421,970	326,301
Australia	392,370	333,284	302,967
Canada	181,751	173,705	184,093
United Kingdom	134,015	172,894	175,486
Iran	60,984	77,453	171,976
All other destination markets	4,897,118	5,104,224	5,113,457
Total China exports	9,148,509	9,110,977	9,489,454
	Share of value (percent)		
China's exports to the United States	18.7	18.1	21.6
China's exports to other major destination markets.--			
United Arab Emirates	6.3	4.6	4.2
Russia	4.9	5.0	4.0
Mexico	3.3	3.2	4.0
Saudi Arabia	4.9	4.6	3.4
Australia	4.3	3.7	3.2
Canada	2.0	1.9	1.9
United Kingdom	1.5	1.9	1.8
Iran	0.7	0.9	1.8
All other destination markets	53.5	56.0	53.9
Total China exports	100.0	100.0	100.0

Source: Official Chinese exports statistics under HTS subheadings 4011.20 (this provision includes some out-of-scope bus and truck tires), 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by China Customs in the GTIS/GTA database, accessed January 22, 2016.

THE INDUSTRY IN INDIA

Overview

The Commission issued foreign producers' or exporters' questionnaires to 17 firms believed to produce and/or export OTR tires from India.[6] Useable responses to the Commission's questionnaire were received from 14 firms: Asian Tire Factory Ltd. ("Asian Tire"); Apollo Types, Ltd. ("Apollo"); ATC Tires Pvt, Ltd. ("ATC"); BKT; CEAT, Ltd. ("CEAT"); Goodyear India; Goodyear South Asia Tyres Pvt. Ltd. ("Goodyear South Asia"); JK Tyre and Industries ("JK"); KRM Tyres ("KRM"); Malhotra Rubbers, Ltd. ("Malhotra"); MRF Limited ("MRF"); Speedways Rubber Co. ("Speedways"); Superking Manufacturers Pvt, Ltd. ("Superking"); and TVS Srichakra, Ltd. ("TVS").[7] The Indian respondents' exports of unmounted OTR tires to the United States accounted for *** percent of the quantity of U.S. imports of unmounted OTR tires from India during 2014.[8] No exports of mounted OTR tires were reported by Indian producers. Table VII-6 presents information on the OTR tires operations of the responding producers/exporters in India.

Table VII-6
OTR tires: Summary data on firms in India, January 2012 through September 2015

* * * * * * *

Changes in operations

As presented in table VII-7, producers in India reported a number of changes in operations.

Table VII-7
OTR tires: Reported changes in operations by firms in India

* * * * * * *

Operations of OTR tires producers in India

Table VII-8 presents information on the OTR tires operations of the responding producers/exporters in India. From 2012 to 2014, Indian OTR capacity increased by 21.1 percent, production increased by 16.6 percent, capacity utilization decreased by 3.1 percentage points, total shipments increased by 17.0 percent, and inventories increased by

[6] These firms were identified through a review of information submitted in the petition and contained in ***. Trident Industrial Tires & Tracks and Trident International provided responses indicating that they do not produce subject merchandise in India.

[7] Petitioners noted that they believe Indian respondents' data comprised about *** percent of OTR tire exports to the United States. Petitioners' postconference brief, answer to staff question no. 2, p. 1.

[8] ***.

26.5 percent. In January-September 2015 compared to January-September 2014, inventories and capacity increased, while production and total shipments decreased. Indian OTR exports to the United States accounted for 9.1 percent of total shipments in 2012, 8.7 percent during 2014, and 8.9 percent in January-September 2015. Export markets other than the United States accounted for 37.9 percent of the Indian producers' OTR total shipments in 2012, 37.5 percent in 2014, and 39.8 percent in January-September 2015. Other export markets identified include ***.

Table VII-8
OTR tires: Data on unmounted OTR tires in India, 2012-14, January to September 2014, January to September 2015, and calendar year projections for 2015 and 2016

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2012	2013	2014	2014	2015	2015	2016
	Quantity (tires)						
Capacity	10,764,404	12,198,570	13,040,711	9,767,043	10,095,101	13,573,441	14,020,737
Production	8,930,577	9,308,206	10,412,471	7,934,831	7,615,221	10,170,172	10,816,181
End-of-period inventories	420,622	452,497	532,108	512,747	693,350	695,784	874,313
Shipments:							
Home market shipments:							
Internal consumption/ transfers	17,438	14,942	24,917	18,909	25,912	51,915	108,711
Commercial shipments	4,659,247	5,141,848	5,528,705	4,271,380	3,790,455	5,153,578	5,605,963
Subtotal, home market shipments	4,676,685	5,156,790	5,553,622	4,290,289	3,816,367	5,205,493	5,714,674
Export shipments to:							
United States	802,161	735,996	895,509	629,681	662,984	926,317	975,687
All other markets	3,337,013	3,378,881	3,867,450	2,930,203	2,965,174	3,860,777	3,962,851
Total exports	4,139,174	4,114,877	4,762,959	3,559,884	3,628,158	4,787,094	4,938,538
Total shipments	8,815,859	9,271,667	10,316,581	7,850,173	7,444,525	9,992,587	10,653,212
	Ratios and shares (percent)						
Capacity utilization	83.0	76.3	79.8	81.2	75.4	74.9	77.1
Inventories/production	4.7	4.9	5.1	4.8	6.8	6.8	8.1
Inventories/total shipments	4.8	4.9	5.2	4.9	7.0	7.0	8.2
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	0.2	0.2	0.2	0.2	0.3	0.5	1.0
Home market shipments	52.9	55.5	53.6	54.4	50.9	51.6	52.6
Subtotal, home market shipments	53.0	55.6	53.8	54.7	51.3	52.1	53.6
Export shipments to:							
United States	9.1	7.9	8.7	8.0	8.9	9.3	9.2
All other markets	37.9	36.4	37.5	37.3	39.8	38.6	37.2
Total exports	47.0	44.4	46.2	45.3	48.7	47.9	46.4
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Alternative products

As shown in table VII-9, between 97.4 and 98.2 percent of Indian production on the same equipment in each period was subject merchandise. The other products produced on the same machinery as subject merchandise consist of ***.

Table VII-9
OTR Tires: Indian producer's overall capacity and production on the same equipment as subject production, 2012-14, January to September 2014, January to September 2015

* * * * * * *

Exports

According to GTA, the top export markets for OTR tires produced in India during 2014 were the United States, Germany, and the Philippines (table VII-10). During 2014, the United States accounted for 11.4 percent of exports from India, Germany accounted for 6.6 percent of exports from India, and the Philippines accounted for 5.1 percent of exports from India.

Table VII-10
OTR tires: Indian exports of unmounted OTR tires, by destination market, 2012-14

Item	Calendar year		
	2012	2013	2014
	Value (1,000 dollars)		
India's exports to the United States	53,761	93,109	155,065
India's exports to other major destination markets.--			
Germany	14,329	41,800	89,314
Philippines	77,769	73,148	69,529
Brazil	19,586	40,122	56,981
France	13,209	23,817	55,185
United Arab Emirates	77,761	77,089	55,018
Bangladesh	59,426	47,596	53,915
Indonesia	47,325	56,062	47,452
United Kingdom	11,644	18,907	44,341
All other destination markets	457,350	530,000	735,195
Total India exports	832,160	1,001,651	1,361,995
	Share of value (percent)		
India's exports to the United States	6.5	9.3	11.4
India's exports to other major destination markets.--			
Germany	1.7	4.2	6.6
Philippines	9.3	7.3	5.1
Brazil	2.4	4.0	4.2
France	1.6	2.4	4.1
United Arab Emirates	9.3	7.7	4.0
Bangladesh	7.1	4.8	4.0
Indonesia	5.7	5.6	3.5
United Kingdom	1.4	1.9	3.3
All other destination markets	55.0	52.9	54.0
Total India exports	100.0	100.0	100.0

Source: Official Indian exports statistics under HTS subheadings 4011.20 (this provision includes some out-of-scope bus and truck tires), 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by India's Ministry of Commerce in the GTIS/GTA database, accessed January 22, 2016.

THE INDUSTRY IN SRI LANKA

Overview

The Commission issued foreign producers' or exporters' questionnaires to nine firms believed to produce and/or export OTR tires from Sri Lanka.[9] Usable responses to the Commission's questionnaire were received from two firms: Camso and Trelleborg Lanka (Private) Limited ("Trelleborg"). The Sri Lankan respondents' exports of unmounted OTR tires to the United States accounted for *** percent of the quantity of U.S. imports of unmounted OTR tires from Sri Lanka during 2014 and *** percent of U.S. imports of mounted OTR tires.[10] [11] Table VII-11 presents information on the OTR tires operations of the responding producers and exporters in Sri Lanka.

Table VII-11
OTR tires: Summary data on firms in Sri Lanka, January 2012 through September 2015

* * * * * * *

Changes in operations

Producers from Sri Lanka did not report any major changes in operations.

Operations of unmounted OTR tires producer in Sri Lanka

Table VII-12 presents information on the unmounted OTR tires operations of the responding producers in Sri Lanka. From 2012 to 2014, Sri Lankan OTR capacity increased by *** percent, production increased by *** percent, capacity utilization increased *** percentage points, total shipments increased by *** percent and inventories increased by *** percent. In January-September 2015 compared to January-September 2014, capacity was higher by *** percent, production was lower by *** percent, capacity utilization was lower by *** percentage points, total shipments were lower by *** percent and inventories were higher by *** percent.

From 2012 to 2014, Sri Lankan exports to the United States increased by *** percent while exports to all other markets increased by *** percent. In January-September 2015 compared to January-September 2014 Sri Lankan exports to the United States were lower by *** percent while exports to all other markets were lower by *** percent. Other export markets identified include ***.

---

[9] These firms were identified through a review of information submitted in the petition and contained in ***. ***.

[10] ***.

[11] ***.

Table VII-12
OTR tires: Data on unmounted OTR tires in Sri Lanka, 2012-14, January to September 2014, January to September 2015, and calendar year projections for 2015 and 2016

* * * * * * *

Operations of mounted OTR tires producer in Sri Lanka

From 2012 to 2014, capacity of mounted tires in Sri Lanka increased by *** percent, and production increased by *** percent. Nearly all mounted tires were produced using the firms' own tires.

Table VII-13
OTR tires: Data on tires mounted in Sri Lanka, 2012-14, January to September 2014, January to September 2015, and calendar year projections for 2015 and 2016

* * * * * * *

Alternative products

As shown in table VII-14, Sri Lankan OTR tire producers reported *** of other products on the same machinery and equipment used for the production of unmounted OTR tires, but *** of other products on its mounting equipment.[12]

Table VII-14
OTR Tires: Sri Lankan producer's overall capacity and production on the same equipment as subject production, 2012-14, January to September 2014, January to September 2015

* * * * * * *

[12] These other products are ***.

Exports

According to GTA (table VII-15), the top export markets for OTR tires produced in Sri Lanka during 2014 were the United States, Germany and Italy, which accounted for 44.0, 5.8, and 4.9 percent of total exports from Sri Lanka, respectively.

Table VII-15
OTR tires: Exports from Sri Lanka to top destination markets and the United States, 2012-14

Item	Calendar year		
	2012	2013	2014
	Value (1,000 dollars)		
Sri Lanka's exports to the United States	199	142	51,736
Sri Lanka's exports to other major destination markets.--			
Germany	3,049	3,723	6,809
Italy	1,950	2,835	5,787
Latvia	4,932	5,502	4,884
Singapore	3,249	4,715	4,438
India	8,437	4,870	4,208
United Kingdom	295	301	3,391
Mexico	0	37	3,313
France	2,080	1,869	2,751
All other destination markets	19,329	13,836	30,289
Total Sri Lankan exports	43,519	37,830	117,605
	Share of value (percent)		
Sri Lanka's exports to the United States	0.5	0.4	44.0
Sri Lanka's exports to other major destination markets.--			
Germany	7.0	9.8	5.8
Italy	4.5	7.5	4.9
Latvia	11.3	14.5	4.2
Singapore	7.5	12.5	3.8
India	19.4	12.9	3.6
United Kingdom	0.7	0.8	2.9
Mexico	0.0	0.1	2.8
France	4.8	4.9	2.3
All other destination markets	44.4	36.6	25.8
Total Sri Lankan exports	100.0	100.0	100.0

Source: Official Sri Lankan exports statistics under HTS subheadings 4011.20 (this provision includes some out-of-scope bus and truck tires), 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by Sri Lanka Customs in the GTIS/GTA database, accessed January 22, 2016.

Table VII-16 presents summary data on unmounted OTR tires produced in subject countries.

Table VII-16
OTR tires: Data on unmounted OTR tires in subject countries (India and Sri Lanka), 2012-14, January to September 2014, and January to September 2015 and projection calendar years 2015 and 2016

* * * * * * *

Table VII-17 presents summary data on mounted OTR tires produced in subject countries.

Table VII-17
OTR tires: Data on tires mounted in subject countries (China, India, and Sri Lanka), 2012-14, January to September 2014, and January to September 2015 and projection calendar years 2015 and 2016

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-18 presents data on U.S. importers' reported inventories of unmounted OTR tires.

Table VII-18
OTR tires: U.S. importers' end-of-period inventories of imports of unmounted OTR tires by source, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

Table VII-19 presents data on U.S. importers' reported inventories of mounted OTR tires.

Table VII-19
OTR tires: U.S. importers' end-of-period inventories of imports of mounted OTR tires (based on country of tire production) by source, 2012-14, January to September 2014, and January to September 2015

* * * * * * *

Antidumping or countervailing duty orders in third-country markets

Turkey has had an antidumping duty order in effect on imports of new pneumatic tires from China since 2005, and Brazil initiated an antidumping investigation on imports of agricultural tires from China in 2015.[13]

[13] It is not clear from the available information whether subject mounted tires from China are within the scope of either the Turkish order or the Brazilian investigation. Petition, p. I-61 and exh. I-35.

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[14]

The data of table VII-20 detail global export values of certain unmounted OTR exports by subject and nonsubject countries, together with exports from the United States. China, Japan, and the United States are the top three exporting countries in order of importance, and in 2014 accounted for 45.8 percent of the global total shipment value of $35.3 billion. Global exports fell 5.6 percent, from $37.4 billion in 2012 to $35.3 billion in 2014. In comparison, the top 10 nonsubject countries identified during this period declined 6.1 percent, from $24.3 billion or 65.1 percent of total exports in 2012, to $22.9 billion or 64.8 percent of the global total in 2014. During the same period, subject country export shipments from India and Sri Lanka in aggregate increased 69.0 percent, from $0.9 billion in 2012 or 2.3 percent of total exports, to $1.5 billion, or 4.2 percent of the global total. India accounted for 87.7 percent or $0.53 billion of the total aggregate increase of $0.60 billion. Japan experienced the largest decline amongst the top 10 nonsubject countries identified, a $1 billion, 22.6 percent decline during the 2012-14 period, and 2.2 percentage point decline in total global exports from 12.2 to 10.0 percent. During the same period, France's share of total global exports declined 0.7 percent points ($345 million), and Korea's by 0.6 percentage points ($297 million). Other declines in selected top 10 nonsubject countries were relatively more moderate. Several other countries outside the top 10 nonsubject exporting countries accounted for an aggregate decline of around $1 billion in export shipments during the 2012-14 period, from $8.8 billion to $7.8 billion, and a loss of market share of 1.5 percentage points.

China, the largest global exporter, increased its share of total global exports by 2.4 percentage points, from 24.5 percent in 2012, to 26.9 percent in 2014, and shipment value from $9.1 billion to $9.5 billion. Thailand, Slovakia, and Poland increased global export market shares moderately during the 2012-14 period, to 3.4 percent, 3.0 percent, and 2.9 percent respectively in 2014. The U.S. share of the global export market was relatively unchanged at 9.0 percent during the subject period.

---

[14] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

Table VII-20
OTR tires: Global exports by exporting countries, 2012-14

Item	Calendar year		
	2012	2013	2014
	Value (1,000 dollars)		
United States	3,377,346	3,126,033	3,165,341
Subject exporters.--			
India	832,160	1,001,651	1,361,995
Sri Lanka	43,519	37,830	117,605
All other major exporting countries.--			
China	9,148,509	9,110,977	9,489,454
Japan	4,545,703	4,098,465	3,518,624
Germany	1,533,479	1,514,828	1,449,815
Spain	1,608,962	1,536,043	1,406,803
South Korea	1,592,868	1,437,892	1,295,607
France	1,597,935	1,413,967	1,252,944
Thailand	1,130,187	1,229,620	1,194,896
Canada	1,298,452	1,205,749	1,152,673
Slovakia	903,323	1,038,905	1,073,808
Poland	976,040	1,097,097	1,021,690
All other exporting countries.	8,790,437	8,599,167	7,784,011
Total global exports	37,378,920	36,448,224	35,285,266
	Share of value (percent)		
United States	9.0	8.6	9.0
Subject exporters.--			
India	2.2	2.7	3.9
Sri Lanka	0.1	0.1	0.3
All other major exporting countries.--			
China	24.5	25.0	26.9
Japan	12.2	11.2	10.0
Germany	4.1	4.2	4.1
Spain	4.3	4.2	4.0
South Korea	4.3	3.9	3.7
France	4.3	3.9	3.6
Thailand	3.0	3.4	3.4
Canada	3.5	3.3	3.3
Slovakia	2.4	2.9	3.0
Poland	2.6	3.0	2.9
All other exporting countries.	23.5	23.6	22.1
Total global exports	100.0	100.0	100.0

Note.--Quantity data are not reported since there is no consistent unit used across reporting countries. Some report in units or pieces, others in weight measures such as metric tons.

Source: Official exports statistics under HTS subheadings 4011.20 (this provision includes some out-of-scope bus and truck tires), 4011.61, 4011.62, 4011.63, 4011.69, 4011.92, 4011.93, and 4011.94 as reported by various national authorities in the GTIS/GTA database, accessed January 22, 2016.

The global tire industry is made up of large multinational producers that are active throughout the world, with plants located in both the developed and developing nations. 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.[15] 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, depending on logistics, demand, and affiliation. The most recent global new tire sales data are presented in table VII-21.

Global new tire sales figures as reported by some 75 international firms reflect an approximate 3.5 percent decline in overall sales, from $186.5 billion in 2013 to $179.9 billion in 2014. The 15 leading firms in tire sales in 2014 accounted for about 73 percent of the global total. These sales were led by Bridgestone of Japan, Michelin of France, and Goodyear of the United States. These firms' sales in aggregate were reported about $67 billion or 51 percent of the top 15 leading global tire manufacturer sales, and some 37 percent of the global total. The next largest producers were Continental of Germany, Pirelli of Italy, Sumitomo of Japan, and Hankook of Korea, which accounted for another $33 billion or about 25 percent of sales by the top 15 tire producers.

[15] International Rubber Study Group (IRSG) data, 2015.

Table VII-21
OTR tires: Global leaders in new tire sales by firm, 2013-14

2014 Rank	Firm and headquarters location	Estimated value of tire sales ($ million)		Share of global sales
		2013	2014	2014
1	Bridgestone Corp., Tokyo, Japan [1]	27,390	26,045	14.5
2	Group Michelin, Clermont-Ferrand, France	25,545	24,669	13.7
3	Goodyear Tire & Rubber Co., Akron, OH [2]	17,586	16,355	9.1
4	Continental A.G., Hanover, Germany	11,150	11,875	6.6
5	Pirelli & C. S.p.A., Milan, Italy [3 7]	8,007	7,992	4.4
6	Sumitomo Rubber Industries Ltd., Kobe, Japan [2 4]	6,971	6,918	3.8
7	Hankook Tire Co. Ltd., Seoul, South Korea	6,868	6,201	3.4
8	Yokohama Rubber Co. Ltd., Tokyo, Japan [5]	4,916	4,703	2.6
9	Maxxis International/Cheng Shin Rubber, Yuanlin, Taiwan	4,769	4,441	2.5
10	Zhongce Rubber Group Co. Ltd., Hangzhou, China	4,529	4,119	2.3
11	Giti Tire Pte. Ltd., Singapore [6]	3,756	3,474	1.9
12	Cooper Tire & Rubber Co., Findlay, OH	3,439	3,425	1.9
13	Kumho Tire Co. Inc., Seoul, South Korea [5]	3,419	3,240	1.8
14	Toyo Tire & Rubber Co. Ltd., Osaka, Japan	2,970	2,959	1.6
15	Triangle Group Co., Ltd., Shandong, China	2,712	2,870	1.6
	Subtotal	134,027	131,300	73.0
	All others	52,473	48,600	27.0
	Total	186,500	179,900	100.0

[1] Bridgestone owns 16% of Nokian Tyres P.L.C. (No. 19 on 2014 ranking) and 44% of Turkey's BRISA/Bridgestone (No. 35).

[2] Goodyear and Sumitomo operate 75/25 joint ventures in North America and Western Europe, incorporating Sumitomo's Dunlop-related tire activities in those regions. Companies are negotiating an end to the joint venture, expected by year-end 2015.

[3] Pirelli sold its steel cord business ($410M annual sales), 1st quarter 2015, to Bekaert S.A.

[2 4] Sumitomo acquired Dunlop assets in Africa, including Ladysmith, South Africa, plant from Apollo Tyres (No. 17 on 2013 ranking); $180M sales.

[5] Yokohama and Kumho (No. 13) are participating in a joint R&D agreement.

[6] Giti's 2013-14 sales include revenue for P.T. Gajah Tunggal of Indonesia, in which Giti owns a 49.7% stake; Michelin also owns a 10% share of Gajah Tunggal.

[7] Pirelli, through a joint venture with Russian Technologies, owns an option to buy into or merge with Nizhnekamskshina.

Note.-- Where possible, non-tire revenue from company-owned retail operations is excluded.

Source: Rubber and Plastic News, September 7, 2015.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
81 FR 2236 January 15, 2016	*Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-01-15/pdf/2016-00618.pdf
81 FR 7073 February 10, 2016	*Certain New Pneumatic Off-the-Road-Tires from China and India; Initiation of Less-Than-Fair-Value Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-10/pdf/2016-02701.pdf
81 FR 7067 February 10, 2016	*Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka; Initiation of Countervailing Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-10/pdf/2016-02713.pdf

APPENDIX B

LIST OF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka

Inv. Nos.: 701-TA-551-553 and 731-TA-1307-1308 (Preliminary)

Date and Time: January 29, 2016 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in Courtroom B (Room 111), 500 E Street, S.W., Washington, DC.

OPENING REMARKS:

Petitioners (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Eric C. Emerson**, Steptoe & Johnson LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

Petitioners

Paul Hawkins, Vice President, Sales, Titan Tire Corporation

Lester Brewer, General Manager, Des Moines, Titan Tire Corporation

Dennis Nutter, Sales Manager, Titan Tire Corporation

Stan Johnson, International Secretary-Treasurer, United Steelworkers Union

Terence P. Stewart)
Elizabeth J. Drake) – OF COUNSEL
Sahar J. Hafeez)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Steptoe & Johnson LLP
Washington, DC
on behalf of

ATC Tires Private Ltd. ("ATC")
Alliance Tire Americas, Inc. ("ATA")

James Clark, President, ATA

Robert Arnold, Vice President, Aftermarket Sales, ATA

Domenic Mazzola, Vice President, Product Development and OE Sales, ATA

Eric C. Emerson)
) – OF COUNSEL
Gregory S. McCue)

Arent Fox LLP
Washington, DC
on behalf of

Balkrishna Industries Limited

Brian Robinson, Vice President, BKT Tires, Inc.

Matthew Nolan)
) – OF COUNSEL
Nancy Noonan)

Baker & McKenzie LLP
Washington, DC
on behalf of

Camso USA, Inc.
Camso Loadstar (Private) Ltd.
(collectively "Camso")

Robert Bulger, Vice President *and* General Manager, Camso USA, Inc.

Kevin M. O'Brien)
) – OF COUNSEL
Christine M. Streatfeild)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Lakshmikumaran & Sridharan SARL
Geneva, Switzerland
on behalf of

CEAT Ltd.

S. Seetharaman, Consultant

Adarsh Ramanujan) – OF COUNSEL

INTERESTED PARTY:

Speedway Rubber Company
Fort Worth, TX

Brian Keith Hubbard, Marketing Consultant, Speedway Rubber Company

Hardeep Singh, Chief Executive, Export, Speedway Rubber Company

REBUTTAL/CLOSING REMARKS:

Petitioners (**Elizabeth J. Drake,** Stewart and Stewart)
Respondents (**Matthew Nolan**, Arent Fox LLP *and* **Kevin M. O'Brien**, Baker & McKenzie LLP)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
OTR tires: Summary data concerning the U.S. market, 2012-14, January to September 2014, and January to September 2015
(Quantity=tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sept
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China, subject	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Sri Lanka	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Subject sources excluding China mounted data	***	***	***	***	***	***	***	***	***
China, nonsubject	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
Nonsubject sources including China mounted data	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Fully domestic value	***	***	***	***	***	***	***	***	***
Value added to imports	***	***	***	***	***	***	***	***	***
Total value	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China, subject	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***
Sri Lanka	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Subject sources excluding China mounted data	***	***	***	***	***	***	***	***	***
China, nonsubject	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
Nonsubject sources including China mounted data	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
China, subject:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
India:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Sri Lanka:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	817,808	902,307	1,047,585	799,762	936,195	28.1	10.3	16.1	17.1
Value	202,711	209,819	238,392	182,499	191,040	17.6	3.5	13.6	4.7
Unit value	$248	$233	$228	$228	$204	(8.2)	(6.2)	(2.1)	(10.6)
Ending inventory quantity	185,976	196,236	221,977	197,342	272,228	19.4	5.5	13.1	37.9
Subject sources excluding China mounted data:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China, nonsubejct:									
Quantity	418,969	310,025	344,180	240,324	212,831	(17.9)	(26.0)	11.0	(11.4)
Value	159,715	113,458	120,345	89,233	73,711	(24.7)	(29.0)	6.1	(17.4)
Unit value	$381	$366	$350	$371	$346	(8.3)	(4.0)	(4.5)	(6.7)
Ending inventory quantity	53,577	54,243	50,872	55,610	56,282	(5.0)	1.2	(6.2)	1.2
All other sources:									
Quantity	586,720	545,051	549,450	450,147	415,868	(6.4)	(7.1)	0.8	(7.6)
Value	881,799	731,179	770,853	606,378	495,275	(12.6)	(17.1)	5.4	(18.3)
Unit value	$1,503	$1,341	$1,403	$1,347	$1,191	(6.7)	(10.7)	4.6	(11.6)
Ending inventory quantity	141,361	125,236	117,934	167,023	156,481	(16.6)	(11.4)	(5.8)	(6.3)
Nonsubject sources:									
Quantity	1,005,689	855,076	893,630	690,471	628,699	(11.1)	(15.0)	4.5	(8.9)
Value	1,041,514	844,637	891,198	695,611	568,986	(14.4)	(18.9)	5.5	(18.2)
Unit value	$1,036	$988	$997	$1,007	$905	(3.7)	(4.6)	1.0	(10.2)
Ending inventory quantity	194,938	179,479	168,806	222,633	212,763	(13.4)	(7.9)	(5.9)	(4.4)
Nonsubject sources including China mounted data:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	1,823,497	1,757,383	1,941,215	1,490,233	1,564,894	6.5	(3.6)	10.5	5.0
Value	1,244,225	1,054,456	1,129,590	878,110	760,026	(9.2)	(15.3)	7.1	(13.4)
Unit value	$682	$600	$582	$589	$486	(14.7)	(12.1)	(3.0)	(17.6)
Ending inventory quantity	380,914	375,715	390,783	419,975	484,991	2.6	(1.4)	4.0	15.5

Table C-1--Continued
OTR tires: Summary data concerning the U.S. market, 2012-14, January to September 2014, and January to September 2015
(Quantity=tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Report data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sept
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. producers' OTR tire production operations (unmounted):									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars)	***	***	***	***	***	***	***	***	***
Productivity (tires per 1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
U.S. producers' OTR tire mounting operations (mounted):									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:	***	***	***	***	***				
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:	***	***	***	***	***				
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars)	***	***	***	***	***	***	***	***	***
Productivity (tires per 1,000 hours)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
U.S. producers' shipments for single like product (unmounted + mounted):									
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value, domestic	***	***	***	***	***	***	***	***	***
Value, added to imports	***	***	***	***	***	***	***	***	***
Value, total	***	***	***	***	***	***	***	***	***
Unit value, domestic	***	***	***	***	***	***	***	***	***
U.S. producers' financial condition:									
Net Sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Less than 0.05 percent.

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

APPENDIX D

IMPORTERS' MARKET SEGMENTATION INFORMATION

ATA 2015 sales of India OTR tires

* * * * * * *

Balkrishna Industries Ltd.
US Sales of OTR Tyres for the C.Y. 2012

* * * * * * *

Type	RIM diameter	Sub category	Where Used	Features	TRA Classification	Tread pattern (description)	Technology	CEAT Models
Agriculture - small	<25"	Front steer	Non-drive (front) wheels of smaller machinery that employ two-wheel drive system	(1) Designed for better steering	F1, F2	Single-rib , multi-rib	Usually bias	Farmax F2, Ayushmaan, Samraat,
		Tractor R1	Drive Wheel for Tractors	Traction	R1, R1W	HerringBone		Farmax R1, Ayushmaan, Samraat
		Lawn and Turf	Grasslands (Although it can also be used in Turf, Lawn, Golf Course etc., these are outside the scope of investigation)	Floatation Property to avoid damage to grass and soil, Flatter profile		Block, Slick, Traction		N/A
		Implement	Non-drive wheels (usually front) of farm-implements and trailers	(1) Less soil compaction (2) On and off-road capability	I1, I2	Multi-rib, Herringbone, I1, F1, F2M		FARM IMPLEMENT, FARMAX F2M
Agriculture - large	>25"	Rear tractor	Drive wheels of all farm machinery. That is, in high HP machinery = all 4 wheels (4 wheel drive system), but in smaller machinery = rear wheels only	(1) Designed for traction and reducing wear (2) Avoid soil compaction (3) Self-cleaning	R1, R1W	Tractor pattern (Herringbone)	Bias	Farmax R1, Ayushmaan, Samraat
							Radial	N/A
		Rear tractor		(1) Traction in wet / sticky soil conditions (e.g.- rice , sugarcane) (2) Avoid soil compaction (3) Self-cleaning	R2	Deep tread tractor pattern	Bias	AYUSHMAAN R2
							Radial	NA
		Harvestor	Drive wheels of combines, grain wagons	Excellent Grip , Traction, Ability to work under low pressure with high load; resistance to stubble penetration	R1, R1W	Tractor pattern (Herringbone)	Bias	Samraat Super XL
							Radial	NA
		Soil Compactor	Single Drum Compactors used for Road Construction , Soil Compaction	(1) Shallow tread for minimal soil disturbance	R3	Diamond	Bias	C305
							Radial	NA
		High Flotation	Drive wheels / free rolling wheels of all types of farm machinery	(1) Traction (2) Designed to prevent soil compaction (3) Self-cleaning	HF	Flotation	Bias	T422
							Radial	NA

		Irrigation	Pivot system for Irrigation	Traction	R1	Herringbone	Bias	Irr-o-gator
							Radial	N/A
		Forestry	Logging and Skidding application	Traction, Cut & Puncture resistance	LS2,LS3,R1,R1W,Forestry flotation	Herringbone, Flotation	Usually Bias	NA
		Agro Industrial	Telly Handlers , Back Hoes and MFWA	Traction, lateral stability and strong carcass	R1	Herringbone	Bias	NA
							Radial	NA
		Row Crop	Cultivation , Harvesting and spraying applications in Row crop fields	Traction, less soil compaction, less crop damage	R1	Herringbone	Bias	NA
							Radial	NA
		Utility Tractor	Industrial tractors, back hoe and Municipality under 100 HP	capability to work on hard surface, snow & sandy terrain, good grip and high rubber to void ratio for better life	R1,R3,R4	Block.	Usually Radial	NA
Industrial - small	<=20"	Skid Steer	Skid Steer / Mini Loader	Working in Scrapyard, mines, quarries, High load carrying capacity, Cut resistance	R4	Industrial multi-rib	Both bias and radial	Loader , Loader HD (only bias)
		Small Forklift	Factories, Warehouses	Load carrying capacity, lateral stability		Industrial & Slick	Both bias and radial	Eleveta (only bias)
Industrial - large	>20"	PORT & Container handling tires	Container handelling equipment for port , Container terminals etc.	High load carrying capacity, Heat & abrasion resistance capacity	IND-3,IND-4,IND-5	Industrial tractor tread	Both bias and radial	Port Pro RX /TX/Slick L5S and GMND (only bias)
Construction - small	<=25"	Telehandlers	Materiak Handling and light industrial usage	High traction and stability	R4	Industrial	Both bias and radial	NA
		Back hoe	Back Hoe/Loader operations on hard surface	Cut Resistance, Traction, Stability	R4	Industrial	Both bias and radial	Tyrock (only bias)
		Excavators	Soil Digging	Traction		Industrial		NA

		MPT	NHS /OTR and agri services (Mini dumpers, Mini loaders, off highway Trucks)	Traction, Heat &Tear Resistance, Suitable for both off and on road drive	R4/R1	Industrial/Hearingbone		Trac XL, MPT (only bias)
Construction - large	>25"	Back Hoe	Back Hoe/Loader operations on hard surface	Cut Resistance, Traction, Stability	R4	Industrial	Both bias and radial	Tyrock (only bias)
		Telehandlers	Materiak Handling and light industrial usage	High traction and stability	R4	Industrial		NA
Mining - small	<=25"	Wheel Loaders	Mining , Logging and Rock service	Heat & cut resistance, Lateral Stability, Traction.	L3, L4, L5	Rock Pattern	Both bias and radial	Trac XL (only bias)
		Tippers	Carrying Over Burden	Heat & cut resistance, Lateral Stability, Traction.	L3, L4, L5	Rock Pattern		Trac XL (only bias)
		UGM	Underground Miniaing loaders	Cut Resistance,		Slick		Slick 404
		Graders	Grading and Cleaning	Heat & cut resistance, Lateral Stability, Traction.	G2	R4		GRADER XL
		Small Dumpers	Mining & construction sites	Heat & cut resistance, Lateral Stability, Traction.	E3/L3	Rock Pattern, Rock Plus Pattern		Trac XL, Rock XL (only bias)
Mining - large	25" - 35"	Wheel loaders,	Mining , Logging and Rock service	Heat & cut resistance, Lateral Stability, Traction.	L3, L4, L5	Rock Pattern	Both bias and radial	Trac XL (only bias)
		Dumpers	Carrying Over Burden	Heat & cut resistance, Lateral Stability, Traction.	E3/L3	Rock Pattern, Rock Plus Pattern		Trac XL, Rock XL (only bias)
		Graders	Grading and Cleaning	Heat & cut resistance, Lateral Stability, Traction.	G2	R4		GRADER XL (only bias)
		Dozer	Mining , Logging and Rock service	Heat & cut resistance, Lateral Stability, Traction.	E3/L3	Rock Pattern, Rock Plus Pattern		Rock XL (only bias)
Mining - Giant	>35"	Dumpers	Carrying Over Burden	Heat & cut resistance	L5, L5S	Smooth ,Rock Plus, Half Pattern	Both bias and radial	NA
		Loader	Mining , Logging and Rock service, Under Ground Mining		L5, L5S	Smooth ,Rock Plus, Half Pattern		NA

APPENDIX E

NONSUBJECT COUNTRY PRICE DATA

Ten importers reported price data for nonsubject product from China and Thailand. Data were collected for pricing products 1, 4, 7, and 10 (unmounted tires).[1] Price data reported by these firms accounted for *** percent of U.S. commercial shipments of unmounted tires from China in 2014.[2] These price items and accompanying data are comparable to those presented in tables V-3, V-4, V-6, and V-7. Price and quantity data for China and Thailand are shown in tables E-1 to E-4 and in figures E-1 to E-4 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from China and Thailand were lower than prices for U.S.-produced product in 107 instances and higher in 1 instance. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from China and Thailand were lower than prices for product imported from subject countries in 91 instances and higher in 43 instances. A summary of margins of underselling and overselling is presented in table E-5.

Table E-1
OTR tires: Weighted-average f.o.b. prices and quantities of imported product 1[1], by quarters, January 2012-September 2015

* * * * * * *

[1] The Commission requested pricing data for nonsubject country Canada, but received no data. Staff sent a supplementary data request to six importers who had reported Thailand as a source for unmounted tires only (pricing products 1, 4, 7, and 10). Of those six importers, *** provided pricing data.

[2] No shipment data were collected for unmounted OTR tires from Thailand.

Table E-2

OTR tires: Weighted-average f.o.b. prices and quantities of imported product 4[1], by quarters, January 2012-September 2015

Period	United States		China		Thailand	
	Price *(dollars per tire)*	Quantity *(tires)*	Price *(dollars per tire)*	Quantity *(tires)*	Price *(dollars per tire)*	Quantity *(tires)*
2012: Jan.-Mar.	218.00	1,438	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	224.32	979	***	***	--	0
Oct.-Dec.	***	***	***	***	--	0
2013: Jan.-Mar.	***	***	***	***	--	0
Apr.-June	***	***	***	***	--	0
July-Sept.	***	***	***	***	--	0
Oct.-Dec.	***	***	***	***	--	0
2014: Jan.-Mar.	***	***	***	***	--	0
Apr.-June	***	***	***	***	--	0
July-Sept.	***	***	***	***	--	0
Oct.-Dec.	***	***	***	***	--	0
2015: Jan.-Mar.	***	***	***	***	--	0
Apr.-June	***	***	***	***	--	0
July-Sept.	***	***	***	***	***	***

[1] Product 4: Rear farm tire, size 9.5-24, ply rating of 6, weight from 48 to 58 lbs., rim width 8 inches, unmounted, tire only.

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

Table E-3

OTR tires: Weighted-average f.o.b. prices and quantities of imported product 7[1], by quarters, January 2012-September 2015

Period	United States		China		Thailand	
	Price *(dollars per tire)*	Quantity *(tires)*	Price *(dollars per tire)*	Quantity *(tires)*	Price *(dollars per tire)*	Quantity *(tires)*
2012:						
Jan.-Mar.	98.30	3,495	***	***	***	***
Apr.-June	85.61	4,298	59.11	3,605	***	***
July-Sept.	103.25	2,574	60.88	452	***	***
Oct.-Dec.	100.95	1,519	***	***	***	***
2013:						
Jan.-Mar.	97.17	2,690	54.57	1,360	***	***
Apr.-June	85.19	3,588	***	***	***	***
July-Sept.	96.70	2,470	56.82	614	***	***
Oct.-Dec.	95.03	1,515	***	***	***	***
2014:						
Jan.-Mar.	95.38	1,820	***	***	***	***
Apr.-June	87.95	2,893	***	***	***	***
July-Sept.	101.53	2,350	***	***	***	***
Oct.-Dec.	104.51	1,164	***	***	***	***
2015:						
Jan.-Mar.	89.66	1,913	***	***	***	***
Apr.-June	91.32	2,494	***	***	***	***
July-Sept.	94.56	2,259	***	***	***	***

[1] Product 7: Front farm tire, size 9.5L-15, ply rating of 8, weight from 25 to 32 lbs., rim width 8 inches, unmounted, tire only.

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

Table E-4

OTR tires: Weighted-average f.o.b. prices and quantities of imported product 10[1], by quarters, January 2012-September 2015

Period	United States		China		Thailand	
	Price *(dollars per tire)*	Quantity *(tires)*	Price *(dollars per tire)*	Quantity *(tires)*	Price *(dollars per tire)*	Quantity *(tires)*
2012:						
Jan.-Mar.	***	***	119.32	7,314	***	***
Apr.-June	***	***	134.34	3,303	***	***
July-Sept.	***	***	162.22	2,419	***	***
Oct.-Dec.	***	***	137.72	2,573	***	***
2013:						
Jan.-Mar.	***	***	119.29	3,551	***	***
Apr.-June	***	***	127.77	4,200	***	***
July-Sept.	***	***	129.44	3,213	***	***
Oct.-Dec.	***	***	118.97	2,619	***	***
2014:						
Jan.-Mar.	***	***	129.30	3,915	***	***
Apr.-June	***	***	123.37	4,930	***	***
July-Sept.	***	***	122.31	5,398	***	***
Oct.-Dec.	***	***	146.51	4,245	***	***
2015:						
Jan.-Mar.	***	***	137.68	4,070	***	***
Apr.-June	***	***	103.16	4,042	***	***
July-Sept.	***	***	117.06	3,845	***	***

[1] Product 10: Product 10: Skid steer tire, size 10-16.5, ply rating of 10, weight from 55 to 85 lbs., rim width 8.25 inches, unmounted, tire only.

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

Figure E-1

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1], by quarters, January 2012-September 2015

* * * * * * *

Figure E-2

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1], by quarters, January 2012-September 2015

* * * * * * *

Figure E-3

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1], by quarters, January 2012-September 2015

* * * * * * *

Figure E-4

OTR tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 10[1], by quarters, January 2012-September 2015

* * * * * * *

Table E-5

OTR tires: Summary of underselling/(overselling), by country, January 2012-September 2015

* * * * * * *