Truck and Bus Tires From China

Investigation Nos. 701-TA-556 and 731-TA-1311 (Final)

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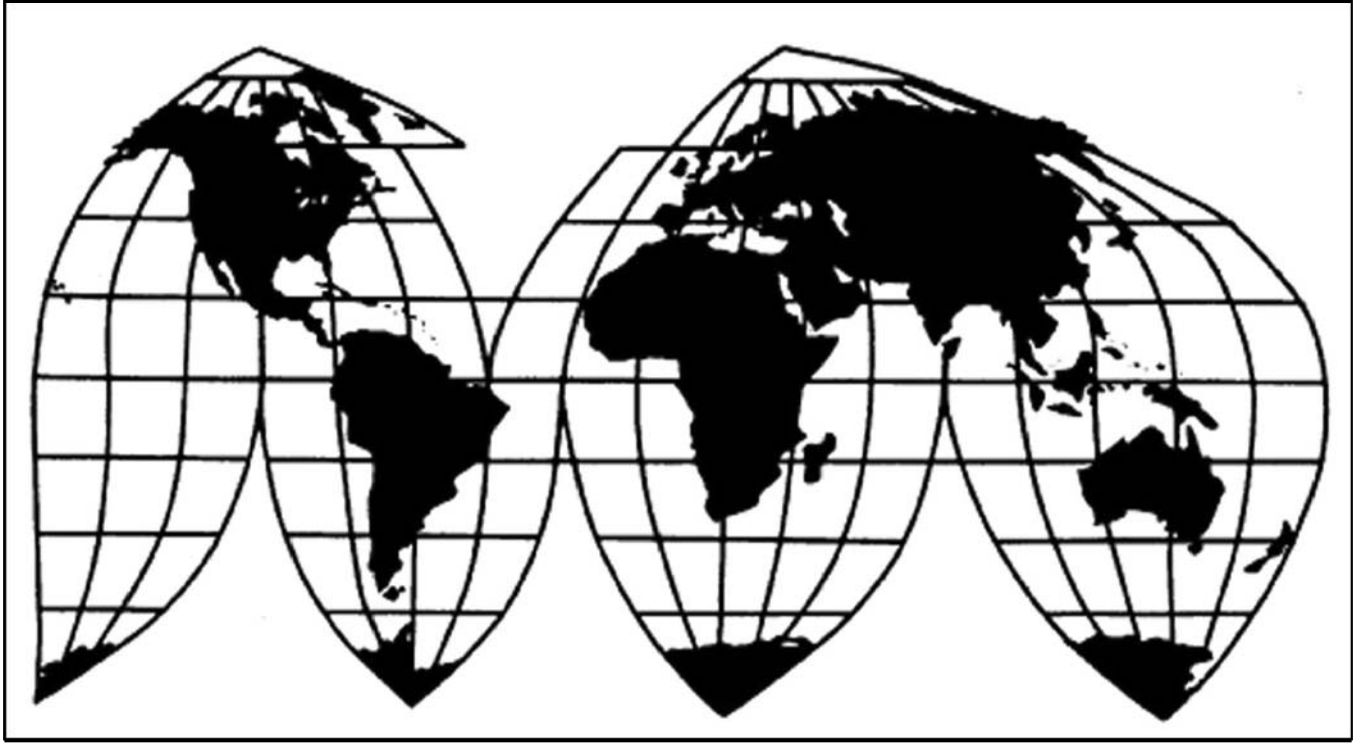
U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-556 and 731-TA-1311 (Final)
Truck and bus tires from China

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is not materially injured or threatened with material injury by reason of imports of truck and bus tires from China, provided for in statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and to be subsidized by the government of China.[2]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective January 29, 2016, following receipt of a petition filed with the Commission and Commerce by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Pittsburgh, PA. The final phase of the investigations was scheduled by the Commission following notification of a preliminary determinations by Commerce that imports of truck and bus tires from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 15, 2016 (81 FR 63494). The hearing was held in Washington, DC, on January 24, 2017, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Chairman Rhonda K. Schmidtlein and Commissioner Irving A. Williamson determine that a domestic industry is materially injured by reason of subject imports. Commissioner Dean A. Pinkert did not participate in these investigations.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of truck and bus tires from China found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV") and subsidized by the government of China.[1]

I. Background

Parties to the Investigation. The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW" or "Petitioner"), which represents workers engaged in domestic production of truck and bus tires, filed the petition in these investigations on January 29, 2016.[2] USW participated at the hearing and submitted prehearing and posthearing briefs.

The following respondents appeared at the hearing accompanied by counsel and submitted joint prehearing and posthearing briefs: Guizhou Tyre Co., Ltd., Guizhou Tyre Import and Export Co., Ltd., GTC North America, Inc., Aeolus Tyre Co., Ltd., Tyres International, Sub-Committee of Tire Producers of the China Chamber of Commerce Metals, Minerals & Chemical Importers, and the China Rubber Industry Association, which are producers/exporters of subject merchandise (collectively, "Chinese Respondents"). The Institute of International Container Lessors, Ltd. ("IICL"), an entity consisting of purchasers and importers of subject merchandise, also appeared at the hearing and submitted prehearing and posthearing briefs. The China Manufacturers Alliance LLC ("CMA"), an importer of subject merchandise, submitted prehearing and posthearing briefs, but did not appear at the hearing.

Data Coverage. U.S. industry data are based on the questionnaire responses of seven producers, which accounted for virtually all domestic production of truck and bus tires in 2015.[3] U.S. import data are based on official Commerce import statistics and questionnaire responses from 41 firms representing *** percent of U.S. imports from China in 2015 under HTS statistical

[1] Material retardation of a domestic industry is not an issue in these investigations.

Chairman Schmidtlein and Commissioner Williamson determine that an industry in the United States is materially injured by reason of subject imports from China found by Commerce to be sold in the United States at less than fair value and subsidized by the government of China. They also find that critical circumstances do not exist with respect to subject imports from China. They join sections I-IV.B.2 of these views. *See* Separate and Dissenting Views of Chairman Rhonda K. Schmidtlein and Commissioner Irving A. Williamson.

[2] Confidential Report ("CR") at I-1, Public Report ("PR") at I-1.

[3] CR at I-5, PR at I-4. The seven U.S. producers are: Bridgestone Americas Tire Operations, LLC ("Bridgestone"), Continental Tire the Americas, LLC ("Continental"), The Goodyear Tire & Rubber Company ("Goodyear"), Michelin North America, Inc. ("Michelin"), Specialty Tires of America ("STA"), Sumitomo Rubber Industries, Ltd. ("Sumitomo"), and Yokohama Tire Corporation ("Yokohama"). CR/PR at Table III-1.

reporting numbers 4011.20.1015 and 4011.20.5020.[4] The Commission received responses to its questionnaires from 39 Chinese producers of subject merchandise, accounting for 77.8 percent of production of truck and bus tires in China in 2015, and whose exports to the United States were equivalent to 84.7 percent of subject imports in 2015.[5]

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[6] 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."[7] 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."[8]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristic and uses" on a case by case basis.[9] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[10] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[11] Although the Commission must accept

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[4] CR at I-5, PR at I-4.

[5] CR at I-5, PR at I-4. The coverage for Chinese production of truck and bus tires in 2015 is based upon estimates provided by 37 firms that provided the pertinent information in their responses to the Commission's questionnaires. *Id*.

[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(10).

[9] *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).

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

[11] *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 (Continued...)

Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[12] the Commission determines what domestic product is like the imported articles Commerce has identified.[13]

B. Product Description

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

> Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.
>
> Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:
>
> > TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires;
> > MH – Identifies tires for mobile homes; and
> > HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.
>
> All tires with a "TR," "MH," or "HC" suffix in their size designations are covered by this investigation regardless of their intended use.

(…Continued)
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.").

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

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

> In addition, all tires that lack one of the above suffix 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 "Truck-Bus" section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.
>
> Truck and bus 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 truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.
>
> Specifically excluded from the scope of this investigation are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; and (2) non-pneumatic tires, such as solid rubber tires.[14]

Truck and bus tires covered by the scope of these investigations are new pneumatic tires of rubber certified by the U.S. Department of Transportation ("DOT") for on-road or highway use.[15] They are used on a wide range of types and sizes of vehicles designed to transport heavy cargo and passengers on roads and highways.[16] They are designed to be mounted on heavier commercial vehicles compared to the lighter on-road tires found on consumer passenger vehicles and commercial light trucks.[17] They also support the higher load bearing requirements of heavier commercial vehicle platforms, and are generally heavier, stronger, and larger.[18] Truck and bus tires are produced in a large variety of types and sizes found on a wide range of commercial vehicles, from local delivery and municipal service trucks

[14] Truck and Bus Tires from the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, In Part, 82 Fed. Reg. 8606 (January 27, 2017), and accompanying Issues and Decision Memorandum at Appendix I ("Commerce Final CVD Determination"); Truck and Bus Tires from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances, 82 Fed. Reg. 8599, 8600 (January 27, 2017), and accompanying Issues and Decision Memorandum at Appendix I ("Commerce Final AD Determination").

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

[16] CR at I-3, PR at I-3.

[17] CR at I-10, PR at I-8; *Compare Certain Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 and 731-TA-1258 (Final), USITC Pub. 4545 at I-11-23 (Aug. 2015).

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

and buses in urban/regional settings, for example, to the large 18-wheel tractor-trailer rigs and passenger buses found in long-haul higher speed use on U.S. highways and interstate systems.[19]

C. Arguments of the Parties

In the preliminary determinations, the Commission defined a single domestic like product consisting of all truck and bus tires within the scope.[20] Petitioner argues that the Commission should again define one domestic like product as it did in the preliminary determinations.[21] Respondent IICL argues that the Commission should define two domestic like products: (1) all bias ply tube tires, and (2) all other truck and bus tires.[22]

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

[20] In the preliminary phase of these investigations, respondents argued that that the Commission should find truck and bus tube tires with a bias ply design and a nominal section width of 10.00 inches and a rim diameter of 20 inches ("10 X 20 bias ply tube tires") to be a separate domestic like product. However, the Commission found that 10 X 20 bias ply tube tires did not constitute a separate domestic like product since the record did not establish a clear dividing line between 10 X 20 bias ply tube tires and all other truck and bus tires that were within the scope of the investigations. *Truck and Bus Tires from China,* Inv. Nos. 701-TA-556 and 731-TA-1311 (Preliminary), USITC Pub. 4601 at 4-13 (March 2016). It found that all truck and bus tires, including 10 X 20 bias ply tube tires, share the same physical characteristics insofar as they are produced from the same raw materials and have the same basic components and features. *Id*. at 11. In terms of use, it found that all truck and bus tires must be capable of supporting vehicles with a gross vehicle weight rating ("GVWR") of more than 10,000 pounds and they are subject to Federal Motor Vehicle Safety regulations for such tires. *Id*. It observed that, although there appeared to be limited interchangeability between 10 X 20 bias ply tube tires used for intermodal marine chassis and all other truck and bus tires, the record indicated that at least some intermodal marine chassis used other radial tires. *Id*. It also found that the limited information on manufacturing facilities and processes, producer and customer perceptions, and price did not support a finding of a clear dividing line between 10 X 20 bias ply tube tires and other types of in-scope truck and bus tires. *Id*. at 11-12. Accordingly, it defined a single domestic like product consisting of all truck tires that were within the scope of the investigations. *Id.* at 12.

[21] Petitioner's Prehearing Br. at 8-11.

[22] IICL's Posthearing Br. at 8-12. For the purposes of this opinion, "bias ply tube tires" refers to truck and bus tires with tubes and a bias ply design. "Bias ply tubeless tires" refers to truck and bus tires without tubes and with a bias ply design. "Radial tires" refers to truck and bus tires with a radial design.

As discussed below, virtually all domestic production of truck and bus tires during the POI consisted of radial tires, with the remainder consisting solely of bias ply tube tires. There was no domestic production of bias ply tubeless tires during the POI. CR/PR at Table III-7. Accordingly, our analysis of the domestic like product issue in the final phase of these investigations focuses on examining whether there is a clear dividing line between domestically produced bias ply tube tires and domestically produced radial tires.

IICL's most recent proposal represents an evolution in their proposed definition because, in their prehearing briefs and at the hearing in the final phase of these investigations, respondents argued, as they did previously in the preliminary phase, that the Commission should define 10 X 20 bias ply tube tires as a separate domestic like product. IICL's Prehearing Br. at 9-21; Chinese Respondents' Prehearing Br. at 16-18; Hearing Tr. at 178-81 (Jackson). As is further explained below, the record in the final phase

(Continued...)

As we explain below, while the record of the final phase of these investigations with respect to the domestic like product factors is more extensive than that in the preliminary phase, it supports the same conclusion that there is no clear dividing line between the articles within the scope. Based on the record, we define a single domestic like product consisting of all truck and bus tires that is coextensive with the scope of the investigations.

D. Domestic Like Product Analysis

Physical Characteristics and Uses. All truck and bus tires are produced largely from the same basic raw materials (*e.g.*, natural and synthetic rubber, carbon black, oils) and have the same general components (*e.g.*, inner liner, sidewall beads, body ply, belt package, and tread).[23] All truck and bus tires generally are made to similar specifications, including size.[24] Bias ply tube tires and radial tires have some distinct physical characteristics inasmuch as radial tires generally are tubeless, have steel cords, and are mounted on one-piece rims, while bias ply tube tires generally have tubes and nylon cords and are mounted on two-piece rims.[25] Nevertheless, the information available in the record indicates that radial tires sometimes are tubed and mounted on two-piece rims.[26] The record further indicates that the only known domestic producer of bias ply tube tires, STA, reports that all bias ply tube and radial tires are *** in terms of physical characteristics.[27]

All truck and bus tires have the same general use insofar as they are mounted on the wheels of trucks and buses, although most trucks and buses in the United States use radial tires.[28] Under the applicable federal regulations, all truck and bus tires must be capable of supporting vehicles with a GVWR of 10,000 pounds or more and are required to have a minimum tread depth in order to be driven on highways.[29] STA reports that all bias ply tube and radial tires are *** in terms of use.[30]

The fact that bias ply tube tires of a particular specification (*i.e.*, 10 X 20 bias ply tube tires) generally are used on intermodal marine chassis does not distinguish all bias ply tube tires from radial tires in terms of use. The record indicates that intermodal marine chassis sometimes use either tubeless bias ply tires or radial tires, although they are typically not used

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(…Continued)
of these investigations is not materially different from the record in the preliminary phase concerning the lack of a clear dividing line between 10 X 20 bias ply tube tires and all other truck and bus tires within the scope of these investigations. *See e.g.*, CR at I-10-35, PR at I-8-26; Email of *** (Jan. 31, 2017) (EDIS Docs. 602307 and 603075).

[23] CR/PR at Figures I-2 and I-3; Hearing Tr. at 135 (Chamblee); Petition at I-4 and Exh. I-4.

[24] CR at I-21, PR at I-15-16.

[25] CR at I-12, I-17, PR at I-9, I-12; Hearing Tr. at 178-81 (Jackson).

[26] CR at I-12-13 & nn.25, 26, PR at I-9-10 & nn. 25, 26; Hearing Tr. at 181 (Jackson); Email of *** (Feb. 7, 2017) (EDIS Doc. 603073).

[27] Email of*** (Jan. 31, 2017) (EDIS Docs. 602307 and 603075).

[28] CR at I-15-16, PR at I-11-12; Hearing Tr. at 133 (Stewart) and 135 (Chamblee).

[29] CR at I-11, I-14, I-20, PR at I-8, I-10, I-14-15.

[30] Email of *** (Jan. 31, 2017) (EDIS Docs. 602307 and 603075).

together or with 10 X 20 bias ply tube tires on the same chassis.[31] STA also reports that 10 X 20 bias ply tube tires are ***.[32]

Manufacturing Facilities, Production Processes, and Employees. The production processes for all truck and bus tires, including bias ply tube and radial tires, share fundamental similarities insofar as they involve compounding and mixing rubber, constructing tire components, curing (vulcanization), and finishing and inspection.[33] The record indicates that virtually all domestic producers manufacture only radial tires and use the same production lines, equipment, and employees for the different types of radial tires that they produce.[34] STA, the ***domestic producer of bias ply tires, produces many different types of bias ply tube tires described by the scope definition at its facilities, although *** during the period of investigation.[35] STA reports that that bias ply tube and radial tires *** at the same manufacturing facility.[36]

Channels of Distribution. During the January 2013-September 2016 period of investigation ("POI"), a slight majority of all domestically produced truck and bus tires were sold into the aftermarket channel, with the remaining sold to original equipment manufacturers ("OEMs").[37] STA reports that it sells approximately *** percent of the bias ply tube tires that it produces to ***.[38] There is other information in the record indicating that bias ply tube tires and radial tires are both sold into the aftermarket.[39]

Interchangeability. The record in the final phase of these investigations indicates that there is limited interchangeability between bias ply tube tires and radial tires. Although the responses of U.S. producers were mixed, most U.S. importers and purchasers reported that all bias ply tube tires were "sometimes" or "never" interchangeable with radial tires.[40] As they generally must satisfy certain standards, all truck and bus tires must be specific sizes and able to carry requisite loads in order to transport a particular truck or bus.[41] As discussed above, bias ply tube tires typically are mounted on two-piece rims, while radial tires usually are mounted on one-piece rims. Information in the record indicates that, since they use different rims, bias ply tube tires and radial tires generally are not used on the same intermodal marine chassis.[42]

On the other hand, the record indicates that there is some degree of interchangeability for all truck and bus tires, including between all bias ply tube tires and radial tires. There is

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[31] Petitioner's Posthearing Br., Answers to Commissioner Williamson Question #1 at 2 & Exh 3; IICL's Prehearing Br. at 7-8; Hearing Tr. at 77 (Drake).

[32] Email of *** (Feb. 6, 2017) (EDIS Doc. 603073).

[33] CR at I-23-28, PR at I-17-21; Hearing Tr. at 54 (Drake).

[34] CR at I-14-15, PR at I-11; Petitioner's Posthearing Br., Answers to Commissioner Williamson Question #1 at 3.

[35] STA's U.S. Producer Questionnaire at II-7.

[36] Email of *** (Feb. 6, 2017) (EDIS Doc. 603073).

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

[38] Email of *** (Feb. 6, 2017) (EDIS Doc. 603073).

[39] *See, e.g.*, Petitioner's Posthearing Br., Answers to Commissioner Williamson Question #1 at 3.

[40] CR/PR at Table II-16.

[41] CR at I-11, I-21, PR at I-8-9.

[42] IICL's Prehearing Br. at 13-14.

information in the record indicating that bias ply tube and radial tires of the same or similar sizes or specifications can be used interchangeably for some of the same applications.[43] Although they generally are not used simultaneously with 10 X 20 bias ply tube tires on the same intermodal chassis, intermodal marine chassis sometimes use radial tires.[44] For example, in January 2014, IICL member Direct ChassisLink announced that it was launching a program to replace bias ply tube tires with radial tires on more than 20,000 chassis and plans eventually to convert its entire fleet to radial tires.[45]

Producer and Customer Perceptions. Petitioner asserts that producers and customers perceive all truck and bus tires as similar products with the same basic physical properties and function, *i.e.*, to be mounted on trucks and buses.[46] Respondent IICL contends that producers and customers perceive bias ply tube tires as a distinct product from radial tires, with radial tires preferable for long-haul, on-road use and bias ply tube tires preferable for intermodal marine chassis operating in more harsh environmental conditions.[47] As discussed above, however, one of IICL's own members announced plans to convert its entire chassis fleet from bias ply tube tires to radial tires thereby suggesting that at least some purchasers do not perceive bias ply tube and radial tires as entirely distinct products.[48] STA did not report on the relative customer and producer perceptions between bias ply tube and radial tires.[49]

Price. Average unit values ("AUVs") for domestically produced radial tires ranged from *** percent to *** percent higher than the AUVs for domestically produced bias ply tube tires in 2013 and 2014.[50] AUVs for domestically produced bias ply tube tires and domestically produced radial tires were virtually identical in 2015 and January-September ("interim") 2015.[51] AUVs for domestically produced bias ply tube tires were *** percent higher than AUVs for domestically produced radial tires in interim 2016.[52] STA reports that bias ply tube tires are ***

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[43] Email of *** (Feb. 6, 2017) (EDIS Doc. 603073).

[44] Hearing Tr. at 77 (Drake); Petitioner's Posthearing Br., Answers to Commissioner Williamson Question #1 at 2-3. Another IICL member, TRAC, advertised refurbished chassis with radial tires. *Id*.

[45] Petitioner's Posthearing Br. at Exh. 3.

[46] Hearing Tr. at 54 (Drake); Petitioner's Posthearing Br., Answers to Commissioner Williamson Question #1 at 4.

[47] IICL's Prehearing Br. at 18-19 & Exh. 6.

[48] Petitioner's Posthearing Br. at Exh. 3.

[49] Email of *** (Jan. 31, 2017) (EDIS Docs. 602307 and 603075); Email of *** (Feb. 6, 2017) (EDIS Doc. 603073).

[50] CR/PR at Table III-7. AUVs for U.S. producers' commercial U.S. shipments of radial tires were $*** per tire in 2013 and $*** per tire in 2014. *Id*. U.S. producers' commercial U.S. shipments of bias ply tube tires were $*** per tire in 2013 and $*** per tire in 2014. *Id*. The record does not contain pricing data for bias ply tube tires.

[51] CR/PR at Table III-7. AUVs for U.S. producers' commercial U.S. shipments of radial tires were $*** per tire in 2015 and interim 2015. *Id*. U.S. producers' commercial U.S. shipments of bias ply tube tires were $*** per tire in 2015 and interim 2015. *Id.*

[52] CR/PR at Table III-7. AUVs for U.S. producers' commercial U.S. shipments of radial tires were $*** in interim 2016. *Id*. U.S. producers' commercial U.S. shipments of bias ply tube tires were $*** per tire in interim 2016. *Id.*

to radial tires in terms of price, although it observes that radial tires generally are *** than bias ply tube tires.[53]

Conclusion. Based on the record in the final phase of these investigations, we do not define bias ply tube tires to be a separate domestic like product. In our view, the record does not indicate that there is a clear dividing line between bias ply tube tires and the radial tires that are also within the scope of these investigations.

All truck and bus tires, including all bias ply tube tires and radial tires, share the same physical characteristics insofar as they generally are produced from the same raw materials and have the same basic components and features. All truck and bus tires have the same general use insofar as they are mounted on the wheels of trucks and buses, and must be capable of supporting vehicles with a GVWR of more than 10,000 pounds subject to federal motor vehicle safety regulations for such tires. As discussed above, the production and manufacturing processes for all bias ply tube tires and radial tires share fundamental similarities. Nevertheless, we acknowledge that STA, the sole domestic producer of bias ply tube tires, did not produce radial tires during the POI, although it reported that it could produce bias ply tube tires and radial tires at the same facility. AUVs for both domestically produced bias ply tube tires and radial tires were virtually identical in the last full year of the POI (2015) and were within reasonably close range throughout the POI. There is information in the record indicating that bias ply tube tires and radial tires were both sold in the aftermarket sector of the market for truck and bus tires, although bias ply tube tires were concentrated in sales to ***. As discussed above, the available information in the record concerning interchangeability and customer and producer perceptions is mixed. Nevertheless, the limited interchangeability between bias ply tube tires and radial tires is in our view insufficient to show a clear dividing line between these products, particularly given that interchangeability between other types of bus and truck tires may also be limited.[54] We therefore define a single domestic like product consisting of all truck and bus tires coextensive with the scope of these investigations.

[53] Email of *** (Jan. 31, 2017) (EDIS Docs. 602307 and 603075).

[54] *See, e.g.* Petition at Exh. I-6 and CR/PR at II-1 (distinctions in use among steer, drive, and trailer tires); CR at I-10, PR at I-8 (noting various size and design configurations).

III. Domestic Industry

The statute defines the relevant industry as the "producers as a {w}hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[55] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

A. Retreaders

In the preliminary determinations, the Commission found that retreaded truck and bus tires, which were outside the scope of the investigations, should not be included within the domestic like product.[56] It found that the record generally indicated that there were clear dividing lines between new and retreaded truck and bus tires, particularly given clear distinctions between them in terms of manufacturing processes, facilities, and employees, and price, and also due to distinctions between them in terms of use and channels of distribution and somewhat limited interchangeability.[57] Given these considerations, and taking into account that no party had advocated for a contrary result, the Commission did not include retreaded tires in the domestic like product.[58]

In the final phase of these investigations, both petitioner and respondents agree that the domestic like product should not include retreaded truck and bus tires, which also were not within Commerce's scope in these investigations.[59] While the Commission collected financial data pertaining to U.S. truck and bus tire producers' retreading operations,[60] it did not collect any additional data concerning the domestic like product factors with respect to retreaded truck and bus tires in the final phase of these investigations. Because the parties agree that the domestic like product should not include retreaded truck and bus tires and there is not any new evidence in the final phase of these investigations that warrants departing from the analysis on this issue in the preliminary determinations, we again do not include retreaded truck and bus tires in the domestic like product and domestic industry.

[55] 19 U.S.C. § 1677(4)(A).
[56] USITC Pub. 4061 at 12-13.
[57] USITC Pub. 4061 at 12-13.
[58] USITC Pub. 4061 at 13.
[59] *See, e.g.*, Petitioner's Prehearing Br. at 10-11; Hearing Tr. at 218 (Marshak).
[60] *See e.g.*, CR/PR at Table VI-5.

B. Related Parties

These investigations raise only one other domestic industry issue: whether appropriate circumstances exist to exclude any domestic producers from the domestic industry pursuant to the related parties provision of the statute. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[61] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[62]

In our preliminary determinations, we found that three firms (***) were related parties, but that appropriate circumstances did not exist to exclude any of them from the domestic industry since each firm's ratio of imports to domestic production was small and the primary interest of each firm was domestic production.[63] Accordingly, the Commission defined the U.S. industry to encompass all domestic producers of truck and bus tires.[64]

In the final phase of these investigations, four domestic producers – *** – are related parties because they imported subject merchandise during the POI. Neither petitioner nor respondent briefed the issue of related parties. We discuss below for each of these producers whether appropriate circumstances exist to exclude it from the domestic industry.

***. *** is a related party by virtue of the fact that it ***.[65] *** was responsible for *** percent of U.S. production of truck and bus tires in 2015.[66] As such, it was the *** domestic producer.[67] *** on the petition.[68]

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

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

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

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

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

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

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy v. USITC,* 100 F. Supp. 3d 1314, 1329 (Ct. Int'l Trade 2015); *see also Torrington*, 790 F. Supp. at 1168.

[63] USITC Pub. 4061 at 14.

[64] USITC Pub. 4061 at 14.

[65] *See* *** U.S. Producer Questionnaire. *** has two affiliated companies in China which produce truck and bus tires, *** CR/PR at Table III-2. Neither of *** corporate affiliates, however, exported subject merchandise to the United States during the POI. See Foreign Producers'/Exporters' Questionnaire Response of *** at Part II-10.

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

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

*** imported very small quantities of subject merchandise from China during the POI.[69] As a ratio of U.S. production, its subject imports were less than *** percent during each year or interim period of the POI.[70]

*** ratio of operating income to net sales was *** than the industry average throughout the POI.[71] Because its subject imports were minimal throughout the POI, it appears that *** principal interest lies in domestic production. In view of these factors and because no party has argued for *** exclusion from the domestic industry, we do not find that circumstances are appropriate for its exclusion.

***. *** is a related party because ***.[72] *** also qualifies as a related party by virtue of the fact that it ***.[73]

*** was responsible for *** percent of U.S. production of truck and bus tires in 2015.[74] As such, it was the *** largest domestic producer.[75] *** on the petition.[76] As a ratio of U.S. production, its subject imports were *** percent in 2013, *** percent in 2014, *** percent in 2015, *** percent in interim 2015, and *** percent in interim 2016.[77] *** Chinese affiliate exported minimal amounts of subject merchandise to the United States during the POI.[78] *** ratio of operating income to net sales was *** than the industry average for most of the POI.[79]

Because *** subject imports and the exports of *** Chinese affiliate both were minimal throughout the POI, it appears that *** principal interest lies in domestic like production. In view of these factors and because no party has argued for *** exclusion from the domestic industry, we do not find that circumstances are appropriate for its exclusion.

***. *** is a related party because it ***.[80] *** was responsible for *** percent of U.S. production of truck and bus tires in 2015.[81] As such, it was *** largest domestic producer.[82] *** on the petition.[83]

*** imported small quantities of subject merchandise from China in 2015 and interim 2016.[84] As a ratio of U.S. production, its subject imports were *** percent in 2013, *** percent

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(…Continued)

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

[69] *** subject imports were ***. See *** Email dated 12/21/16 (EDIS Doc. 601654).

[70] *Derived from* *** Email dated 12/21/16 (EDIS Doc. 601654) and CR/PR at Table III-9.

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

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

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

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

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

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

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

[78] See Foreign Producers'/Exporters' Questionnaire Response of Goodyear Dalian Tire Company Limited at Part II-10.

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

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

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

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

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

in 2014, *** percent in 2015, *** percent in interim 2015, and *** percent in interim 2016.[85] Michelin's ratio of operating income to net sales was *** than the industry average throughout the POI.[86]

Because *** subject imports were small throughout the POI, it appears that *** principal interest lies in domestic like production. In view of these factors and because no party has argued for *** exclusion from the domestic industry, we do not find that circumstances are appropriate for its exclusion.

***. *** is a related party because it ***.[87] *** was responsible for less than *** percent of U.S. production of truck and bus tires in 2015.[88] As such, along with another firm, it was the smallest domestic producer.[89] *** the petition.[90]

*** imported modest quantities of subject merchandise from China in 2015 and interim 2016.[91] As a start-up operation, *** did not commence domestic production until the latter half of 2015; its production was *** in 2015 and more substantial in interim 2016.[92] Its ratio of subject imports to domestic production, although high, was lower in interim 2016 than in 2015.[93] Yokohama made major investments in its U.S. operations.[94] Its capital expenditures were *** in interim 2015 and $*** in interim 2016, which were the highest reported by any domestic producer and were higher than total capital expenditures for all other domestic producers combined during 2015.[95] Further, no party advocated its exclusion from the domestic industry. Given these considerations, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

For the reasons stated above and in light of our domestic like product definition, we define the domestic industry as consisting of all domestic producers of truck and bus tires.

(…Continued)

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

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

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

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

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

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

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

[91] *** subject imports were *** tires in 2015 and *** tires in interim 2016. CR/PR at Table III-9.

[92] Yokohama's domestic production was *** tires in 2015 and *** tires in interim 2016. CR/PR at Table III-9; CR at III-4, PR at III-2.

[93] *** ratio of subject imports to domestic production was *** percent in 2015, *** percent in interim 2015, and *** percent in interim 2016. CR/PR at Table III-9.

[94] *** operating income margin was *** percent in interim 2016, the only period in which it engaged in sufficient domestic production to have a reported operating income. CR/PR at Table VI-3.

[95] CR/PR at Table VI-7a.

IV. No Material Injury by Reason of Subject Imports[96]

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[97] 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.[98] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[99] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[100] 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."[101]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[102] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[103] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the

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[96] Pursuant to section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a),1673b(a), 1677(24)(A)(i),1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). In the most recent 12-month period preceding the filing of the petition for which are available in the record, January through December 2015, the volume of subject imports from China accounted for 61.8 percent of total U.S. imports of truck and bus tires. CR at IV-13, PR at IV-9. Consequently, subject imports from China are not negligible.

[97] 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provision of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments in this investigation.

[98] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[99] 19 U.S.C. § 1677(7)(A).

[100] 19 U.S.C. § 1677(7)(C)(iii).

[101] 19 U.S.C. § 1677(7)(C)(iii).

[102] 19 U.S.C. §§ 1671d(a), 1673d(a).

[103] *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).

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.[104]

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.[105] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[106] Nor does

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

[105] Uruguay Round Agreements Act Statement of Administrative Action (SAA), H.R. Rep. 103-316, vol. 1 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.

[106] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (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 non-subject imports, which may be contributing to overall injury to an industry.[107] It is clear that the existence of injury caused by other factors does not compel a negative determination.[108]

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

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(…Continued)
(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.").

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

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

the subject imports."[109] [110] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[111]

The Federal Circuit's decisions in *Gerald Metals, Bratsk*, and *Mittal Steel* all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.[112] 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

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[109] *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*.

[110] Commissioner Kieff does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is required, in certain circumstances when considering 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 the 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 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.

[111] *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.").

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

subject imports.[113] 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.[114]

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.[115] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[116]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury or threat of material injury by reason of subject imports of truck and bus tires.

1. Demand Conditions

Truck and bus tires are sold both for use on new vehicles in the OEM market and as replacement tires for vehicles in the aftermarket.[117] Demand for truck and bus tires in the OEM sector is driven by U.S. heavy truck sales, which increased between 2013 and 2015 and then declined in interim 2016.[118] Demand for truck and bus tires in the aftermarket sector is driven by truck tonnage, which increased steadily throughout the POI.[119] During the POI, sales of both the domestic like product and nonsubject imports were made predominantly in the

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[113] *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).

[114] 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 final phase 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 information in final phase investigations in which there are substantial levels of non-subject imports.

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

[116] *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.").

[117] CR at I-10, II-1, PR at I-8.

[118] CR/PR at Figure II-2; CR at II-10, PR at II-6-7.

[119] CR/PR at Figure II-2; CR at II-10, PR at II-6-7.

aftermarket, although each also had substantial sales to OEMs, while subject imports' sales were concentrated overwhelmingly in the aftermarket.[120]

*** U.S. producers reported an increase in U.S. demand for truck and bus tires during the POI.[121] Responses by U.S. importers were mixed, but a majority reported that demand had either increased or fluctuated.[122] In their questionnaire responses, U.S. purchasers were evenly divided between no change and decreased demand, and no purchasers reported either demand increases or fluctuations.[123] Apparent U.S. consumption of truck and bus tires increased from 21.9 million tires in 2013 to 25.3 million tires in 2014, and then to 26.5 million tires in 2015.[124] Apparent U.S. consumption was lower in interim 2016, at *** tires, than in in interim 2015, at 19.8 million tires.[125]

2. Supply Conditions

Domestic producers' U.S. shipments, subject imports, and imports from nonsubject sources all supplied the U.S. market over the POI. The domestic industry had the largest share of the U.S. market during the POI, although its share steadily declined. The domestic industry's market share declined from 53.3 percent in 2013 to 48.0 percent in 2014 and 45.6 percent in 2015.[126] The domestic industry's market share was higher in interim 2016, at 47.7 percent, than in interim 2015, at 45.4 percent.[127] In 2015, the four largest domestic producers of truck and bus tires were Bridgestone, which accounted for *** percent of domestic production, followed by Goodyear (*** percent), Continental (***), and Michelin (*** percent).[128]

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[120] U.S. producers' commercial U.S. shipments were *** percent to OEMs and *** percent to the aftermarket in 2013, *** percent to OEMs and *** percent to the aftermarket in 2014, *** percent to OEMs and *** percent to the aftermarket in 2015, *** percent to OEMs and *** percent to the aftermarket in interim 2015, and *** percent to OEMs and *** percent to the aftermarket in interim 2016. CR/PR at Table II-1. U.S. importers' commercial U.S. shipments of subject imports were *** percent to OEMs and *** percent to the aftermarket in 2013, *** percent to OEMs and *** percent to the aftermarket in 2014, *** percent to OEMs and *** percent to the aftermarket in 2015 and interim 2015, and *** percent to OEMs and *** percent to the aftermarket in interim 2016. *Id*. U.S. importers' commercial U.S. shipments of nonsubject imports were *** percent to OEMs and *** percent to the aftermarket in 2013, *** percent to OEMs and *** percent to the aftermarket in 2014, *** percent to OEMs and *** percent to the aftermarket in 2015 and interim 2015, and *** percent to OEMs and *** percent to the aftermarket in interim 2016. *Id*.

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

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

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

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

[125] CR/BP at Table IV-9. In interim 2016, the decline in OEM consumption of truck and bus tires was counteracted to some extent by an increase in consumption of aftermarket truck and bus tires. CR/PR at Figure II-2.

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

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

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

During the POI, there were several important changes in the composition of the domestic industry. Goodyear dissolved its joint venture with Japanese producer Sumitomo Rubber Industries on October 1, 2015 by selling its 75 percent ownership interest in Goodyear Dunlop Tires North America, Ltd. ("GDTNA") with production facilities located in Buffalo, New York.[129] Sumitomo continued to operate this facility throughout the remainder of the POI.[130] ***.[131] Yokohama commenced domestic production of truck and bus tires at a new facility in West Point, Mississippi, in late 2015. Although Yokohama's production in 2015 and interim 2016 was very small, this plant is projected to reach its full capacity of 1 million tires in 2018.[132] Finally, in February 2016, domestic producer Continental announced plans to construct a truck and bus tire plant in Mississippi, commencing production by the end of 2019.[133]

Subject imports were the second largest source of supply for the U.S market during the POI. Subject imports' share of apparent U.S. consumption increased from 28.7 percent in 2013 to 33.2 percent in 2014 and 33.6 percent in 2015.[134] Subject imports' market share, however, was *** percentage points lower in interim 2016, at *** percent, than in interim 2015, at 33.9 percent.[135]

Nonsubject imports had a smaller presence in the U.S. market than either the domestic industry or subject imports throughout the POI. Nonsubject imports' share of apparent U.S. consumption increased from 18.0 percent in 2013 to 18.7 percent in 2014 and 20.8 percent in 2015.[136] Nonsubject imports' share of apparent U.S. consumption was higher in interim 2016, at *** percent, than in interim 2015, at 20.7 percent.[137] Each of the domestic producers, other than ***, is a multinational company, and five domestic producers imported truck and bus tires from nonsubject sources; these five firms together accounted for *** percent of nonsubject imports over the POI.[138] The largest sources of nonsubject imports were Canada, Japan, and Thailand.[139] [140]

[129] CR at III-5, PR at III-2.

[130] CR at III-5, PR at III-2.

[131] CR at III-5, PR at III-2.

[132] CR/PR at Table III-1, III-2, III-3, and III-4; CR at III-4, PR at III-2_.

[133] *See, e.g.*, CR at III-5, PR at III-2; Petitioner's Posthearing Br., Answer to Commissioner Broadbent Question #2 at 1-2, Exh. 1.

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

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

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

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

[138] *Derived from* CR/PR at Tables III-9 and IV-2.

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

[140] Chairman Schmidtlein and Commissioner Williamson have made affirmative determinations and do not join the remainder of the opinion. *See* their Separate and Dissenting Views.

3. Substitutability and Other Conditions

We find that there is a moderate to high degree of substitutability between the domestic like product and subject imports.[141] Five of six domestic producers reported that the domestic like product and the subject imports were always or frequently interchangeable.[142] Although their responses were mixed, the majority of responding importers and purchasers reported that the domestic like product and subject imports were always or frequently interchangeable.[143]

Quality was the most frequently cited top purchasing factor by U.S. purchasers of truck and bus tires, followed by price and availability.[144] Although the majority of purchasers reported that price was "very important" in purchasing decisions, more purchasers listed quality meeting industry standards, availability, and product consistency as "very important" in their purchasing decisions, and as many listed reliability of supply.[145] Other "very important" factors reported by a majority or plurality of purchasers include brand, cost over the lifetime of the tire, delivery terms, delivery time, and warranty.[146] Additionally, there were a number of factors considered to be at least "somewhat important" by the vast majority of purchasers, including cost per mile, product range, quality exceeding industry standards, retreadability, and technical support/service.[147]

The majority of purchasers (11 of 20) reported that they only sometimes purchase the lowest priced product.[148] When asked about the significance of differences other than price between domestically produced truck and bus tires and subject imports, most responding purchasers reported that differences other than price were "always" or "frequently" important in purchasing decisions for truck and bus tires.[149]

Majorities, pluralities, or large minorities of purchasers rated the domestic like product superior to subject imports in terms of certain product characteristics, including brand, cost over the lifetime of the tire, cost per mile, delivery time, minimum quantity requirements, product consistency, product range, quality meeting or exceeding industry standards, reliability

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[141] CR at II-13-14, PR at II-9.

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

[143] *** of *** importers reported that the domestic like product and subject imports were *** interchangeable. *** of *** purchasers reported that the domestic like product and subject imports were *** interchangeable. CR/PR at Table II-15.

[144] CR/PR at Table II-6. The most frequently cited top three factors considered by purchasers of truck and bus tires in their purchasing decisions were quality (15 purchasers), price (14 purchasers), and availability (10 purchasers). *Id*. The most frequently cited most important factor considered by purchasers of truck and bus tires in their purchasing decisions were quality (12 purchasers), price (3 purchasers), and availability (1 purchaser). *Id*.

[145] CR/PR at Table II-7.

[146] CR/PR at Table II-7.

[147] CR/PR at Table II-7.

[148] CR/PR at Table II-8; CR at II-17-18, PR at II-12; *See generally* U.S. Purchasers' Questionnaires at Part III-24.

[149] CR/PR at Table II-18.

of supply, retreadability, and technical support/service.[150] Although branding generally is not a dispositive factor in purchasing decisions for truck and bus tires, the record indicates that purchasers perceive certain quality and service differences associated with brand distinctions, including warranties, retreadability, and network service and support coverage.[151] Majorities of purchasers and importers (but not domestic producers) reported that branding influences the prices that customers are willing to pay for truck and bus tires.[152] Producers that did not agree that branding influenced prices still acknowledged that purchasers are willing to pay for high-quality tires.[153] In light of the other questionnaire data discussed above, the record indicates that the combination of branding and various quality distinctions can lead purchasers to purchase truck and bus tires that are not the lowest priced.

The Commission asked U.S. producers, importers, and purchasers whether the U.S. truck and bus tires market is divided into categories, or tiers. The vast majority of importers (31 of 35) and purchasers (14 of 18) reported that the U.S. truck and bus tires market is divided into tiers.[154] Most firms identified three major tiers in the market for truck and bus tires.[155] These different tiers represent varying levels of quality, service, and price.[156] Truck and bus tires in the top tier of the market typically are higher priced, are of a higher quality, and offer greater performance and service features in terms of retreadability, warranties, and network service and support coverage than truck and bus tires in lower tiers.[157] Domestic producers reported that the largest share of their 2015 sales were concentrated in the top tier (Tier 1), with lesser amounts being reported as Tiers 2 and 3.[158] By contrast, U.S. importers reported that the large majority of subject import sales were in Tier 3, with a much smaller amount being reported as

[150] CR/PR at Table II-14; CR at II-29, PR at II-18.

[151] *See, e.g.,* CR at II-27-28, PR at II-17-18; Chinese Respondents' Posthearing Br., Answers to Commissioners' Questions at 22-23 and 72-73; Hearing Tr. at 22-23 (Schutzman), 101-103 (Stewart), 101-02 (Chamblee), 148 (Cooper), 149-153 (Kennedy), 219-221 (Schroeder); 222-224 (Kennedy), and 225, 234 (Pearson); PACCAR's U.S. Purchaser Questionnaire at III-30a.

[152] CR at II-27, PR at II-17. Thirty-four of 39 importers and 13 of 20 purchasers reported that branding influences the price that customers are willing to pay for truck and bus tires. *Id*. However, only 2 of 6 producers reported that branding influences the price that customers are willing to pay for truck and bus tires. *Id*.

[153] CR at II-28, PR at II-17.

[154] CR at II-24, PR at II-16. Only *** of U.S. producers reported that the truck and bus tire market is divided into tiers. *Id*.

[155] CR/PR at Table II-13; CR at II-24-27, PR at II-16-17. We note that the questionnaires did not set a definition for each category, and instead left it to firms to self-identify these categories. Petitioner's Prehearing Br. at 35. However, the fact that most firms were able to identify three tiers indicates that there is broad recognition of distinct product categories in this market.

[156] *See e.g.*, Hearing Tr. at 83-84 (Chamblee), 147-48 (Schroeder), and 149-54 (Kennedy).

[157] Chinese Respondents' Prehearing Br. at 29-32, 44; Petitioner's Posthearing Br. at 9-10 and Answer to Commissioner Broadbent Question #2, Exh. 1; Hearing Tr. at 83-84 (Chamblee), 147-48 (Schroeder), 149-53 (Kennedy), 158-160 (Pearson), 189-190 (Pearson), 232-33 (Schroeder), 233-34 (Pearson).

[158] CR/PR at Table II-13. For 2015, responding U.S. producers reported selling domestically produced truck and bus tires as follows: *** tires in Tier 1, *** tires in Tier 2, and *** tires in Tier 3. *Id*.

Tier 2, and with very few tires being reported as Tier 1.[159] U.S. importers reported that nonsubject import sales were present in roughly comparable levels in all three tiers.[160] While there is some competition across tiers,[161] purchasers seeking superior product features are generally willing to pay higher prices in order to obtain tires in higher tiers because they identify superior product features in the higher tier tires.[162] In addition, certain purchasers focus in their purchase decisions on certain product feature requirements such as retreadibility, warranties, and service time.[163] As a result, these purchasers sometimes will only consider purchasing tires that can satisfy their particular requirements from within the top tier, in which there was substantial domestic production and very few subject imports, and do not consider purchasing tires from lower tiers, where subject imports are concentrated.[164]

The principal raw material used in the production of truck and bus tires is rubber.[165] The price of synthetic rubber declined by *** percent during the POI, and the price of natural rubber declined by *** percent.[166]

Truck and bus tires are sold under short-term and long-term contracts and also on the basis of spot sales.[167] For sales to OEMs in 2015, the domestic like product was generally sold

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[159] CR/PR at Table II-13. For 2015, responding U.S. importers reported selling subject imports from China as follows: *** tires in Tier 1, *** tires in Tier 2, and *** tires in Tier 3. *Id*.

[160] CR/PR at Table II-13. For 2015, responding U.S. importers reported selling nonsubject imports as follows: *** tires in Tier 1, *** tires in Tier 2, and *** tires in Tier 3. *Id*.

[161] CR at II-27-28, PR at II-16; Hearing Tr. at 20 (Stewart).

[162] Hearing Tr. at 83-84 (Chamblee); Hearing Tr. at 189 (Pearson).

[163] Chinese Respondents' Prehearing Br. at 28-30, 44; Hearing Tr. at 149-53 (Kennedy); Hearing Tr. at 211-12 (Schroeder).

[164] *See e.g.*, Hearing Tr. at 211-12 (Schroeder). Mr. Gary Schroeder, Director, Global Truck & Bus Tires, Cooper Tire & Rubber Company, provided the following testimony at the hearing:

Chairman Schmidtlein: So in your view the tiers do not compete with each other? A Tier 1 tire doesn't compete with a Tier 3 tire?

Mr. Schroeder: I believe that the tiers compete within themselves. Within the tier.

Chairman Schmidtlein: Within themselves. So a customer that wouldn't buy a Tier 1, they wouldn't consider a Tier 1, and looking at their purchases, if they were only focused on Tier 3?

Mr. Schroeder: If they're interested in a Tier 1 tire, it's because their application requires it. If their application doesn't require it, the customer, the buyer will look down the product screen to see what else is available. I think a good example is TA Petro, one of the largest on interstate truck stop chains in the United States. They just rolled out a new tire program, and if you go in there to their lobby, what you'll see is, they offer 8 tires at $299, $399 or $499, and it's very simple. They show what brands are available at $299, which ones available at $399 and which ones are available at $499. And that follows the good/better/best logic that we've been discussing.

Hearing Tr. at 211-12 (Schroeder).

[165] CR/PR at V-1. Raw materials used in the production of truck and bus tires include natural rubber, synthetic rubber, carbon black, oils, and steel. *Id*.

[166] CR/PR at V-1 and Figure V-1.

[167] CR/PR at Table V-2; CR at V-3-4, PR at V-2. There is information in the record indicating that contract prices for truck and bus tires sometimes are linked to changes in raw material costs. CR/PR at V-1; CR at V-27, PR at V-2.

pursuant to long-term contracts, while subject imports were sold mainly pursuant to spot sales or short-term contracts.[168] For sales to the aftermarket in 2015, both the domestic like product and subject imports were sold primarily via spot sales or short-term contracts.[169]

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."[170]

The quantity of subject imports increased from 6.3 million tires in 2013 to 8.4 million tires in 2014 and to 8.9 million tires in 2015.[171] As a share of apparent U.S. consumption, subject imports increased from 28.7 percent in 2013 to 33.2 percent in 2014 and to 33.6 percent in 2015.[172]

In view of the foregoing, we find the volume and increase in volume of subject imports to be significant in absolute terms and relative to consumption.[173] However, for the reasons discussed below, we do not find that the subject imports had significant price effects or a significant impact on the domestic industry.

D. Price Effects of Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
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> (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.[174]

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[168] CR/PR at Table V-2.

[169] CR/PR at Table V-2.

[170] 19 U.S.C. § 1677(7)(C)(i).

[171] CR/PR at Tables IV-2, C-1.

[172] CR/PR at Tables IV-9, C-1.

[173] The quantity of subject imports of truck and bus tires in the U.S. market was lower in interim 2016, at 6.4 million tires, than in interim 2015, at 6.7 million tires. CR/PR at Tables IV-9, C-1. The market share of subject imports was also lower in interim 2016, at *** percent, than in interim 2015, at 33.9 percent. *Id*. Based on the information available, we find that the decreased volume of subject imports in interim 2016 appears to be due to the imposition of provisional duties by Commerce; subject import quantities dropped sharply after June 2016, the month before the first provisional duties were imposed. *See, e.g.*, CR/PR at Tables I-1, IV-1, IV-6, and IV-7. Consequently, in our analysis of volume, price, and impact, we are according reduced weight to the interim 2016 data. *See* 19 U.S.C. § 1677(7)(I).

[174] 19 U.S.C. § 1677(7)(C)(ii).

As discussed above, the record indicates there is a moderate to high degree of substitutability between the domestically produced truck and bus tires and subject imports. In addition, while price is an important factor in purchasing decisions, a variety of other factors including quality and availability are also important to purchasers. As discussed previously, market participants generally reported that the market is divided into three brand tiers reflecting tradeoffs between price and performance, with U.S. producers' sales generally concentrated in the high tiers and subject imports generally concentrated in the lowest tier. Some purchasers indicated that they purchase higher priced tires due to a number of factors, including their quality and brand,[175] and most purchasers reported that U.S. product was superior with respect to brand and quality exceeding industry standards.[176]

In the final phase of these investigations, five domestic producers and 27 importers of subject merchandise provided usable pricing data for four products,[177] although not all firms reported pricing data for all products for all quarters.[178] The data show that there was pervasive underselling at high margins from 2013 to 2015. During this period, subject imports undersold the domestic like product in *** of *** quarterly comparisons,[179] with an average underselling margin of *** percent.[180] There were *** subject imported truck and bus tires involved in underselling observations, and *** subject imported truck and bus tires involved in overselling observations.[181] The data also indicate that the underselling margins generally

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[175] CR at II-18, 27-28, PR at II-13, 17-18. Purchasers in the trucking industry associate higher performance and better service with tier 1 brand names. CR at II-27-28, PR at II-17-18; Hearing Tr. at 219-222 (Schroeder, Marshak, Kennedy).

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

[177] CR at V-5, PR at V-4. The four pricing products are:

Product 1.--Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

Product 2.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).

Product 3.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).

Product 4.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).

CR at V-4, PR at V-3.

[178] CR at V-5-6, PR at V-4. Reported pricing data accounted for approximately 25.4 percent of the value of U.S. producers' shipments and 13.6 percent of U.S. shipments of subject imports from China in 2015. CR at V-6, PR at V-4.

[179] Derived from CR/PR at Tables V-2 to V-6. As discussed above, we are giving principal weight to data from 2013 to 2015. During the entire POI, subject imports undersold the domestic like product in *** of *** quarterly comparisons during the POI, with an average underselling margin of *** percent. The quantity of subject imports in underselling comparisons was *** tires, while the quantity of subject imports that oversold the domestic like product was only *** tires. CR/PR at Table V-8. *Id*.

[180] Derived from CR/PR at Tables V-2 to V-6. The data also indicate that the underselling margins of subject imports ranged from 11.0 to 50.2 percent. CR/PR at Table V-8. *Id*.

[181] Derived from CR/PR at Tables V-2 to V-6.

increased during this period.[182] In light of the data, we find the underselling by subject imports to be significant.

We do not find that subject imports depressed U.S. producers' prices to a significant degree. Prices for domestically produced truck and bus tires declined between the first quarter of 2013 and the fourth quarter of 2015 for OEM and aftermarket sales of all four pricing products with price decreases ranging from *** percent to *** percent.[183] While subject import prices also generally declined,[184] the record does not support a finding that subject imports caused price declines for domestically produced truck and bus tires. In particular, the record indicates changes in the cost of underlying raw materials affect the price of truck and bus tires.[185] By any metric observed, raw material costs fell by considerably more than the price of domestically produced truck and bus tires during the POI. Between January 2013 and December 2015, the price of rubber, the primary raw material used in the production of truck and bus tires, fell precipitously. The prices of natural and synthetic rubber declined by approximately *** percent and *** percent, respectively, over this period, which were more than price declines for domestically produced truck and bus tires.[186] Overall, the per-unit cost of the industry's raw materials fell from $144 per tire in 2013 to $109 per tire in 2015, a decline of $35 per tire or 24.3 percent; by comparison, the average unit value ("AUV") of commercial sales fell from $324 per tire in 2013 to $292 per tire in 2015, a decline of $32 per tire or 9.9 percent.[187] As unit cost of goods sold (COGS) fell by *** percent from 2013 to 2015, the unit value of net sales fell by only *** percent.[188] Further, the ratio of the domestic industry's underlying raw material costs to the value of the industry's total net sales fell from 44.9 percent

[182] CR/PR at Tables V-2 to V-6.

[183] Prices for domestically produced pricing products generally continued to decline during interim 2016, although some products showed fluctuations between quarters. CR/PR at Tables V-2 to V-6. During the entire POI, price decreases for domestically produced products ranged from 9.1 to 25.8 percent. CR/PR at Table V-7.

[184] Prices for subject imports declined between the first quarter of 2013 and the fourth quarter of 2015 for all but one of the imported pricing products for which data are available. CR/PR at Tables V-2-6. During this period, aftermarket sales of all four pricing products and for OEM sales of three of four pricing products declined, with price decreases ranging from *** percent to *** percent. CR/PR at Table V-7. Prices of subject imports for OEM sales increased by *** percent for one of the pricing products (Product 3). *Id*.

[185] At the hearing, industry witnesses and counsel appearing on behalf of petitioners and respondents indicated that the price of raw materials affects the price of truck and bus tires. Hearing Tr. at 25 (Schutzman), 33-34 (Johnson), 64-65 (Drake), 96-97 (Chamblee), 97-98 (Stewart), and 154 (Kennedy); *see also*, Petitioners' Posthearing Br., Answers to Chairman Schmidtlein Question #2 at 1-6.

[186] *Derived from* CR/PR at Figure V-1.

[187] CR/PR at Tables VI-1, VI-2, C-1. Unit COGS declined from $232 per tire in 2013 to $216 per tire in 2014 and $193 per tire in 2015, for an overall decline of 16.8 percent from 2013 to 2015. Unit COGS were $192 per tire in interim 2015 and $174 per tire in interim 2016. Unit value of net sales declined from $321 per tire in 2013 to $307 per tire in 2014 and $290 per tire in 2015, for an overall decline of 9.6 percent from 2013 to 2015. Unit value of net sales were $291 per tire in interim 2015 and $253 per tire in interim 2016. CR/PR at Tables VI-1, C-1.

[188] CR/PR at Tables VI-1, C-1.

in 2013 to 42.3 percent in 2014, and fell further to 37.6 percent in 2015, indicating that the industry received increasing revenues on commercial sales relative to underlying raw material costs over the POI.[189] Due to the magnitude of the decline in raw material costs, we do not find that the subject imports depressed U.S. prices to a significant degree.[190]

We also do not find that subject imports prevented price increases, that otherwise would have occurred, to a significant degree. Because the sharp declines in raw material costs during the POI were likely to be reflected in the price of truck and bus tires, notwithstanding increasing demand from 2013 to 2015, the domestic industry would have been unable to obtain price increases. Additionally, the industry was able to recover costs. Its ratio of COGS to total net sales decreased steadily over the period, decreasing from 72.3 percent in 2013 to 70.4 percent in 2014, and to 66.6 percent in 2015.[191] We do not find significant price suppression in light of the substantial decline in costs relative to prices and the lack of evidence of any cost-price squeeze experienced by the domestic industry.

While there was pervasive underselling, its significance was mitigated by several factors. First, the substantial underselling margins throughout the POI to some extent reflect quality and other non-price differences between a substantial proportion of the domestic product and subject imports. U.S.-produced truck and bus tires, which were concentrated in the higher-tier segments of the market and frequently offered more desirable product features than subject imports, were able to compete at higher average prices than subject imports. As a result, pervasive underselling by subject imports did not prevent the domestic industry from increasing domestic shipments between 2013 and 2015, or prevent the domestic industry from increasing shipments into both the OEM and aftermarket segments of the market between

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

[190] In support of its argument that subject imports caused significant price effects, Petitioner claims that domestic price declines were larger in the aftermarket sector where subject imports were overwhelmingly concentrated than in the OEM sector where subject imports had only a limited presence in the U.S market. *See, e.g.*, Petitioner's Posthearing Br., Answers to Chairman Schmidtlein Question #2 at 3-4. Petitioner's argument overlooks the information in the record indicating that U.S. producers' OEM sales most frequently were sold under long-term contracts, which several producers reported typically have fixed prices with no meet or release clauses and therefore are less likely to be volatile than aftermarket sales, which generally occur via spot sales and short-term contracts. CR/PR at Table V-2; CR at V-3, PR at V-2.

Petitioner also asserts that subject import prices declined at a faster rate than prices of domestically produced truck and bus tires. *See e.g.*, Petitioner's Prehearing Br. at 54-56. The differences in the quality profiles of the domestic like product and the subject imports – with the domestic like product having significant representation in Tier 1, where there were fewer subject imports, and the subject imports being concentrated in Tier 3, may explain any disparity in pricing patterns. We observe that only a minority of importers and purchasers reported that prices in one tier affect prices in other categories, although most domestic producers expressed a contrary view. CR at II-27, PR at II-17. In any event, even with greater subject import price decreases, the domestic industry was able to maintain its sales volume and shipments and become increasingly profitable from 2013 to 2015, as discussed below in the impact section. CR/PR at Table C-1.

[191] CR/PR at Table VI-1. The domestic industry's ratio of COGS to net sales was higher in interim 2016, at 68.8 percent, than in interim 2015, at 65.9 percent. *Id*.

2013 and 2015.[192] Subject imports also generally undersold nonsubject imports, yet nonsubject imports, which were sold in similar quantities across all three tiers of the market and were primarily imported and sold by the domestic producers, increased at approximately the same rate as subject import volume.[193] Second, the significance of underselling is mitigated by lack of impact subject imports had on prices for the domestic like product, inasmuch as the subject imports did not cause significant price depression or price suppression. Third, as discussed below in our impact section, the underselling did not lead to the domestic industry foregoing significant output in light of its very high capacity utilization and nonsubject import sourcing decisions throughout the POI.[194]

In view of the foregoing, we find that the subject imports, notwithstanding their increasing volumes and low prices, did not have the effect of depressing prices or preventing price increases that would otherwise have occurred to a significant degree. Accordingly, we do not find that the subject imports caused significant price effects.

E. Impact of Subject Imports[195]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[196] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. No single

[192] CR/PR at Tables IV-9 and C-1; *Derived from* CR/PR at Table II-1.

[193] CR/PR at Table C-1 and Appendix D at Table D-5.

[194] Although there were some reports of some purchasers purchasing a larger proportion of the subject imports and a smaller proportion of the domestic like product, these shifts were minor. CR/PR at Table V-9. We have also considered the lost sales data in the record, and find it insufficient to demonstrate significant price effects in light of the overall pricing data discussed above. Moreover, of the two purchasers with the largest reported lost sales, one (***) indicated supply constraints in attempting to purchase from domestic industry, and the other (***, which was responsible for most of the lost sales) only modestly reduced the share of its total purchases from the domestic industry. *See e.g.*, CR/PR at Tables V-9, V-10; *** U.S. Purchaser Questionnaire at Part III-26.

[195] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of subject imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination, Commerce found antidumping duty margins of 9.0 percent for various named Chinese exporters/producers of truck and bus tires and 22.57 percent for the PRC-Wide Entity. *Commerce Final AD Determination*, 82 Fed. Reg. at 8600-8604. For the purposes of these determinations, we accept Commerce's findings. Accordingly, for our analysis, we have considered that all imports of subject merchandise were sold at less than fair value.

[196] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

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."[197]

Even though subject imports increased from 2013 to 2015, the domestic industry's output and financial performance improved by virtually all measures during this period. The domestic industry's capacity declined slightly from 2013 to 2015 and remained well below apparent U.S. consumption throughout the period.[198] Its capacity utilization was at high levels and rose steadily, increasing from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.[199] In 2014 and 2015, three of the four largest U.S. producers of truck and bus tires, ***, were operating at very high capacity utilization rates of 96 percent or above,[200] and the other large producer (***) did not indicate any adverse effects from subject imports during the POI.[201] The domestic industry's production also increased steadily from 2013 to 2015, with production in 2015 up *** percent over 2013.[202] The domestic industry's U.S. shipments in

[197] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[198] CR/PR at Table IV-9. As previously discussed, we are giving principal weight to the data from 2013 to 2015 in our analysis. The domestic industry's capacity increased from *** tires in 2013 to *** tires in 2014, and then declined to *** tires in 2015, for an overall decline of *** percent. CR/PR at Table III-4. The domestic industry's capacity was *** tires in interim 2015 and *** tires in interim 2016. *Id*. By contrast, apparent U.S. consumption ranged between 21.9 million and 26.5 million tires from 2013 to 2015, and between *** and 19.8 million tires during the interim periods. CR/PR at Table IV-9.

[199] CR/PR at Table III-4.

[200] CR/PR at Table III-4.

[201] *See, e.g.,* *** U.S. Producer Questionnaire at III-15 to III-17; Chinese Respondents' Posthearing Br., Answers to Commissioner's Questions at 8 (quoting Goodyear CEO Ron Kramer's April 2015 public statement that ". . . we haven't changed and said, hey, the markets grow and let's just go sell more tires for volume, for volumes sake. We haven't done that and you see that in a record fourth quarter and you see it in a record full year results.").

[202] The domestic industry's production increased from *** tires in 2013 to *** tires in 2014 and *** tires in 2015. CR/PR at Table III-4. Its production was lower in interim 2016, at *** tires, than in interim 2015, at *** tires. *Id*.

The domestic industry's end-of-period inventories increased from 2.3 million tires in 2013 and 2014 to 2.9 million tires in 2015. CR/PR at Table III-8. U.S. producers' end-of-period inventories were 2.9 million tires in interim 2015 and interim 2016. *Id*. The ratio of U.S. producers' inventories to domestic production also increased overall from 2013 to 2015: the ratio was *** percent in 2013, *** percent in 2014, *** percent in 2015, *** percent in interim 2015, and *** percent in interim 2016. *Id*.

2015 were 3.9 percent higher than in 2013,[203] export shipments were 8.2 percent higher,[204] and net sales by quantity were 4.5 percent higher.[205]

The domestic industry's employment indicia almost uniformly improved from 2013 to 2015. The number of production related workers ("PRWs") in 2015 was 5.4 percent higher than in 2013.[206] Total hours worked were 3.7 percent higher in 2015 than in 2013, although hours worked per PRW declined.[207] From 2013 to 2015, total wages paid rose by 11.2 percent,[208] hourly wages rose 7.2 percent,[209] and unit labor costs increased by 4.8 percent.[210] Productivity was 2.3 percent higher in 2015 than in 2013.[211]

The domestic industry's financial performance improved by virtually all measures from 2013 to 2015. As raw material costs declined substantially over the POI, the industry's unit COGS fell by 16.8 percent between 2013 and 2015.[212] The unit value of net sales fell to a lesser extent, by 9.6 percent between 2013 and 2015.[213] As a result, the domestic industry had high and rising profits throughout the POI. Although the domestic industry's unit net sales value and

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[203] The domestic industry's U.S. shipments increased from 11.6 million tires in 2013 to 12.2 million tires in 2014 and then declined to 12.1 million tires in 2015. CR/PR at Table III-6. They were higher in interim 2016, at 9.3 million tires, than in interim 2015, at 9.0 million tires. *Id*.

[204] The domestic industry's export shipments increased from 1.9 million tires in 2013 to 2.0 million tires in 2014 and 2015. CR/PR at Table III-6. They were lower in interim 2016, at 1.3 million tires than in interim 2015, at 1.6 million tires. *Id*

[205] Excluding leasing operations, the domestic industry's net sales (by quantity) increased from 13.4 million tires in 2013 to 14.0 million tires in 2014 and 2015. CR/PR at C-1. They were 10.5 million tires in interim 2015 and interim 2016. *Id*. Including leasing operations, the domestic industry's net sales (by quantity) increased by 4.6 percent from 2013 to 2015, increasing from 13.7 million tires in 2013 to 14.3 million tires in 2014 and 2015. CR/PR at Table C-1. They were 10.7 million tires in interim 2015 and interim 2016. *Id*.

[206] PRWs increased from 6,292 in 2013 to 6,402 in 2014 and 6,629 in 2015. CR/PR at Table III-10. PRWs were 6,594 in interim 2015 and 6,643 in interim 2016. *Id*.

[207] Total hours worked increased from 13,793 hours in 2013 to 14,050 hours in 2014 and 14,307 hours in 2015. CR/PR at Table III-10. Total hours worked were 10,747 hours in interim 2015 and 11,014 hours in interim 2016. *Id*. Hours worked per PRW were 2,192 in 2013, 2,195 in 2014, 2,158 in 2015, 1,630 in interim 2015 and 1,658 in interim 2016. *Id*.

[208] Total wages paid increased from $326.6 million in 2013 to $335.6 million in 2014 and $363.1 million in 2015. CR/PR at Table III-10. Total wages paid were $273.3 million in interim 2015 and $266.9 million in interim 2016. *Id*.

[209] Hourly wages increased from $23.68 in 2013 to $23.89 in 2014, and to $25.38 in 2015. CR/PR at Table III-10. Hourly wages were $25.43 in interim 2015 and $24.24 in interim 2016. *Id*.

[210] Unit labor costs per 1,000 tires were $23.40 in 2013 , $23.10 in 2014, $24.52 in 2015, $24.39 in interim 2015, and $25.49 in interim 2016. CR/PR at Table III-10.

[211] Productivity increased from 1,012 tires per hour in 2013 to 1,034 tires per hour in 2014 and 1,035 tires per hour in 2015. CR/PR at Table III-10. Productivity was 1,043 tires per hour in interim 2015 and 951 tires per hour in interim 2016. *Id*.

[212] CR/PR at Tables VI-1, C-1. Unit SG&A expenses, however, increased from $39 per tire in 2013 and 2014 to $41 per tire in 2015. *Id*.

[213] CR/PR at Tables VI-1, C-1.

total net sales revenues declined from 2013 to 2015,[214] the industry's gross profits rose even as prices fell, increasing from $1.2 billion in 2013 to $1.3 billion in 2014 and $1.4 billion in 2015.[215] The industry's operating income increased by 17.6 percent from 2013 to 2015, rising steadily from $665.9 million in 2013 to $738.0 million in 2014 and $783.2 million in 2015.[216] Its operating income ratio to net sales rose in each year of the POI, from 15.5 percent in 2013 to 17.1 percent in 2014 and 19.3 percent in 2015.[217] Net income increased by 18.1 percent from 2013 to 2015, increasing from $585.8 million in 2013 to *** in 2014 and $691.9 million in 2015.[218] The industry consistently made capital investments throughout the POI, and its capital expenditures increased by 108.5 percent from 2013 to 2015, rising from $148.8 million in 2013 to $309.9 million in 2014 and $310.3 million in 2015.[219]

We acknowledge that the statute states that profitable domestic industry performance does not preclude an affirmative determination.[220] Nevertheless, that the domestic industry was able to increase production, shipments, employment, wages, productivity, gross profits, operating income, net income, and capital expenditures, and maintain high and rising capacity utilization – at the same time it increased its double-digit operating income margin – even as subject imports increased from 2013 to 2015 indicates the lack of impact of the subject

[214] The domestic industry's average unit net sales value was $321 per tire in 2013, $307 per tire in 2014, $290 per tire in 2015, $291 per tire in interim 2015, and $253 per tire in interim 2016. CR/PR at Table C-1. Excluding its leasing operations, the domestic industry's total net sales (by value) were $4.3 billion in 2013 and 2014, $4.0 billion in 2015, $3.1 billion in interim 2015, and $2.7 billion in interim 2016. *Id*. Including its leasing operations, the domestic industry's total net sales (by value) were $4.4 billion in 2013, $4.5 billion in 2014, $4.2 billion in 2015, $3.2 billion in interim 2015, and $2.8 billion in interim 2016. *Id*.

[215] CR/PR at Table VI-3. The domestic industry's gross profits were $*** in interim 2015 and $*** in interim 2016. *Id*.

[216] CR/PR at Table VI-3. The domestic industry's operating income was $*** in interim 2015 and $*** in interim 2016. *Id*. Including its leasing operations, the domestic industry's operating income increased by *** percent from 2013 to 2015, increasing from $*** in 2013 to $*** in 2014 and $*** in 2015. CR/PR at Table C-1. Including its leasing operations, the domestic industry's operating income was $*** million in interim 2015 and $*** in interim 2016. *Id*.

[217] CR/PR at Table VI-3. The domestic industry's operating income as a share of net sales was *** percent in interim 2015 and *** percent in interim 2016. *Id*. Including its leasing operations, the domestic industry's operating income as a share of net sales increased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015. CR/PR at Table C-1. Including its leasing operations, the domestic industry's operating income as a share of net sales was 19.8 percent in interim 2015 and 16.6 percent in interim 2016. *Id*.

[218] CR/PR at Table VI-3. The domestic industry's net income was $539.6 million in interim 2015 and $372.3 million in interim 2016. *Id*.

[219] CR/PR at Table VI-7a. The industry's capital expenditures were $226.9 million in interim 2015 and $119.4 million in interim 2016. *Id*. The industry's research and development expenses declined from $66.9 million in 2013 to $66.4 million in 2014 and $64.2 million in 2015. *Id.* Research and development expenses were $47.9 million in interim 2015, and $54.1 million in interim 2016. *Id*.

[220] *See* 19 U.S.C. § 1677(7)(J).

imports. The industry's highest levels of production, capacity utilization, employment, and profits occurred in 2015, as subject import volume and market share peaked.[221]

In particular, notwithstanding their low prices, the subject imports did not prevent the domestic industry from obtaining higher prices than it otherwise would have received from 2013 to 2015. As discussed above, lower raw materials costs, and not the subject imports, were the cause of the observed price declines from 2013 to 2015. Furthermore, the declines in the industry's prices and AUVs of net sales were of lesser magnitude than the decline in costs, and the industry's profitability consistently rose from 2013 to 2015.

Notwithstanding Petitioner's argument to the contrary,[222] subject imports also did not preclude the domestic industry from obtaining materially greater output and shipments from 2013 to 2015 than it actually achieved. We acknowledge that as subject import volume increased from 2013 to 2015, the domestic industry lost market share to subject imports.[223] In light of the domestic industry's high and rising capacity utilization rates, the record does not indicate that the subject imports prevented the domestic industry from achieving materially greater increases in production and shipments than those actually observed. As discussed above, in 2014 and 2015, *** operated at or above *** percent capacity utilization, and the other large producer did not indicate any adverse effects from subject imports during the POI while its operating income margin increased by *** percentage points from 2013 to 2015.[224]

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[221] CR/PR at Table C-1. Similarly, in 2014, the industry's production, capacity utilization, employment, and profits climbed to near period-highs as subject import volume and market share reached near-peak levels in that year. *Id*.

[222] *See, e.g.*, Petitioner's Prehearing Br. at 63-66 & Exh. 33; Petitioner's Posthearing Br. at 6-7, 11-14, Exh.1, and Answer to Commissioner Schmidtlein Question #3.

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

[224] *See, e.g.*, CR/PR at Tables III-4, VI-1, VI-9, C-1; CR at III-7, PR at III-3. We note that *** operating income margin increased from *** percent in 2013 to *** percent in 2015. CR/PR at Table VI-3. We also note that, although there is information in the record indicating that production at Continental's new facility in Mississippi was delayed by approximately three years until December 2019, the record also indicates that no other domestic producer reported project cancellations or postponements during the POI. *See e.g.*, CR/PR at Tables VI-9 and VI-10; CR at III-5, PR at III-2; Continental's U.S. Producer Questionnaire at III-15; Petitioner's Posthearing Br., Answer to Commissioner Broadbent Question #2 at 1-2. In any event, Continental still operated at or above *** percent capacity utilization in 2014 and 2015 as discussed above. *See e.g.*, CR/PR at Table III-4. As to the remaining domestic producers, one firm (***) accounted for just *** percent of domestic production in 2015, although it operated at very high capacity utilization (*** percent) in that year as it acquired Goodyear's plant in Buffalo, New York. CR/PR at Table III-4. While two domestic producers (***) operated at low capacity utilization after 2014, they each accounted for less than *** percent of domestic production in 2015. CR/PR at Tables III-1 and III-4. As discussed above, ***.

Based on the information available in the record as a whole, we do not accept Petitioner's assertions that the domestic industry would have operated at significantly higher capacity utilization and production levels absent subject import competition in the U.S. market. *See, e.g.*, Petitioner's Prehearing Br. at 63-66 & Exh. 33; Petitioner's Posthearing Br. at 6-7, 11-14, Exh.1, and Answer to Commissioner Schmidtlein Question #3. As discussed above, three of the four largest domestic producers operated at or above *** percent in 2014 and 2015, which is effectively at full capacity, and (Continued...)

The domestic industry's planned capacity expansions for the near future, both by new and existing U.S. producers, are also indicative of the industry's awareness of the need to address limitations on capacity that existed throughout the POI.[225] The domestic industry made significant investments during the POI as demonstrated by the fact that its capital expenditures totaled $769.0 million from 2013 to 2015.[226] Domestic producer Continental expanded production capacity at its facility in Mt. Vernon, Illinois and announced plans to construct a new $1.45 billion truck and bus tire plant in Mississippi, commencing production by the end of 2019.[227] In addition, Yokohama commenced production at a facility in West Point, Mississippi, and is projected to reach its full production of 1 million tires in 2018.[228] Consequently, the record does not indicate that subject imports precluded the domestic industry from obtaining materially greater output. Since subject imports did not have significant price effects nor preclude the domestic industry from obtaining materially greater output, we also cannot conclude that subject imports prevented the domestic industry from obtaining materially greater revenue during the POI or increasing employment.

The U.S. industry's importation of nonsubject imports during the POI provides further indication of the domestic industry's inability to meet additional demand using its domestic production operations. Nonsubject imports by domestic producers increased by *** percent, or *** tires, between 2013 and 2015, a pace that exceeded growth in apparent U.S. consumption and was similar to the growth in subject imports.[229] The domestic industry's

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(…Continued)
the other large producer (***) did not indicate any adverse effects from subject imports during the POI while its operating income margin increased from 2013 to 2015. Further, U.S. importers affiliated with the largest domestic producers (***) reported that nonsubject imports are used by the domestic industry to fill out product lines and meet demand. *See, e.g.*, U.S. Importers' Questionnaire Responses of ***. As discussed below, the domestic industry's importation of nonsubject imports during the POI provides further indication of the domestic industry's inability to meet additional demand using its domestic production operations. CR/PR at Table III-9.

[225] CR at III-4-5, PR at III-2.

[226] *Derived from* CR/PR at Table VI-7a

[226] CR/PR at Table III-3; CR at III-5, PR at III-3; Petitioner's Posthearing Br., Answer to Commissioner Broadbent Question #2 at 1-2, Exh. 1.

[228] CR at III-4, PR at III-2.

[229] *Derived from* CR/PR at Table III-9; CR/PR at Table C-1. We note that the domestic industry's U.S. commercial shipments of imports from nonsubject sources increased between 2013 and 2015 with respect to both the OEM and aftermarket sectors of the market. For the OEM sector, the domestic industry's U.S. commercial shipments of nonsubject imports increased by *** percent, increasing from *** tires in 2013 to *** tires in 2015. *Derived from* CR/PR at Table III-9 and ***. For the aftermarket sector, the domestic industry's U.S. commercial shipments of nonsubject imports increased by *** percent, increasing from *** tires in 2013 to *** tires in 2015. *Derived fr*om CR/PR at Table III-9 and ***.

Petitioner argues that the domestic industry lost market share to subject imports in the aftermarket, the largest segment of the market for truck and bus tires. *See, e.g.*, Petitioner's Posthearing Br., Answers to Commissioner Broadbent Question #3 at 1-4. We note, however, that the record contains information indicating that, as a share of U.S. producers' commercial U.S. shipments, the share to the (Continued...)

nonsubject imports increased at the same pace as subject imports despite the fact that they were generally priced higher than subject imports, and reached their highest volumes at the end of the POI when they were priced near or above domestic prices.[230] Given these considerations, we find further indication of the domestic industry's inability to meet additional demand from its importation of nonsubject imports during the POI.

In view of the foregoing, we find that subject imports do not have a significant impact on the domestic industry.

V. No Threat of Material Injury by Reason of Subject Imports

A. Legal Standards

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the domestic industry is threatened with material injury by reason of the subject imports by analyzing 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."[231] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[232] In making our determination, we consider all statutory threat factors that are relevant to these investigations. investigations.[233]

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aftermarket declined only slightly from 2013 to 2015. CR/PR at Table II-1. We also note that the domestic industry's shipments to the aftermarket were higher in 2014 and 2015 than in 2013. *Derived from* CR/PR at Table II-1. Further, notwithstanding the fact that the domestic industry lost market share to subject imports during the POI, subject imports did not have significant price effects or a significant impact on the domestic industry for the reasons discussed above.

[230] CR/PR at Table C-1 and Appendix D.

[231] 19 U.S.C. § 1677(7)(F)(ii).

[232] 19 U.S.C. § 1677(7)(F)(ii).

[233] These factors are as follows: (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 WTO Subsidies and Countervailing Measures Agreement ("WTO SCM 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-
(Continued...)

B. Analysis

1. Likely Volume

As discussed above, we have found the volume of subject imports to be significant during the POI. The truck and bus tires industry in China is large and growing.[234] Even though its home market shipments were larger than its exports throughout the POI, the Chinese industry is fairly export-oriented.[235] Although the United States is a major outlet for the Chinese industry's exports, non-U.S. markets account for the large majority of its exports.[236]

(…Continued)
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; (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). 19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of likely subject import volume. Statutory threat factor (IV) is discussed in the analysis of likely subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of likely impact. Statutory factor (VII) concerning agricultural products is inapplicable to these investigations.

[234] Reported production capacity in China was 98.4 million tires in 2013, 116.1 million tires in 2014, 115.3 million tires in 2015, 86.7 million tires in interim 2015 and 86.5 million tires in interim 2016; responding producers in China project similar levels in 2016 and 2017 (114.7 million tires and 114.9 million tires, respectively). Reported production of subject merchandise in China was 86.8 million tires in 2013, 102.9 million tires in 2014, 96.4 million tires in 2015, 73.5 million tires in interim 2015, and 74.7 million tires in interim 2016, and is projected to be at similar levels in 2016 (99.4 million tires) and 2017 (100.0 million tires). The Chinese industry's reported capacity utilization was 88.3 percent in 2013, 88.6 percent in 2014, 83.7 percent in 2015, 84.8 percent in interim 2015, and 86.3 percent in interim 2016, and is projected to be 86.7 percent in 2016 and 87.0 percent in 2017. CR/PR at Table VII-3.

[235] Home market shipments accounted for 52.2 percent of total shipments by the industry in China in 2013, 54.0 percent in 2014, 52.0 percent in 2015, 52.1 percent in interim 2015, and 52.9 percent in interim 2016, and home market shipments are projected to account for 51.6 percent of total shipments in 2016 and 52.4 percent in 2017. Total exports accounted for 39.3 percent of total shipments by the industry in China in 2013, 39.6 percent in 2014, 41.2 percent in 2015, 40.4 percent in interim 2015, and 38.8 percent in interim 2016, and total exports are projected to account for 41.2 percent of total shipments in 2016 and 40.4 percent in 2017. CR/PR at Table VII-3.

[236] Exports to the United States accounted for 6.7 percent of total shipments by the industry in China in 2013, 7.7 percent in 2014, 7.8 percent in 2015, 7.5 percent in interim 2015, and 6.0 percent in interim 2016, and U.S. exports are projected to account for 6.5 percent of total shipments in 2016 and 5.4 percent in 2017. By comparison, exports to all other markets accounted for 32.6 percent of total shipments by the industry in China in 2013, 31.9 percent in 2014, 33.4 percent in 2015, 32.9 percent in interim 2015, and 32.8 percent in interim 2016, and exports to all other markets are projected to account for 34.6 percent of total shipments in 2016 and 35.0 percent in 2017. CR/PR at Table VII-3.

Inventories of truck and bus tires held by subject producers in China increased irregularly from 2013 to 2015, although they are projected to decline to near beginning-of-period levels in 2017, while U.S. importers' inventories of subject merchandise increased from 2013 to 2015 but were stable overall relative to total U.S. shipments of imports.[237]

[237] End-of-period inventories of subject producers in China were 8.8 million tires in 2013, 11.8 million tires in 2014, 11.5 million tires in 2015, 10.8 million tires in interim 2015, and 8.6 million tires in interim 2015. Chinese subject producers' projected end-of-period inventories to be 10.3 million tires in 2016, and 9.2 million tires in 2017. The Chinese industry had inventories equivalent to 10.2 percent of production in 2013, 11.4 percent of production in 2014, 11.9 percent of production in 2015, 11.0 percent of production in interim 2015, and 8.6 percent of production in interim 2016. It projected inventories equivalent to 10.3 percent of production in 2016 and 9.2 percent of production in 2017. CR/PR at Table VII-3.

U.S. importers' inventories of subject merchandise were 390,000 tires in 2013, 640,000 tires in 2014, 706,000 tires in 2015, 626,000 tires in interim 2015, and 634,000 tires in interim 2016. The ratio of U.S. importers inventories of subject imports to U.S. shipments of subject imports was 11.1 percent in 2013, 14.1 percent in 2014, 11.7 percent in 2015, 9.8 percent in interim 2015, and 9.9 percent in interim 2016. CR/PR at Table VII-6.

Information available on the record indicates that product shifting is not an issue. Most responding Chinese producers reported that they could not switch production from truck and bus tires to other products. CR at II-8, PR at II-5-6. The vast majority of Chinese producers' production on this equipment (*** to *** percent) was dedicated to truck and bus tire production from 2013 to 2015. CR/PR at Table VII-4. While 12 of 39 responding Chinese producers reported producing nonsubject products (including passenger vehicle and light truck (PVLT) and off-the-road (OTR) tires), this production accounted for only *** to *** percent of Chinese producers' overall production during the POI. CR/PR at Table VII-4; CR at VII-10, PR at VII-7. The Chinese industry's potential for product shifting with respect to OTR tires is particularly limited since OTR tires accounted for just *** percent to *** percent of the industry's overall production from 2013 to 2015. *Id*. Also, notwithstanding the recent antidumping and countervailing duty orders the United States imposed on PVLT tires from China, there was not a rapid increase in subject imports in 2015. CR/PR at Table C-1.

With respect to antidumping and countervailing duty orders in third-country markets, the record does not indicate that these are likely to result in a significant increase in subject imports in the imminent future. Import relief measures were imposed in Colombia (June 2013), Egypt (February 2014), India (August 2015), and the Eurasian Economic Commission (Belarus, Kazakhstan, and Russia) (Nov. 2015). CR/PR at Table VII-8. Of particular importance are the trade remedies in Russia and India, both of which are among China's top eight export markets. CR/PR at Table VII-5. Notwithstanding the imposition of these orders in third-country markets in 2015, the volume of subject imports did not increase rapidly in that year. CR/PR at Table C-1.

We also considered the "nature of the subsidy" in the countervailing duty investigation in our threat analysis. *See* 19 U.S.C. § 1677(7)(F)(i)(I). In its final affirmative countervailing duty determination, Commerce found subsidization at rates ranging from 38.61 percent to 65.46 percent for eight named exporters and a subsidy rate of 52.04 percent for all others. *Commerce Final CVD Determination*, 82 Fed. Reg. at 8607. Commerce also found 15 programs to be countervailable: (1) Government Policy Lending; (2) Export Seller's Credits from State-Owned Banks; (3) Export Buyer's Credits from State-Owned Banks; (4) Provision of Carbon Black for LTAR; (5) Provision of Nylon Cord for LTAR; (6) Provision of Natural Rubber for LTAR; (7) Provision of Synthetic Rubber and Butadiene for LTAR (8) Provision of (Continued...)

Subject imports have increased and then moderated along with trends in apparent U.S. consumption. The increase in subject imports occurred mainly between 2013 and 2014 while apparent U.S. consumption increased appreciably, and the domestic industry's ability to respond to that increase in demand was limited due to capacity limitations, high capacity utilization, and a focus on higher-tier products supplied only on a very limited basis by subject producers. As apparent U.S. consumption growth slowed from 2014 to 2015, subject import growth was more modest.[238] We further observe that the significant volume and significant increase in the volume of subject imports did not adversely impact the domestic industry during the POI.

In light of these considerations, we find it likely that subject imports will continue to enter the U.S. market in significant and potentially rising volumes, depending on the nature of apparent U.S. consumption trends.

2. Likely Price Effects

In our discussion above, we found significant underselling by the subject imports. We also found that, notwithstanding the pervasive instances of underselling by subject imports or the increasing margins of underselling by subject imports during the POI,[239] the subject imports did not cause significant price effects. Although underselling coincided with declines in prices for the domestic like product, those price declines resulted from substantial declines in raw material costs. In addition, subject import underselling did not lead to price suppression, as the domestic industry's COGS to net sales ratio declined over the POI as its profits rose. In light of our finding that any increase in the volume of subject imports is likely to be commensurate with apparent U.S. consumption, and the absence of evidence that increasing volumes of subject imports from China have caused significant price effects even when they were present in the U.S. market and pervasively underselling the domestic like product at increasing margins,[240] we

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Electricity for LTAR; (9) Provision of Land-Use Rights to Truck and Bus Tire Producers for LTAR; (10) Provision of Land-Use Rights in Industrial and Other Special Economic Zones for LTAR; (11) Provision of Land-Use Rights to SOEs for LTAR; (12) Income Tax Reductions for High- and New- Technology Enterprises; (13) Enterprise Income Tax Law, Research and Development Program; (14) Value Added Tax (VAT) Exemptions for Imported Equipment; and (15) State Key Technology Renovation Fund Program. Issues and Decision Memorandum, Appendix X, as adopted by *Commerce Final CVD Determination*, 82 Fed. Reg. at 8608. We acknowledge Commerce's findings that there were several countervailable subsidy programs benefitting truck and bus tire producers in China. We have considered the nature of these programs, none of which Commerce found to be an export subsidy described in Article 3 or 6.1 of the WTO SCM Agreement, in conjunction with the other factors pertaining to likely subject import volume and price effects in ascertaining whether imports of the subject merchandise are likely to increase, and any effects likely to be caused by the countervailable subsidies.

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

[239] CR/PR at Tables V-2 to V-6 and V-8.

[240] CR/PR at Table V-2 to Table V-8.

find that these imports are unlikely to cause significant price effects in the imminent future. Consequently, the record indicates that subject imports from China are not likely to enter the U.S. market at prices that are likely to have significant price depressing or suppressing effects on prices of the domestic like product and to increase demand for further imports.

3. Likely Impact

As we discussed above, the domestic industry was able to increase output, employment, and profitability levels during the POI. While the domestic industry lost market share during a time of rising demand, we have found that the decline in market share was due to the domestic industry's own inability to supply materially greater quantities to the market due to capacity limitations and very high capacity utilization, rather than to the subject imports. We further found that the increased volume of low-priced subject imports had no significant price effects and coincided with significant improvement in the domestic industry's condition. We further emphasized that subject imports did not preclude the domestic industry from undertaking further development and production efforts, including substantial capital investments during the POI, as well as additional expansion plans recently announced.[241]

We do not find the domestic industry to be vulnerable. As discussed above, the domestic industry's output, shipments, and employment increased and it was highly and increasingly profitable from 2013 to 2015. Expectations for continued health and development of the domestic industry can be seen in plans by multiple producers to make additional investments in their operations and expand existing production, and the entry of a new producer (Yokohama) into the U.S. market.[242] Employment is also likely to rise in the near future as a result of these expansions and investments.[243]

We find no evidence indicating that subject imports from China are likely to have a significant impact on the domestic industry in the imminent future. As discussed above, we find that any future increases in subject import volume are likely to be commensurate with apparent U.S. consumption. We do not find it likely that any increases in subject imports will adversely affect the output of the domestic industry, which has consistently operated at high capacity utilization rates despite significant volumes of subject imports. We further find that subject imports from China are unlikely to enter the U.S. market at prices that are likely to have significant price depressing or suppressing effects on prices of the domestic like product. Based on these considerations and the absence of any correlation between the domestic industry's condition and the volume and price effects of subject imports during the POI, we find that subject imports from China are not likely to have a significant impact on the domestic industry in the imminent future.

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[241] CR/PR at Table VI-7b; CR/PR at Table III-3; CR at III-4-5, PR at III-2.

[242] CR at III-4-5, PR at III-2. As discussed above, while Yokohama accounted for only *** of U.S. production during the POI, they are projected to reach full production capacity of 1 million tires in 2018. CR at III-4, PR at III-2.

[243] CR at III-4-5, PR at III-2.

In view of the foregoing, we conclude that an industry in the United States is not threatened with material injury by reason of subject imports.

VI. Conclusion

For the reasons stated above, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of truck and bus tires from China that are sold in the United States at less than fair value or are subsidized by the government of China.

Dissenting Views of Chairman Rhonda K. Schmidtlein and Commissioner Irving A. Williamson

I. Material Injury

We join our colleagues in their findings regarding the domestic like product and domestic industry. As explained below, however, we find that a significant volume of subject imports from China has undersold the domestic like product, significantly depressed U.S. prices, and caused material injury to the domestic industry producing truck and bus tires during the period of investigation.

A. Conditions of Competition

The following conditions of competition inform out analysis of whether the domestic industry is materially injured by reason of subject imports of truck and bus tires from China. We join the majority in assessing demand and supply conditions of competition. We explain below our additional views as to the conditions of competition that prevail in the truck and bus tire market in the United States.

1. Substitutability and Other Conditions

The degree of substitutability between domestic and imported truck and bus tires depends on factors including relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price/discounts/rebates, lead times, payment terms, and product services.).[1] The domestic industry reported selling all of its tires from inventories, while subject importers reported selling 53.3 percent produced to order, 24 percent from U.S. inventory, and 22.3 percent from foreign inventory.[2] Availability and delivery times were ranked as very important for a large number of purchasers. Both domestic producers and subject U.S. importers reported similar average number of days for lead times, whether produced to order or sold from U.S. inventory.[3]

Truck and bus tires are subject to certain federal safety regulations administered principally by the U.S. Department of Transportation, National Highway Safety Administration, and the Federal Motor Carrier Safety Administration.[4] These regulations include the type of equipment on which the tire is used, the tire type and size, the speed and load carrying ply ratings, and sidewall marking standards.[5] A plurality of purchasers reported that U.S. produced truck and bus tires are frequently interchangeable with the subject imports from China.[6]

[1] CR at II-13; PR at II-9.
[2] CR/PR at Table II-4.
[3] CR/PR at Tables II-4 and II-7.
[4] CR at 1-20; PR at I-14-15.
[5] CR/PR at Table I-3; CR at I-20-22; PR at I-15-16.
[6] CR/PR at Table II-15.

Truck and bus tires are sold into OEM and aftermarket segments and although at different concentrations, the domestic tires and subject imports from China compete in both segments. U.S. producers shipped *** percent of their tires to the OEM segment in 2015 and *** percent of their tires to the aftermarket, down from *** percent in 2013. Aftermarket shipments for subject imports from China accounted for *** percent of total subject import shipments in 2015.[7]

Petitioners argue that the domestic and subject imported truck and bus tires compete not only in the same channels of distribution but that they compete as well across the market, whether examining tiers, brands, or the services and guarantees sold with the tires. Respondents disagree and take the position that the domestic and subject imported tires are not substitutable.

Truck and bus tires are generally considered to be categorized and sold by tiers, although no agreed definition for these tiers exists.[8] Half of responding producers and nearly all importers and purchasers reported that tires are sold in tiers. U.S. producers self-reported that their tires are sold in each of the three tiers,[9] with *** percent sold as tier 1, *** percent as tier 2, and *** percent as tier 3. Subject importers reported selling *** percent as tier 2 and *** percent as tier 3; tier 1 tires were *** for the subject imports.[10] Despite the fact that subject imports were more highly concentrated in tiers 2 and 3 and *** of all domestic tires were categorized as tier 1, the U.S. producers sold *** total volume of tires as tiers 2 and 3 as tier 1. Moreover, eleven of 15 purchasers reported that competition exists between different tiers and eight purchasers reported that they shifted purchases between the tiers since 2013.[11]

While responses by producers, importers and purchasers as to whether prices in any one category influenced prices in other categories were mixed, there was general support for the view that price and quantities can be influenced by price changes in different tiers. Twelve of 15 purchasers reported that their customers compare prices between truck and bus tires in different tiers when making purchasing decisions.[12] A number of larger producers and importers report that price changes in one tier affect other tiers including both adjacent and nonadjacent tiers.[13] One purchaser reported that decreases in prices for tier 2 tires have caused national account fleets to shift more purchases to that tier from tier 1 tires.

Private label tires are described by two of four producers and the majority of importers and purchasers as somewhat competitive with name brand tires, largely because they are sold at lower prices.[14] U.S. producers and nearly all importers reported selling branded and private

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

[8] Petitioners' Prehearing Brief at 35.

[9] Producer, Importer, and Purchaser questionnaires asked, "Is the U.S. truck and bus tires market divided into categories (e.g., Best/Better/Good; Tier 1/Tier 2/Tier 3; Flagship/Secondary/Mass-market)? And if 'yes' they were asked to describe each category and identify the producers and brands that belong in each category in the table below.

[10] CR/PR at Table II-13.

[11] CR at II-24-25; PR at II-16-17.

[12] CR at II-27; PR at II-17. ***

[13] CR/PR at Table II-13 and CR at II-27; PR at II-17. Three of four producers, 13 of 35 importers, and 6 of 15 purchasers who responded indicated that prices in one tier affect prices in another tier.

[14] CR at II-28; PR at II-18.

label tires with the same specifications at the same prices. Importers and purchasers reported in large part that branding influences the price customers are willing to pay, thus linking brand with perceived quality and service. That said, many of the companies responding to this question said that branding was a more significant factor in tiers 1 and 2 where name recognition plays a role.[15]

Respondents argued that domestic producers offer benefits not provided by importers that limit the substitutability of domestic and subject imported tires. Benefits identified by respondents included national distribution and service networks, manufacturers' warranties, retreading operations, and leasing operations. [16] We do not find that the record supports this claim. Producers estimated that *** percent of 2015 U.S. commercial shipments were sold with warranties or guaranties and importers estimated that 50.8 percent of subject import shipments carried these benefits.[17] Purchasers reported that 49.4 percent of U.S.-produced truck and bus tires, 93.1 percent of Chinese-produced truck and bus tires, and 39.4 percent of nonsubject tires, were covered by warranties and guaranties.[18]

B. 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."[19] Subject import volume rose 41.9 percent from 6.3 million tires in 2013 to 8.9 million tires in 2015.[20] The 41.9 percent increase over 2013-2015 is almost twice the 21.3 percent increase in apparent U.S. consumption of truck and bus tires over that same period.[21] The most significant increase by the subject imports, 34.2 percent, occurred in 2014 in tandem with the most significant annual increase in apparent U.S consumption, 16 percent. This significant increase in subject import volume allowed the Chinese subject imports to take market share directly from domestic producers, with the largest gain also coming in 2014, when the subject imports captured an additional 4.5 percent of the U.S. market.[22] Subject imports gained market share over the period as a whole as well, rising from 28.7 percent in 2013 to 33.2 percent in 2014 and 33.6 percent in 2015.[23] Subject import volume also increased significantly relative to domestic production.[24] [25]

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[15] CR at II-27-28; PR at II-17-18.

[16] Respondents' Prehearing Brief at 30-31.

[17] CR at II-20; PR at II-14 and Tables II-10, II-11a and II-11b. Three of 6 reporting producers offer warranties on casings and 4 of 6 offered warranties on retreads, while 18 of 37 subject importers offered warranties on casing and 10 of 37 offered retread warranties.

[18] CR at II-23; PR at II-15.

[19] 19 U.S.C. § 1677(7)(C)(i).

[20] CR at Table C-1.

[21] CR at Table C-1.

[22] CR at Table IV-9.

[23] CR at Table C-1.

[24] The ratio of subject imports to U.S. produced truck and bus tires increased from *** percent in 2013, to *** percent in 2014, and to *** percent in 2015. CR at Table IV-2.

Respondents agree that the volume of subject imports increased but argue that because of domestic industry supply constraints the increase did not have an adverse volume effect during the investigation period. They state that subject imports filled demand that domestic tires could not meet.[26] While the U.S. industry operated at increasing capacity utilization levels during the period, it maintained available capacity in each of the years, operating at *** percent capacity utilization in 2013, *** percent in 2014, and *** percent in 2015.[27] The domestic industry also maintained higher inventory levels during the period from which demand could have been supplied.[28] Respondents' argument as to supply constraints drawing in subject imports is also undercut by data showing that only 2 of 14 purchasers who reported shifting to the subject imports stated that availability was the reason for the shift. Eleven of the 14 purchasers reported that the subject imports were lower priced and nine reported shifting because of the lower prices for the Chinese tires.[29]

Further, the subject imports were concentrated in the aftermarket segment of the truck and bus tire market, the segment that accounted for the majority of total shipments during the period of investigation. Subject import shipments to the aftermarket totaled *** percent of their total U.S. commercial shipments in 2015, an increase from *** percent in 2013; the domestic industry was less concentrated in that segment, but still shipped a substantial portion of its total U.S. commercial shipments to the aftermarket, 58.8 percent in 2015.[30] By volume, the aftermarket grew nearly 25 percent from *** tires to *** million tires during 2013-2015. The volume of subject imports in this segment increased *** percent from *** million tires to *** million tires. In contrast, the domestic industry reported only a very small increase in shipment volumes to the aftermarket in 2015, *** million tires, compared to 2013, *** million tires, an increase of only 1.4 percent. While the subject imports captured an increasing share of the U.S. aftermarket segment, increasing from *** percent in 2013 *** percent of that segment in 2015, the domestic industry saw its share decline in the growing market, from *** percent in

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[25] Subject imports were 6.7 million tires in interim 2015 and 6.4 million tires in interim 2016. The market share of subject imports was 33.9 percent in interim 2015 and *** percent in interim 2016. CR/PR at Table IV-9. Although the volume and market share of subject imports were still significant in interim 2016, we give less weight to data for this period given that the declines were likely the result of the filing of the petition in January 2016 and the imposition of the requirement for cash deposits following Commerce's preliminary CVD determination in July 2016.

[26] Respondents' Prehearing Brief at p. 35

[27] We note that no short supply provision exists in the statute. As the Commission has previously found, the fact that the domestic industry may not be able to supply all of demand does not mean the industry may not be materially injured or threatened with material injury by reason of subject imports. *See, e.g., Frozen Warmwater Shrimp form China, Ecuador, India, Malaysia, and Vietnam*, Inv. Nos. 701-TA-491-93, 495, and 497 (Final), USITC Pub. 4429 at 104 (October 2013.)

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

[29] CR/PR at Table V-10. We also note that purchasers reported supply constraints for both domestic and subject imported truck and bus tires. CR at II-6-9; PR at II-4-6. Hearing Tr. At 194 (Pearson).

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

2013 to *** percent in 2015.[31] Thus, the domestic industry lost significant market share to the subject imports from China not only in the total market for truck and bus tires, but also in the aftermarket segment, further supporting our conclusion as to the volume effects of the subject imports on the domestic industry as a whole.

In light of the foregoing, we find the volume and increase in volume of subject imports to be significant in absolute terms and relative to domestic production and consumption.

C. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
> (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.[32]

As explained in the discussion of conditions of competition, the record indicates that there is a moderate to high degree of substitutability between subject imports and domestically produced truck and bus tires. Most producers, importers and purchasers reported that US and Chinese tires are always or frequently interchangeable.[33] Along with quality, price was reported as an important factor in purchasing decisions.

The Commission collected price data for four different truck and bus tires and for each product it collected separate price data for shipments to OEMs and to the aftermarket.[34] In total, the Chinese subject tires undersold the domestic tires in 79 of 85 comparisons. In the

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[31] Derived from U.S Producers' Questionnaires at Question II-8 and U.S. Importer Questionnaires at Question II-6.

[32] 19 U.S.C. § 1677(7)(C)(ii).

[33] CR/PR at Tables II-7 and II-15. Five of 6 producers, 24 of 34 U.S. importers, and 11 of 15 purchasers reported that U.S. and Chinese truck and bus tires are always or frequently interchangeable. Sixteen of 20 purchasers responding to questionnaires replied that price was a "very important" purchase factor.

[34] Pricing data obtained from questionnaires accounted for approximately 25.4 percent of the domestic industry's commercial shipments of truck and bus tires in 2015 and 13.6 percent of U.S. commercial shipments of truck and bus tires from China in 2015. CR at V-6; PR at V-4.

Product 1.--Truck and bus tire, tires designated for drive application (excluding allposition/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

Product 2.-- Truck and bus tire, tires designated for drive application (excluding allposition/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).

Product 3.-- Truck and bus tire, tires designated for drive application (excluding allposition/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).

Product 4.-- Truck and bus tire, tires designated for drive application (excluding allposition/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).

aftermarket, the segment with the most significant growth over the investigation period and where the subject imports are concentrated, the Chinese truck and bus tires undersold the domestic tires in all 60 quarterly comparisons. These quarterly data totaled 2.5 million tires. In the OEM market, the subject imports undersold the domestic like product in 19 of 25 comparisons. While the total volume of the Chinese tires that oversold the domestic tires in the OEM market was nearly equivalent to the volume undersold in that segment, 31,667 tires versus 31,507 tires, 5 of the 6 instances of overselling and 75 percent of the volume of underselling occurred in 2016 following the filling of the petitions.[35] Thus, the underselling was concentrated in the period before the petitions were filed and occurred when imports were most rapidly gaining market share.

Margins of underselling are also probative in these comparisons. Margins of underselling were quite high throughout the period in the aftermarket segment where most head to head competition occurred, ranging from 11.0 to 50.2 percent and averaging 38.5 percent. Not only were these price differences substantial, they increased over the investigation period, and peaked in 2015 for each of the four products for which data were collected.[36]

The adverse impact of the subject Chinese imports can also be seen in an analysis of the price trends over the period for which price data were collected and which support our finding of price depression. Domestic price decreases ranged from 9.1 to 25.8 percent, while price ranges for the Chinese tires fell by even larger amounts of 17.1 to 29.8 percent.[37] The comparisons in relative price declines of subject imports and domestic tires shows even starker results when viewed by market segment. For each of the four products, the price declines for domestic aftermarket sales, where the most direct competition occurred, exceeded the declines in the OEM segment prices, often by a considerable amount:[38]

	OEM Change	Aftermarket Change
Product 1	-$52.40	-$82.02
Product 2	-$88.80	-$95.19
Product 3	-$42.64	-$74.91
Product 4	***	-$95.27

The differences between the high and low prices within each segment were also more significant for the aftermarket sales.[39] As noted in the tabulation above, U.S. producer sales prices particularly in the aftermarket, fell by more than the $39 fall in unit COGS over the investigation period.

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[35] CR/PR at Tables V-3-V-6 and Table V-8.

[36] CR/PR at Tables V-3-V-6 and Table V-8. From the first quarter of 2013 to the fourth quarter of 2015, the margin of underselling for Product 1 increased from 31.2 percent to 45.2 percent, for Product 2 it increased from 28.6 percent to 46.2 percent, for Product 3 it increased from 29.2 percent to 48.2 percent, and for Product 4 it increased from 31.6 percent to 49.1 percent. CR at V-24; PR at 16.

[37] CR/PR at Tables V-3-V-6. Petitioners argue also that the AUVs for the Chinese tires across the four products fell more than twice as quickly as domestic prices, contributing to the price pressure in the market. Petitioners' Prehearing Brief at pp. 54-55.

[38] CR/PR at Tables V-3-V-6.

[39] CR/PR at Table V-7.

We recognize that raw material costs declined over the investigation period and do not disagree with respondents that some degree of the price declines evidenced in the record may be tied to these lower costs.[40] The prices of natural rubber and synthetic rubber, which together account for about 51.2 percent of the cost of manufacture of a tire, declined by 55.6 and 40.3 percent, respectively. The ratio of raw materials to COGS declined from 62.1 percent in 2013 to 56.4 percent in 2015, largely driven by these declines. Comparing the price declines in the tabulation above to the industry's trend in unit COGS, the price declines for both OEM and aftermarket products were greater than the 16.8 percent/$39 decline in unit COGS during 2013-2015.[41]

We find significant price depression as evidenced by the increased volume and market share of the subject imports at high and increasing margins of underselling during a period of increased consumption. Purchaser responses confirm that price effects of subject imports. Fourteen of 18 responding purchasers reported that they had purchased imported truck and bus tires from China during the period instead of U.S.-produced truck and bus tires.[42] Eleven of these purchasers reported that subject import prices were lower than those of the U.S.-produced product, and nine of these purchasers reported that price was a primary reason for purchasing imported product rather than U.S.-produced product.[43] In addition, of 19 responding purchasers, five reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China.[44]

Subject imports led the fall of U.S. prices throughout the POI even as consumption increased substantially during the investigation period.[45] In light of record evidence that the domestic and subject imports are moderately to highly substitutable and competed directly for sales in both the OEM and aftermarkets, we find that with the significant volume of subject imports that undersold the domestic tires, the falling subject import prices in the market led the fall in domestic tire prices over the investigation period.

D. Impact of the Subject Imports

Section 771(7)(C)(iii) of the Tariff Act provides that in examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[46] These factors include output, sales, inventories, capacity

[40] Respondents Prehearing Brief at p. 49.

[41] CR/PR at Table C-1. The percentage decline for prices for Products 1 – 4 for the domestic industry for aftermarket sales also exceeded the 16.8 percent unit COGS decline for each of the four products (ranging from 21.5 to 25.8 percent). OEM prices declined by 9.1 to 20.9 percent. CR/PR at Table V-7.

[42] CR at Table V-10.

[43] CR at Table V-10.

[44] CR at V-24; PR at V-17.

[45] CR at V-19; PR at V-15; and Table V-7.

[46] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may

utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."

The domestic tire industry has shown a number of positive performance indicators during the period although many of these indicators lagged the strong apparent U.S. consumption growth experienced during 2013-2015. While the U.S. market grew overall by 21.3 percent, the domestic industry's share of the market fell by 7.7 percentage points, from 53.3 percent to 45.6 percent and its shipments only grew by 3.9 percent. At the same time, subject imports grew by 41.9 percent and their market share increased by 4.9 percentage points from 28.7 percent in 2013 to 33.6 percent in 2015.[47]

Capacity utilization improved over the same period, from *** percent in 2013 to *** percent in 2015 as U.S. production increased by *** percent. However, domestic shipments grew by only 3.9 percent – in a market where overall consumption grew by 21.3 percent.[48] U.S. shipment unit values fell by 8.4 percent while the COGS to sales ratio fell by 5.7 percent. Respondents argue that the domestic industry was operating at a capacity level that could not be increased and thus subject imports were filling a gap in demand in the U.S. market, but the capacity utilization numbers and the comparatively larger decline in shipment unit values compared to the COGS ratio do not support this conclusion.

During the investigation period, the industry's capacity contracted slightly and was *** percent lower in 2015 than in 2013. The domestic industry argues that it had more than sufficient capacity to meet the demand lost to subject imports.[49] It points to data showing that only one producer operated at 100 percent capacity, suggesting that others could have produced more absent the subject import competition. Petitioners argue additionally that had domestic producers not had to postpone planned capacity expenditures at three plants, capacity would have increased by an additional 1.2 million tires.[50] Further, domestic inventories were higher in 2015 compared to 2013, growing from 16.8 percent to 20.5 percent of shipments, adding to available supply to meet the growing demand in the U.S. market.

Capital expenditures over the period totaled $148.8 million in 2013, $309.9 million in 2014, and $310.3 million in 2015. About *** percent of these expenditures were tied to

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demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[47] CR/PR at Table C-1. Interim 2016 data show that the U.S. industry regained a small amount of market share, *** percent, after the petitions were filed.

[48] Export shipments grew by 8.2 percent but accounted for less than 15 percent of total shipments and were generally steady over the period. CR/PR at Table C-1.

[49] Petitioners' Final Comments, p. 5.

[50] *** CR/PR at Table III-4. United Steel Workers' witnesses testified at the Commission hearing that production curtailments continued into 2016 at several plants and included reduced work weeks, fewer production shifts, overtime reductions, and idled equipment. Petitioners' Prehearing Brief at p. 62. Continental has also announced its intention to begin construction of a plant in Mississippi in 2018, with the original start of production delayed by 3 years. CR at III_5, Table VI-10a; PR at III-2, Table VI-10a.

Yokohama's new facility in West Point, MS.[51] This plant began production in October 2015. However, it had little impact over the period on overall capacity to produce as it is not expected to reach full capacity until 2018.[52] Absent the new Yokohama facility, other domestic producers' capital expenditures totaled $*** million in 2013, $*** million in 2014, and $*** million in 2015. Witnesses testified that much of this investment was ***[53]

The US industry was profitable and profits grew over the period, but the overall increase was modest considering the significant increase in demand over the investigation period and the opportunity to benefit from lower costs. Net sales value decreased however, by *** percent, from $4.3 billion in 2013 and 2014 to $4.1 billion in 2015. Gross profits increased by 14 percent from $1.2 billion to $1.4 billion. Operating income increased over the period, from $666 million in 2013 to $783 million in 2015, or by 17.6 percent. Operating returns improved from 15.5 percent in 2013 to 19.3 percent in 2015, or by 3.8 percentage points; net returns, improved from 13.6 to 17.0 percent over those three years, or by 3.4 percentage points.[54]

Respondents argue that the financial results show that the domestic industry is not materially injured, and point to the financial performance, decreasing raw material costs as an explanation for lower prices, supply constraints for the domestic industry, and attenuated competition between the domestic and subject imported tires.[55] We disagree.

We find that subject imports had a significant adverse impact on the domestic industry. The industry lost substantial market share to the subject imports in a period of strong demand. The subject tires undersold the domestic product by significant and increasing margins of underselling and depressed prices, preventing the domestic industry from increasing its revenues commensurate with growing demand. Although profitable, due to the increasing presence of low-priced subject imports from China the industry lost revenues that it would otherwise have obtained, had unused capacity, and postponed investments that would have expanded capacity rather than simply maintained current equipment and current capacity levels. Lower shipments than what otherwise would have occurred also impacted the ability of the industry to expand employment opportunities in a period of increased demand.

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 investigation period to assure that we are not attributing injury from other factors to the subject imports. Respondents argue that nonsubject imports, particularly those imported by the U.S. producers, were necessary to supply the growing U.S. market. They point to statements by the domestic producers that they imported from foreign affiliates or from nonsubject sources to meet capacity constraints or fill product line gaps.[56] Record evidence shows that during 2013-2015, nonsubject import market share increased by 2.8 percentage points, whereas the market share of subject imports increased by 4.9

[51] CR/PR at Table VI-7a.

[52] CR at III-4; PR at III-2. CR/PR at Table III-4.

[53] Petitioners' Posthearing Brief at Response to Commission Johanson Question 1 and Final Comments at p. 11.

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

[55] Respondents' Prehearing Brief at pp. 69-72.

[56] Respondents' Prehearing Brief at p. 37.

percentage points. Further, nonsubject import average unit values were between the U.S. and subject Chinese prices and generally were closer to the U.S. values than the values for the Chinese tires.[57] Furthermore, as the pricing data in Appendix D show, nonsubject imports always oversold subject imports and during the latter part of the investigation period were priced at levels similar to the domestic tires.

We also do not find that attenuated competition explains the ability of the subject imports to have gained market share. Tier and brand premiums cannot explain price underselling in instances in which the subject and Chinese tires overlap. The record shows that both domestic and Chinese tires competed directly and to a significant degree in tiers 2 and 3, the tiers which accounted for a large portion of total shipments over the investigation period. The record also contains evidence that the domestic and subject imported tires are marketed side by side and both domestic and subject imports are sold with warranties and other services.[58]

In sum, we find that the significant volume of subject imports, at prices that undersold the domestic like product and depressed domestic prices, adversely impacted the domestic industry. We consequently determine that the domestic industry is materially injured by reason of subject imports.

II. Critical Circumstances

In its final antidumping duty determination regarding subject imports from China, the Department of Commerce (Commerce) found that critical circumstances exist with respect to all producers in China. In its final countervailing duty determination, Commerce found that critical circumstances exist with regard to imports from China from Guizhou Tyre Co., Ltd. and its cross-owned trading company, Guizhou Tyre Import and Export Co., but not for Double Coin. Commerce also found that critical circumstances also exist with respect to imports of truck and bus tires from China for all other companies.[59]

Because we have determined that the domestic industry is materially injured by reason of subject imports from China, we must also consider "whether the imports subject to the affirmative {Commerce critical circumstances} determination . . . are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."[60] The SAA provides that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[61]

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

[57] CR/PR at C-1

[58] CR/PR at Tables II-11-a-b.

[59] 82 Fed. Reg. 8599 and 8606 (January 27, 2017).

[60] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[61] SAA at 877.

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

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

(III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[62]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.[63]

Petitioners argue that several factors favor an affirmative critical circumstances determination.[64] First, they emphasizes that Commerce has made affirmative critical circumstances determinations in both its preliminary and final antidumping and countervailing duty determinations on truck and bus tires from China.[65] Second, they maintain that subject imports are subject to Commerce's affirmative critical circumstances findings increased rapidly in the six months after the petition was filed compared to the six months before the petition was filed.[66] Further, they argue that there was a rapid increase in inventories of subject merchandise in the six months before and after the petition was filed.[67]

Respondents argue that several factors favor a negative critical circumstances determination.[68] First, they emphasize that the Commission rarely makes affirmative critical circumstances determinations.[69] Second, they claim that subject imports increased only modestly for the six-month period after the petition was filed compared with the six-month period before the petition was filed, which is far short of the magnitude necessary to "seriously undermine" the remedial effect of an order.[70] Third, they observe that the small increase in subject imports after the petition was filed did not lead to a significant increase in U.S. importers' end-of-period inventories of subject merchandise from China that otherwise would not be quickly depleted.[71]

Consistent with Commission practice, in these investigations we have considered data for the five months prior to and including the month in which the petition was filed (January 2016) and data for the five months following that month.[72] Based on a comparison of subject

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[62] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

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

[64] Petitioners' Prehearing Brief at 12-15.

[65] Petitioners' Prehearing Brief at 12-13.

[66] Petitioners' Prehearing Brief at 14.

[67] Petitioners' Prehearing Brief at 14.

[68] CMA's Prehearing Brief at 2-13; CMA's Posthearing Brief at 1-7; Respondents' Prehearing Brief at 101-106.

[69] CMA's Prehearing Brief at 2-3.

[70] CMA's Brief at 10-12.

[71] CMA's Brief at 12-13. CMA also argued that the Commission should give little or no weight to Commerce's finding of critical circumstances because it was wrong.

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

imports over the five-month periods before and after the January 2016 petition filings, we do not find a massive increase in subject imports warranting an affirmative critical circumstances determination. For purposes of our analysis for the antidumping duty critical circumstances determination, in the five months prior to the filing of the petition (September 2015 – January 2016), the volume of subject imports from China was *** million tires, and in the five months after the petition was filed (February 2016-June 2016) this volume was *** million tires.[73] Thus, subject imports from China increased by *** percent in the five months following the filing of the petition.

We do not find that these post-petition U.S. imports of truck and bus tires from China would undermine the remedial effect of the antidumping duty order that Commerce will issue. As discussed above, apparent U.S. consumption increased over the investigation period, thus the increase in subject imports occurred during a period of increasing demand. U.S importers' end-of-period inventories of subject merchandise from China in July 2016 totaled *** tires, higher than *** in January 2016 when the petition was filed. Having considered the domestic industry's condition, the adverse price effects of subject imports during the investigation period, and the moderate-to-high degree of substitutability between the subject imports from China and the domestic like product, in light of the increase in apparent U.S. consumption during this period, we note that the increase in subject imports is significant, but do not find evidence of a massive increase that would warrant retroactive application of suspension of liquidation – and imposition of duties – for a 90-day period. We do not find that the subject imports that entered the U.S. market after the petition filings would seriously undermine the remedial effect of the antidumping duty order that Commerce would issue. We determine that critical circumstances do not exist with respect to those imports from China of truck and bus tires subject to affirmative critical circumstances determinations in Commerce's final antidumping duty determination.

For purposes of our analysis for the countervailing duty critical circumstances determination, in the five months prior to the filing of the petition (September 2015 – January 2016), the volume of subject imports from China was *** million tires, and in the five months after the petition was filed (February 2016-June 2016) this volume was *** million tires, an increase of *** percent.[74] We do not find that these post-petition U.S. imports of truck and bus tires from China would undermine the remedial effect of the countervailing duty order that Commerce will issue. As discussed above, apparent U.S. consumption increased over the investigation period, thus the increase in subject imports occurred during a period of increasing demand. U.S importers' end-of-period inventories of subject merchandise from China in July 2016 totaled *** tires, higher than *** in January 2016 when the petition was filed.[75] Having considered the domestic industry's condition, the adverse price effects of subject imports during the investigation period, and the moderate-to-high degree of substitutability between the subject imports from China and the domestic like product, in light of the increase in apparent U.S. consumption during this period, we note that the increase in subject imports is significant, but do not find evidence of a massive increase that would warrant retroactive

[73] CR/PR at Table IV-6.
[74] CR/PR at Table IV-7.
[75] ***

application of suspension of liquidation – and imposition of duties – for a 90-day period. We do not find that the subject imports that entered the U.S. market after the petition filings would seriously undermine the remedial effect of the countervailing antidumping duty order that Commerce would issue. We determine that critical circumstances do not exist with respect to those imports from China of truck and bus tires subject to affirmative critical circumstances determinations in Commerce's final countervailing duty order.

Thus, we conclude that the imports subject to Commerce's critical circumstances determination are not likely to undermine seriously the remedial effect of the orders, if they were to be issued.

III. Conclusion

For the foregoing reasons, we find that the domestic industry producing truck and bus in the United States is materially injured by reason of subject imports from China. We further find that critical circumstances do not exist with respect to subject imports from China that are covered by Commerce's affirmative critical circumstances determinations.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"), Pittsburgh, Pennsylvania, on January 29, 2016, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of truck and bus tires [1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
January 29, 2016	Petition filed with Commerce and the Commission; institution of Commission investigations (81 FR 6042, February 4, 2016)
February 18	Commerce's notice of initiation of antidumping investigations (81 FR 9434, February 25, 2016) and countervailing duty investigations (81 FR 9428, February 25, 2016)
March 18	Commission's preliminary determination (81 FR 14888)
July 5	Commerce's preliminary countervailing duty determination (81 FR 43577)
September 6	Commerce's preliminary antidumping duty determination (81 FR 61186); scheduling of final phase of Commission investigation (81 FR 63494, September 15, 2016)
January 24, 2017	Commission's hearing
January 27	Commerce's final antidumping duty determination (82 FR 8599) and countervailing duty determination (82 FR 8606)
February 22	Commission's vote
March 13	Commission's views

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

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

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

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

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

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

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

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

Organization of report

Part I of this report presents information on the subject merchandise, subsidy 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

Truck and bus tires are used on a large number of types and sizes of vehicles designed to transport heavy cargo and passengers over roads and highways. The leading U.S. producers of truck and bus tires are Bridgestone Americas Tire Operations, LLC ("Bridgestone"), Continental Tire the Americas, LLC ("Continental"), The Goodyear Tire & Rubber Company ("Goodyear"), and Michelin North America, Inc. ("Michelin"), all of which are multinational companies. While leading producers of truck and bus tires outside the United States include Aeolus Tyre Co., Ltd. ("Aeolus"), Double Coin Holdings Ltd. ("Double Coin"), Giti Tire Group ("Giti"), Triangle Tyre Co., Ltd ("Triangle Tyre"), and Zhongce Rubber Group Company Limited ("Zhongce") of China. The leading U.S. importers of truck and bus tires from China are ***. Leading importers of truck and bus tires from nonsubject countries (primarily Canada, Germany, Japan, Thailand, and the United Kingdom) include ***. U.S. purchasers of truck and bus tires are firms that typically sell to dealers or directly to fleet owners.

Apparent U.S. consumption of truck and bus tires totaled approximately 26.5 million tires ($6.1 billion) in 2015. Currently, seven firms are known to produce truck and bus tires in the United States. U.S. producers' U.S. shipments of truck and bus tires totaled 12.1 million

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

tires ($3.6 billion) in 2015, and accounted for 45.6 percent of apparent U.S. consumption by quantity tires and 58.6 percent by value. U.S. imports from China totaled 8.9 million tires ($1.2 billion) in 2015 and accounted for 33.6 percent of apparent U.S. consumption by quantity and 19.7 percent by value. U.S. imports from nonsubject sources totaled 5.5 million tires ($1.3 billion) in 2015 and accounted for 20.8 percent of apparent U.S. consumption by quantity tires and 21.6 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in this proceeding is presented in appendix C, tables C-1-3. Except as noted, U.S. industry data are based on questionnaire responses of seven firms that accounted for virtually all of U.S. production of truck and bus tires during 2015. U.S. imports are based on official Commerce statistics and questionnaire responses received from 41 companies, representing *** percent of U.S. imports from China in 2015 under HTS statistical reporting numbers: 4011.20.1015 and 4011.20.5020.[6] [7] Useable responses to the Commission's foreign producers' or exporters' questionnaire were received from 39 firms in China, whose exports to the United States accounted for approximately 84.7 percent of U.S. imports of truck and bus tires from China during 2015. According to estimates provided by 37 of the Chinese producers that provided a response to this question, their combined production of truck and bus tires in China accounted for approximately 77.8 percent of overall production of truck and bus tires in China in 2015.

[6] Substantially all imports of truck and bus tires are believed to enter under the HTS statistical reporting numbers: 4011.20.1015 and 4011.20.5020. Conference transcript, p. 130-131 (Stewart).

[7] In the preliminary phase, petitioners argued that the Commission should rely on official import statistics, adjusted for share of truck and bus tire exports to the United States of mounted wheels by responding Chinese producers. In the final phase, four responding Chinese producers reported exports to the United States of mounted wheels in 2015, ranging from 24 percent to 70 percent of the firms' exports to the United States in 2015. These exports represented 791,000 tires or 10.5 percent of total reported exports to the United States in 2015.

Three U.S. importers reported U.S. commercial shipments of imports from China of mounted truck and bus tires. Of 2015 U.S. commercial shipments of imports from China, mounted truck and bus tires accounted for *** percent (approximately *** tires) by ***, *** percent (approximately *** tires) by ***, and *** percent (approximately *** tires) by ***. *** reported U.S. commercial shipments of imports from all other sources of mounted tires in 2015. One U.S. producer, *** reported that *** percent (*** tires) of its U.S. commercial shipments in 2015 were sold as a mounted truck or bus tires. These were ***.

PREVIOUS AND RELATED INVESTIGATIONS

Truck and bus tires have not been the subject of any prior countervailing or antidumping duty investigations in the United States. In 2015, the Commission conducted antidumping duty and countervailing duty investigations on certain passenger vehicle and light truck tires from China. The Commission determined that an industry in the United States are materially injured by reason of subject imports.[8] In 2013, the Commission and Commerce conducted sunset reviews of orders on certain new pneumatic off-the-road tires from China, and determined that they should remain in place.[9] In 2016, the Commission conducted preliminary phase investigations on certain new pneumatic off-the-road tires from China, India, and Sri Lanka. The Commission determined that there was a reasonable indication that a U.S. industry is materially injured by reason of imports of certain new pneumatic off-the-road tires from India that are allegedly sold in the United States at less than fair value and subsidized by the governments of India and Sri Lanka. The Commission further determined that imports of these products from China are negligible.[10]

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On July 5, 2016, Commerce published a notice in the *Federal Register* of its preliminary determination of countervailable subsidies for producers and exporters of product from China.[11] On January 27, 2017, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of product from China.[12] Table I-1 presents Commerce's findings of subsidization of truck and bus tires in China.

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[8] *Certain Passenger Vehicle and Light Truck Tires From China, Investigation Nos. 701-TA-522 and 731-TA-1258 (Final)*, USITC Publication 4545, August 2015, p. 1.

[9] *Certain New Pneumatic Off-the-Road Tires from China: Inv. Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. 1.

[10] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka*, 81 FR 10663, March 1, 2016.

[11] *Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Determination*, 81 FR 43577, July 5, 2016.

[12] *Truck and Bus Tires From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 8606, January 27, 2017.

Table I-1
Truck and bus tires: Commerce's preliminary and final subsidy determinations with respect to imports from China

Entity	Preliminary countervailable subsidy margin (*percent*)	Final countervailable subsidy margin (*percent*)
Shanghai Huayi Group Corporation Limited; Double Coin Holdings Ltd.; Double Coin Group (Jiangsu) Tyre Co., Ltd.; Double Coin Group (Chongqing) Tyre Co., Ltd.; Double Coin Group Shanghai Donghai Tyre Co. Ltd.; Double Coin Group (Xinjiang) Kunlun Tyre Co., Ltd.	17.06	38.61
Guizhou Tyre Import and Export Co., Ltd.; Guizhou Tyre Co., Ltd.	23.38	65.46
All others	20.22	52.04

Source: 81 FR 43577, July 5, 2016 and 82 FR 8606, January 27, 2017.

Sales at LTFV

On September 6, 2016 (amended on October 14, 2016), Commerce published a notice in the *Federal Register* of its preliminary determination of sales at LTFV with respect to imports from China.[13] On January 27, 2017, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China. [14] Table I-2 presents Commerce's findings of dumping of truck and bus tires in China.

Table I-2
Truck and bus tires: Commerce's preliminary and final dumping determinations with respect to imports from China

Entity	Preliminary dumping margin (*percent*)	Final dumping margin (*percent*)
Prinx Chengshan (Shandong) Tire Co., Ltd.	30.36	9.00
Non-selected separate rate respondents[1]	30.36	9.00
All others	30.36	22.57

[1] A full list of non-selected separate rate respondents are presented in appendix E.

Source: 81 FR 71051, October 14, 2016, and 82 FR 8599, January 27, 2017.

[13] *Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances, and Postponement of Final Determination*, 81 FR 61186, September 6, 2016. *Truck and Bus Tires from the People's Republic of China: Amended Preliminary Affirmative Determination of Sales at Less Than Fair Value*, 81 FR 71051, October 14, 2016.

[14] *Truck and Bus Tires From the People's Republic of China: Final Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstance*s, 82 FR 8599, January 27, 2017.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this proceeding as follows:

Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.

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

TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires;
MH – Identifies tires for mobile homes; and
HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.

All tires with a "TR," "MH," or "HC" suffix in their size designations are covered by this investigation regardless of their intended use.

In addition, all tires that lack one of the above suffix 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 "Truck-Bus" section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Truck and bus 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 truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.

Specifically excluded from the scope of this investigation are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; and (2) nonpneumatic tires, such as solid rubber tires.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to this proceeding is imported under the following provisions of the HTS (2017): statistical reporting numbers 4011.20.1015 and 4011.20.5020 (covering on-the-highway tires for buses and for trucks other than light trucks). HTS subheadings 4011.20.10 and 4011.20.50 have general duty rates of 4 percent and 3.4 percent ad valorem, respectively. [15] Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications[16]

Truck and bus tires defined by the scope of this proceeding are new pneumatic tires of rubber certified by the U.S. Department of Transportation ("DOT") for on-road or highway use. Subject tires are designed to be mounted on heavier commercial vehicles compared to the lighter on-road tires found on consumer passenger vehicles and commercial light trucks. Thus, subject truck and bus tires are correspondingly designed to support the higher load bearing requirements of heavier commercial vehicle platforms, and also are generally heavier, stronger, and larger. Subject commercial tires of this nature are produced in a large variety of types and sizes found on a huge range of commercial vehicles, from local delivery and municipal service trucks and buses in urban/regional settings, for example, to the large 18-wheel tractor-trailer rigs and passenger buses found in long-haul higher speed use on highways and interstate systems.

In the industry, truck and bus tires are typically referred to as medium commercial truck tires because they are the types that fit on medium duty DOT classifications of vehicles having gross vehicle weight ratings ("GVWR") ranging generally from 14,001 to 26,000 pounds exclusive of trailers and other attachments;[17] however, heavy duty vehicles having GVWR ratings of 26,001 to 33,000 pounds and above are also classified as types of vehicles that may be fitted with subject tires.[18] For example, the larger medium duty vehicles classified by DOT include buses, as well as medium size cargo and delivery trucks with 6 tires or more, while the

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[15] Tires meeting the scope description may also be imported under the following HTSUS provisions: (HTS 2016) 4011.69.0020, 4011.69.0090, 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590 and (HTS 2017) 8708.70.4530, 8708.70.6030, 8708.70.6060, and 8716.90.5059.

[16] Unless otherwise noted, this information is based on *Truck and Bus Tires From China, Investigation Nos. 701-TA-556 and 731-TA—1311 (Preliminary),* USITC Publication 4601, March 2016.

[17] E-mail correspondence from Rudy Consolacion, Executive Vice President, Tire and Rim Association, February 2, 2016.

[18] Max load for 18 wheel tractor-trailer rig in Virginia is 80,000 pounds. DMV pub.109, July 1, 2016.

larger heavy duty classifications include large delivery trucks, motor coaches, all tractor-trailer combinations, refuse trucks, and construction vehicles with 10 to 14 or more tires.[19]

Truck and bus tires of varying sizes and design configurations, radial or nonradial, tube type or tubeless, are produced domestically or imported into the United States for mounting to original equipment ("OE") vehicles or for the replacement requirements on used vehicles, each subject to the same DOT motor vehicle safety and sidewall marking standards.[20] Subject tires for the most part are produced and sold in four main types: (1) Steer tires, the two tires mounted to the front of the vehicle, (2) Drive tires, the tires mounted to the drive train of a given vehicle, (3) Trailer tires, mounted to free-rolling axles as load carriers, and (4) All-position tires, a combination principally of drive and steer tires that may be used in any of the three positions. Steer tires are considered the most important tire position. These are the tires at the very front of the vehicle that are responsible for steering. These tires directly affect the handling of the vehicle and the ride for the driver as well as the driver's ability to safely operate the vehicle. Steer tires typically feature a ribbed tread designed to channel water. Drive position tires are built to handle the stresses of the drive axles, transferring the power produced by the vehicle to the road. Drive tire treads are designed with a focus on traction, often a lug tread. Trailer position tires are designed for free-rolling axle positions as load carriers. In addition to more robust lug-type tread, the belt package on drive position tires will typically feature more robust belt package and possibly a higher number of plies than steer or trailer position tires, in order to handle the increased pressures of power transmission.[21]

Truck and Bus tires, whether radial or nonradial bias ply, are designed to fit on two major types of rims, 15 degree (15^{o}) drop center rims, and flat base rims. Tires mounted to 15^{o} drop center rims are specifically designed in half-inch rim sizes (14.5 to 24.5 inches) which fit on one piece rims, while those tires mounted to flat base rims are predominately of even inch rim sizes (15.0 to 25.0 inches) designed to fit on multi-piece rims. Tires designed to be mounted on one piece 15^{o} rims may be either of radial or nonradial bias ply but are believed to be predominately of tubeless steel belted radial design, while those mounted on multi-piece rims may also be of radial or nonradial bias ply design.[22] [23] The 22.5 inch tire is a popular size commonly found on trucks, buses, and trailers, while the 20.0 inch is also a popular size

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[19] Medium duty trucks are defined in ascending GVWR capacity as Class 3 through 6, and heavy duty as Class 7 and 8. "Field Operations Guide for Safety/Service Patrols," figure 21, U.S. Department of Transportation, December 2009. http://ops.fhwa.dot.gov/publications/fhwahop10014/index.htm, retrieved February 23, 2016.

[20] Federal Motor Vehicle Safety Standard No. 119 (49 CFR 571.119).

[21] Petitioners' postconference, exh. 6, question # 16 (Cantrell), February 24, 2016, pp. 4-5.

[22] "Tire and Rim Association 2016 Yearbook," Truck-Bus section.

[23] The drop center rim allows the tire to be "button-hooked" on the rim during tire mounting. A flat base rim requires that one of the flanges be removable to fit the tire onto the rim. Flat base multi-piece rims are usually designed for the larger (than passenger and light truck), i.e, truck-bus, agricultural and OTR tires because of the size of the tires. It's easier to remove a rim flange to dismount and mount a tire. Flat base rims are also used for both bias and radial as well as tube-type and tubeless applications. E-mail correspondence ***.

reported in the Tire and Rim Association Year Book Truck-Bus Section. A standard subject 22.5 inch radial tire typically is constructed normally with a load range designation of G or H (14 to 16 ply rating equivalent), and a load index of 134 to 146 (5,200 – 6,600 pounds load bearing equivalent at a specified air pressure),[24] together with a speed symbol of L, specifying a maximum allowable safe speed of 75 miles per hour. In the even sizes, the 20.0 rim diameter10R20 radial[25] [26] is a size having specifications similar to that of the 22.5 inch radial. The load range of truck and bus tires can reach up to an M designation, equivalent to a ply rating of 22, and a load index typically up to around 170, equivalent to a tire's load bearing capability of 13,200 pounds. Speed ratings can range from a designation of F (50 miles per hour) up to N (87 miles per hour).[27] [28]

Unlike lighter consumer tires, subject commercial truck and bus tires having a premium casing following wear-down to the 2/32nd inch tread depth minimum recommended for replacement, may be retreaded. Truck and bus tires may be retreaded several times, many as much as three times or more by the same new truck and bus tire producers, namely, Bridgestone, Goodyear, Michelin, and Continental,[29] their franchisees, or independent third party dealers.[30] [31] This is a cost effective way of significantly reducing tire costs over the long term. These retreaded tires may be used on all positions, steer, drive, and trailer,[32] except for bus tires which by DOT standards must only use new tires at all times on the front wheels.[33] Truck tires worn to no more than 2/32nd inch may also be regrooved if kept to a tread depth of 4/32 inch minimum above the top belt.[34] [35]

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[24] Truck and bus tire air pressures typically range from 65 to 120 pounds per square inch ("psi").

[25] The 10.00R20 radial and 10.00-20 bias ply tires have the same approved rim contours, and in theory the radial can replace the bias. If the bias required a tube because the 2-piece rim doesn't have a seal between the halves, then a tube can be fitted into the radial tire to be used on the same rim. E-mail correspondence ***.

[26] According to Intermodal chassis personnel, ***. ***. Responses to staff questions, Attachment A, IICL posthearing brief, January 31, 2017.

[27] "Medium & Light Truck Tire Data Book," Bridgestone, 2015.

[28] Ibid; while there is no industry-wide definition of ply rating, truck tires are frequently marked with ply rating and equivalent load range.

[29] Hearing transcript, pp. 157-158 (Pearson).

[30] U.S. Producers' questionnaire responses, sections I-7, III-9e, III-18, and IV-18. Goodyear's wholly-owned subsidiary "Wingfoot" retreads and Bridgestone's "Bandag" retreads are popularly used in the truck and bus tire sectors.

[31] "2016 MTD Top Retreaders in the U.S.," Modern Tire Dealer, April 19, 2016.

[32] Once the tread on a truck and bus tire wears to its useful limit, the casing of the tire will often be retreaded, and a steer position tire may become a drive position or trailer position retreaded tire. And that tire may then again be retreaded into another tire position. Petitioners' postconference exh. 6, question # 16 (Cantrell), February 24, 2016, p. 5.

[33] 49 CFR 393.75.

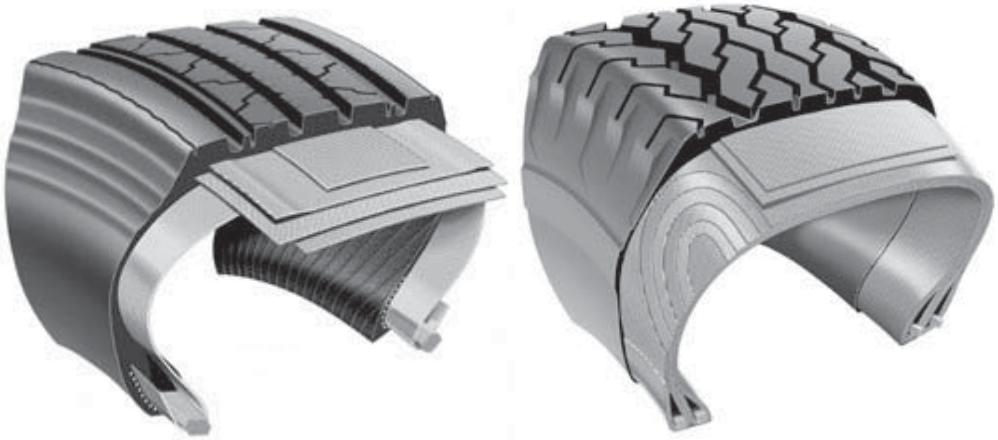
[34] Bridgestone, Continental, Goodyear and Michelin Truck Tire Data Books.

[35] Federal Motor Vehicle Safety Standard No. 119 (49 CFR 571.119); 49 CFR 393.75.

Radial tire design employed in most subject on-road truck and bus tires produced in the United States today, began to replace the bias ply design as early as the mid-1970s, and by the early-1990s was the predominate tire type produced for most on-road OE and replacement tire markets.[36] [37] Radial tires provide superior strength, handling, ride quality, wear resistance, and more efficient rolling performance resulting in fuel savings and mileage advantages, in addition to superior resistance to tire heat buildup at higher speeds. Although truck and bus tires are available in the market in both radial and bias construction, tube and tubeless, truck and bus markets have typically moved away from traditional bias tires toward radials as noted,[38] with the exceptions of certain existing markets for bias ply tires.[39] Figure I-1 compares steel belted radial body ply construction, predominately used for truck and bus tires, to that of bias ply construction.

Figure I-1
Truck and bus tires: Radial and bias ply construction

Radial ***Bias/Diagonal***



Source: "Bridgestone 2015 Truck Tire Data Book."

Radial steel body ply cords are placed straight across the tire from bead to bead. In addition, radial tires have steel belt plies, which run circumferentially around the tires, under the tread. They constrict the radial ply cords and stabilize the tread area. Bias/diagonal tires have multiple layers of fabric plies with the cords in adjacent plies running in alternate diagonal directions from bead to bead. The tires may also have narrow plies under the tread, called breakers, with cords that lie in approximately the same direction as the body ply cords. Although bias ply tires may be produced by more fundamental processes than radial tires, bias

[36] "U.S. Tire Industry Facts," Rubber Manufacturers Association, 2006.

[37] Conference transcript, pp. 135, 136 (Stewart); respondent "IICL" postconference brief, February 2016, p. 2.

[38] Petitioners' postconference, exh. 6, question # 16 (Cantrell), p. 2; Conference transcript, February 19, 2016, pp. 125-26 (Stewart),

[39] Hearing transcript, pp. 53-54 (Drake).

ply tire's plies twist more as the tire rolls, creating friction and heat buildup, increasing rolling resistance and decreasing fuel economy.[40] These factors lead to reduced mileage capabilities, accelerated tire wear, and the increased risk of tire failure.[41] The type of construction can be determined by looking at the size designation molded on the tire's sidewall. Radial truck tire sizes have an "R" in the size designation while bias/diagonal truck tire sizes have a hyphen in the size description. For example, a 10R20 tire (10 inches wide and 20 inches in rim diameter) is a radial, while an equivalent size 10-20 designated tire is a bias-ply. In addition, all radial tires have the word "RADIAL" molded onto the sidewall. All radial truck tires also use an "R" in the size designation, e.g., 285/75R24.5.[42] Both types of tires are appropriately marked according to DOT specifications.[43]

Truck and bus tires produced domestically or imported into the United States are predominately of tubeless steel belted radial ply construction design as illustrated in figure I-2. The tire shown is typical of an all-position steer tire having a relatively smooth rib type tread with deep grooves, and mounted to a single piece wheel. Underneath the tread are four circumferential reinforcing steel belts and radial steel body ply cord, which run straight across the tire from bead to bead. Also shown is the butyl rubber innerliner, which inhibits air loss to maintain constant tire air pressure, a key element of tubeless design. A heavy steel bead bundle design securely anchors the tire rim to the wheel providing an airtight seal, superior strength, and stability necessary for extended heavy on-road and highway applications. Truck and bus tire sidewalls also contain heavy reinforcement designed to prevent scuffing and other sidewall damage.

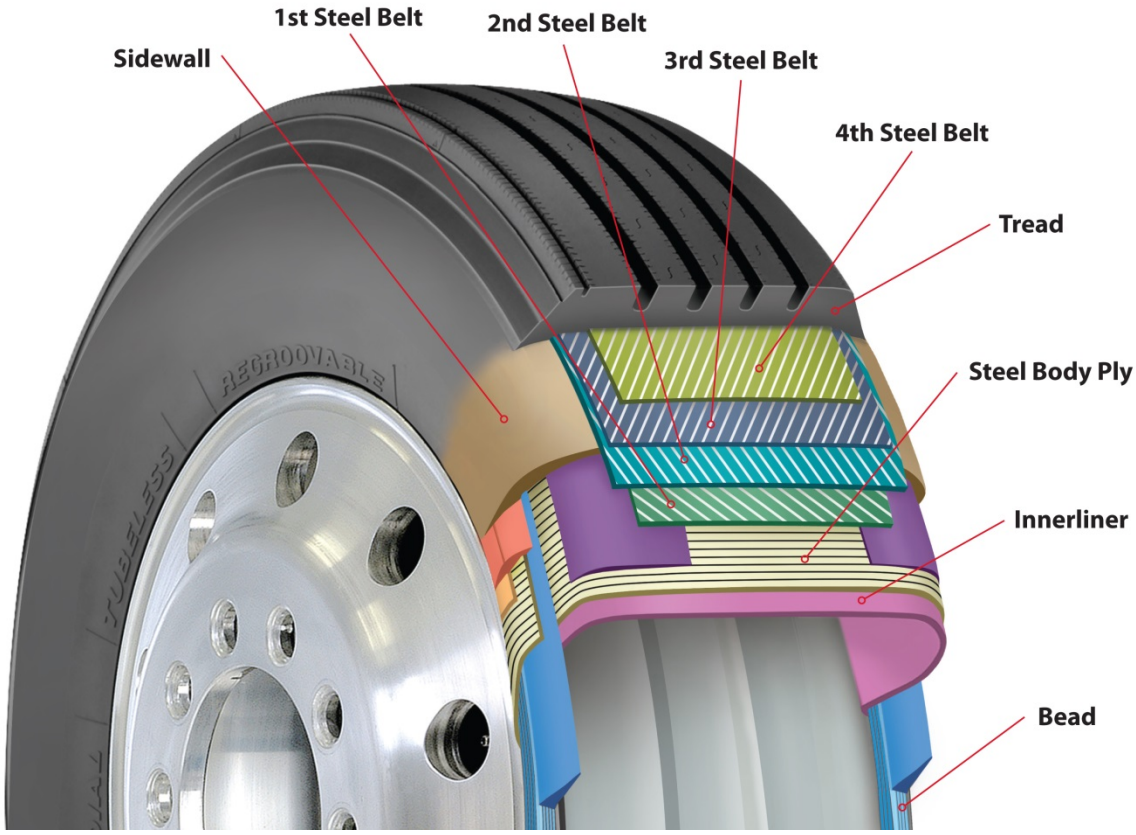
[40] Institute of International Container Lessors Ltd. ("IICL") members purchase bias ply tube-type tires from importers of the product from China and lease intermodal chassis trailers on which the tires are mounted on two-part rims, the tires of which it claims have not been produced for over 20 years in the United States. Hearing transcript, pp. 173 – 183 (Vaughan and Jackson).

[41] National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005.

[42] "Bridgestone 2015 Truck Tire Data Book."

[43] Certain of IICL's exhibits to its prehearing brief publicly display in detail the various two-piece rim components and markings on bias ply tube-type trailer tires imported from China. IICL's prehearing brief, January 12, 2017.

Figure I-2
Truck and bus tires: Radial tire construction features



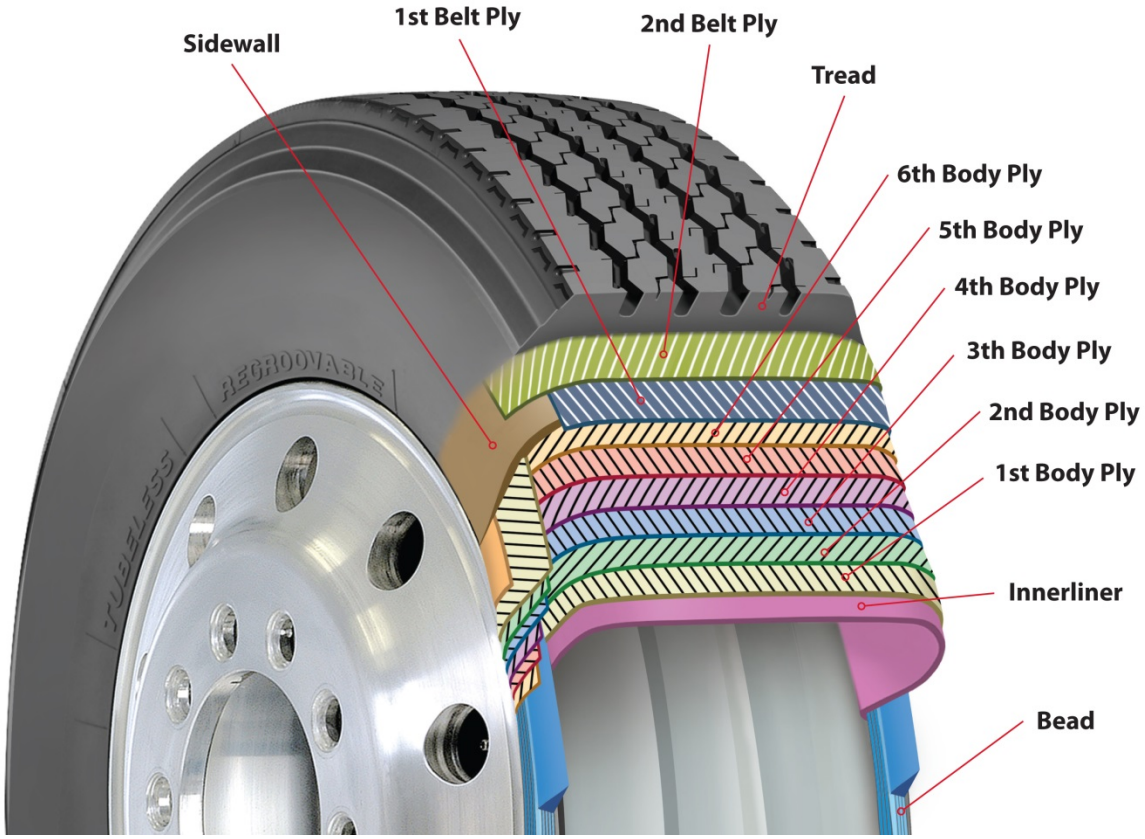
Source: "Truck Bus Care and Service information," Rubber Manufacturers Association ("RMA").

A tubeless bias ply truck and bus tire of the type shown in the following figure I-3, is reportedly produced in China. Its use is thought to be diminishing in part because of improving road and highway conditions more applicable to the use of radial tires compared to the poorer road conditions of the past where there was higher demand for bias tires simply because of their wearability.[44] [45]

[44] Conference transcript, Februay 19, 2016, pp. 136-137 (Stewart).

[45] Flat base multi-piece rims are also used for both bias and radial ply tires as well as for tube-type or tubeless applications. E-mail correspondence ***.

Figure I-3
Truck and bus tires: Bias ply tire construction features



Source: "Truck Bus Care and Service information," Rubber Manufacturers Association.

The tire shown is mounted to a one piece wheel, and is somewhat typical of an all-position drive tire having a tread pattern designed for improved traction compared to the all-position steer tire of figure I-2. The tire construction features two stabilizing diagonal reinforcing belt plies positioned directly underneath the tread, together with six reinforcing fabric body plies arranged in the familiar herringbone construction pattern typical of bias ply design as opposed to the steel construction features of radial design. This tire also features an innerliner intended to prevent migration of air from the tire to maintain relatively constant tire air pressure.[46]

Rules and regulations and testing procedures for truck and bus tires are promulgated under Title 49 of the Code of Federal Regulations ("CFR"), administered principally by

[46] Tubeless bias ply tires are reportedly designed for mounting on a one piece rim, and can require extra wraps of inner liner to maintain constant air pressure. It was further explained that respondent IICL's bias ply tires were mounted to a two piece rim which requires a tube. Conference transcript, February 19, 2016, pp. 177-178 (Juarez).

Department of Transportation through the National Highway Traffic Safety Administration ("NHTSA") and the Federal Motor Carrier Safety Administration ("FMCSA").[47] NHTSA Standard No 119, 49 CFR 571.119, governs regulations for new pneumatic tires for motor vehicles with a GVWR of more than 10,000 pounds, the purpose of which is to provide safe operational performance levels. Regulations include sidewall marking standards for subject vehicles.[48] Tire sidewall marking requirements include:

(a) The DOT symbol certifying that the tire conforms to applicable Federal motor vehicle safety standards as marked on one sidewall.
(b) The tire identification number ("TIN") required by FMCSA 49 CFR 574, marked on one sidewall. (The TIN identifies the plant, manufacturer, brand name owner, and date of manufacture, DOT certification, tire and construction types, and other useful information).
(c) The tire size identification.
(d) The maximum load rating and inflation pressure of the tire.[49]
(e) The speed restriction of the tire, e.g., 55mph or less.
(f) The number of plies and composition of the ply cord material in the sidewall and, if different, in the tread area.
(g) The words "tubeless" or "tube type" as applicable.
(h) The word "regroovable" if the tire is designed for regrooving.
(i) The word "radial" if a radial tire.
(j) The letter designating the tire load range.

In the United States, truck and bus tire producers have generally adopted the Tire and Rim Association ("TRA") standards for various tire sizes and other selected specifications. TRA standards identify the type of equipment on which the tire is used, the tire type and size, the speed and load carrying ply ratings, and designations which typically are molded into the sidewall. Foreign tires may not conform to all TRA standards, but must conform to all DOT regulations as described above.[50] Selected examples of TRA tire standards for subject truck and bus tire types are described in table I-3.[51]

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[47] 49 CFR 574, http://www.ecfr.gov/cgi-bin/text-idx?SID=e9e04d1dbab6285f7e27151cad41ed25&mc=true&node=pt49.7.574&rgn=div5 , retrieved February 26, 2016.

[48] 49 CFR 571, http://www.ecfr.gov/cgi-bin/text-idx?SID=447283b0e6709f336ab69f44b127cbad&mc=true&tpl=/ecfrbrowse/Title49/49cfr571_main_02.tpl, retrieved February 26, 2016. Petition, exh. I-5.

[49] For trucks, includes maximum load rating and inflation pressure of the tire when used as a dual.

[50] Certain Chinese and Indian tire industry officials are affiliates of TRA. *Tire and Rim Association 2016 Year Book*.

[51] A bias ply construction tire is designated by a dash symbol (-) as opposed to a radial tire designated by the symbol R shown in table I-3; e.g., 11-22.5 H 146/143L as opposed to 11R22.5H 146/143L

Table I-3
Truck and bus tires: Tire and Rim Association specifications

Truck-Bus tire: 11R22.5 H 146/143L		Truck-Bus metric tire: 255/70R22.5 G 138/134L		Truck-Bus Trailer tire: 8R17.5HC F 122/120L	
11	Width of tire cross section (inches)	255	Width of tire cross section in millimeters (10.04 in.)	8	Width of tire cross section (inches)
N/A	Aspect ratio (ratio of sidewall height to section width-%)	70	Aspect ratio (ratio of sidewall height to section width-%)	N/A	Aspect ratio (ratio of sidewall height to section width-%)
R	Radial ply	R	Radial Ply	R	Radial ply
22.5	Rim diameter (inches)	22.5	Rim diameter (inches)	17.5	Rim diameter (inches)
N/A	Suffix	N/A	Suffix	HC	Suffix (For use on low platform trailers)
H	Load Range (16 ply)	G	Load Range (14 ply)	F	Load Range (12 Ply)
146/143	Load Index (single/dual) 6,600/6,000 pounds @ 120 psi	138/134	Load Index (single/dual) 5,500/5,200 pounds @ 110 psi @110psi@110psi	122/120	Load Index (Single/Dual) 3,300/3,100 pounds @110psi
L	Speed Symbol (75 mph)	L	Speed Symbol (75 mph)	L	Speed Symbol (75 mph)

Source: *2016 Year Book*, Tire and Rim Association, pp. 3-01 – 3-30.

According to the scope definition, subject truck and bus tires may also have molded into the tire sidewall the suffix designations "TR" to differentiate subject tires from passenger and light truck tires, "MH" for motor homes, and "HC" which identifies a 17.5 inch rim diameter code for use on low platform trailers. Additionally, it appears that there are variable standards for subject tire sidewall markings across U.S. industry producers of truck and bus tires; for example, Michelin uses specific letters to identify different types of tread patterns or casing construction, and tire service applications.[52] [53]

Manufacturing processes[54]

U.S. tire production processes have changed appreciably since the introduction of the tubeless steel belted radial tire back in the 1970s, as automation has replaced many of the manual operations formerly involved in truck and bus tire building.[55] Truck and bus tire production technology is highly specialized and production is only accomplished on dedicated equipment in separate areas by employees specifically trained for this purpose.[56] Each manufacturer typically employs proprietary automated processes in the production of its particular line of tires. Tire production uses a large variety of tire component compounds

[52] "Michelin Truck Tire Data Book," Petition, exh. I-7.

[53] Petitioners' postconference exh. 6, question # 16 (Cantrell), February 24, 2016, pp.6-7.

[54] Unless otherwise noted this information is based on *Truck and Bus Tires From China, Investigation Nos. 701-TA-556 and 731-TA—1311 (Preliminary),* USITC Publication 4601, March 2016.

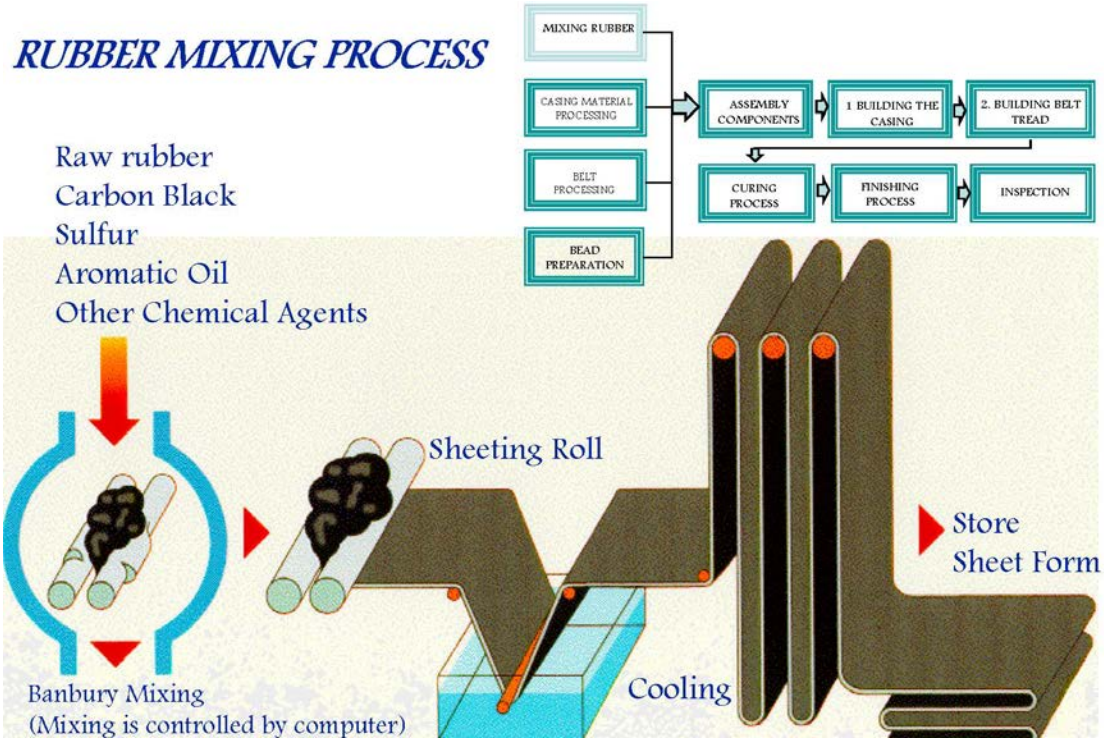
[55] Conference transcript, p. 175 (Wright).

[56] Conference transcript, industry representatives' prepared statements, pp. 96-101 (O'Shei); pp. 101-106 (Wright); pp. 106-110 (Juarez), February 19, 2016.

produced from natural and synthetic rubber, including textile and steel reinforcement plies and belts and rubberized steel bundles that form the tire's rim bead.[57] Natural rubber is used in higher proportions relative to synthetic rubber compared to lighter consumer tires.[58]

Several basic operations are required in the production of truck and bus tires as shown in the block process flow diagrams in figure I-4. The major processes are (1) base rubber batch formulation and mixing; (2) tire component processing; (3) tire component assembly (tire building); (4) tire curing (molding and vulcanization); and (5) finishing and inspection.[59] [60]

Figure I-4
Truck and bus tires: Process flow diagrams and rubber mixing process



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

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

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[57] Ibid.

[58] "Anatomy of a Tire", http://infohouse.p2ric.org/ref/11/10504/html/intro/tire.htm, retrieved February 28, 2016.

[59] Conference transcript, industry representatives' prepared statements, pp. 96-101 (O'Shei); pp. 101-106 (Wright); pp. 106-110 (Juarez); pp. 171-174 (Johnson), February 19, 2016.

[60] Petitioners' postconference, exh. 6, question # 16 (Cantrell), February 24, 2016, exh. I – 17.

The base rubber batch formulation preparation stage involves the mixing of the various rubbers and selected raw materials into several different types of compounds or recipes designed for specific downstream process end uses, as shown in figure I-4. Each batch is placed into a Banbury mixer where the rubber is heated, softened, and 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.

Several different types of equipment are used to process the rubber formulations into multiple truck and bus tire components. Following milling of the various rubber recipes into thick sheets, 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 the tubeless tire casings. Calendars are also used to coat tire cord fabric or wire with selected rubber formulations for reinforcement of the tire casing which supports the weight of the vehicle.

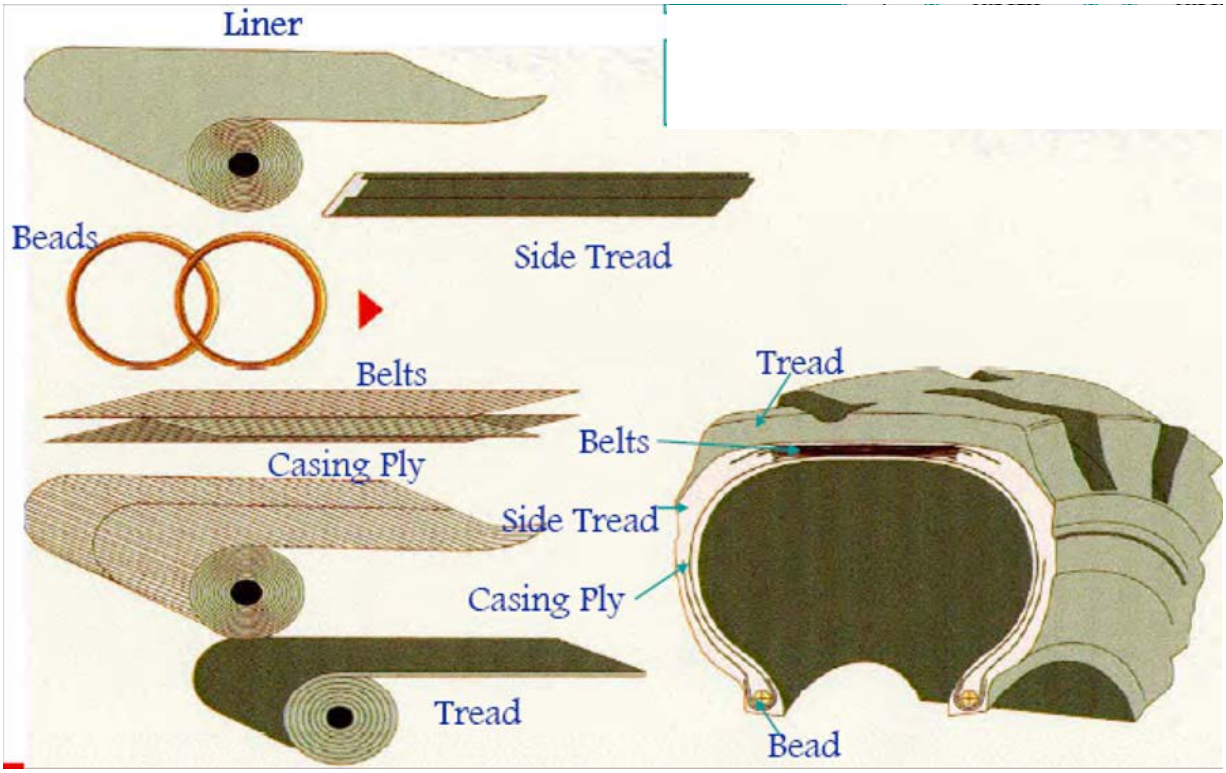
Machines called wire winders are used to apply a given rubber batch coating to the bead wire and wrap it into an exact circular dimension needed to hold the tubeless tire securely to a given steel wheel. The smooth rubber pieces that will eventually become treads and sidewalls are produced with machines called extruders which force various softened rubber compounds of synthetic rubbers and natural rubber through a die to produce the desired configurations. The tread and sidewall rubbers typically consist of mixtures of the synthetic rubbers styrene-butadiene ("SBR") and butadiene rubber ("BR") in combination with natural rubber ("NR").

The multiple components that are processed into rubberized assembly elements in preparation for the tire building process are shown in figure I-5.[61] [62]

[61] *Certain New Pneumatic Off-the-Road Tires from China, India, and Sri Lanka, Investigations Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary),* Staff Report, February 12, 2016, p. I-25.

[62] Petitioners' postconference, exh. 6, question # 16 (Cantrell), February 24, 2016, exhibits 5-6.

Figure I-5
Truck and bus tires: Tire assembly components



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

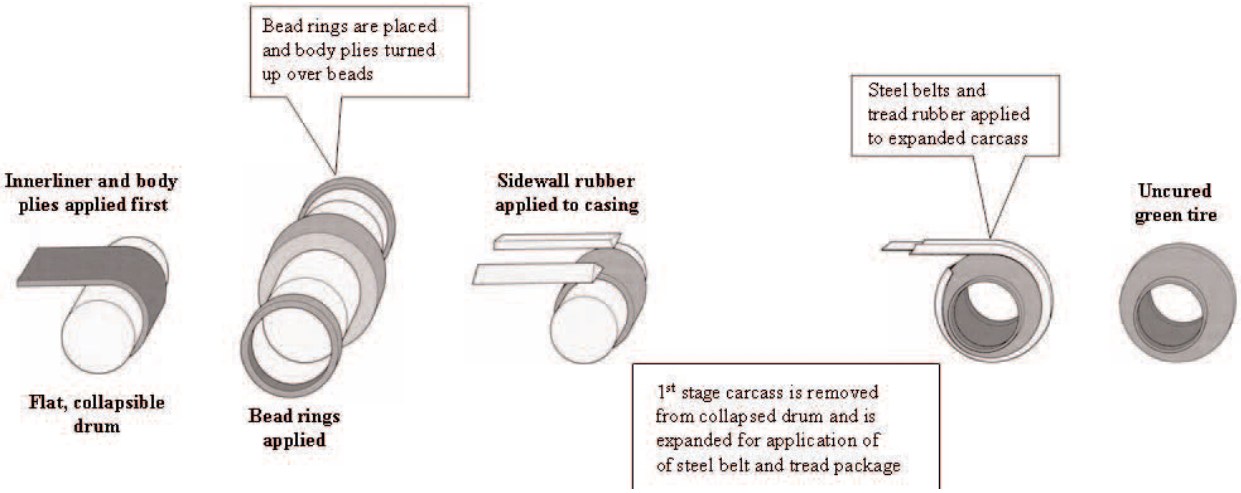
Truck and bus tire building is where the above individual components are sequentially assembled by employees in a circular fashion about horizontally positioned cylindrical tire building drums to create a green (uncured) tire structure. Tire assembly may proceed in either one or two stages. Many bias ply assemblies may be completed in one stage,[63] while radial tire building often proceeds in two stages or more as shown in figure I-6.[64] In the first stage, the steel belts and radial ply are assembled on an inflatable rotating drum to a diameter that is close to that of the final tire. Several tire manufacturers and equipment vendors have devised automated tire assembly equipment that combines several assembly steps or links them into a continuous process.[65]

[63] *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.

[64] Conference transcript, February 19, 2016, p. 175 (Wright).

[65] 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.

Figure I-6
Truck and bus tires: tire assembly process



Source: National Highway Traffic Safety Administration (NHTSA). "The Pneumatic Tire," 2005, and Commission Staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

Radial ply construction involves placing parallel steel or fabric piles around the drum circumference that run "radially" from bead to bead at right angles to the direction of tire travel. In bias ply tire building, the tire cord reinforcement plies are placed at alternating angles around the drum circumference as the assembly proceeds so its configuration in the finished tire will result in a crisscross herringbone reinforcement pattern running from bead to bead at angles to the direction of travel. The green (uncured) tire assembly is removed from the drum and positioned with several others for transfer to the final molding and curing process.

The final molding and curing process involves the placement of the green tire assembly about a bladder sleeve in a circular curing press tire mold of the appropriate configuration as shown in figure I-7. After the curing press is closed, the bladder is injected with steam and expanded to force the green tire assembly out against the mold walls. The green tire thus takes on the configuration of the tire mold, including that of the sidewall and tread, together with multiple sidewall designations. Vulcanization or curing of the green tire takes place in the mold at elevated temperature and pressure. Curing times vary depending upon the size and particular design of the tire;[66] each tire model requires its own mold. During vulcanization, the original weak green tire rubber becomes 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.[67]

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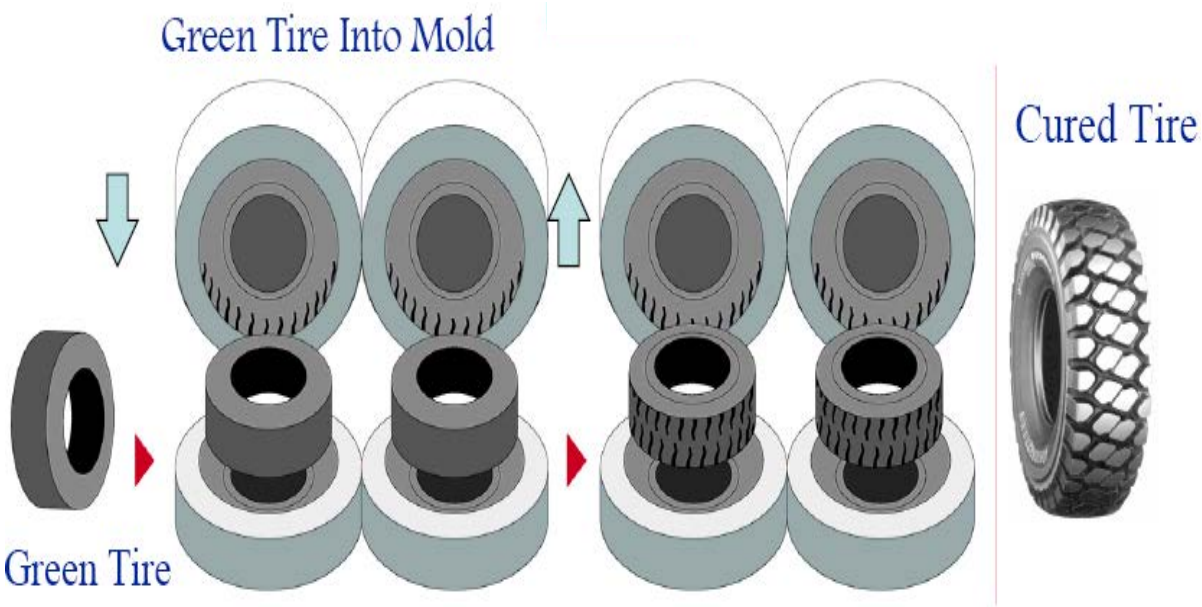
[66] Curing takes more time for the subject tires compared to consumer passenger and light truck tires, because of the size, weight and scale of the 22.5 and 24-inch rim diameter truck and bus tires. Conference transcript, February 19, 2016, p. 172 (Johnson).

[67] *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.

Figure I-7
Truck and bus tires: Tire curing process



Source: Bridgestone Firestone North America (BFNA), staff field trip, July 19, 2007 and 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.[68] The tires that pass inspection are then moved to a warehouse for storage and shipping. Finished, unmounted tires are coded for tracking, and to identify the plant of manufacture and other information.

[68] Petitioners' postconference exh. 6, question # 16 (Cantrell), February 24, 2016, exhibits 5-6.

DOMESTIC LIKE PRODUCT ISSUES

The Commission, for the purposes of its preliminary determinations, defined a single like product corresponding to the scope of the investigations.[69]

The petitioners propose that the domestic like product be coextensive with the scope of these investigations.[70] The respondents, in the preliminary phase of these investigations and in their prehearing brief in the final phase of these investigations, proposed that 10x20 bias tube tires constitute a separate and distinct like product.[71] Respondents in their posthearing brief propose that bias ply tube-type tires, including those that are 10.00 X 20 tires for use on two-piece rims on marine intermodal chassis, constitute a separate and distinct like-product.[72]

The Commission, for the purposes of its preliminary determinations, defined a single like product corresponding to the scope of the investigations. The Commission stated that the record does not indicate that there is a clear dividing line between 10 X 20 bias ply tube tires and all other truck and bus tires that are also in the scope of these investigations. The Commission noted that all truck and bus tires, including 10 X 20 bias ply tube tires, share the same physical characteristics insofar as they are produced from the same raw materials and have the same basic components and features, and must be capable of supporting vehicles with a GVWR of more than 10,000 pounds and are subject to Federal Motor Vehicle Safety regulations for such tires.[73]

While acknowledging that there appeared to be limited interchangeability between 10 X 20 bias ply tube tires used for intermodal marine chassis and all other truck and bus tires, the Commission stated that the record indicated that at least some intermodal marine chassis used other radial tires or 11 X 22.5 tubeless bias ply tires. The Commission also found that the limited information on manufacturing facilities and processes, producer and customer perceptions, and price did not support a finding of a clear dividing line between 10 X 20 bias ply tube tires and other types of in scope truck and bus tires. Accordingly, the Commission found that all bus and truck tires in the scope constituted a single domestic like product.[74] [75]

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[69] *Truck and Bus Tires from China, Invs. Nos. 701-TA-556 and 731-TA-1311 (Preliminary)*, USITC Publication 4601, March 2016, pp. 11-12.

[70] Petitioners' prehearing brief, p. 8, conference transcript, p. 12 (Stewart), hearing transcript, p. 53 (Drake), and petitioners' posthearing brief, exh. Answer to Commission Williamson question #1.

[71] Respondent IICL prehearing brief, p. 3 and pp. 9-23, Conference transcript, pp. 16 and 26 (Marshak), Chinese respondent prehearing brief, p. 17, and Chinese respondents' comments on draft questionnaires, p. 3.

[72] Respondent IICL posthearing brief, p. 4.

[73] *Truck and Bus Tires from China, Invs. Nos. 701-TA-556 and 731-TA-1311 (Preliminary)*, USITC Publication 4601, March 2016, pp. 10-12.

[74] *Truck and Bus Tires from China, Invs. Nos. 701-TA-556 and 731-TA-1311 (Preliminary)*, USITC Publication 4601, March 2016, pp. 11-12.

[75] In addition, the Commission, noting that no party advocated including retreaded tires in the domestic like product, did not include retreaded tires in the domestic like product for purposes of its

(*continued*...)

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.[76]

Physical characteristics and uses

Respondents argue that bias tube tires have several physical characteristics different than other truck and bus tires, namely a more forgiving casing or sidewall as a result of the use of nylon cord rather than steel plies; the use of a tube; and the use of a two piece rim. These characteristics allow a bias tube tire to be used in a harsh environment such as for intermodal use during which there is a high extent of tire sidewalls impact and exposure to water.

Petitioners note that all truck and bus tires are made from the same basic raw material and that there are other truck and bus tires, such as radials in an interchangeable size and 11x22.5 tubeless bias ply tires, which can be used on an intermodal chassis.[77]

***.[78]

Manufacturing facilities and production employees

Respondents contend that there is a significant difference in the production of bias truck and bus tires and radial truck and bus tires, in particular with regard to the use of nylon versus steel, method of adhering nylon cord and steel to rubber tire, machinery to cut fiber and steel, building of the tire tread and sidewalls, building the tire structure, curing molds, and extent of quality inspection. In addition, the respondents cite the responses of Chinese

(…*continued*)
preliminary determinations. *Truck and Bus Tires from China, Invs. Nos. 701-TA-556 and 731-TA-1311 (Preliminary)*, USITC Publication 4601, March 2016, p 13.

[76] Data on U.S. production of bias tube truck and bus tires is presented in tables C-2 and C-3.

[77] Hearing transcript, p. 54 (Drake), petitioners' posthearing brief, exh. Answer to Commission Williamson question #1, p. 2, and petitioners' prehearing brief, p. 9.

[78] Email from ***, January 31, 2017.

producers regarding bias tires, in which these firms stated that the production lines and workers are different between bias and radial truck and bus tires.[79] [80]

Petitioners' argue that there is no difference between the production processes for different kinds of bias truck and bus tires, and that it is similar to the radial production process, with the limited differences in the tire building part of the production process.[81]

*** stated that bias tubed tires are mostly comparable in terms of manufacturing facilities and production employees as there are some different equipment used but these tires can be manufactured in the same facilities. Two of the four Chinese producers that provided responses to the respondent's inquiry on bias tires, stated that the manufacturing facilities and workers are basically the same for bias tubeless and bias tube truck and bus tires. Two Chinese producers reported that some of the production process and equipment is the same for the production of bias and radial truck and bus tires, and one stated that these are unique.[82]

Interchangeability

Respondents contend that there is limited interchangeability between bias ply tubed tires and other truck and bus tires. They point out that the interchangeability is limited by the use of two piece rims in some applications, such as intermodal marine chassis, which can only be used for tubed tires. Respondents note that bias ply and radial tires cannot be used concurrently on an intermodal marine chassis.[83] In addition, the respondents point to the physical characteristic described above, that make them suitable for particular uses and limit interchangeability.

As noted above the petitioners contend that other truck and bus tires can be used in same applications as bias tube truck and bus tires.

*** stated that bias tubed tires are fully comparable in terms of interchangeability to all bias ply and radial tires, noting that radials can be used as replacements. As presented in part II of this report, U.S. producers were mixed on whether radial truck and bus tires are interchangeable with bias ply truck and bus tires. The majority of responding importers and purchasers indicated that radial truck and bus tires are sometimes or never interchangeable with bias tires whether tube or tubeless. In addition, a purchaser reported that radial tires and bias tires could not be used on the same {intermodal marine} chassis because the two types of tires move, flex, and preform differently, causing a safety hazard.

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[79] Respondent IICL prehearing brief, p. 16 and exh. 6, and respondent IICL posthearing brier, pp. 11-12.

[80] The respondents state the vast majority of bias tube tires imported into the United States were 10.00 X 20 tires for intermodal chassis use. Moreover, these have not been manufactured in the United States for over 20 years and do not compete with other truck and bus tires produced in the United States. Respondent IICL posthearing brief, p. 5.

[81] Hearing transcript, p. 54 (Drake) and petitioners' posthearing brief, exh. Answer to Commission Williamson question #1, p. 3.

[82] Respondent IICL posthearing brief, exh. 6.

[83] Hearing transcript, p. 175 (Vaughan).

Customer and producer perceptions

Respondents argue bias tube tires are perceived as different than radial tires, given the differences and use in different application. Respondents note that radial tires are tires of choice for long haul, on road use, while bias tube tires are ill-suited for that use and are only best suited for short hauls, in harsh conditions, over rugged terrain, such as in marine terminal environment.[84]

Petitioners state that customers and producers perceive all truck and use tires as similar products with the same basic physical properties and essential function.[85]

*** stated that bias tubed tires are fully comparable in terms of customer and producer perceptions to all bias ply and radial tires, noting that other bias ply and radial tires are not economical because of low cost Chinese product.

Channels of distribution

Respondents didn't specifically address channels of distribution of bias tube truck and bus tires, but stated that 10x20 bias tube tires for use in intermodal chassis industry, which were the majority of the imported bias tube truck and bus tires, are a different channel of distribution. The 10x20 bias tube tires are sold primarily by importers to IICL members for use as replacement tires, while radial tires are generally sold to bus, truck, and trailer manufacturers as original equipment on new vehicles or to wholesalers and distributors for resale in the replacement market.[86]

Petitioners note that many of the sale dealers that sell 10x20 bias tube tires also sell other types of truck and bus tires, including radial truck and bus tires.[87]

*** stated that bias tubed tires are fully comparable in terms of channels of distribution to all bias ply and radial tires, noting that bias tires and radials have the same distribution. *** reported that ***.[88]

Price

Respondents state that there are significant price differences between bias tube tires and other truck and bus tires, noting that 10x20 bias tube tires are priced approximately 25 percent lower than the radial equivalent.[89]

Petitioners argue that all truck and bus tires are sold across a broad range of price points.[90]

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[84] Respondent IICL prehearing brief, pp. 18-19.

[85] Hearing transcript, p. 54 (Drake) and petitioners' posthearing brief, exh. Answer to Commission Williamson question #1, p. 3.

[86] Respondent IICL prehearing brief, p. 18.

[87] Petitioners' posthearing brief, exh. Answer to Commission Williamson question #1, p. 3.

[88] Email from ***, February 6, 2017.

[89] Respondent IICL posthearing brief, p. 11.

*** stated that bias tubed tires are fully comparable in terms of interchangeability to all bias ply based upon material content, and mostly comparable to radial tires, noting that radial tires will be higher. As shown in parts III and IV of this report, the average unit value for U.S. producers' U.S. commercial shipments of bias tube truck and bus tires ranged from $*** per tire, while U.S. imports of bias tube truck and bus tires from China ranged from $*** per tire during January 2013-September 2016.

(…*continued*)

[90] Petitioners' posthearing brief, exh. Answer to Commission Williamson question #1, p. 3.

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

U.S. MARKET CHARACTERISTICS

Truck and bus tires are pneumatic tires designated for vehicles with a given vehicle weight of 10,000 pounds or more.[1] Truck and bus tires, as described in part I of this report, are sold in four categories: steer, drive, trailer and all position. Steer tires are designed to be used on the front axle to aid with steering, but can be used in all positions on the truck or bus depending on the vehicle's use. Drive tires are designed exclusively for the torque axles (in the middle of the vehicle) and provide better traction. Trailer tires are designed for use on the last or trailer axles.[2] Truck and bus tires are sold both to original equipment manufacturers ("OEMs") and to the aftermarket. Truck and bus tires are also sold as private-label or brand-label tires and often with retreading warranties.

Apparent U.S. consumption of truck and bus tires increased during 2013-15. Overall, apparent U.S. consumption in 2015 was 21.3 percent higher than in 2013. Apparent U.S. consumption of truck and bus tires was ***.

U.S. PURCHASERS

The Commission received 20 usable questionnaire responses from firms that bought truck and bus tires since 2013.[3] Eleven sell to the aftermarket, six responding purchasers are OEMs, one is a plant nursery, one is an end user, and one is a distributor to OEMs. A majority of purchasers reported not competing for aftermarket sales to customers with the manufacturers or importers from which their firm purchases truck and bus tires. Purchaser *** reported that manufacturers, such as Bridgestone, CMA, Continental, Michelin, and Yokohama, have national accounts that sell directly to end users. Of the 13 responding resellers of truck and bus tires, ten reported selling to owner operators, nine reported selling to national accounts, and seven reported selling to distributors. Of the 13 responding firms, eight firms reported selling bias tubed and tubeless and radial truck and bus tires, two firms reported selling bias tubed and radial truck and bus tires, and three reported selling only radial truck and bus tires.

The largest responding purchasers of truck and bus tires are ***, respectively. While *** is the largest responding purchaser, *** reported purchasing the most domestic product, followed by ***. *** reported purchasing the most Chinese-produced truck and bus tires, and *** reported purchasing the most truck and bus tires from all other sources. *** indicated that it is an *** and it purchased approximately *** million truck and bus tires total. *** reported

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[1] Conference transcript, p. 111 (Stewart).

[2] Petitioner postconference, exh. 6, question # 16 (Cantrell), pp. 4-5; http://www.michelintruck.com/tires-and-retreads/tires/tires-101/tire-selection-tips/position/, retrieved February 26, 2016.

[3] Of the 18 responding purchasers, 13 purchased the domestic truck and bus tires, 16 purchased truck and bus tires from China, and seven purchased imports of truck and bus tires from other sources.

also being an *** and almost exclusively buys about *** million domestically produced truck and bus tires. *** reported being an *** purchaser and purchases approximately *** truck and bus tires. All three purchasers reported increases in purchases of truck and bus tires since 2013.

CHANNELS OF DISTRIBUTION

The majority of U.S. producers' and importers' sales are to the aftermarket; however, importers sell a much higher share to the aftermarket than do U.S. producers (table II-1).

Table II-1
Truck and bus tires: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Share of quantity (percent)				
U.S. producers' commercial U.S. shipments to:					
OEM	39.0	40.9	41.2	41.8	34.6
Aftermarket	61.0	59.1	58.8	58.2	65.4
U.S. importers' commercial U.S. shipments of imports from China to:					
OEM	***	***	***	***	***
Aftermarket	***	***	***	***	***
U.S. importers' commercial U.S. shipments of imports from All other sources to:					
OEM	28.2	31.6	35.1	35.1	27.2
Aftermarket	71.8	68.4	64.9	64.9	72.8

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

GEOGRAPHIC DISTRIBUTION

Six U.S. producers and 24 importers reported selling truck and bus tires to all regions in the United States (table II-2). For U.S. producers, 8.0 percent of sales were within 100 miles of their production facility, 65.8 percent were between 101 and 1,000 miles, and 26.2 percent were over 1,000 miles. Importers sold 15.0 percent within 100 miles of their U.S. point of shipment, 63.6 percent between 101 and 1,000 miles, and 21.4 percent over 1,000 miles.

Table II-2

Truck and bus tires: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers
Northeast	6	30
Midwest	7	29
Southeast	7	32
Central Southwest	7	31
Mountains	6	28
Pacific Coast	7	30
Other[1]	5	18
All regions (except Other)	6	24
Reporting firms	7	37

[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 truck and bus tires have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of U.S.-produced truck and bus tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ability to shift shipments from alternate markets or inventories. Factors mitigating responsiveness of supply include limited availability of unused capacity and the limited ability to shift production to or from alternate products.

Industry capacity[4]

Domestic capacity utilization increased gradually from *** percent in 2013 to *** percent in 2015.[5] This increase in capacity utilization was driven by a *** percent increase in production and *** decrease in capacity from 2013 to 2015. This relatively high level of

[4] The U.S. producer questionnaire requested capacity and production data on radial, bias ply tubed and bias ply tubeless truck and bus tires. Only *** reported production on bias tubed tires which accounted for less than *** of total truck and bus tire production. *** capacity utilization remained under *** percent and *** from 2013 to 2015. *** did not report any ***. *** reported ***. It also indicated that *** is a ***. Domestic production data reflect radial tire production.

[5] Capacity utilization for January to September 2015 and 2016 periods were *** and *** percent, respectively.

capacity utilization suggests that U.S. producers may have limited ability to increase production of product in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a percentage of total shipments, increased slightly from 13.9 percent in 2013 to 14.4 percent in 2015. U.S. producers' export shipments increased by 8.2 percent from 2013 to 2015 indicating that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes. A majority of U.S. producers indicated that Canada and Mexico were the principal export markets.

Inventory levels

U.S. producers' inventories increased by 27.1 percent from 2013 to 2015. Relative to total shipments, U.S. producers' inventory levels increased from 16.8 percent in 2013 to 20.5 percent in 2015.[6] These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Two of seven responding U.S. producers stated that they could switch production from truck and bus tires to ***. Production of out-of-scope tires accounted for less than 1 percent of production on the same equipment as truck and bus tires.

Supply constraints

Most responding U.S. producers reported that production is only constrained by equipment capacity. Purchasers were asked if the availability of domestically-produced truck and bus tires has changed since 2013. A majority of purchasers (15 of 20) reported that the availability of U.S.-produced truck and bus tires did not change.[7] Additionally, purchasers were asked if any firm refused, declined, or been unable to supply their firm with truck and bus tires since 2013. A majority of purchasers (11 of 20) reported supply constraints.[8] Purchasers did not cite specific producers, but four purchasers indicated that domestic firms had supply constraints. Purchasers *** reported that domestic suppliers had issues back orders. Purchasers *** reported that domestic suppliers allocate the amount of tires that can be purchased by firms. Purchaser *** reported shortages in U.S. produced truck and bus tires with wider bases. *** reported that domestic producers do not produce bias truck tires.

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[6] U.S. producers' inventory levels, relative to total shipments, were approximately 21 percent for both 2015 and 2016 interim periods.

[7] Purchasers *** reported changes in availability since 2013.

[8] Purchasers *** indicated that domestic sources had supply constraints since 2013.

Subject imports from China[9]

Based on available information, producers of truck and bus tires from China have the ability to respond to changes in demand with moderate changes in the quantity of shipments of truck and bus tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ability to shift shipments from alternate markets or inventories. Factors mitigating responsiveness of supply include limited availability of unused capacity and the limited ability to shift production to or from alternate products.

Industry capacity

Chinese firms' capacity utilization fluctuated from 88.3 percent in 2013 to 88.6 percent in 2014 to 83.7 percent in 2015. Capacity utilization for January to September 2015 and 2016 was at 84.8 and 86.3 percent, respectively. Overall truck and bus tire capacity and production both peaked in 2014 but remained higher in 2015 than in 2013. This relatively high level of capacity utilization suggests that Chinese producers may have a limited ability to increase production of product in response to an increase in prices.

Alternative markets

Chinese firms' exports, as a percentage of total shipments, remained relatively stable at approximately 40 percent for 2013-15. Chinese export shipments and total shipments increased by 17.1 percent and 11.8 percent, respectively, from 2013 to 2015. Exports to the United States increased by 30.9 percent from 2013 to 2015. Chinese exports indicate that producers may have substantial ability to shift shipments between domestic or other markets and the U.S. market in response to price changes.

Inventory levels

Chinese firms' inventories increased by 30.2 percent between 2013 and 2015. Relative to total shipments, inventory levels increased from 10.2 percent in 2013 to 11.9 percent in 2015. These inventory levels suggest that responding foreign firms may have substantial ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Eleven of 39 responding Chinese producers stated that they could switch production from truck and bus tires to other products. Six Chinese producers reported being able to produce light truck tires on the same equipment as truck and bus tires, five Chinese producers

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

reported off-the-road tires, and three reported passenger vehicle tires. Factors affecting foreign producers' ability to shift production include the lengthy process to change molds and the inability to cure truck and bus tires alongside other tire types.

Supply constraints

Responding Chinese producers reported shortages in qualified labor and raw materials, constraints on the number and types of molds, and maintenance on equipment as production constraints. Purchasers were asked if the availability of Chinese-produced truck and bus tires has changed since 2013. A majority of purchasers (11 of 19) reported that the availability of Chinese-produced truck and bus tires did not change. Of those reporting a change in availability, seven indicated an increase in availability of truck and bus tires from China. Additionally, purchasers were asked if any firm refused, declined, or been unable to supply their firm with truck and bus tires since 2013. A majority of purchasers (11 of 20) reported supply constraints with two firms citing Chinese producers. Purchaser *** reported that CMA transferred tire molds between factories and was not able to fulfill supply needs. Purchaser *** reported having supply issues with Chinese-produced tires but did not identify a specific firm.

Nonsubject imports

Nonsubject imports accounted for 38.2 percent of total U.S. imports in 2015. The largest sources of nonsubject imports during 2013-15 were Canada, followed by Japan and Thailand. Combined, these countries accounted for 65.3 percent of nonsubject imports in 2015. No purchasers indicated changes in availability of nonsubject truck and bus tires since 2013.

New suppliers

Five of 19 purchasers indicated that new suppliers entered the U.S. market since January 1, 2013, citing Deestone from Thailand and Aeolus Tyre from China.

U.S. demand

Based on available information, the overall demand for truck and bus tires is likely to experience small to moderate changes in response to changes in price. The main contributing factors are the lack of substitute products and the small cost share of truck and bus tires in the cost of a new truck or bus.

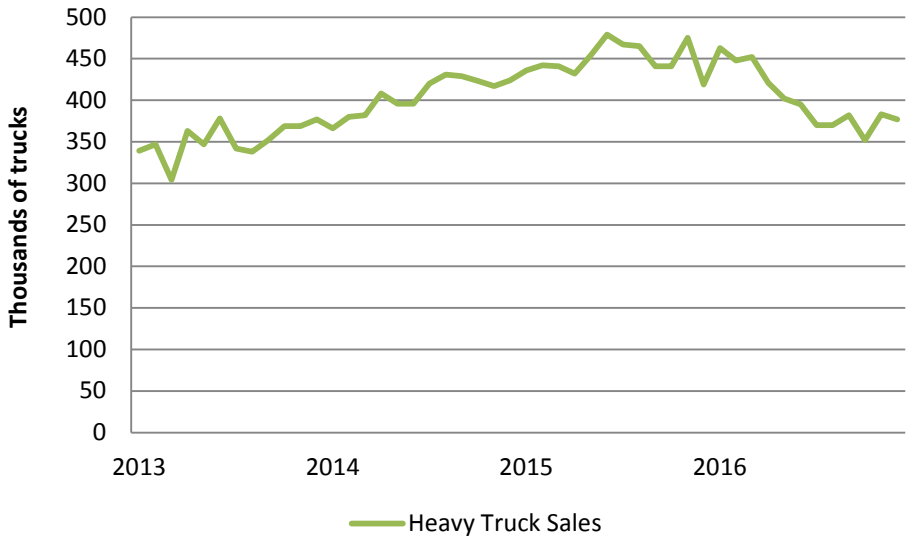
Overall demand for truck and bus tires is driven by the demand for trucking in the United States.[10] Demand for OEM truck and bus tires is driven by heavy truck sales. U.S. heavy truck sales have increased by 11.2 percent, peaking in June 2015 (figure II-1). Demand for

[10] Chinese Respondents prehearing brief, pp. 22-24.

aftermarket truck and bus tires is driven by truck tonnage. Trucking tonnage has increased by 14.2 percent from January 2013 to October 2016, peaking in July 2016 (figure II-2).

Figure II-2

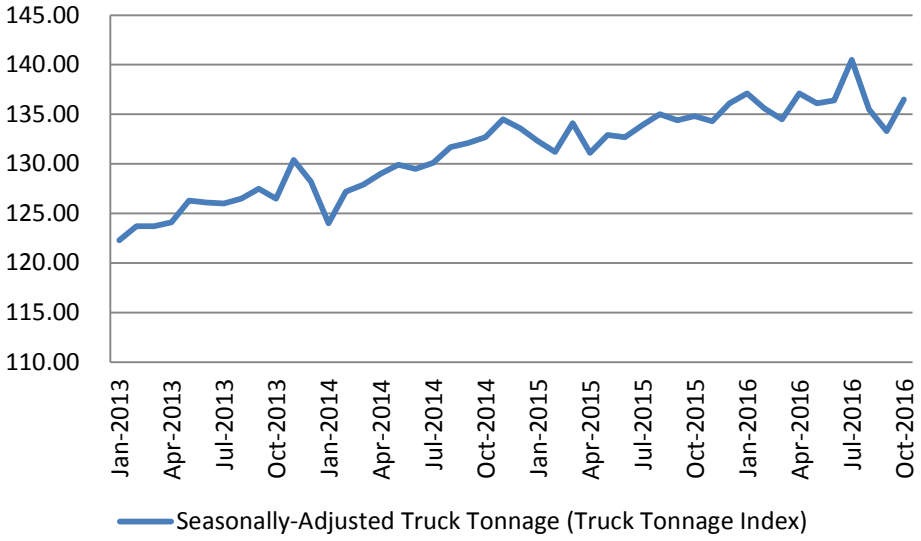
Heavy trucks: Seasonally-adjusted U.S. heavy truck sales, January 2013-December 2016



Source: U.S. Bureau of Economic Analysis, Motor Vehicle Retail Sales: Heavy Weight Trucks ***, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/HTRUCKSSAAR, retrieved February 1, 2017.

Figure II-2

Truck tonnage index: Seasonally-adjusted truck tonnage index, January 2013-October 2016



Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS) calculation from American Trucking Association Monthly Truck Tonnage Report, retrieved December 15, 2016.

End uses and cost share

U.S. demand for truck and bus tires depends on the demand for U.S.-produced downstream products, such as heavy and medium duty trucks or buses and the tire aftermarket. Firms indicated that truck and bus tires account for a small share (generally less than 10 percent) of the cost of the truck or bus.

Business cycles

Three of 6 U.S. producers, 18 of 40 importers, and 8 of 19 purchasers indicated that the market was subject to business cycles. Firms indicated that demand for truck and bus tires is seasonal with most sales occurring in the second and third quarter. Additionally, firms reported that demand follows overall economic trends. *** U.S. producers, 11 of 40 importers, and two of 19 purchasers indicated that the market was subject to distinct conditions of competition. Specifically, importers *** reported that sales to OEM are distinct conditions of competition. *** reported that OEM sales have their own sales cycles,[11] and *** indicated that sales to OEMs have increased. Importers *** reported increased competition of imports from other countries, particularly China and Thailand. Purchasers *** indicated that availability was a distinct condition of competition but did not elaborate further. Also, importer *** reported that demand for wide base tires has increased causing one tire to replace two tires.

Demand trends

A *** of U.S. producers and of importers reported that demand for OEM tires in the United States has increased (table II-3). Producer *** reported a small increase (less than 2 percent) for trailer tires from OEMs. Importer *** reported that demand for the U.S. OEM market increased by 9 percent annually during 2013-15, according to the Rubber Manufacturers Association (RMA).[12] Purchasers were split between no change and decreased demand for OEM tires in the United States. Purchaser *** reported that demand for OEM tires in the United States has decreased because truck and bus tires can be retreaded, offering aftermarket options for OEMs.

A majority of U.S producers and importers reported increased demand for aftermarket tires in the United States. Purchasers reported no discernable trend; however purchasers *** reported that demand for aftermarket truck and bus tires is driven by demand for freight and fuel economy gains.

[11] Firms did not elaborate on OEM sales cycles or how they differ from seasonal cycles.

[12] Producer and importer *** indicated that the U.S. OEM market *** based on RMA estimates but did not report on the exact ***.

Table II-3

Truck and bus tires: Firms' perceptions regarding demand in the United States and outside of the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand in the United States OEM:				
U.S. producers	2	1	1	1
Importers	8	4	2	6
Purchasers	0	2	3	2
Demand outside the United States OEM:				
U.S. producers	1	0	0	2
Importers	2	3	1	4
Purchasers	0	1	0	1
Demand in the United States Aftermarket:				
U.S. producers	4	0	1	1
Importers	19	5	2	8
Purchasers	6	4	1	3
Demand outside the United States Aftermarket:				
U.S. producers	2	0	0	1
Importers	6	4	1	3
Purchasers	2	0	0	2

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

Substitute products

Most U.S. producers, importers, and purchasers reported that there were no substitutes for truck and bus tires. U.S. producers and importer ***, importer ***, and purchaser *** reported that substitutes are limited to retreaded tires for some tire positions.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported truck and bus 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 a moderate to high degree of substitutability between domestically produced truck and bus tires and truck and bus tires imported from China.

Lead times

U.S. producers sell truck and bus tires exclusively from inventories (table II-4). Importers mostly sell truck and bus tires on a produced-to-order basis. U.S. producers reported that all of their commercial shipments came from inventories, with lead times averaging nine days. Importers reported that 53.6 percent of their commercial shipments were produced-to-order, with lead times averaging 65 days. The remaining 46.4 percent of their commercial shipments

came from inventories, with lead times averaging 6 days for U.S. inventories and 57 days for foreign inventories.

Table II-4

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

	U.S. producers	Subject U.S. importers
	Share (percent)	
Share of commercial U.S. shipments.-- Produced to order	0.0	53.6
From U.S. inventories	100.0	24.0
From foreign inventories		22.3
	Average number of days (days)	
Weighted average number of days for order fulfillment.-- Produced to order	60.0	64.7
From U.S. inventories	8.8	6.2
From foreign inventories		57.3

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

Knowledge of country sources

Fourteen purchasers indicated they had marketing/pricing knowledge of domestic product, 15 of Chinese product, and eight of nonsubject countries including India, Korea, Japan, Thailand, and Vietnam.[13]

As shown in table II-5, most purchasers always or usually make purchasing decisions based on the producer. Purchasers *** reported that brand played an important role in purchasing decisions based on producers. Additionally, purchasers *** reported that quality influenced purchasing decisions based on producers. Most purchasers and their customers sometimes or never make purchasing decisions based on country of origin.

Table II-5

Truck and bus tires: Purchasing decisions based on producer and country of origin

Purchaser/Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	6	7	4	4
Purchaser's customers make decision based on producer	1	7	5	5
Purchaser makes decision based on country	3	3	3	11
Purchaser's customers make decision based on country	1	2	8	7

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

[13] Additionally, purchasers listed Canada, Czech Republic, Indonesia, Malaysia, Mexico, and Slovakia.

Purchasers were asked if their firm or their customers ever specifically order truck and bus tires from one country in particular over other possible sources of supply. Nine of 20 purchasers reported specifically preferring one country over other possible sources. Purchasers *** reported preferring domestically sourced truck and bus tires over imports with *** citing logistical reasons for the preference.[14] Purchaser *** indicated a preference for Chinese truck and bus tires because of the technical quality. Purchaser *** indicated both the United States and China, but did not elaborate on which country was preferred or for what reason.

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for truck and bus tires were quality (15 firms), price (14 firms), and availability (10 firms) as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 12 firms); price was the most frequently reported second-most important factor (seven firms).

Table II-6
Truck and bus tires: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	12	3	1	15
Price / Cost	3	7	5	14
Availability / Supply	1	3	7	10
Other[1]	4	6	6	16

[1] Other factors include brand, traditional supplier, range of products, extension of credit, warranty, and application.

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

Importance of specified purchase factors

Purchasers were asked to rate the importance of 20 factors in their purchasing decisions (table II-7). The factors rated as very important by more than half of responding purchasers were availability, product consistency, and quality meets industry standards (18 each), price and reliability of supply (16 each), delivery time (13 each), and delivery terms (12 each). More than half of responding purchasers reported that minimum quantity requirements and quality exceeds industry standards (12 each) are somewhat important to purchasing decisions.

[14] *** did not provide a reason for this preference.

Table II-7
Truck and bus tires: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	18	2	0
Brand	9	6	2
Cost over the lifetime of the tire	9	8	3
Cost per mile	7	9	4
Delivery terms	12	5	2
Delivery time	13	5	1
Discounts offered	7	8	4
Extension of credit	4	8	7
Minimum quantity requirements	1	12	6
Packaging	1	7	11
Price	16	4	0
Product consistency	18	2	0
Product range	7	9	3
Quality meets industry standards	18	2	0
Quality exceeds industry standards	7	12	1
Reliability of supply	16	3	0
Retreadability	7	9	3
Technical support/service	6	9	4
U.S. transportation costs	7	5	7
Warranty	9	8	3

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

Purchasers were also asked what characteristics firms consider when determining the quality of truck and bus tires. Seven firms reported retreadability/warranties as a quality characteristic, and six firms reported cost per mile and wear as quality characteristics. Firms indicated adherence to government regulations, such as DOT qualified and Smartway, as well.[15]

A majority of purchasers (11 of 20) reported that they only sometimes purchase the lowest-priced product (table II-8), and a plurality of purchasers reported that they sometimes or never purchase the truck and bus tires with the lowest lifetime costs.

Table II-8
Truck and bus tires: Purchasing decisions based on price and lifetime cost

Purchaser Decision	Always	Usually	Sometimes	Never
Frequency of decisions based on price	0	6	11	3
Frequency of decisions based on lifetime cost	2	3	8	7

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

[15] Smartway certified is an EPA certification designed to help make freight transportation more sustainable and efficient. https://www.epa.gov/verified-diesel-tech/low-rolling-resistance-lrr-new-and-retread-tires , accessed December 21, 2016. The vast majority of U.S. producers and importers reported selling truck and bus tires classified as EPA Smartway certified. Preliminary report page II-8.

When asked if they purchased truck and bus tires from one source although a comparable product was available at a lower price from another source, eight purchasers reported reasons including brand, quality, price, and availability. Less than half of responding purchasers (9 of 19) reported that certain types of product were only available from a single source. Purchaser *** reported that super single low rolling resistance ("LRR") tires are primarily only sold by domestic producers. Purchaser *** reported that domestic or European producers do not offer "economy" trailer tires. *** reported that bias truck and bus tires are not available from U.S. producers.

Supplier certification

Nine of 19 responding purchasers require their suppliers to become certified or qualified to sell truck and bus tires to their firm. Most purchasers reported that the time to qualify a new supplier ranged from 30 to 60 days. Purchasers indicated running independent laboratory testing of truck and bus tires and confirming liability insurance as ways of certifying suppliers. Purchaser *** reported that certification takes about 180 days and requires ISO certification and possibly on-site assessment. Purchaser *** reported that suppliers needed a year on average to be certified and had to achieve ISO 9001 and TS16949 certifications, in addition to a ***. Two purchasers reported that a supplier had failed in its attempt to qualify product, or had lost its approved status since 2013 with *** reporting that a Canadian firm failed laboratory tests.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2013 (table II-9). A plurality of purchasers reported having consistent purchases of U.S.-produced truck and bus tires while a majority of purchasers reported increasing purchases of Chinese-produced tires.

Table II-9
Truck and bus tires: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	5	2	2	8	2
China	1	2	9	4	2
All other sources	4	1	5	5	0
Sources unknown	5	0	2	6	0

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

Purchasers *** reported an increase in domestically produced and Chinese-produced truck and bus tires due to commercial and retail growth. Purchaser *** reported decreasing purchases from domestic sources and increasing purchases from Chinese sources because U.S. brands started importing third tier or low cost tiers. Additionally, purchaser *** reported that competition on fourth tier tires caused their firm to increase purchases from Chinese sources. Purchaser *** indicated constant purchases from the United States because their firm requires

tier 1 or tier 2 truck and bus tires.[16] Purchaser *** did not purchase from the United States but reported constant purchases from Chinese sources due to not being able to purchase the necessary quantities of tires from U.S. manufacturers. However, it could find U.S. suppliers importing from China with better price and regular availability. Purchaser *** reported decreasing purchases from China due to the current investigations; it indicated purchasing more from nonsubject sources, such as India and Thailand. Purchaser *** reported fluctuating purchases of U.S.- and Chinese-produced truck and bus tires. It indicated that purchases from domestic producers decreased in 2014 due to competition from truck and bus tires from China, particularly in the tier 2 and 3 tires.

Importance of purchasing domestic product

Fifteen of 16 responding purchasers reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions. Five reported that domestic product was required by law (for less than 1 percent of their purchases), six reported it was required by their customers (for 8.7 percent of their purchases), and four reported other preferences for domestic product (for 18.3 percent of their purchases). Purchaser *** reported that domestic truck and bus tires have a cost advantage in tier 1 and 2 tires and that customers do not accept lower tiers on new trucks.

Warranties

Of the six responding U.S. producers, three offered warranties on the truck and bus tire casing and four offered warranties on retreading (table II-10, II-11a, and II-11b). U.S. producers estimated that 60.6 percent of their U.S. commercial shipments in 2015 were sold with warranties or guaranties, with price premiums ranging from 5 to 20 percent. Of the 37 responding importers, 18 offered warranties on the truck and bus tire casing and 10 offered warranties on retreading. Importers estimated that 50.8 percent of U.S. commercial shipments in 2015 were sold with warranties or guaranties, with price premiums ranging from 1 to 30 percent.[17]

[16] *** reported not purchasing from Chinese sources.

[17] U.S. producer and importer *** indicated that the price premium was 10 to 50 percent for both U.S.-produced and Chinese-produced tires and were not included in these estimates. Additionally, importer *** indicated that price premiums for truck and bus tires with warranties or guaranties were difficult to estimate due to most tires sold in the U.S. market having a warranty/guaranty.

Table II-10
Truck and bus tires: Warranties offered by U.S. producers and importers on casing and retreads

Warranty type	Number of firms reporting	Average range[1]
U.S. producers		
Casing Covered	3 of 6	4 to 7 years
Retreads Covered	4 of 6	1 to 7 years
Retreads Covered	4 of 6	up to 3 retreads
U.S. importers		
Casing Covered	18 of 37	1 to 7 years
Retreads Covered	10 of 37	1 to 7 years
Retreads Covered	10 of 37	1 to 2 retreads

[1] *** reported offering unlimited retreads for some truck and bus tires were not included in these calculations.

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

Table II-11a
Truck and bus tires: Description of warranties offered by U.S. producers

* * * * * * *

Table II-11b
Truck and bus tires: Description of warranties offered by U.S. importers

* * * * * * *

Purchasers were also asked about the warranties and guaranties offered by U.S. producers and importers on truck and bus tires (table II-12). Responding purchasers reported that 49.4 percent of their purchases of U.S.-produced truck and bus tires had a warranty or guaranty, 93.1 percent of Chinese-produced truck and bus tires, and 39.4 percent of all nonsubject imports.

Table II-12
Truck and bus tires: Warranties offered to purchasers on casing and retreads

Warranty type	Number of purchasers	Range
Purchases from the United States:		
Casings Covered	9 of 15	1 to 7 years
Retreads Covered	10 of 16	1 to 7 years
Retreads Covered	10 of 16	1 to 30 retreads
Purchases from China:		
Casings Covered	10 of 17	1 to 7 years
Retreads Covered	9 of 16	1 to 6 years
Retreads Covered	9 of 16	1 to 4 retreads
Purchases from all other sources:		
Casings Covered	5 of 14	4 to 7 years
Retreads Covered	5 of 14	1 to 7 years
Retreads Covered	5 of 14	1 to 4 retreads

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

Tiers

Half of responding U.S. producers (3 of 6) and the vast majority of importers (31 of 35) and purchasers (14 of 18) reported that truck and bus tires were sold in tiers (table II-13). The vast majority of firms reported selling only tier 1, 2, or 3 truck and bus tires. U.S. producers reported selling most of their tires in tiers 1, 2, and 3 whereas importers reported selling the majority of their tires in the third tier. Of the U.S. producers and importers that reported having different tiers of truck and bus tires, all three reported switching U.S. sales between tiers since 2013 and three importers reported switching shipments between tiers. U.S. *** reported that sales in tier 1 and 2 have declined in favor of tier 3 sales. U.S. *** reported that sales in tier 4 and 1 have shifted to tier 2 due to the increase in low cost imports. It also noted that brands have shifted in tier 3 due to price point changes. Of the 15 responding purchasers, 11 reported competition between different tiers of truck and bus tires. Purchasers reported advertising different tiers through websites and allowing customers to choose between tiers. Purchaser *** indicated that the firm sells three different tiers of truck and bus tires in order for customers to have a wider variety. Additionally, a majority of purchasers (8 of 15) indicated their firm's purchases of truck and bus tires shifted between the categories since 2013. Purchaser *** reported purchasing more tier 4 tires than tier 3 tires since 2013. Both *** noted very small shifts (less than 3 percent) between categories.

Table II-13
Truck and bus tires: U.S. producers' and importers' self-reported category ("tier") by channel, percentage of 2015 sales

* * * * * * *

Half of responding U.S. producers (2 of 4) and less than half of responding importers (8 of 33) and responding purchasers (7 of 15) indicated that the price of truck and bus tires in any one category influence the volume of their firm's shipments in another category. U.S. producer and importer *** indicated that if the price per tire in one tier becomes close to the prices in other tiers, customers become more likely to substitute between the tiers. It also indicated that lower prices in the lower tiers can result in higher demand and then higher volume, replacing demand and volumes in higher tiers. U.S. producer and importer *** reported that lower prices in tier 2 truck and bus tires result in lower volumes of tier 1 and tier 4 tires.

The majority responding U.S. producers (3 of 4) and less than half of importers (13 of 35) and purchasers (6 of 15) indicated that the prices in one tier affect prices in other categories. Importers *** reported that if prices change in one tier, prices in other tiers are affected. However *** reported if prices changed for tier 3, prices for tier 2 would be affected but tier 1 prices would not be affected. *** indicated that price changes in tiers can affect prices in nonadjacent tiers. Importers *** reported that price gaps or spreads between tiers are generally kept relatively stable even as prices in individual tiers fluctuate. Importers *** reported that tire prices, particularly lower tier tire prices, generally follow trends in raw material costs. Purchaser *** reported that if prices in tier 3 increase, then prices in tier 2 will increase to maintain the price gap. Purchasers *** reported that prices in lower tiers will have an effect on prices in higher quality tiers. Purchaser *** reported that decreases in the price for tier 2 tires have caused national account fleets to buy more tier 2 tires than tier 1. Twelve of 15 purchasers reported that their customers compare prices between truck and bus tires in different tiers when making purchasing decisions.

Branding

Less than half of responding U.S. producers (2 of 6) and the vast majority of importers (34 of 39) and purchasers (13 of 20) reported that branding influences the price customers are willing to pay for truck and bus tires. Most firms indicated that brand was often linked with perceived quality and service. U.S. producer *** reported that purchasers would be willing to pay more for brands that have proven performance, service levels, and network coverage. Of the importers and purchasers that indicated that branding influences price, a majority of firms reported that branding affect price more for higher quality tires. Importer *** noted that tier 1 and tier 2 brands have better name recognition and are more likely to be associated with quality. It reported that tier 1 brands have more OEM fitments (tire specifications that OEMs recommend) and these fitments give the tier 1 brands more name and quality recognition. Purchaser *** reported that the Michelin brand commands a premium in the truck and bus tires market. U.S. producers *** reported that purchasers are not willing to pay for brands; the producers indicated that purchasers are willing to pay for higher quality tires, not the brand themselves.

Half of responding U.S. producers (2 of 4), and the majority of importers (21 of 34) and purchasers (10 of 18) reported that branded tires are somewhat competitive with private label tires. Purchaser *** reported that end users are aware of the specific plant where truck and bus tires are produced and can identify similar tread patterns. Purchaser *** reported that OEMs

generally do not use private label tires due to the legal risk involved. Purchasers *** and *** reported that private labels very competitive with branded labels because of price differences. *** indicated that private label and branded label truck and bus tires are similar in quality. *** reported that cost of ownership outweighs potential quality issues. All responding U.S. producers (6 firms) and most importers (34 of 39) and purchasers (12 of 18) reported that their firms do not sell private label and branded truck and bus tires with the same specifications at different prices. Purchasers *** reported that price differences between private label and branded truck and bus tires range from 2 to 8 percent. Purchaser *** reported that price differences between private label and branded tires are due to advertising costs associated with branded tires.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing truck and bus tires produced in the United States, subject countries, and nonsubject countries. Purchasers were asked for a country-by-country comparison on the same 20 factors (table II-14) for which they were asked to rate the importance. A majority of purchasers reported that U.S.-produced truck and bus tires were superior to Chinese-produced truck and bus on the factors of brand, retreadability, technical support/service, and quality exceeds industry standards (11 firms) and delivery time (10 firms).

Table II-14
Truck and bus tires: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	United States vs. China			United States vs. All other sources			China vs All other sources		
	S	C	I	S	C	I	S	C	I
Availability	4	8	2	3	6	0	3	11	0
Brand	11	4	0	5	3	0	2	8	3
Cost over the lifetime of the tire	7	8	0	2	5	0	3	5	5
Cost per mile	6	8	0	2	5	0	3	6	2
Delivery terms	5	8	2	3	5	0	2	8	3
Delivery time	10	4	0	4	4	0	3	4	6
Discounts offered	1	10	2	0	7	1	3	8	1
Extension of credit	2	11	0	1	7	0	2	9	2
Minimum quantity requirements	6	7	0	3	5	0	3	6	4
Packaging	4	8	0	1	6	0	2	9	1
Price[1]	3	2	10	1	2	4	10	2	2
Product consistency	7	7	0	2	6	0	2	8	3
Product range	8	6	0	3	4	1	2	8	3
Quality meets industry standards	7	8	0	3	5	0	2	10	1
Quality exceeds industry standards	11	4	0	5	3	0	2	9	2
Reliability of supply	5	7	1	2	5	0	3	8	1
Retreadability	11	3	0	3	5	0	2	8	3
Technical support/service	11	3	0	4	4	0	2	5	6
U.S. transportation costs[1]	4	10	0	3	5	0	4	6	2
Warranty	4	9	1	3	5	1	3	8	2

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

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

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

Comparison of U.S.-produced and imported truck and bus tires

In order to determine whether U.S.-produced truck and bus tires can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-15, most U.S. producers reported that U.S.-produced truck and bus tires are always interchangeable with Chinese-produced truck and bus tires. A plurality of importers reported that U.S.-produced truck and bus tires are frequently interchangeable with Chinese-produced truck and bus tires. Importer *** indicated that U.S.-produced truck and bus tires are sometimes interchangeable with Chinese-produced truck and bus tires because a majority of trucking companies do not install Chinese-produced truck and bus tires in the steer position and generally use tier 1 U.S.-produced tires. A plurality of purchasers reported that U.S.- produced truck and bus tires are frequently interchangeable with Chinese-produced truck and bus tires. Purchaser *** reported that U.S. producers do not

offer bias ply intermodal chassis tires that meet their company's demand. Purchaser *** reported that mobile home tires are not produced in the United States.[18]

Table II-15

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

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	4	1	1	0	8	16	8	2	4	7	4	0
United States vs. Other	3	1	1	0	7	9	8	0	2	7	3	0
China vs. Other	3	1	1	0	7	9	7	0	2	8	2	0

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

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

U.S. producers, importers, and purchasers were asked whether the radial and bias ply truck and bus tires can always, frequently, sometimes, or never be used interchangeably (table II-16). U.S. producers were split on whether radial truck and bus tires are interchangeable with bias ply truck and bus tires. The majority of importers and purchasers indicated that radial truck and bus tires are sometimes or never interchangeable with bias with tubed or tubeless tires. Most firms reported that radial and bias tires cannot be used on the same axle. Purchaser *** indicated that switching between radial and bias with tubed truck and bus tires requires changing all the tires and rims on the vehicle and radial tires also add weight to the vehicle. U.S. producer and importer *** reported that many purchasers have switched to radial tires from bias tires because radial tires have lower cost per mile and maintenance costs, though they have higher upfront costs. Additionally, it indicated that in intermodal pools, radial tires can last longer than bias tires. Purchaser *** reported that radial truck and bus tires are always interchangeable with bias tubed and tubeless tires. It indicated that common bias tubed tires 10.00X20 tires can be replaced with 10.00R20 radial tires. Purchaser *** indicated that radial tires are never interchangeable with bias tubed or bias tubeless tires. It reported that radial tires and bias tires could not be used on the same chassis because the two types of tires move, flex, and preform differently, causing a safety hazard. It also indicated that bias tubed tires use a two piece wheel assembly whereas radial tires use a one piece wheel assembly.

[18] Purchaser *** reported that U.S.- produced truck and bus tires are frequently interchangeable with nonsubject truck and bus tires, citing that U.S. producers will often import tires from nonsubject sources.

Table II-16
Truck and bus tires: Interchangeability between radial and bias ply truck and bus tires, by tire type

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
Radial vs. bias with tube	0	2	2	(1)	1	1	12	19	1	0	9	7
Radial vs. bias tubeless	1	1	2	(1)	2	1	15	15	2	0	8	7

[1] Producer *** originally reported that radial tires were never interchangeable with bias tube or tubeless tires. In subsequent correspondence, *** indicated that these tires are interchangeable. It also noted that radial tires use different rims than bias tires and that radial tires can be used in intermodal applications. *** questionnaire response is not included in table II-16. Email from ***, February 6, 2017, EDIS document 603073.

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

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

As can be seen from table II-17, a majority of responding purchasers reported that domestically produced and Chinese-produced truck and bus tires usually met minimum quality specifications.

Table II-17
Truck and bus tires: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	6	10	0	1
China	3	15	1	1
Other	1	8	1	1

[1] Purchasers were asked how often domestically produced or imported truck and bus tires meets minimum quality specifications for their own or their customers' uses.

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

In addition, U.S. producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of truck and bus tires from the United States, subject, or nonsubject countries. As seen in table II-18, a plurality of U.S. producers reported that there are sometimes factors other than price that were significant; however, importers and purchasers were split on whether factors other than price were significant. Importer *** reported that brand preference, availability, range of products offered, warranty, and technical support were all important factors. Importer *** reported that there are not enough U.S. produced truck and bus tires in the market and that Chinese-produced tires can be sold in the market if the Chinese product has a good product range, availability, and warranty. Purchaser *** reported that most of their purchasers are U.S.-produced truck and bus tires due to delivery time concerns and the need for uniform sizes and tread patterns. Purchaser *** indicated that their firm takes quality, availability, and technical support into consideration when buying truck and bus tires.

Table II-18

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

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	1	0	3	2	9	9	11	5	6	3	4	2
United States vs. Other	1	0	3	1	4	4	11	3	3	1	4	2
China vs. Other	0	0	4	1	2	3	12	2	3	1	4	2

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

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

ELASTICITY ESTIMATES[19]

U.S. supply elasticity

The domestic supply elasticity[20] for truck and bus tires measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of truck and bus tires. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced truck and bus tires. Analysis of these factors above indicates that the U.S. industry has the ability to somewhat increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 4 is suggested. Respondents took issue with the estimate, and argued that because during the period of investigation, domestic producers had little excess capacity and limited capability to switch production.[21] Staff notes that nonetheless, domestic producers' inventories and exports increased since 2013. Staff suggests an estimate of 2 to 4.

U.S. demand elasticity

The U.S. demand elasticity for truck and bus tires measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of truck and bus tires. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the truck and bus tires in the production of any downstream products. Based on the available information, the aggregate demand for truck and bus tires is likely to be inelastic; a range of -0.25 to -0.5 is suggested. Respondents took issue with the estimate, and argued that because retreaded tires and subject imports are substitutable, demand elasticity should be in the range of -0.5 to -1.25.[22] Staff

[19] In the pre-hearing report, parties were encouraged to comment on the elasticity estimates. None of the parties indicated that the elasticity estimates should be adjusted.

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

[21] Chinese respondents' pre-hearing brief pp. 32-33.

[22] Chinese respondents' pre-hearing brief p. 32.

notes that the vast majority of firms reported that truck and bus tires do not have substitutes. Staff is revising its estimated range to -0.25 to -0.75.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[23] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced truck and bus tires and imported truck and bus tires is likely to be in the range of 3 to 5. Respondents took issue with the estimate, and argued that because Chinese tires differ from domestically produced tires based on manufacturers' warranty, retreadability, and whether the tire is usable as a steer or drive or trailer tire. Respondents believe that substitution elasticity should be lower than the range of 3 to 5.[24] Staff notes that purchasers reported that the vast majority of Chinese-produced truck and bus tires were purchased with warranties. Staff is revising estimates to 2 to 5.

[23] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

[24] Chinese respondents' pre-hearing brief pp. 33-34.

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/or dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of six firms.[1]

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to nine firms based on information contained in the petition and from industry publications. Seven firms provided useable data on their productive operations.[2]

Table III-1 lists U.S. producers of truck and bus tires, their production locations, positions on the petition, and shares of total production.

Table III-1
Truck and bus tires: U.S. producers of truck and bus tires, their positions on the petition, production locations, and shares of reported U.S. production, 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
Bridgestone	***	Lavergne, TN Morrison, TN	***
Continental	***	Mt. Vernon, IL	***
Goodyear	***	Topeka, KS Danville, VA Buffalo, NY	***
Michelin	***	Spartanburg, SC	***
Specialty Tires	***	Indiana, PA Unicoi, TN Indiana, PA	***
Sumitomo	***	Tonawanda NY	***
Yokohama	***	West Point, MS	***
Total			***

[1] ***.

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

[1] For discussion of data coverage please refer to Part I, "Summary Data and Data Sources."
[2] Two firms (***) reported having not produced truck and bus tires at any time since January 1, 2013.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms, and share of total production of truck and bus tires.

Table III-2
Truck and bus tires: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

As indicated in table III-2, *** are related to foreign producers of the subject merchandise and two U.S. producers (***) are related to a U.S. importer of the subject merchandise. In addition, as discussed in greater detail below, *** U.S. producers (***) directly imported the truck and bus tires from China and *** purchased the subject merchandise from U.S. importers in 2015.[3]

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2013. Two U.S. producers, ***, reported expansions in production capacity but also production curtailments. In addition, in October 2015, Yokohama commenced production at a facility in West Point, Mississippi. The plant will mainly produce 22.5- and 24.5-inch truck tires for the North American market, and is projected to reach its full production capacity of 1 million tires in 2018.[4] Yokohama produced *** truck and bus tires in 2015 and *** truck and bus tires in January-September2016. Yokohama reported that the new plant will help reduce lead times by replacing imported tires and phase out the firm's sourcing of truck tires from GTY Tire.[5]

GTY Tire was a joint venture ("JV") originally formed in 1988 between Continental and Yokohama to produce truck tires at Continental's Mt. Vernon, Illinois facility.[6] ***.

In October 2015, Sumitomo Rubber USA, LLC acquired Goodyear Dunlop Tires North America's plant in Buffalo, New York after its partnership with Goodyear was dissolved.[7]

In addition, in February 2016, Continental announced plans to construct a truck and bus tire plant in Mississippi, with planned start of production by the end of 2019.[8] The official ground breaking ceremonies were held on November 3, 2016, with construction anticipated to commence in 2018 and machine installation starting in March 2019.[9]

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[3] One firm, *** used a foreign trade zone ("FTZ"), stating that the FTZ was used ***. ***. Email from ***, February 24, 2016.

[4] "Yokohama holds grand opening for Miss. Plant," Tire Business, October 5, 2015.

[5] "Conti: Demand for truck, bus tires prompted expansion," Rubber News, February 8, 2016, found at http://www.rubbernews.com/article/20160208/NEWS/160209960/conti-demand-for-truck-bus-tires-prompted-expansion.

[6] "GTY Tire Co. JV partners settle suit," Tire Business, January 31, 2011, found at http://www.tirebusiness.com/article/20110131/ISSUE/301319977/gty-tire-co-jv-partners-settle-suit.

[7] "Goodyear Ends Global Alliance With Sri," October 1, 2015, found at https://corporate.goodyear.com/en-US/media/news/goodyear-ends-global-alliance-with-sri.html.

[8] Email from ***, February 10, 2016.

[9] "Conti breaks ground on Mississippi tire plant," Rubber News, November 15, 2016, found at http://www.rubbernews.com/article/20161115/NEWS/311149981?template=printart.

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

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' aggregate capacity fluctuated during 2013-15, ending *** percent lower in 2015 than in 2013, and was *** percent lower in January-September 2016 compared with January-September 2015. The increased capacity by *** during 2013-15, noted earlier, was offset by a decline in capacity at ***.[10] Although Michelin did not have any changes in production operations, the firm reported, along with ***, that capacity varies upon the size and complexity of the tires produced. Production increased in each year during 2013-15, ending *** percent higher in 2015 than in 2013, but was *** percent lower in January-September 2016 compared with January-September 2015. Each U.S. producer increased production in each year, except ***. Between 2013 and 2015, capacity utilization increased at each of the U.S. producers, except ***, although at different overall levels, ranging from a low of *** to a high of ***. All U.S. producers except *** had capacity utilization over *** percent in 2015.

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

* * * * * * *

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

* * * * * * *

Alternative products

As shown in table III-5, virtually all (over 95 percent) of the product produced during 2013-15 by U.S. producers was subject truck and bus tires. ***, produced passenger and light truck tires ("PVLT"), *** produced off-the-road tires ("OTR"), and *** produced *** on the same equipment as truck and bus tires.

[10] ***.

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

* * * * * * *

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The majority (over 75 percent in each year) of U.S. producers' shipments consisted of commercial U.S. shipments.[11] U.S. shipments, by quantity, increased 4.5 percent between 2013 and 2014 and declined 0.6 percent in 2015, ending 3.9 percent higher in 2015 than in 2013. U.S. shipments were 3.4 percent higher in January-September 2016 compared to January-September 2015. *** increased U.S. shipments between 2013 and 2015, while *** declined over the same period. *** stated that shipments declined due to ***.[12] Three producers had lease shipments, representing from a low of *** percent (***) to a high of *** percent (***) of the reporting producer's U.S. shipments in any year between 2013 and 2015.[13] Exports, by quantity, which were reported by ***, increased 8.2 percent during 2013-15, but was 18.0 percent lower in January-September 2016 compared to January-September 2015. As a share of total shipments exports ranged from a low of *** percent (for *** in 2015) to a high of *** percent (for *** in 2015).

[11] Two U.S. producers (***) reported internal consumption and two producers (***) reported transfers to related firms.

[12] Email from ***, February 24, 2016.

[13] See Part VI of this report for further discussion of U.S. producers' leasing operations.

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

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
Commercial U.S. shipments	10,272	10,733	10,817	7,995	8,446
Lease shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	11,649	12,174	12,098	8,985	9,292
Export shipments	1,883	2,006	2,038	1,602	1,313
Total shipments	13,532	14,180	14,136	10,587	10,605
	Value (1,000 dollars)				
Commercial U.S. shipments	3,355,882	3,369,471	3,222,615	2,380,337	2,136,974
Lease shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	3,789,942	3,810,053	3,603,484	2,675,503	2,372,805
Export shipments	616,481	611,005	563,762	457,384	347,726
Total shipments	4,406,423	4,421,058	4,167,246	3,132,887	2,720,531
	Unit value (dollars per tire)				
Commercial U.S. shipments	327	314	298	298	253
Lease shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	325	313	298	298	255
Export shipments	327	305	277	286	265
Total shipments	326	312	295	296	257
	Share of quantity (percent)				
Commercial U.S. shipments	75.9	75.7	76.5	75.5	79.6
Lease shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	86.1	85.9	85.6	84.9	87.6
Export shipments	13.9	14.1	14.4	15.1	12.4
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Commercial U.S. shipments	76.2	76.2	77.3	76.0	78.5
Lease shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	86.0	86.2	86.5	85.4	87.2
Export shipments	14.0	13.8	13.5	14.6	12.8
Total shipments	100.0	100.0	100.0	100.0	100.0

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

Commercial U.S. shipments by type of tire

As presented in table III-7 the vast majority of U.S. producers' commercial U.S. shipments by type of tire were radial truck and bus tires. One U.S. producer, ***, had shipments of bias ply truck and bus tires (***).

Table III-7
Truck and bus tires: U.S. producers' U.S. shipments by type of tire, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 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.[14] U.S. producers' end-of-period inventories increased in each year, 0.9 percent in 2014, 26.0 percent in 2015 (27.1 percent higher in 2015 than in 2013), but was 1.5 percent lower in January-September 2016 compared to January-September 2015. As a share of U.S. production, U.S. shipments, and total shipments, inventories increased ***, 4.4, and 3.6 percentage points, respectively, between 2013 and 2015.

Table III-8
Truck and bus tires: U.S. producers' inventories, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
U.S. producers' end-of-period inventories	2,275	2,296	2,892	2,915	2,870
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	***	***	***	***	***
U.S. shipments	19.5	18.9	23.9	24.3	23.2
Total shipments	16.8	16.2	20.5	20.7	20.3

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

[14] Two firms (***) reported that shipments and inventories did not reconcile, representing *** percent of total production during 2013-15, respectively. *** stated that inventories are not maintained by production location, and thus inventory volumes by origin have been estimated. *** stated that the discrepancy is due to internal record system limitations, namely data capture timing of three separate record systems (Production, Sales, and Inventory).

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of truck and bus tires are presented in table III-9. *** imported from China and *** imported from all other sources.[15] While the share of imports to production varied for each reporting U.S. producer, the share for *** were higher in 2015 compared with 2013.

Table III-9
Truck and bus tires: U.S. producers' U.S. production, imports and purchases, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

As discussed earlier, one U.S. producer *** also reported purchasing *** tires in 2014 and *** tires in 2015 imported from China by ***. The U.S. importer *** imported *** truck and bus tires in 2014 and 2015, respectively. Thus, the U.S. producer's purchases accounted for *** percent of the importer's imports from China in 2014 and 2015, respectively.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data.[16] The number of production and related workers ("PRWs") increased during 2013-15, ending 337 PRWs higher in 2015 than in 2013. All producers, except *** increased between 2013 and 2015. ***.

Table III-10
Truck and bus tires: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
Production and related workers (PRWs) (number)	6,292	6,402	6,629	6,594	6,643
Total hours worked (1,000 hours)	13,793	14,050	14,307	10,747	11,014
Hours worked per PRW (hours)	2,192	2,195	2,158	1,630	1,658
Wages paid ($1,000)	326,646	335,621	363,085	273,267	266,930
Hourly wages (dollars per hour)	$23.68	$23.89	$25.38	$25.43	$24.24
Productivity (tires per 1,000 hour)	1,012	1,034	1,035	1,043	951
Unit labor costs (dollars per 1,000 tires)	$23.40	$23.10	$24.52	$24.39	$25.49

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

[15] ***.
[16] ***.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 150 firms believed to be importers of subject truck and bus tires, as well as to all U.S. producers of truck and bus tires.[1] Usable questionnaire responses were received from 41 companies.[2] Table IV-1 lists all responding U.S. importers of truck and bus tires from China and other sources, their locations, and their shares of U.S. imports, in 2015.

[1] 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 under HTS subheading 4011.20.1015 and 4011.20.5020 in 2015.

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

Table IV-1
Truck and bus tires: U.S. importers by source, 2015

Firm	Headquarters	Share of imports by source (percent)		
		China	All other sources	Total imports
Alliance Tire Americas, Inc.	Wakefield, MA	***	***	***
American Omni Trading Company, LLC	Houston, TX	***	***	***
American Pacific Industries Inc.	Scottsdale, AZ	***	***	***
Bhowmik Tires Inc	South Pasadena, CA	***	***	***
Bridgestone Americas Tire Operations, LLC	Nashville, TN	***	***	***
CMA, LLC (China Manufacturers Alliance)	Monrovia, CA	***	***	***
Continental Tire the Americas, LLC	Fort Mill, SC	***	***	***
Cooper Tire & Rubber Company	Findlay, OH	***	***	***
Daimler Trucks North America LLC	Portland, OR	***	***	***
Distribuidora Rosan, Inc.	Toa Baja, PR	***	***	***
Dynamic Tire Corp.	Woodbridge, ON	***	***	***
Flagship Tire & Wheel, LLC.	Houston, TX	***	***	***
Foreign Tire Sales, Inc.	Union, NJ	***	***	***
Giti Tire (USA), Ltd	Rancho Cucamonga, CA	***	***	***
Global Tire & Wheel, Inc.	Montclair, CA	***	***	***
Greenball Corp.	Anaheim, CA	***	***	***
Horizon Tire Inc.	Houston, TX	***	***	***
Husky Tire	Mississauga, ON	***	***	***
Katana Racing Inc	La Mirada, CA	***	***	***
Michelin North America, Inc.	Greenville, SC	***	***	***
New Pride Corporation	Rancho Dominguez, CA	***	***	***
Omni United (S) Pte Ltd	Singapore,	***	***	***
Pirelli Tire LLC	Rome, GA	***	***	***
RTA International, Inc.	Miami, FL	***	***	***
Seatex International	Woodbridge, ON	***	***	***
Staridge Inc.	Houston, TX	***	***	***
Statewide Tires Inc.	West Covina, CA	***	***	***
Stragegic Import Supply, LLC	Minnetonka, MN	***	***	***
Sutong China Tire Resources, Inc.	Hockley, TX	***	***	***
TBC Corporation	Palm Beach Gardens, FL	***	***	***
The Goodyear Tire & Rubber Company	Akron, OH	***	***	***
Tireco, Inc.	Gardena, CA	***	***	***
Toyo Tire U.S.A. Corp.	Cypress, CA	***	***	***
Triangle Tire USA, LLC	Franklin, TN	***	***	***
Trimax Tire Corp.	Brea, CA	***	***	***
Twinlines LLC	Pickerington, OH	***	***	***
Tyres International Inc.	Stow, OH	***	***	***
Unicorn Tire Corporation	Memphis, TN	***	***	***
WesPac International LLC	Fort Lauderdale, FL	***	***	***
YC Rubber Co. (North America) LLC	Pasadena, CA	***	***	***
Yokohama Tire Corporation	Santa Ana, CA	***	***	***
Total		***	***	***

Note.—***.

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of truck and bus tires from China and all other sources.[3] [4] Imports from China and all other sources increased each year ending 41.9 percent and 40.3 percent higher in 2015 than in 2013, respectively. U.S. imports from China increased 34.2 percent between 2013 and 2014 and U.S. imports from all other sources increased 20.9 percent during the same period. Between 2014 and 2015, U.S. imports from China increased 5.8 percent and U.S. imports from all other sources increased 16.1 percent. U.S. imports from China were 5.0 percent lower in January-September 2016 compared with January-September 2015, and U.S. imports from all other sources were *** percent lower. As a share of total U.S. imports of truck and bus tires, imports from China fluctuated during 2013-15, ending 0.3 percent higher in 2015 than in 2013, but as a ratio to U.S. production increased from *** to *** percent or *** percentage points over the same period. While the unit values of both imports from China and from all other sources declined during 2013-15, those of imports from China were consistently lower than those of imports from all other sources.

[3] Two firms, ***, operated foreign trade zones and two firms, ***, used Temporary Importation under Bond.

[4] U.S. imports from Thailand in interim 2016 were adjusted to remove imports that were not truck and bus tires. The firm ***, accounted for the largest increase in U.S. imports from Thailand in interim 2016 under statistical reporting numbers 4011.20.1015 and 4011.20.5020 (with lowest average unit values) confirmed that some of these imports were not truck and bus tires. Email from ***, January 30, 2017.

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

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
U.S. imports from.--China	6,276	8,421	8,906	6,701	6,362
All other sources	3,927	4,747	5,510	4,094	***
Total U.S. imports	10,203	13,167	14,416	10,794	***
	Value (1,000 dollars)				
U.S. imports from.--China	982,855	1,212,889	1,214,136	928,053	756,865
All other sources	1,049,854	1,232,641	1,331,150	1,008,500	***
Total U.S. imports	2,032,710	2,445,530	2,545,286	1,936,553	***
	Unit value (dollars per tire)				
U.S. imports from.--China	157	144	136	139	119
All other sources	267	260	242	246	***
Total U.S. imports	199	186	177	179	***
	Share of quantity (percent)				
U.S. imports from.--China	61.5	64.0	61.8	62.1	***
All other sources	38.5	36.0	38.2	37.9	***
Total U.S. imports	100.0	100.0	100.0	100.0	***
	Share of value (percent)				
U.S. imports from.--China	48.4	49.6	47.7	47.9	***
All other sources	51.6	50.4	52.3	52.1	***
Total U.S. imports	100.0	100.0	100.0	100.0	***
	Ratio to U.S. production				
U.S. imports from.--China	***	***	***	***	***
All other sources	***	***	***	***	***
Total U.S. imports	***	***	***	***	***

Note. Nonsubject U.S. imports from Thailand in January to September 2016 have been adjusted to remove imports of tires that were not truck and bus tires.

Source: Adjusted official U.S. imports statistics as reported by the U.S. Department of Commerce, Census Bureau, under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed November 30, 2016.

Figure IV-1
Truck and bus tires: U.S. imports by source, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

U.S. importers' U.S. shipments by tire type

As shown in tables IV-3 and IV-4, the vast majority of U.S. importers' commercial U.S. shipments from China and all other sources are radial tires. *** importers had U.S. shipments of bias ply tubed from China, *** firms has U.S. shipments of bias ply tubed from all other sources, *** importers had U.S. shipments of bias ply tubeless from China, and *** firm had U.S. shipments of bias ply tubeless from all other sources.

Table IV-3
Truck and bus tires: U.S. importers' commercial U.S. shipments of imports from China, by type of tire, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Table IV-4
Truck and bus tires: U.S. importers' commercial U.S. shipments of imports from all other sources, by type of tire, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Nonsubject sources

Table IV-5 presents data for U.S. imports of truck and bus tires from major nonsubject sources. As noted in Part III of this report, U.S. producers have related producers in the top ten nonsubject sources of U.S. imports of truck and bus tires.

Table IV-5
Truck and bus tires: Major nonsubject sources of U.S. imports by source, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
U.S. imports from.--			
Canada	1,244	1,381	1,454
Japan	724	984	1,232
Thailand	839	841	912
United Kingdom	291	316	394
Spain	77	130	362
Germany	202	228	305
Korea	214	268	228
Italy	66	74	192
France	98	115	144
Slovak Republic	36	267	143
All other sources	136	142	144
Total U.S. imports from nonsubject sources	3,927	4,747	5,510
	Share of total U.S. imports (percent)		
U.S. imports from.--			
Canada	31.7	29.1	26.4
Japan	18.4	20.7	22.3
Thailand	21.4	17.7	16.6
United Kingdom	7.4	6.7	7.2
Spain	2.0	2.7	6.6
Germany	5.1	4.8	5.5
Korea	5.4	5.6	4.1
Italy	1.7	1.6	3.5
France	2.5	2.4	2.6
Slovak Republic	0.9	5.6	2.6
All other sources	3.5	3.0	2.6
Total U.S. imports from nonsubject sources	100.0	100.0	100.0

Source: Official U.S. imports statistics as reported by the U.S. Department of Commerce, Census Bureau, under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed November 30, 2016.

CRITICAL CIRCUMSTANCES

On July 5, 2016[5] and September 6, 2016,[6] Commerce published notice in the Federal Register of its preliminary determinations that "critical circumstances" exist with regard to imports from China of truck and bus tires from certain producers and exporters from China. On January 27, 2017, Commerce published its final determinations.[7] In these investigations, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping duties retroactive by 90 days from September 6, 2016, the effective date of Commerce's preliminary affirmative LTFV determination.

China (antidumping duty)

In its final antidumping duty critical circumstances determination concerning China, Commerce determined, as it did in its preliminary determination, that critical circumstances exist with regard to imports of truck and bus tires from all producers in China. Table IV-6 presents monthly imports of truck and bus tires from China, for the six-month periods before and after the filing of the petition on January 29, 2016 (August 2015 through January 2016 and February 2016 through July 2016).

[5] *Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Determination*, 81 FR 43577, July 5, 2016.

[6] *Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances, and Postponement of Final Determination*, 81 FR 61186, September 6, 2016.

[7] *Truck and Bus Tires From the People's Republic of China: Final Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances*, 82 FR 8599, January 27, 2017 and *Truck and Bus Tires From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, in Part*, 82 FR 8606, January 27, 2017.

Table IV-6
Truck and bus tires: U.S. imports from China subject to Commerce's final affirmative critical circumstance findings (antidumping), August 2015 through July 2016

* * * * * * *

China (countervailing duty)

In its final countervailing duty critical circumstances determination for China, Commerce determined, as it did in its preliminary determination, that critical circumstances exist with regard to imports from China of truck and bus tires from Guizhou Tyre Co., Ltd. and its cross-owned trading company, Guizhou Tyre Import and Export Co., Ltd, but not for Double Coin. In addition, Commerce found that critical circumstances exist with respect to imports of truck and bus tires from China for all other companies. Table IV-7 presents monthly imports of truck and bus tires from China by these firms, for the six-month periods before and after the filing of the petition on January 29, 2016 (August 2015 through January 2016 and February 2016 through July 2016).

Table IV-7
Truck and bus tires: U.S. imports from China subject to Commerce's final affirmative critical circumstance findings (CVD), August 2015 through July 2016

* * * * * * *

Table IV-8 presents monthly inventories of imports of truck and bus tires from China by the 23 reporting U.S. importers, for the August 2015 through July 2016.

Table IV-8
Truck and bus tires: Inventories of U.S. imports from China subject to Commerce's final affirmative critical circumstance findings, August 2015 through July 2016

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[8] 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.[9] Imports from China accounted for 61.8 percent of total imports of truck and bus tires by quantity during 2015.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-9 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for truck and bus tires. Apparent U.S. consumption increased each year during 2013-15, 16.0 percent in 2014 and 4.6 percent in 2015, ending 21.3 percent higher in 2015 than in 2013. U.S. producer's share declined and share of U.S. imports from China and from all other sources both increased in each year during 2013-15. U.S. producers' share of quantity declined 5.3 percentage points in 2014 and 2.4 percentage points in 2015 (7.7 percentage points less than in 2013). As noted in part III of this report, the decline in U.S. shipments between 2013 and 2015 was largely due to ***.[10] ***.[11] ***.

[8] 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)).

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

[10] Email from ***, February 24, 2016.

[11] ***.

Table IV-9
Truck and bus tires: U.S. shipments of domestic product, U.S. imports, apparent U.S. consumption, and share of apparent U.S. consumption, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
U.S. producers' U.S. shipments	11,649	12,174	12,098	8,985	9,292
U.S. imports from.--					
China	6,276	8,421	8,906	6,701	6,362
All other sources	3,927	4,747	5,510	4,094	***
All import sources	10,203	13,167	14,416	10,794	***
Total apparent U.S. consumption	21,852	25,341	26,514	19,779	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	3,789,942	3,810,053	3,603,484	2,675,503	2,372,805
U.S. imports from.--					
China	982,855	1,212,889	1,214,136	928,053	756,865
All other sources	1,049,854	1,232,641	1,331,150	1,008,500	***
All import sources	2,032,710	2,445,530	2,545,286	1,936,553	***
Total apparent U.S. consumption	5,822,652	6,255,583	6,148,770	4,612,056	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	53.3	48.0	45.6	45.4	47.7
U.S. imports from.--					
China	28.7	33.2	33.6	33.9	***
All other sources	18.0	18.7	20.8	20.7	***
All import sources	46.7	52.0	54.4	54.6	***
	Share of value (percent)				
U.S. producers' U.S. shipments	65.1	60.9	58.6	58.0	59.1
U.S. imports from.--					
China	16.9	19.4	19.7	20.1	***
All other sources	18.0	19.7	21.6	21.9	***
All import sources	34.9	39.1	41.4	42.0	***

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. *statistics under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed* November 30, 2016.

Figure IV-2
Truck and bus tires: Apparent U.S. consumption, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Truck and bus tires are produced using natural and synthetic rubber, carbon black, oils, and steel. Approximately 51.2 percent of the tire is made up of rubber, 13.3 percent is made up of carbon black, and 17.2 percent is made out of bead wire. All responding U.S. producers (6 firms) and a majority of importers (33 of 38) reported that raw material prices have decreased since 2013. The ratio of raw materials to COGS declined from 62.1 percent in 2013 to 56.4 percent in 2015. This decline has largely been driven by the decline in rubber prices. The prices of synthetic rubber decreased by *** percent during January 2013-September 2016, and the prices of natural rubber decreased by *** percent during January 2013-September 2016 (figure V-1). Both synthetic and natural rubber increased in the month of October. Additionally, purchaser *** reported that it has long term agreements with *** that are indexed to raw material clauses. *** indicated that prices change approximately every six months based on this index.

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

* * * * * * *

U.S. inland transportation costs

A majority of responding U.S. producers and importers reported that they typically arrange transportation to their customers. Three U.S. producers reported that their U.S. inland transportation costs ranged from 4 to 6.2 percent, averaging 4.7 percent,[1] while 22 importers reported costs of 0.5 to 10 percent, averaging 4.0 percent.[2]

[1] Producers *** reported inland transportation costs of 100 percent and were not included in these calculations.

[2] Importers *** reported inland transportation costs of 100 percent and importer *** reported 52 percent, and were not included in these calculations.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using a variety of pricing methods (table V-1). Importer *** reported basing prices on the rubber index and delivery costs.

Table V-1

Truck and bus 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	5	19
Contract	6	10
Set price list	5	27
Other	1	5
Total responding firms	7	39

[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.

For sales to OEMs, U.S. producers sell the majority of their product under long-term contracts while importers sell the majority of their product in the spot market (table V-2). For sales to the aftermarket, U.S. producers and importers sell a majority on a spot or short-term contract basis. Three U.S. producers indicated that long-term contracts typically have fixed prices and quantities with no meet or release clauses for both OEM and aftermarket channels.

Table V-2

Truck and bus tires: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2015

	OEM		Aftermarket		Total	
	U.S. producers	Subject U.S. importers	U.S. producers	Subject U.S. importers	U.S. producers	Subject U.S. importers
	Share (percent)		Share (percent)		Share (percent)	
Share of commercial U.S. shipments.--						
Long-term contracts	52.3	7.7	8.8	14.8	27.0	14.2
Annual contract	9.8	0.1	19.6	2.4	15.5	2.2
Short-term contracts	1.8	20.0	24.2	36.6	14.9	35.2
Spot sales	36.1	72.2	47.4	46.2	42.7	48.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

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

Of the 20 responding purchasers, ten purchasers reported that they purchase product daily, five purchase weekly, and five purchase monthly. Only one responding purchaser reported that their purchasing frequency had changed since 2013. Most (13 of 16) purchasers contact one to six suppliers before making a purchase. Purchaser *** reported contacting up to

10 suppliers before making a purchase, purchaser *** reported contacting 6 to 8 suppliers, and purchaser *** reported contacting 5 to 8 suppliers.

Sales terms and discounts

U.S. producers and importers typically quote prices on a delivered basis. All six responding U.S. producers offer discounts based on quantity and total volume. Seventeen of 39 importers reported offering discounts based on total volume, and 12 of 39 reported offering discounts based on quantity. Three importers *** reported offering discounts based on freight. Additionally, *** reported occasionally offering discounts between 2 to 5 percent for marketing but did not elaborate on what type of marketing promotions. A majority of U.S. producers and importers reported sales terms of net 30 days or net 60 days.

Price leadership

All ten responding purchasers reported that Michelin was a price leader, stating that it is the first to adjust prices in the market. Four purchasers indicated Bridgestone and three indicated Goodyear as price leaders. Purchaser *** reported that Yokohama is a price leader as well. Purchaser *** indicated that Giti, Cooper, and Double Coin were also price leaders, particularly in the tier 2 and 3 markets. Purchaser *** reported that there are no price leaders for bias ply intermodal chassis tires.

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 truck and bus tires products shipped to unrelated U.S. customers from January 2013 to September 2016.

***Product 1*.--Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).**

***Product 2*.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).**

***Product 3*.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).**

***Product 4*.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).**

Data were requested separately for sales to OEMs and sales to the aftermarket. Five U.S. producers and 27 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[3] Pricing data reported by these firms accounted for approximately 25.4 percent of U.S. producers' commercial shipments of truck and bus tires in 2015 and 13.6 percent of U.S. commercial shipments of subject imports from China in 2015.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-9. Nonsubject country prices are presented in Appendix D.

[3] 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.

Table V-3

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

Period	United States - OEM		China - OEM		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2013:					
Jan.-Mar.	328.13	61,252	***	***	***
Apr.-Jun.	333.51	60,051	***	***	***
Jul.-Sep.	328.46	53,507	***	***	***
Oct.-Dec.	336.25	66,909	***	***	***
2014:					
Jan.-Mar.	313.70	59,151	***	***	***
Apr.-Jun.	314.28	50,467	***	***	***
Jul.-Sep.	315.89	56,983	***	***	***
Oct.-Dec.	323.20	65,618	***	***	***
2015:					
Jan.-Mar.	324.51	60,037	***	***	***
Apr.-Jun.	316.15	58,448	***	***	***
Jul.-Sep.	303.49	45,081	***	***	***
Oct.-Dec.	301.78	55,086	***	***	***
2016:					
Jan.-Mar.	297.61	42,882	***	***	***
Apr.-Jun.	295.82	38,393	***	***	***
Jul.-Sep.	283.85	33,209	***	***	***
	United States - Aftermarket		**China - Aftermarket**		
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**	**Margin (percent)**
2013:					
Jan.-Mar.	373.80	37,555	257.15	25,758	31.2
Apr.-Jun.	359.77	37,976	221.36	26,450	38.5
Jul.-Sep.	351.63	50,693	226.11	32,966	35.7
Oct.-Dec.	369.74	49,161	215.86	21,406	41.6
2014:					
Jan.-Mar.	352.89	45,875	212.46	21,304	39.8
Apr.-Jun.	340.77	41,520	208.49	37,155	38.8
Jul.-Sep.	341.22	44,625	202.73	41,428	40.6
Oct.-Dec.	344.52	55,974	200.43	46,908	41.8
2015:					
Jan.-Mar.	340.77	41,025	191.17	42,352	43.9
Apr.-Jun.	331.12	36,823	181.48	45,594	45.2
Jul.-Sep.	322.98	60,014	178.57	50,238	44.7
Oct.-Dec.	313.23	73,998	195.56	56,466	37.6
2016:					
Jan.-Mar.	324.83	71,816	189.85	55,177	41.6
Apr.-Jun.	318.11	60,767	179.47	69,512	43.6
Jul.-Sep.	291.78	73,364	180.43	54,014	38.2

[1] Product 1: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Table V-4

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

Period	United States - OEM		China - OEM		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2013:					
Jan.-Mar.	359.37	27,840	***	***	***
Apr.-Jun.	356.81	34,605	***	***	***
Jul.-Sep.	361.79	25,691	***	***	***
Oct.-Dec.	373.01	25,177	***	***	***
2014:					
Jan.-Mar.	353.88	31,133	***	***	***
Apr.-Jun.	361.09	35,206	***	***	***
Jul.-Sep.	348.61	45,035	***	***	***
Oct.-Dec.	367.25	47,601	***	***	***
2015:					
Jan.-Mar.	343.95	41,777	***	***	***
Apr.-Jun.	343.31	38,336	***	***	***
Jul.-Sep.	331.29	36,697	***	***	***
Oct.-Dec.	315.10	34,691	***	***	***
2016:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	301.40	39,485	***	***	***
Jul.-Sep.	284.21	43,466	***	***	***
	United States - Aftermarket		**China - Aftermarket**		
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**	**Margin (percent)**
2013:					
Jan.-Mar.	392.01	22,470	279.73	21,519	28.6
Apr.-Jun.	377.24	27,604	238.17	23,986	36.9
Jul.-Sep.	373.63	38,931	238.71	25,979	36.1
Oct.-Dec.	362.96	36,258	233.14	21,206	35.8
2014:					
Jan.-Mar.	381.70	23,518	225.24	18,766	41.0
Apr.-Jun.	360.53	32,576	222.59	33,929	38.3
Jul.-Sep.	354.43	36,878	216.60	37,807	38.9
Oct.-Dec.	358.25	41,241	210.74	43,301	41.2
2015:					
Jan.-Mar.	351.57	36,005	204.50	32,326	41.8
Apr.-Jun.	362.91	36,167	193.00	41,144	46.8
Jul.-Sep.	331.03	39,445	189.08	37,748	42.9
Oct.-Dec.	327.82	42,676	189.59	41,099	42.2
2016:					
Jan.-Mar.	329.09	55,596	196.44	49,524	40.3
Apr.-Jun.	316.26	59,722	180.95	53,693	42.8
Jul.-Sep.	296.82	61,711	197.37	44,282	33.5

[1] Product 2: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Table V-5

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

Period	United States - OEM		China - OEM		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2013:					
Jan.-Mar.	303.21	152,953	***	***	***
Apr.-Jun.	305.81	164,222	***	***	***
Jul.-Sep.	297.14	184,007	***	***	***
Oct.-Dec.	306.03	204,441	***	***	***
2014:					
Jan.-Mar.	289.15	193,236	***	***	***
Apr.-Jun.	289.92	221,155	***	***	***
Jul.-Sep.	285.22	245,200	***	***	***
Oct.-Dec.	291.20	269,919	***	***	***
2015:					
Jan.-Mar.	288.38	245,069	***	***	***
Apr.-Jun.	284.01	287,226	***	***	***
Jul.-Sep.	278.70	291,408	***	***	***
Oct.-Dec.	277.39	303,269	***	***	***
2016:					
Jan.-Mar.	274.31	184,290	***	***	***
Apr.-Jun.	274.39	197,152	***	***	***
Jul.-Sep.	263.39	166,669	***	***	***
	United States - Aftermarket		**China - Aftermarket**		
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**	**Margin (percent)**
2013:					
Jan.-Mar.	348.75	112,114	234.10	37,340	32.9
Apr.-Jun.	333.07	131,542	211.15	42,798	36.6
Jul.-Sep.	339.63	161,145	208.31	44,702	38.7
Oct.-Dec.	341.56	153,173	204.23	44,423	40.2
2014:					
Jan.-Mar.	328.52	130,321	201.82	42,412	38.6
Apr.-Jun.	325.15	144,378	199.26	61,345	38.7
Jul.-Sep.	325.28	185,529	190.69	73,660	41.4
Oct.-Dec.	325.56	176,430	186.02	74,137	42.9
2015:					
Jan.-Mar.	314.24	143,113	180.38	64,654	42.6
Apr.-Jun.	324.84	175,554	171.09	84,950	47.3
Jul.-Sep.	307.35	189,998	171.68	104,362	44.1
Oct.-Dec.	301.53	201,208	170.45	95,792	43.5
2016:					
Jan.-Mar.	305.79	225,606	160.07	78,511	47.7
Apr.-Jun.	296.22	230,978	153.39	113,620	48.2
Jul.-Sep.	273.84	280,099	193.95	66,636	29.2

[1] Product 3: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).

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

Table V-6

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2013-September 2016

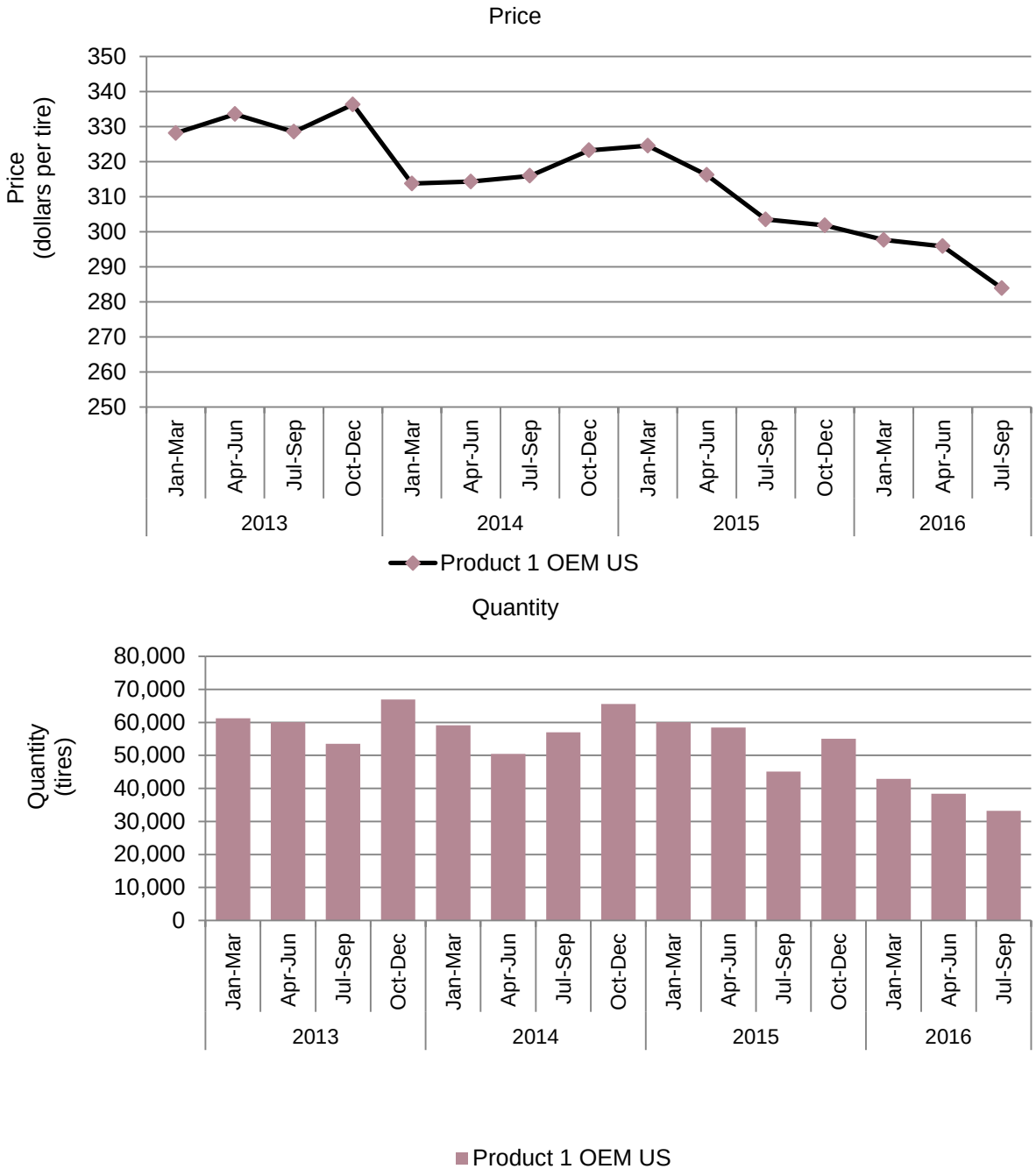
Period	United States - OEM		China - OEM		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2013:					
Jan.-Mar.	314.53	10,915	---	0	---
Apr.-Jun.	319.48	10,090	---	0	---
Jul.-Sep.	328.10	9,987	---	0	---
Oct.-Dec.	313.36	7,909	---	0	---
2014:					
Jan.-Mar.	313.33	9,327	---	0	---
Apr.-Jun.	311.88	8,282	---	0	---
Jul.-Sep.	311.25	11,023	---	0	---
Oct.-Dec.	314.59	13,202	---	0	---
2015:					
Jan.-Mar.	305.33	11,562	---	0	---
Apr.-Jun.	293.33	11,633	---	0	---
Jul.-Sep.	285.82	12,563	---	0	---
Oct.-Dec.	***	***	---	0	---
2016:					
Jan.-Mar.	***	***	---	0	---
Apr.-Jun.	***	***	---	0	---
Jul.-Sep.	***	***	---	0	---
	United States - Aftermarket		**China - Aftermarket**		
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**	**Margin (percent)**
2013:					
Jan.-Mar.	369.75	33,595	252.84	18,148	31.6
Apr.-Jun.	352.19	36,444	221.28	18,200	37.2
Jul.-Sep.	364.34	37,325	222.94	18,777	38.8
Oct.-Dec.	369.75	38,212	217.42	16,643	41.2
2014:					
Jan.-Mar.	363.79	32,311	209.63	17,413	42.4
Apr.-Jun.	347.13	34,426	204.89	21,574	41.0
Jul.-Sep.	353.31	29,414	200.35	24,401	43.3
Oct.-Dec.	344.40	34,151	199.27	25,629	42.1
2015:					
Jan.-Mar.	353.71	29,007	188.64	22,280	46.7
Apr.-Jun.	352.40	34,062	179.49	29,355	49.1
Jul.-Sep.	320.56	29,483	173.73	27,423	45.8
Oct.-Dec.	302.35	32,639	165.48	24,616	45.3
2016:					
Jan.-Mar.	303.75	35,936	162.02	22,738	46.7
Apr.-Jun.	309.45	42,499	160.27	25,803	48.2
Jul.-Sep.	274.48	39,974	185.67	20,016	32.4

[1] Product 4: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).

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

Figure V-2

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 1 to OEMs, by quarters, January 2013-September 2016 – China redacted

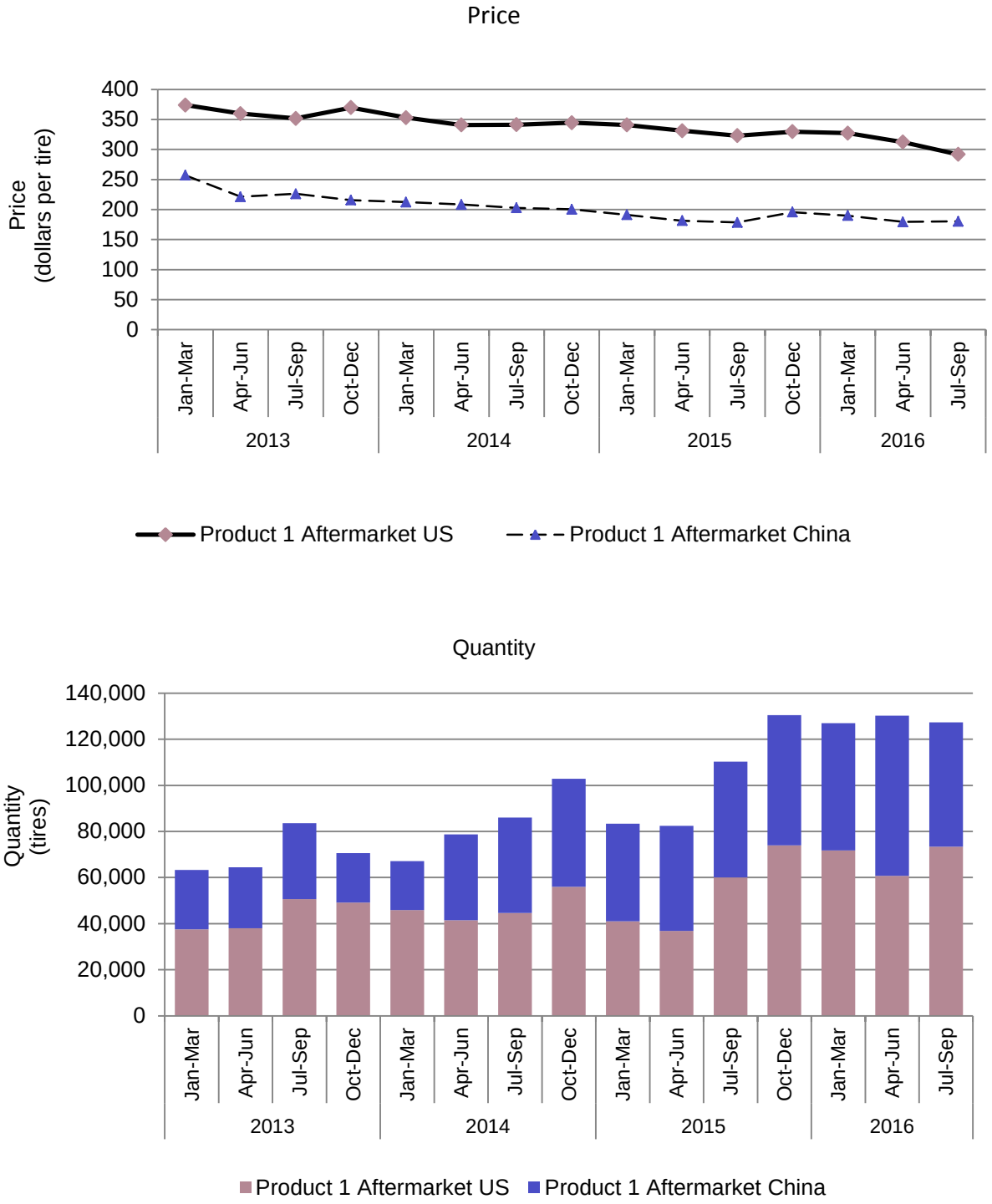


Product 1: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Figure V-3

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 1 to the aftermarket, by quarters, January 2013-September 2016



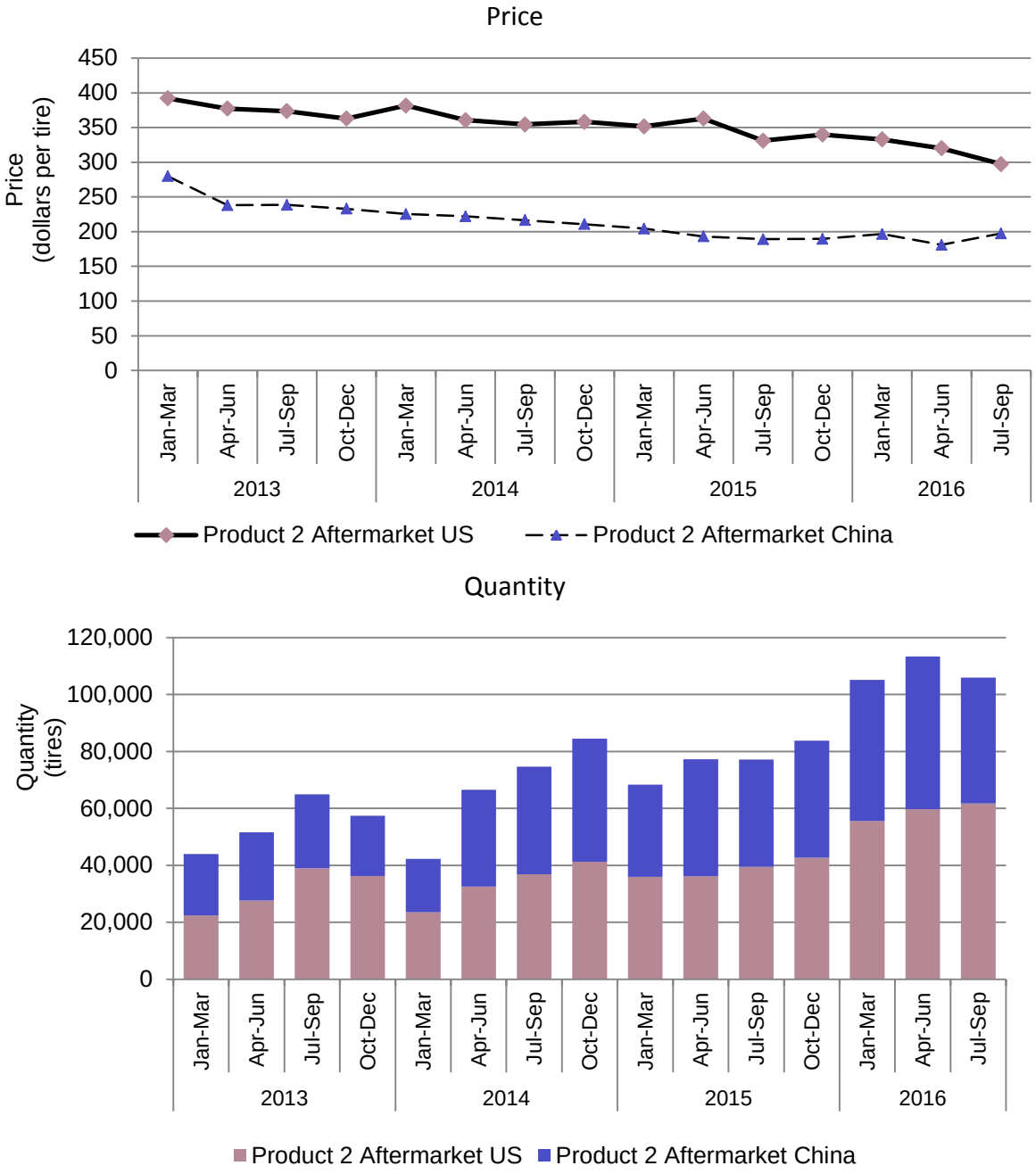
Product 1: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Figure V-4
Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 2 to OEM, by quarters, January 2013-September 2016

* * * * * * *

Figure V-5
Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 2 to aftermarket, by quarters, January 2013-September 2016

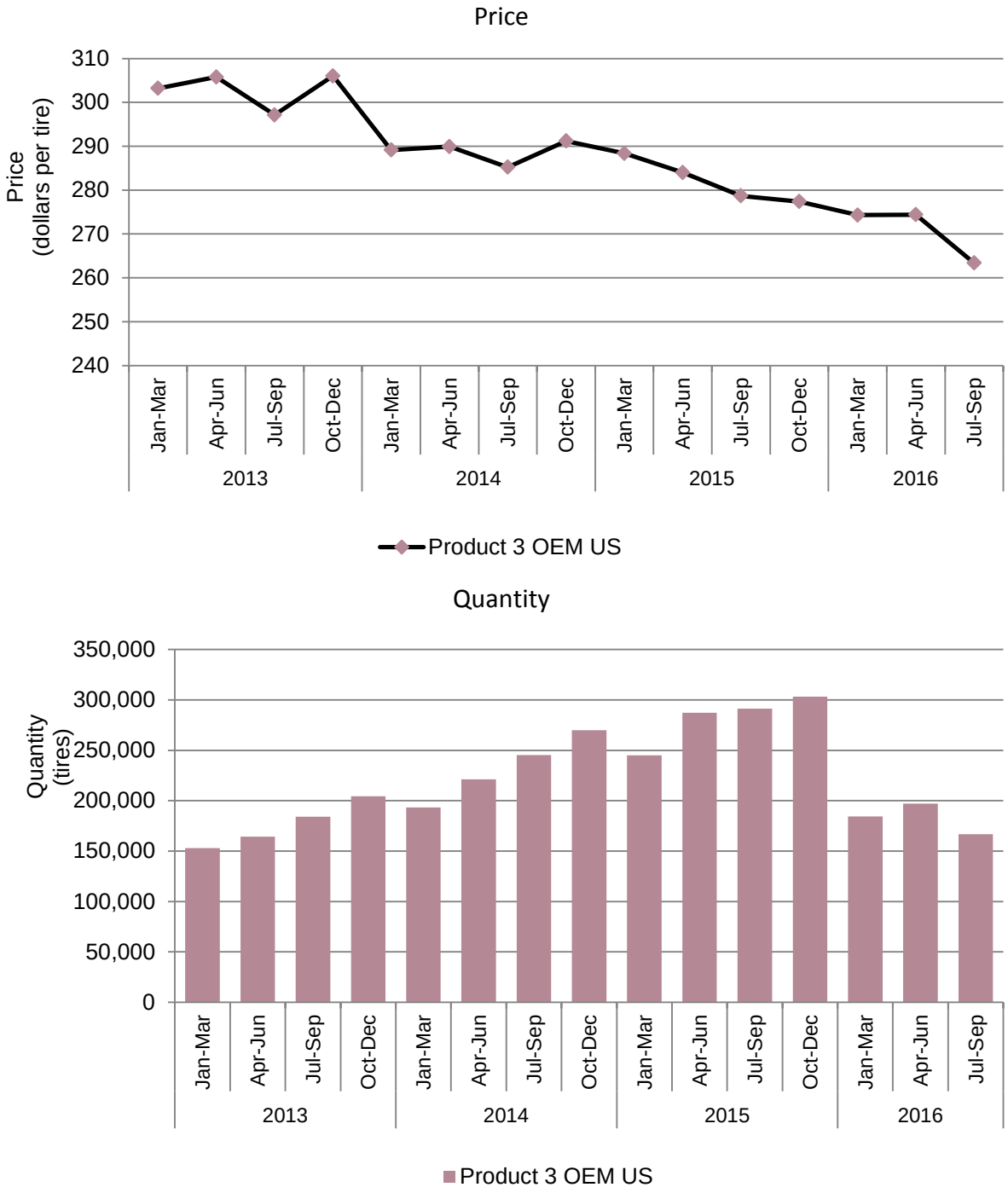


Product 2: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Figure V-6

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 3 to OEM, by quarters, January 2013-September 2016—China redacted



Product 3: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).

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

Figure V-7

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 3 to aftermarket, by quarters, January 2013-September 2016

* * * * * * *

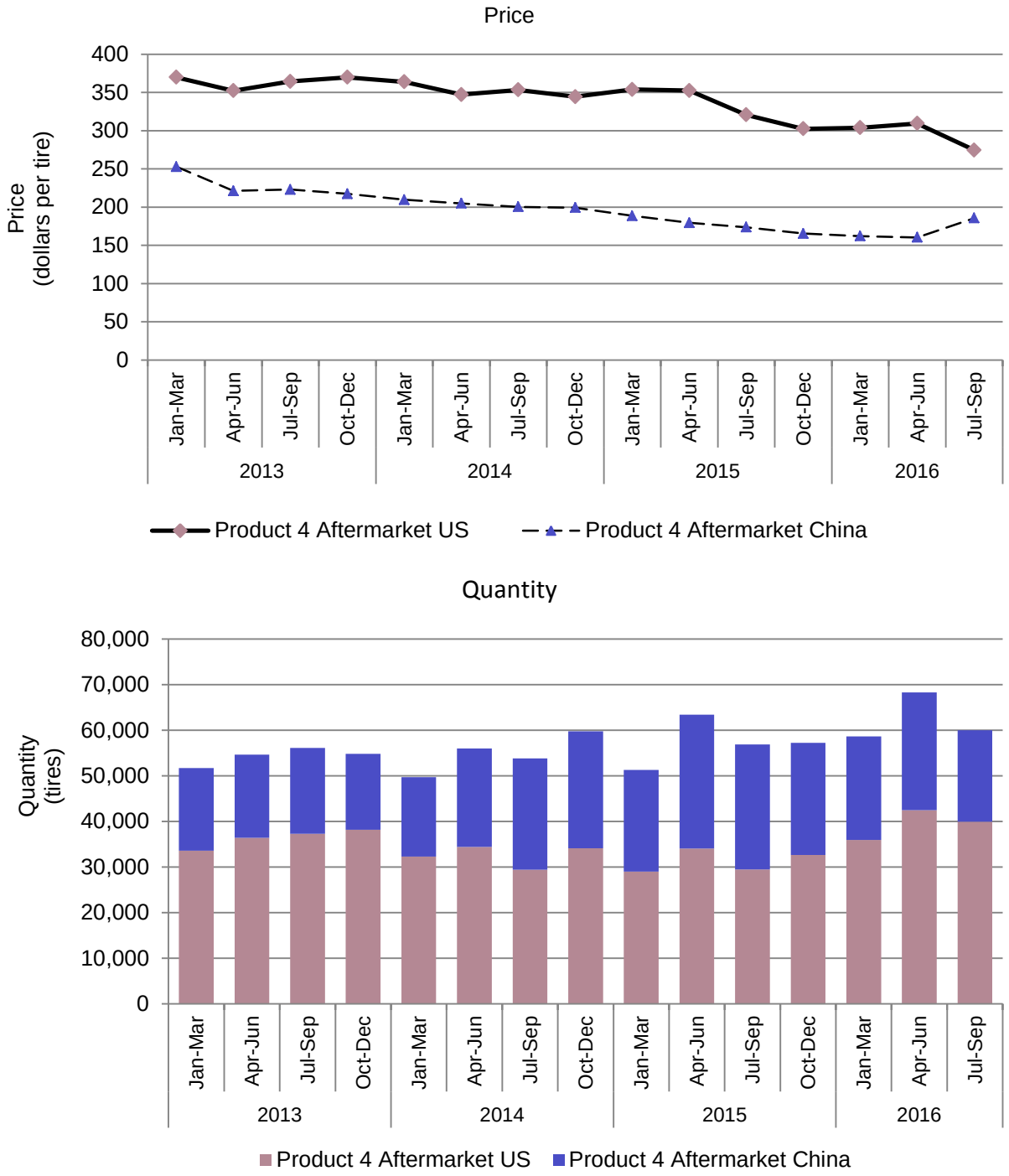
Figure V-8

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 4 to OEM, by quarters, January 2013-September 2016

* * * * * * *

Figure V-9

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 4 to aftermarket, by quarters, January 2013-September 2016



Product 4: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).

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

Price trends

In general, prices decreased from January 2013 to September 2016. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from *** to 25.8 percent from January 2013 to September 2016 while import price decreases ranged from 17.1 to 29.8 percent.[4] Prices of Chinese product *** to OEMs increased by *** percent.

Table V-7

Truck and bus tires: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

Item	Number of quarters	Low price (dollars per tire)	High price (dollars per tire)	Change in price over period (percent)
Product 1 OEM:				
United States	15	283.85	336.25	(13.5)
China	7	***	***	---
Product 1 aftermarket:				
United States	15	291.78	373.80	(21.9)
China	15	178.57	257.15	(29.8)
Product 2 OEM:				
United States	15	284.21	373.01	(20.9)
China	3	***	***	---
Product 2 aftermarket:				
United States	15	296.82	392.01	(24.3)
China	15	180.95	279.73	(29.4)
Product 3 OEM:				
United States	15	263.39	306.03	***
China	15	***	***	***
Product 3 aftermarket:				
United States	15	273.84	348.75	(21.5)
China	15	153.39	234.10	(17.1)
Product 4 OEM:				
United States	15	***	***	***
Product 4 aftermarket:				
United States	15	274.48	369.75	(25.8)
China	15	160.27	252.84	(26.6)

[1] Percentage change from the first quarter of 2013 to third quarter 2016. Importers did not report any pricing data for product 4 for OEMs.

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

[4] The price of imports from China for pricing product 1 to OEMs was only available in seven quarters, respectively; it increased by *** percent. The price of imports from China for pricing product 2 to OEMs was only available in three quarters; it decreased by *** percent. These changes were not comparable to that of the other country-product combinations for which prices were available for 15 quarters.

Price comparisons

As shown in table V-8, prices for truck and bus tires imported from China were below those for U.S.-produced product in 79 of 85 instances (*** tires); margins of underselling ranged from 11.0 to 50.2 percent. In the remaining 6 instances (*** tires), prices for truck and bus tires from China were between *** percent above prices for the domestic product.

Table V-8

Truck and bus tires: Instances of underselling/overselling and the range and average of margins, by product and channel, January 2013-September 2016[1]

Source	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1 OEM	4	***	***	***	***
Product 2 OEM	0	***	***	***	***
Product 3 OEM	15	***	***	***	***
Product 4 OEM	0	***	---	---	***
Total, underselling OEM	19	***	***	***	***
Product 1 Aftermarket	15	626,728	40.2	31.2	45.2
Product 2 Aftermarket	15	526,309	39.1	28.6	46.8
Product 3 Aftermarket	15	1,029,342	40.8	29.2	48.2
Product 4 Aftermarket	15	333,016	42.1	31.6	49.1
Total, underselling Aftermarket	60	2,515,395	40.6	28.6	49.1
Total, underselling	79	***	***	11.0	50.2
Source	(Overselling)				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1 OEM	3	***	***	***	***
Product 2 OEM	3	***	***	***	***
Product 3 OEM	0	***	***	---	---
Product 4 OEM	0	***	***	---	---
Total, overselling OEM	6	***	***	***	***
Product 1 Aftermarket	0	***	---	---	---
Product 2 Aftermarket	0	***	---	---	---
Product 3 Aftermarket	0	***	---	---	---
Product 4 Aftermarket	0	***	---	---	---
Total, overselling Aftermarket	0	***	---	---	---
Total, overselling	6	***	***	***	***

[1] These data include only quarters in which there is a comparison between the U.S. and subject product. Importers did not report pricing data for product 4 for OEM users.

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

LOST SALES AND LOST REVENUE

In the preliminary phase of these investigations, the Commission requested U.S. producers of truck and bus tires to report purchasers where they experienced instances of lost sales or revenue due to competition from imports of truck and bus tires during 2013 -15. Of the 3 responding U.S. producers, 2 reported that they had to reduce prices, and none reported that they had to roll back announced price increases. Two firms reported that they had lost sales, but only one firm (***) submitted lost sales and lost revenue allegations. *** identified 14 firms where it lost both sales and/or revenue.[5] U.S. producers were also asked to provide information regarding the timing, method of sale, and product type related to the lost sales and lost revenue allegations. *** reported that most of the lost sales and lost revenue allegations occurred in 2015 and were spot sales.

In the final phase of these investigations, of the five responding U.S. producers, three reported that they had to either reduce prices or roll back announced price increases, and four firms reported that they had lost sales. Staff contacted 50 purchasers and received responses from 20 purchasers.[6] Responding purchasers reported purchasing approximately 3 million truck and bus tires from the United States and 1.2 million truck and bus tires from China during 2013-15 (table V-9).

Table V-9
Truck and bus tires: Purchasers' responses to purchasing patterns

* * * * * * *

Of the 18 responding purchasers, 14 reported that, since 2013, they had purchased imported truck and bus tires from China instead of U.S.-produced truck and bus tires. Eleven of these purchasers reported that subject import prices were lower than U.S.-produced product, and nine of these purchasers reported that price was a primary reason for purchasing imported product rather than U.S.-produced product (table V-10). Purchasers identified availability and quality as non-price reasons for purchasing imported rather than U.S.-produced product.

Table V-10
Truck and bus tires: Purchasers' responses to shifting supply sources

* * * * * * *

Of the 19 responding purchasers, five reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (table V-11; three reported that it did not know). The reported estimated price reduction up to 15 percent.

Table V-11
Truck and bus tires: Purchasers' responses to U.S. producer price reductions

* * * * * * *

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[5] U.S. producer *** provided lost sales allegations but did not provide contact information for the purchasers. These allegations were not included in these calculations.

[6] *** submitted a lost sales lost revenue survey response in the preliminary phase, but did not submit a purchaser questionnaire response in the final phase.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Seven U.S. producers provided useable financial data,[1] which accounted for virtually all sales of truck and bus tires in 2015.[2] *** reported data on their transfers to related firms,[3] while *** reported internal consumption. The two categories aggregated were approximately *** percent by value of total net sales in 2015. Six of the seven firms are established producers (including Sumitomo); Yokohama, began producing tires in a new facility in 2015. The data submitted by Yokohama *** due to startup costs (discussed later) as Yokohama ramped up production.

The Commission's questionnaire requested financial data on certain other areas of truck and bus tire operations, including sales of mounted tires, leasing operations, and retreading operations. With regard to sales of mounted tires, the Commission's questionnaire asked that only the tire portion was to be included in sales data: ***. With regard to tire leasing, *** firms (***) provided data; leasing was equivalent to *** percent of the industry's total sales in 2015.[4] With regard to retread operations, the Commission's questionnaire instructed firm not to include retreading data in their sales; *** firms (***) reported data, which were the equivalent to *** percent of the industry's total sales by value in 2015.[5] These aspects of the truck and bus tire industry are discussed later.

OPERATIONS ON TRUCK AND BUS TIRES

Table VI-1 presents aggregated data on U.S. producers' operations in relation to truck and bus tires, while table VI-3 presents selected company-specific financial data. Results of the firms' operations are briefly summarized as follows. Total net sales increased irregularly by quantity between 2013 and 2015, but the average unit value of sales and the value of total sales decreased between 2013 and 2015. Sales quantity was *** higher but sales value and the

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[1] These firms are: Bridgestone, Continental, Goodyear, Michelin, Specialty Tires, Sumitomo, and Yokohama. Each of the firms reported its data on a fiscal year that ended on December 31. See discussion in Part III of this report on industry developments. ***. Differences between the trade and financial sections of the Commission's questionnaire are due to the treatment of leasing operations (the trade section asked for leasing shipments at fair value while the financial section asked for the revenue recognized from leasing operations).

[2] See Part I for coverage.

[3] ***.

[4] As noted earlier, the trade section of the Commission's questionnaire asked for data on shipments of leased tires while the financial section asked for data on leased tires separately from sales. According to generally accepted accounting principles, leasing differs from a sale in that there is no transfer of ownership to the lessor and a lease payment is a rental payment for the use of the merchandise.

[5] Each of the firms contacted by staff confirmed that sales and cost data was only for new tires. ***.

unit value of sales were lower in January-September ("interim") 2016 than in interim 2015. Total cost of goods sold ("COGS") declined between 2013 and 2015 and offset the increase in selling, general and administrative ("SG&A") expenses between 2013 and 2015. These two cost categories were both lower in interim 2016 compared to the period one year earlier. These factors led to increases in gross profit, operating income, net income before taxes, and cash flow between 2013 and 2015. The profit indicators and cash flow were all lower in interim 2016 than in interim 2015.

Table VI-1
Truck and bus tires: Results of operations of U.S. producers, 2013-15, January-September 2015, and January-September 2016

Item	Fiscal year			January-September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
Commercial sales	12,280	12,857	12,977	9,684	9,837
Internal consumption[1]	***	***	***	***	***
Transfers to related firms[2]	***	***	***	***	***
Total net sales	13,393	14,035	13,997	10,481	10,504
	Value (1,000 dollars)				
Commercial sales	3,972,923	3,981,231	3,786,377	2,837,900	2,495,303
Internal consumption[1]	***	***	***	***	***
Transfers to related firms[2]	***	***	***	***	***
Total net sales	4,300,839	4,315,146	4,062,309	3,055,110	2,660,473
Cost of goods sold.-- Raw materials	1,932,305	1,824,525	1,526,842	1,141,680	1,049,345
Direct labor	427,687	442,378	447,883	332,389	277,408
Other factory costs	749,627	769,156	730,058	538,929	504,515
Total COGS	3,109,619	3,036,059	2,704,783	2,012,998	1,831,268
Gross profit	1,191,220	1,279,087	1,357,526	1,042,112	829,205
SG&A expense	525,294	541,063	574,334	433,182	394,590
Operating income	665,926	738,024	783,192	608,930	434,615
All other expenses or (income), net[3]	***	***	***	***	***
Net income	585,814	***	691,948	539,614	372,293
Depreciation/amortization[4]	80,599	***	94,716	69,163	73,015
Cash flow[4]	666,413	***	786,664	608,777	445,308
	Ratio to net sales (percent)				
Cost of goods sold.-- Raw materials	44.9	42.3	37.6	37.4	39.4
Direct labor	9.9	10.3	11.0	10.9	10.4
Other factory costs	17.4	17.8	18.0	17.6	19.0
Total COGS	72.3	70.4	66.6	65.9	68.8
Gross profit	27.7	29.6	33.4	34.1	31.2
SG&A expense	12.2	12.5	14.1	14.2	14.8
Operating income	15.5	17.1	19.3	19.9	16.3
Net income	13.6	***	17.0	17.7	14.0

Table continued on next page.

Table VI-1--Continued
Truck and bus tires: Results of operations of U.S. producers, 2013-15, January-September 2015, and January-September 2016

Item	Fiscal year			January-September	
	2013	2014	2015	2015	2016
	Ratio to total COGS (percent)				
Cost of goods sold.-- Raw materials	62.1	60.1	56.4	56.7	57.3
Direct labor	13.8	14.6	16.6	16.5	15.1
Other factory costs	24.1	25.3	27.0	26.8	27.6
Total COGS	100.0	100.0	100.0	100.0	100.0
	Average unit value (dollars per tire)				
Commercial sales	324	310	292	293	254
Internal consumption[1]	***	***	***	***	***
Transfers to related firms[2]	***	***	***	***	***
Total net sales	321	307	290	291	253
Cost of goods sold.-- Raw materials	144	130	109	109	100
Direct labor	32	32	32	32	26
Other factory costs	56	55	52	51	48
Total COGS	232	216	193	192	174
Gross profit	89	91	97	99	79
SG&A expense	39	39	41	41	38
Operating income or (loss)	50	53	56	58	41
Net income or (loss)	44	***	49	51	35
	Number of firms reporting:				
Operating losses[5]	***	***	***	***	***
Net losses[5]	***	***	***	***	***
Data	5	5	7	6	7

[1] Data for internal consumption were reported by ***. *** reported these were ***.
[2] Data for transfers were reported by ***.
[3] Consists of interest expense (***); other expenses (which include ***); and other income (***).
[4] ***.
[5] ***.

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

Table VI-2
Truck and bus tires: Changes in average unit values for all firms, between fiscal years 2013-15, and between January-September 2015 and January-September 2016

Item	Between fiscal years			Between Jan.-Sept.
	2013-15	2013-14	2014-15	2015-16
	Change in average unit values (dollars per tire)			
Total net sales	(31)	(14)	(17)	(38)
Cost of goods sold:				
Raw materials	(35)	(14)	(21)	(9)
Direct labor	0	(0)	0	(5)
Other factory costs	(4)	(1)	(3)	(3)
Average COGS	(39)	(16)	(23)	(18)
Gross profit	8	2	6	(20)
SG&A expense	2	(1)	2	(4)
Operating income or (loss)	6	3	3	(17)
Net income or (loss)	6	***	***	(16)

Source: Calculated from the data in table VI-1.

The data in tables VI-1 and VI-2 include Yokohama's sales and costs ***.[6]

Table VI-3
Truck and bus tires: Results of operations of U.S. producers, by firm, 2013-15, January-September 2015, and January-September 2016

* * * * * * *

Total net sales

As described by the data in table VI-1, total net sales by quantity increased between 2013 and 2015 (approximately 4.5 percent) but fell by value (by 5.5 percent), due in large part to a fall in the average unit value of sales (table VI-2) of approximately $31 per tire (equivalent to a 9.6 percent decrease). Total sales quantity was slightly greater (by 0.2 percent) in interim

[6] Accounting guidance is provided in the FASB's Accounting Standards Codification ("ASC") 720-15, "start-up costs," which was successor to the AICPA's Technical Practice Aid, Statement of Position 98-5 "reporting on the costs of start-up activities." Startup costs are broadly defined as those one-time activities related to opening a new facility, and may be referred to as preopening costs, preoperating costs, and organization costs. The impact of Yokohama's data on the industry may be seen in the following tabulation:

* * * * * * *

2016 than in interim 2015 but total sales value was lower (down $394.6 million, equivalent to 12.9 percent) as was the average unit value of sales (down $38 per tire, 13.1 percent).

The data in table VI-3 indicates that sales results were mixed by firm.[7] With respect to the four largest firms, sales quantity reported by *** between 2013 and 2015. However, sales values reported by each of these firms fell between those two years.[8] The average unit value of sales *** declined while that of *** increased ***. ***.

The Commission's questionnaire requested data on sales of mounted tires in 2015.[9] *** provided data pursuant to that request, and reported sales of ***.[10] Compared with the data shown in table VI-1, the reported data on mounted tires represent but a tiny fraction total industry sales, costs, and operating profit; ***.[11]

Operating costs and expenses

Raw material costs are substantial in this industry. Such costs fell from 2013 to 2015 ($405.5 million, equivalent to a decrease of 21.0 percent) with much of the decrease occurring between 2014 and 2015. Key raw material inputs[12] fell in price from January 2013 to December 2015, including natural and synthetic rubber, carbon black, tire cord, and tire fabric,[13] leading to an overall decline in total raw material costs. From 2013 to 2015 the ratio of raw material costs to total net sales and the ratio of raw material costs to total COGS declined, and the per-unit value of raw material costs fell. The value and unit value of raw material costs were lower in interim 2016 compared with interim 2015 ($92.3 million, equivalent to 8.1 percent) although the ratio of raw material costs to total net sales and to total COGS were *** higher.

Other factory costs constituted the second greatest component of total COGS (table VI-1). These costs irregularly decreased from 2013 to 2015 (by $19.6 million, equivalent to 2.6 percent) and were lower in interim 2016 than in interim 2015 (down $34.4 million, equivalent to a 6.4 percent decline).[14] Other factory costs increased when expressed as a ratio to total net sales but declined on a per-unit basis from 2013 to 2015; they were lower in value and on a per

---

[7] ***.

[8] ***.

[9] If mounted tires are imported, the tire is still subject product. The Commission's questionnaire asked that the value of the tire only (not including the rim) be included in sales data (table VI-1). The questionnaire asked for the percentage of sales quantity, value, and operating costs of the tires included in the firm's reported profit and loss data. These numbers were calculated based on the reported percentage figures. See U.S. producers' questionnaire, section III-9c. ***.

[10] U.S. Producers' questionnaire response of ***.

[11] Email from ***.

[12] According to questionnaire data, raw material costs included the following materials (and their share of the total reported cost): natural and/or synthetic rubber (approximately *** percent); bead wire (*** percent; carbon black (*** percent; fabric (less than *** percent; and other (*** percent. U.S. producers' questionnaire responses of ***, section III-9b. ***.

[13] Petitioners' postconference brief, p. 19, and response to staff question number 14.

[14] ***.

unit basis in interim 2016 compared with interim 2015, but higher as a ratio to sales and as a share of total COGS. Data for the four largest firms was mixed by firm. Other factory costs reported by ***.

Total SG&A expenses are low relative to raw materials and other factory costs. Between 2013 and 2015, SG&A expenses increased on a dollar basis ($49.0 million, 9.3 percent), as a share of total net sales, and on a per-unit basis (table VI-1). Among the four largest firms, the increased total SG&A expenses reported by ***. SG&A expenses were $38.6 million (8.9 percent) lower in interim 2016 than in interim 2015. They were lower when expressed on a per-unit basis but higher when expressed as a ratio to total net sales. ***.

Firms were asked whether or not corporate expenses, such as salaries of corporate officers, and corporate services provided to the division producing truck and bus tires were allocated to the firm's questionnaire data. *** each stated that they were and that such expenses were allocated within the data for "general and administrative expenses."[15]

Profitability

Gross profit, operating income, and net income (and their measures as a ratio to total net sales and on a per-unit basis) increased from 2013 to 2015 but were lower in January-September 2016 compared to the same period one year earlier (table VI-1). With regard to changes from 2013 to 2015 by the four largest firms, ***. *** reported lower profitability in interim 2016 compared to interim 2015 (table VI-2).[16]

In general, gross profit rose between 2013 and 2015 as production costs (reflected in COGS) fell to an extent greater than did sales. Although SG&A expenses increased from 2013 to 2015, that increase did not offset the decline in total COGS and operating income increased between the two full yearly periods. Similarly, although interest and other expenses increased from 2013 to 2015, the increase did not offset the increase in operating income. Gross profit, operating income, and net income were lower in interim 2016 than in interim 2015, largely stemming from the fall in the sales unit value, leading to a much lower sales value in interim 2016. Sales fell to a much greater extent than did costs leading each of the profit indicators lower.

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[15] See emails to Commission staff from ***. Allocations generally reflected the actual use of corporate services (IT, legal, HR, management, ***, and the like) by the unit producing truck and bus tires in the United States. See, ***.

[16] It should be noted that the four largest firms reporting data on truck and bus tires, Bridgestone, Continental, Goodyear, and Michelin, produce a wide range of tires and tire products worldwide. Even within the United States, the firms' truck and bus tire operations represent a portion of their total U.S. operations and may not share costs to the same extent within the corporate framework. Hence, a firm's operating margin for its truck and bus tire operations may vary considerably from its financial reporting for the entire corporation.

Tire leasing operations

According to company websites, Bridgestone, Goodyear, and Michelin lease truck and bus tires to certain customers.[17] Each site lists several advantages to leasing from the standpoint of the lessee, including no upfront investment in tire inventory; no inventory to manage (which results in economies in labor and maintenance and additional services to keep tires performing efficiently); the availability of a full range of tires; and prices per mile established for fixed periods (which reduces cost fluctuation).[18] The three firms provided data on their leasing operations, summarized in table VI-4.[19] The quantity of tires shipped under lease is for the current period shown while the leasing revenue is the cumulative total of leasing revenue recognized during the period; the revenue does not correspond to quantity of tires shipped during the period, hence, unit values should be used with caution.

[17] Leasing differs from a sale under accounting standards generally recognized in the United States. A lease is a contract calling for the lessee (user) to pay the lessor (owner) for use of an asset for a specified period of time; as use-only arrangement, no title passes from lessor to lessee. Under an operating lease the lessee records no asset or liability on its financial statements and the amount paid is expensed as incurred. The lessor recognizes the revenue as it is realized or realizable and earned and there is an ongoing relationship between lessor and lessee. Under a sales arrangement, the buyer takes title and assumes the risk of ownership; assuming the SEC's guidelines on sales recognition are met, the seller transfers ownership and risk and records/recognizes sales revenue. There may or may not be an ongoing relationship between buyer and seller.

[18] See website pages from Bridgestone Mileage Sales (http://www.bridgestonefirestonemileagesales.com); Goodyear Mileage and Advantages of the Goodyear Bus Tire Leasing Program (http://www.goodyear.com/mileage); and Michelin Fleet Solutions (http://www.michelintruck.com/services-and-programs/michelin-fleet-solutions).

[19] Questionnaire responses, section III-9f.

Table VI-4
Truck and bus tires: Results of U.S. producers' leasing operations, 2013-15, January-September 2015, and January-September 2016

Item	Fiscal year			January-September	
	2013	2014	2015	2015	2016
	Quantity (1,000 tires)				
Number of tires shipped under lease in current period	288	302	311	231	209
	Value (1,000 dollars)				
Revenue recognized from leasing operations	148,521	151,908	154,914	115,517	113,637
Operating costs (COGS + SG&A)	134,269	131,213	129,329	97,612	87,903
Operating income	14,252	20,695	25,585	17,905	25,734
	Ratio to leasing revenue (percent)				
Operating costs	90.4	86.4	83.5	84.5	77.4
Operating income	9.6	13.6	16.5	15.5	22.6
	Unit value (dollars per tire)				
Revenue associated with leasing operations	516	503	498	500	544
Operating costs (COGS + SG&A)	466	434	416	423	421
Operating income	49	69	82	78	123

Note.—***.

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

Leasing programs operate as follows:[20] [21]

(1) Fee basis: ***
(2) Maintenance and service: ***
(3) Lessee customers: ***

Leasing revenue is the equivalent of 3.8 percent of the reporting producers' total net sales while the reported operating income is the equivalent of 3.3 percent of total industry operating income from sales as shown in table VI-1. If the data for leasing from table VI-4 were combined with the firm's sales from table VI-1, the impact would be to increase costs and decrease the operating income margin by equal amounts. For 2015, this combination results in a lower operating income margin of 0.1 percentage point, to 19.2 percent, and for interim 2016, there would be a higher operating margin by 0.3 percentage point, to 16.6 percent. Data for the combination of commercial sales and leasing are shown in appendix C table C-1.

[20] This is based on *** in *Truck and Bus Tires from China, Investigation Nos. 701-TA-556 and 731-TA-1311 (Preliminary)*, Publication 4601 (March 2016), p. VI-5, supplemented by firms' questionnaire responses, section III-9f.

[21] See, *also* petitioners' postconference brief, answers to staff questions, #15 and exhibits thereto.

Although leasing represents a small fraction of the firms' commercial sales, the service provides the same new truck and bus tires as commercial sales and contributes to total revenues and operating results on truck and bus tires.

Tire retread operations

The Commission's questionnaire requested U.S. producers to provide data for 2013-September 2016 on their retread operations, i.e., services that bond a new tread onto a tire carcass that is otherwise usable.[22] As noted during the conference, independent third-party dealers and/or franchisees of U.S. producers perform the majority of retreading operations.[23] The reported revenues and operating income are not insignificant: revenues are approximately *** percent of industry total net sales in 2015 as shown in table VI-1, while operating income from retread operations is approximately *** percent of total industry operating income in that year. ***, which are shown in table VI-5.

Table VI-5
Truck and bus tires: Results of U.S. producers' retread operations, 2013-15, January-September 2015, and January-September 2016

* * * * * * *

Variance analysis

A variance analysis for the operations of U.S. producers of truck and bus tires is presented in table VI-6.[24] The information for this variance analysis is derived from table VI-1. A

[22] The Commission's questionnaire instructed responding firms not to include retreading operations in reported financial data, instead to respond to a separate question, section III-9e. In response to a question from Commission staff, *** each affirmed that their reported financial data was for new tires only. Emails from ***. Hence, the financial data shown in this report do not include retread operations. Retreading a tire is described in petitioners' postconference brief, answer to staff question #5.

[23] Petitioner stated that retreaded tires are outside the scope of the investigation and the USW does not represent workers in retreading operations and has limited familiarity with the production of retreaded tires. The production of retread truck and bus tires appears to be significant with 14.8 million retreaded tires reported produced in the United States in 2015. Petitioners' postconference brief, p. 12 and exh. 6 (which lists 14.6 million retreaded truck tires). Petitioners' counsel stated at the staff conference that there are 680 retread producers in the United States. Conference transcript, p. 13 (Stewart).

[24] 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

(*continued*...)

variance analysis is a method to assess the changes in profitability from period to period by measuring the impact of changes in the relationships between price, cost, and volume. A calculation is made of the impact of each factor by varying only that factor while holding all other factors constant. The components of net sales variances are either favorable (positive), resulting in an increase in net sales and profitability or unfavorable (negative) resulting in the opposite. As the data depict, between 2013 and 2015, operating income and net income both increased attributable to a favorable net cost/expense variance (unit costs decreased) and a favorable volume variance that, combined, were greater than the unfavorable price variance (unit prices declined). Between the interim periods, the unfavorable price variance was greater than the favorable net cost/expense variance.

(…*continued*)
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-6
Truck and bus tires: Variance analysis on the operations of U.S. producers, 2013-15, January-September 2015, and January-September 2016

Item	Between fiscal years			Between January-September
	2013-15	2013-14	2014-15	2015-16
	Value (1,000 dollars)			
Net sales:				
Price variance	(432,374)	(191,834)	(241,063)	(401,270)
Volume variance	193,844	206,141	(11,774)	6,633
Net sales variance	(238,530)	14,307	(252,837)	(394,637)
COGS:				
Price variance	544,990	222,605	322,992	186,100
Volume variance	(140,154)	(149,045)	8,284	(4,370)
COGS variance	404,836	73,560	331,276	181,730
Gross profit variance	166,306	87,867	78,439	(212,907)
SG&A expenses:				
Cost/expense variance	(25,364)	9,409	(34,747)	39,532
Volume variance	(23,676)	(25,178)	1,476	(940)
Total SG&A expense variance	(49,040)	(15,769)	(33,271)	38,592
Operating income variance	117,266	72,098	45,168	(174,315)
Summarized (at the operating income level) as:				
Price variance	(432,374)	(191,834)	(241,063)	(401,270)
Net cost/expense variance	519,626	232,014	288,245	225,633
Net volume variance	30,014	31,918	(2,014)	1,322
Financial expenses:				
Cost/expense variance	***	***	***	***
Volume variance	***	***	***	***
Total cost/expense variance	***	***	***	***
Net income variance	106,134	***	***	(167,321)
Summarized (at the net income level) as:				
Price variance	(432,374)	***	***	(401,270)
Net cost/expense variance	512,104	***	***	232,777
Net volume variance	26,403	***	***	1,172

Note.—These data are derived from the data in table VI-1. Unfavorable variances are shown in parentheses, all others are favorable.

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

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

In accounting terms, capital expenditures increase the value of specific plant and equipment and total assets, while charges for depreciation and amortization (in the case of intangible assets), impairments, and divestitures (or retirement or abandonment of property) decrease the value of assets. Capital expenditures are made and research and development

("R&D") expenses are incurred to achieve improvements in equipment or reduce operating costs and the quality of products produced. Table VI-7a presents capital expenditures and R&D expenses by firm.

Table VI-7a
Truck and bus tires: Capital expenditures and R&D expenses of U.S. producers, by firm, 2013-15, January-September 2015, and January-September 2016

Item	Fiscal year			January-September	
	2013	2014	2015	2015	2016
	Capital expenditures (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Goodyear	***	***	***	***	***
Michelin	***	***	***	***	***
Specialty Tires	***	***	***	***	***
Sumitomo	***	***	***	***	***
Yokohama	***	***	***	***	***
Total	148,802	309,864	310,297	226,938	119,389
	R&D expenses (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Goodyear	***	***	***	***	***
Michelin	***	***	***	***	***
Specialty Tires	***	***	***	***	***
Sumitomo	***	***	***	***	***
Yokohama	***	***	***	***	***
Total	66,891	66,407	64,163	47,922	54,077

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

Capital expenditures increased *** from 2013 to 2015 because of *** and were lower in interim 2016 compared to the period one year earlier as ***. R&D expenses decreased somewhat between 2013 and 2015 but were higher in interim 2016 than in interim 2015. The Commission's questionnaire asked firms to indicate the nature, focus, and significance of their capital expenditures on the subject product. Their responses are presented in table VI-7b.

Table VI-7b
Truck and bus tires: Firms' narrative responses on the nature, focus, and significance of their capital expenditures and R&D expenses

* * * * * * *

Assets and return on investment

The Commission's questionnaire requested firms to provide data on their total assets, current and non-current, associated with the production, warehousing, and sale of truck and bus tires. The value of total net assets increased from 2013 to 2015 by approximately $517.3 million, equivalent to a 16.6 percent increase.[25] The ratio of operating income to total net sales (operating margin) increased from 2013 to 2015 as shown in tables VI-1 and VI-3. The interplay between operating margin, sales, and assets is shown in table VI-6 as two calculations, the asset turnover multiple and the operating return on assets. The asset turnover multiple is the ratio of total net sales to total net assets. This is an indicator of how efficiently a firm uses its assets to generate a dollar of sales (i.e., it shows dollar of sales per dollar of assets). The calculation shows that this ratio fell from 2013 to 2015, because total net sales did not increase as much as did total assets. The asset turnover multiple is used to calculate the operating return on assets, which is the operating margin times the asset turnover multiple. The operating return on assets increased from *** percent in 2013 to *** percent in 2015. Table VI-8 presents data on the U.S. producers' total assets as well as the operating return on assets and asset turnover ratio. As can be seen from the data presented in the table, the operating return on to assets mostly follows the operating margin but is influenced by changes in the asset turnover ratio.

[25] Yokohama ***. Email from ***.

Table VI-8
Truck and bus tires: U.S. producers' total assets and ratio of operating and net income to total net assets, by firm, 2013-15

Firm	Fiscal years		
	2013	2014	2015
	Total net assets (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total	3,118,100	3,335,357	3,635,362
	Operating return on assets (percent)[1]		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Average	21.4	22.1	21.5
	Asset turnover ratio (multiple)[1]		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Average	1.4	1.3	1.1

[1] The operating return to assets is computed as the operating income margin times the asset turnover ratio. The operating income margin is operating income divided by total net sales (and can be seen in tables VI-1 and VI-3). The asset turnover ratio is the ratio of total net sales to total net assets.
[2] Not applicable or not meaningful.

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

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of truck and bus tires to describe any actual or potential negative effects of imports of truck and bus tires from China on their firms' 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. Tables VI-9 tabulates the responses on actual negative effects on investment, growth, and development; tables VI-10a and VI-10b present firms' narrative responses on

actual negative effects on investment, and growth and development, respectively. Table VI-11 presents the comments by firms on anticipated negative effects of the subject imports.

Table VI-9
Truck and bus tires: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2013

* * * * * * *

Actual negative effects

Table VI-10a
Truck and bus tires: U.S. producers' narrative responses on negative effects on investment since January 1, 2013

* * * * * * *

Table VI-10b
Truck and bus tires: U.S. producers' narrative responses on negative effects on growth and development since January 1, 2013

* * * * * * *

Anticipated negative effects

Table VI-11
Truck and bus tires: U.S. producers' narrative responses on anticipated negative effects of imports

* * * * * * *

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,*

[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."

(V) inventories of the subject merchandise,

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

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

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

Information on the nature of the subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

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

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 64 firms believed to produce and/or export truck and bus tires from China.[3] Useable responses to the Commission's questionnaire were received from 39 firms.[4] [5] Table VII-1 presents information on the truck and bus tires operations of the responding producers and exporters in China.

Table VII-1
Truck and bus tires: Data for producers in China, 2015

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Aeolus Tyre Co., Ltd	***	***	***	***	***	***
Bayi Rubber Co., Ltd	***	***	***	***	***	***
Chaoyang Long March Tyre Co.,Ltd	***	***	***	***	***	***
Giti Tire	***	***	***	***	***	***
Goodyear Dalian Tire Co., Ltd	***	***	***	***	***	***
Guizhou Tyre Co., Ltd	***	***	***	***	***	***
Jiangsu General Science Technology Co., Ltd	***	***	***	***	***	***
Michelin Shenyang Tire Co., Ltd	***	***	***	***	***	***
Pirelli Tyre Co.,Ltd	***	***	***	***	***	***
Prinx Chengshan(shandong) Tire Co., Ltd	***	***	***	***	***	***
Qingdao Doublestar Tire Industrial Co., Ltd.	***	***	***	***	***	***
Qingdao Fudong Tyre Co., Ltd.	***	***	***	***	***	***
Qingdao Jinhaoyang International Co., Ltd.[1]	***	***	***	***	***	***
Sailun Jinyu Group Co., Ltd.	***	***	***	***	***	***
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd	***	***	***	***	***	***
Shandong Haoyu Rubber Co., Ltd	***	***	***	***	***	***
Shandong Hengfeng Rubber & Plastic Co., Ltd	***	***	***	***	***	***
Shandong Hengyu Science & Technology Co., Ltd	***	***	***	***	***	***
Shandong Huasheng Rubber Co., Ltd	***	***	***	***	***	***
Shandong Hugerubber Co., Ltd	***	***	***	***	***	***

Table continued on next page.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] One firm, *** an exporter, reported exports (*** tires to the United States in 2015, equivalent to *** percent of total reported exports the United States) but no associated production. In addition, the firm reported exports to the United States for which the Chinese producer, *** also reported. These exports reported by the exporter were removed.

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

Table VII-1--Continued
Truck and bus tires: Data for producers in China, 2015

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Shandong Jinyu Tire Co., Ltd	***	***	***	***	***	***
Shandong Linglong Tyre Co., Ltd	***	***	***	***	***	***
Shandong O'Green Tyres Co., Ltd	***	***	***	***	***	***
Shandong Province Sanli Tire Manufactured Co., Ltd.	***	***	***	***	***	***
Shandong Wanda Boto Tyre Co.,Ltd.	***	***	***	***	***	***
Shandong Wanshine Tire Co., Ltd	***	***	***	***	***	***
Shandong Xingyuan International Trading Co., Ltd	***	***	***	***	***	***
Shandong Yongfeng Tyres Co., Ltd	***	***	***	***	***	***
Shandong Yongsheng Rubber Group Co., Ltd.	***	***	***	***	***	***
Shandong Yongtai Group Co., Ltd	***	***	***	***	***	***
Shanghai Huayi Group Co., Ltd.[2]	***	***	***	***	***	***
Shengtai Group Co., Ltd	***	***	***	***	***	***
Sichuan Tyre & Rubber Co., Ltd.	***	***	***	***	***	***
Toyo Tire & Rubber Co., Ltd	***	***	***	***	***	***
Triangle Tyre Co.,Ltd	***	***	***	***	***	***
Weifang Shunfuchang Rubber and Plastic Products Co., Ltd	***	***	***	***	***	***
Weihai Zhongwei Rubber Co., Ltd	***	***	***	***	***	***
Wendeng Sanfeng Tyre Co., Ltd.	***	***	***	***	***	***
Zhongce Rubber Group Co., Ltd	***	***	***	***	***	***
Total	***	***	***	***	***	***

[1] ***.
[2] ***.

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

Changes in operations

As presented in table VII-2 producers in China reported several operational and organizational changes since January 1, 2013.

Table VII-2
Truck and bus tires: Chinese producers' reported changes in operations, since January 1, 2013

* * * * * * *

Operations on truck and bus tires

Table VII-3 presents information on the truck and bus tires operations of the responding producers and exporters in China. Production capacity increased 16.9 million tires (17.1 percent) and production increased 9.6 million tires (11.1 percent) between 2013 and 2015. Capacity and production were 0.3 percent lower and 1.6 percent higher, respectively, in January-September 2016 compared to January-September 2015. ***, accounted for the largest increase in capacity (*** tires) and production (*** tires) between 2013 and 2015.[6] *** accounted for the second largest increase in capacity (*** tires) and production (*** tires), followed by ***. Exports to the United States increased 30.9 percent (1.8 million tires) between 2013 and 2015 and were projected to decrease 27.7 percent (2.1 million tires) between 2015 and 2017. The two producers (***) account for the two largest declines in exports to the United States, attributed this decline to the possible antidumping duties. All but one Chinese producer (***) exported to the United States between January 2013 and September 2016. As a share of total shipments, export to the United States increased 1.1 percentage points between 2013 and 2015, but was 1.5 percentage points lower in January-September 2016 compared to January-September 2015.

[6] Email from ***, December 16, 2016.

Table VII-3
Truck and bus tires: Data for producers in China, 2013-15, January to September 2015, and January to September 2016 and projection calendar years 2016 and 2017

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2013	2014	2015	2015	2016	2016	2017
	Quantity (1,000 tires)						
Capacity	98,364	116,074	115,256	86,724	86,507	114,722	114,936
Production	86,825	102,898	96,420	73,505	74,691	99,422	99,977
End-of-period inventories	8,849	11,759	11,522	10,775	8,611	10,267	9,192
Shipments:							
Home market shipments:							
Internal consumption/ transfers	7,346	6,497	6,599	5,569	6,424	7,241	7,271
Commercial shipments	45,108	53,947	50,256	38,805	41,085	52,011	52,925
Subtotal, home market shipments	52,454	60,444	56,855	44,374	47,509	59,252	60,196
Export shipments to:							
United States	5,761	7,677	7,543	5,574	4,686	6,597	5,455
All other markets	28,217	31,873	32,261	24,496	25,451	34,889	35,408
Total exports	33,978	39,550	39,804	30,070	30,137	41,486	40,863
Total shipments	86,432	99,994	96,659	74,444	77,646	100,738	101,059
	Ratios and shares (percent)						
Capacity utilization	88.3	88.6	83.7	84.8	86.3	86.7	87.0
Inventories/production	10.2	11.4	11.9	11.0	8.6	10.3	9.2
Inventories/total shipments	10.2	11.8	11.9	10.9	8.3	10.2	9.1
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	8.5	6.5	6.8	7.5	8.3	7.2	7.2
Home market shipments	52.2	54.0	52.0	52.1	52.9	51.6	52.4
Subtotal, home market shipments	60.7	60.4	58.8	59.6	61.2	58.8	59.6
Export shipments to:							
United States	6.7	7.7	7.8	7.5	6.0	6.5	5.4
All other markets	32.6	31.9	33.4	32.9	32.8	34.6	35.0
Total exports	39.3	39.6	41.2	40.4	38.8	41.2	40.4
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-4, responding Chinese firms produced other products on the same equipment and machinery used to produce truck and bus tires. Seven firms produced PVLT, 5 produced OTR, and 3 produced other products.[7]

Table VII-4
Truck and bus tires: Chinese producers' overall capacity and production on the same equipment as subject production, 2013-15, January to September 2015, and January to September 2016

* * * * * * *

Exports

According to GTA, the leading export markets for truck and bus tires from China are the United States, United Arab Emirates (UAE), Saudi Arabia, and Mexico (table VII-5). During 2015, the United States was the top export market for truck and bus tires from China, accounting for 20.5 percent, followed by the Mexico, accounting for 4.6 percent.

Table VII-5
Truck and bus tires: Chinese exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Value (1,000 dollars)		
China's exports to the United States	1,449,725	1,850,232	1,484,497
China's exports to other major destination markets.--			
Mexico	255,331	330,371	331,683
United Arab Emirates	383,263	367,747	297,743
Saudi Arabia	380,434	286,967	275,086
Australia	273,794	262,555	223,698
Pakistan	213,815	161,632	163,285
India	63,215	87,092	148,305
United Kingdom	165,840	164,003	147,141
Russia	422,703	352,147	145,026
All other destination markets	4,524,402	4,655,241	4,029,605
Total China exports	8,132,520	8,517,986	7,246,070

Source: Official Chinese exports statistics under HTS subheading 4011.20 as reported by China Customs in the GTIS/GTA database, accessed November 29, 2016.

[7] These products included motorcycle, agricultural, and industrial tires.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of truck and bus tires. Inventories of imports from China increased 76.9 percent during 2013-15, and as a ratio to U.S. imports increased 0.4 percentage points. Inventories of imports from all other sources increased 87.2 percent during 2013-15, and as a ratio to U.S. imports increased 3.2 percentage points.[8] U.S. producers accounted for the majority of the inventories of imports from all other sources over this period.

Table VII-6
Truck and bus tires: U.S. importers' inventories, 2013-15, January to September 2015, and January to September 2016

Item	Calendar year			January to September	
	2013	2014	2015	2015	2016
Imports from China					
Inventories (1,000 tires)	399	640	706	626	634
Ratio to U.S. imports (percent)	11.1	13.3	11.5	9.9	10.0
Ratio to U.S. shipments of imports (percent)	11.1	14.1	11.7	9.8	9.9
Ratio to total shipments of imports (percent)	11.0	14.0	11.6	9.8	9.8
Imports from all other sources:					
Inventories (1,000 tires)	603	851	1,129	1,065	895
Ratio to U.S. imports (percent)	12.8	14.7	16.0	14.5	***
Ratio to U.S. shipments of imports (percent)	13.2	15.7	16.8	15.5	***
Ratio to total shipments of imports (percent)	12.7	15.2	16.3	15.0	***
Imports from all import sources:					
Inventories (1,000 tires)	1,002	1,491	1,835	1,691	1,529
Ratio to U.S. imports (percent)	12.0	14.1	13.9	12.4	***
Ratio to U.S. shipments of imports (percent)	12.3	15.0	14.4	12.8	***
Ratio to total shipments of imports (percent)	12.0	14.7	14.1	12.5	***

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

U.S. IMPORTERS' OUTSTANDING ORDERS

As presented in table VII-7, *** firms arranged for the importation of truck and bus tires from China, *** firm arranged imports from Canada, *** firms arranged imports from Japan, and *** arranged imports from other sources after September 30, 2016.

Table VII-7
Truck and bus tires: Arranged imports, October 2016 through September 2017

* * * * * * *

[8] Inventories of imports from China were 1.3 percent higher in January-September 2016 compared to January-September 2015, and were 16.0 percent lower for inventories of imports from all other sources.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The Commission asked questionnaire recipients to identify whether the products subject to the proceedings have been the subject of any other import relief proceedings in the United States or in any other countries. Information obtained from such requests and staff research is presented in table VII-8.

Table VII-8
Truck and bus tires: Import relief proceedings in third-country markets

Export market	Subject country	Date/measure
Brazil	China	June 2009: AD duties ($1.12 to $2.59 per kilogram) on tires of radial construction (20", 22" and 22.5" diameter) used for buses and trucks. April 2015: AD duties continued.
Columbia	China	June 2013: AD duties (on difference to base price of $5.37 per kilogram) on radial tires heading 4011.20.10.00.
Egypt	China and India	February 2014: AD duties (3.8 to 60 percent of CIF value) on imports of tires for buses and lorries from China.
Eurasian Economic Commission (including Kazakhstan, Belarus, Russia)	China	November 2015: AD duties on Chinese new truck tires from 14.79 to 35.35 percent. These investigations were initiated on September 2014 on new truck tires, from China, of both tubular and tubeless modifications (tire casings) featuring a rim diameter of 17.5 to 24.5 inches, speed category index of F (80 km/h) to H (210 km/h), and load index of over 115 intended for use on various axles of trucks, buses, trolleybuses, dump trucks, trailers, and semitrailers.
India	China	August 2015: Initiated AD investigations on bus and truck radial tires.
Turkey	China	June 2011: AD duties (60 percent of CIF value) on imports of new pneumatic tires, of rubber, from China.

Source: Compiled from data submitted in response to Commission questionnaires; http://www.globaltradealert.org/measure/brazil-imposition-and-subsequent-extension-antidumping-duty-imports-truck-tires-china; http://www.eurasiancommission.org/en/nae/news/Pages/10-09-2014-1.aspx; http://www.exceltyres.com/news/shownews.php?lang=en&id=252; http://www.dipp.nic.in/English/questions/05082015/ru1768.pdf; http://www.globaltradealert.org/measure/turkey-extension-antidumping-duty-imports-new-pneumatic-tyres-rubber-china; http://www.globaltradealert.org/measure/egypt-extension-antidumping-duty-imports-tyres-buses-and-lorries-china-and-india; and http://www.stockmarkettodayblog.com/2013/06/14/colombia-china-tire-final-anti-dumping.html.

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.'"[9]

Table VII-9 presents global export values and percentages of unmounted truck and bus tire exports by subject country China and nonsubject countries, together with exports from the United States. China, the United States, and Japan were the top three exporting countries in order of importance, and in 2015 accounted for $10.7 billion or 47.1 percent of the global total shipment value of $22.7 billion, while China alone accounted for 32.0 percent of the global total.

Global exports fell 17.8 percent, from $27.6 billion in 2013 to $22.7 billion in 2015. In comparison, the top 10 nonsubject countries' exports identified during this period declined 20.2 percent, from $10.8 billion or 39.1 percent of total exports in 2013, to $8.6 billion or 37.9 percent of the global total in 2015, representing a loss in market share of 1.2 percentage points. During the same period, although subject country export shipments from China fell 10.9 percent, from $8.1 billion in 2013 or 29.5 percent of total exports, to $7.2 billion, or 32.0 percent of the global total in 2015, a market share gain of 2.5 percentage points was realized.

Of the top 10 nonsubject countries identified, Japan, Germany, and South Korea in aggregate experienced the largest decline, a loss of about $1.2 billion during 2013-15, and a 1.8 percentage point decline in total global export market share from 15.8 percent in 2013 to 14.0 percent in 2015. These three countries in 2015 represented some 37 percent of the total export shipment value of the top 10 nonsubject countries whose aggregate market share loss amounted to some 1.7 percentage points during 2013-15. Slovakia and Thailand gained market share during the period, 1.1 and 0.5 percentage points respectively, under conditions of relatively steady state export values. All other nonsubject exporting countries during 2013-15 lost market share of 3.1 percentage points and $1.9 billion.

[9] *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-9
Truck and bus tires: Global exports by exporter, 2013-15

Item	Calendar year		
	2013	2014	2015
	Value (1,000 dollars)		
United States	2,240,620	2,500,947	2,253,699
China	8,132,520	8,517,986	7,246,070
All other major exporting countries.--			
Japan	1,560,382	1,497,660	1,183,839
Slovakia	1,024,946	1,055,039	1,084,411
Thailand	1,137,545	1,101,049	1,051,120
Germany	1,368,391	1,299,843	1,008,096
South Korea	1,416,193	1,278,117	975,616
Canada	1,178,881	1,120,973	942,717
Spain	908,307	807,016	660,676
Poland	838,498	764,726	630,757
France	825,466	705,940	593,148
Turkey	520,227	514,469	472,800
All other exporting countries.	6,418,229	5,975,641	4,569,212
Total global exports	27,570,206	27,139,406	22,672,159
	Share of value (percent)		
United States	8.1	9.2	9.9
China	29.5	31.4	32.0
All other major exporting countries.--			
Japan	5.7	5.5	5.2
Slovakia	3.7	3.9	4.8
Thailand	4.1	4.1	4.6
Germany	5.0	4.8	4.4
South Korea	5.1	4.7	4.3
Canada	4.3	4.1	4.2
Spain	3.3	3.0	2.9
Poland	3.0	2.8	2.8
France	3.0	2.6	2.6
Turkey	1.9	1.9	2.1
All other exporting countries.	23.3	22.0	20.2
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 subheading 4011.20.1015 as reported by various national statistical authorities in the GTIS/GTA database, accessed November 29, 2016.

The global tire industry is made up of large multinational producers that are active throughout the world, with plants located in both the developed and developing nations. Strategic supplies of natural rubber integral to the production of truck and bus 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.[10] 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-10.

Global new tire sales figures as reported by some 75 international firms reflect an approximate 11.0 percent decline in overall value of sales, from $179.9 billion in 2014 to $160.1 billion in 2015.[11] The 15 leading firms in tire sales in 2015 accounted for about 72 percent of the global total. These sales were led by Bridgestone of Japan, Michelin of France, and Goodyear of the United States. These firms' sales in aggregate were reported at about $61 billion or 53 percent of the top 15 leading global tire manufacturer sales, and some 38 percent of the global total. The next largest producers were Continental of Germany, Pirelli of Italy, Sumitomo of Japan, and Hankook of Korea, which accounted for another $29 billion or about 25 percent of the value of sales by the top 15 tire producers, and 18 percent of the global total.

[10] International Rubber Study Group ("IRSG") data, 2015.

[11] The value of the U.S. dollar, or more precisely, the shifting value of global currencies against the dollar, was said to play as big a role in the 2014-15 decline as the companies' performances. "Value of U.S. dollar plays role in world rankings," Rubber and Plastics News, September 5, 2016, pp. 15-18.

Table VII-10
Truck and bus tires: Global leaders in new tire sales by firm, 2014-15

2015 Rank	Firm and headquarters location	Estimated value of tire sales ($ million)		Share of global sales (percent)
		2014	2015	2015
1	Bridgestone Corp., Tokyo, Japan [1]	26,045	24,045	15.0
2	Michelin, Clermont-Ferrand, France	24,669	22,130	13.8
3	Goodyear Tire & Rubber Co., Akron, OH [2]	16,355	14,800	9.2
4	Continental A.G., Hanover, Germany	11,875	10,780	6.7
5	Pirelli & C. S.p.A., Milan, Italy [3]	7,992	6,934	4.3
6	Sumitomo Rubber Industries Ltd., Kobe, Japan [4]	6,918	6,051	3.8
7	Hankook Tire Co. Ltd., Seoul, South Korea	5,595	5,320	3.3
8	Yokohama Rubber Co. Ltd., Tokyo, Japan [5 6]	4,703	4,153	2.6
9	Maxxis International/Cheng Shin Rubber, Yuanlin, Taiwan	4,441	3,847	2.4
10	Zhongce Rubber Group Co. Ltd., Hangzhou, China	4,119	3,395	2.1
11	Giti Tire Pte. Ltd., Singapore [7]	3,474	3,131	2.0
12	Cooper Tire & Rubber Co., Findlay, OH	3,425	2,973	1.9
13	Toyo Tire & Rubber Co. Ltd., Osaka, Japan	2,959	2,690	1.7
14	Kumho Tire Co. Inc., Seoul, South Korea [5]	3,878	2,663	1.7
15	Triangle Group Co., Ltd., Shandong, China	2,870	2,438	1.5
	Subtotal	125,843	115,350	72.0
	All others	54,057	44,785	28.0
	Total	179,900	160,135	100.0

[1] Bridgestone owns 16 percent of Nokian Tyres P.L.C. (No. 19 on 2015 ranking) and 44 percent of BRISA Bridgestone (No. 31).

[2] Sold Tonawanda, N.Y., tire plant to Sumitomo Rubber Industries Ltd., 4th quarter 2015; acquired rights to Dunlop brand in North America and Europe as part of dissolution of global alliance with Sumitomo.

[3] Pirelli acquired by China National Chemical Corp., 2nd quarter 2016; spinning off commercial vehicle tire business.

[4] Sumitomo acquired Tonawanda, N.Y., tire plant, Dunlop motorcycle tire brand rights in North America from Goodyear, 4th quarter 2015, as part of dissolution of global alliance with Goodyear.

[5] Yokohama and Kumho (No. 14) are participating in a joint R&D agreement.

[6] Yokohama acquired Alliance Tire Group (No. 41), 2nd quarter 2016; $529 million in annual sales.

[7] Giti's 2013-15 sales include revenue exceeding ($1 billion) of P.T. Gajah Tunggal of Indonesia, in which Giti owns 49.7 percent stake; Michelin also owns a 10 percent share of Gajah Tunggal.

Note.-- Where possible, non-tire revenue from company-owned retail operations is excluded.

Source: Rubber and Plastics News, September 5, 2016.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
81 FR 6042 February 4, 2016	*Truck and Bus Tires From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-04/pdf/2016-02066.pdf
81 FR 9428 February 25, 2016	*Truck and Bus Tires From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-25/pdf/2016-04060.pdf
81 FR 9434 February 25, 2016	*Truck and Bus Tires From the People's Republic of China: Initiation of Antidumping Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-25/pdf/2016-04060.pdf
81 FR 43577 July 5, 2016	*Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-07-05/pdf/2016-15837.pdf
81 FR 61186 September 6, 2016	*Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances, and Postponement of Final Determination*	https://www.gpo.gov/fdsys/pkg/FR-2016-09-06/pdf/2016-21346.pdf

Citation	Title	Link
81 FR 63494 September 15, 2016	*Truck and Bus Tires From China; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-09-15/pdf/2016-22230.pdf
81 FR 71051 October 14, 2016	*Truck and Bus Tires From the People's Republic of China: Amended Preliminary Affirmative Determination of Sales at Less Than Fair Value*	https://www.gpo.gov/fdsys/pkg/FR-2016-10-14/pdf/2016-24815.pdf
82 FR 8599 January 27, 2017	*Truck and Bus Tires From the People's Republic of China: Final Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances*	https://www.gpo.gov/fdsys/pkg/FR-2017-01-27/pdf/2017-01861.pdf
82 FR 8606 January 27, 2017	*Truck and Bus Tires From the People's Republic of China: Final Affirmative Countervailing Duty Determination, Final Affirmative Critical Circumstances Determination, in Part*	https://www.gpo.gov/fdsys/pkg/FR-2017-01-27/pdf/2017-01862.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Truck and Bus Tires from China

Inv. Nos.: 701-TA-556 and 731-TA-1311 (Final)

Date and Time: January 24, 2017 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

CONGRESSIONAL WITNESSES:

The Honorable Tim Kaine, United States Senator, Virginia

The Honorable Brian Higgins, U.S. Representative, 26th District, New York

OPENING REMARKS:

Petitioner (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Max F. Schutzman**, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW")

Stan Johnson, International Secretary-Treasurer, USW

Billy Wright, President, USW Local 1155

Jody Juarez, President, USW Local 307

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Thomas O'Shei, President, USW Local 135

Bruce Chamblee, Managing Partner and General Manager, Dorsey Tire Co, Inc.

Kenneth Button, Senior Consultant, Economic Consulting Services

Jennifer Lutz, Senior Economist, Economic Consulting Services

Emma Peterson, Economist, Economic Consulting Services

Terence P. Stewart)
Elizabeth J. Drake) – OF COUNSEL
Philip A. Butler)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

The Sub-Committee of Tire Producers of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters; China Rubber Industry Association ("CRIA") Guizhou Tyre Co., Ltd.; Guizhou Tyre Import and Export Co., Ltd.; GTC North America, Inc.; Aeolus Tyre Co., Ltd. and Tyres International

Yu Yi, Vice Chairman, China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

Gary Schroeder, Director, Global Truck & Bus Tires, Cooper Tire & Rubber Company

Chris Kennedy, Vice President, Finance, Triangle Tire USA, LLC

Dan Pearson, President, Northwest Tire, Inc.

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Andrew Szamosszegi, Principal, Capital Trade Incorporated

Travis Pope, Associate, Capital Trade Incorporated

Chen Yang, Attorney, Jincheng, Tongda & Neal

Zheng Xu, Attorney, Jincheng, Tongda & Neal

Max F. Schutzman)
Ned H. Marshak)
) – OF COUNSEL
Andrew T. Schutz)
Eve Q. Wang)

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

The Institute of International Container Lessors, Ltd. ("IICL")
and its members

Steve Blust, President, IICL

Dan Jackson, Senior Tire Manager, TRAC Intermodal

Gregg F. Carpene, Executive VP and Chief Legal Officer,
TRAC Intermodal

Bernard J. Vaughan, Chief Legal Officer and Executive VP
of Administration, Flexi-Van Leasing, Inc.

Ned H. Marshak)
Andrew T. Schutz) – OF COUNSEL
Eve Q. Wang)

REBUTTAL/CLOSING REMARKS:

Petitioner (**Elizabeth J. Drake**, Stewart and Stewart)
Respondents (**Ned H. Marshak**, Grunfeld, Desiderio, Lebowitz,
Silverman & Klestadt LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Truck and bus tires: Summary data concerning the U.S. market, 2013-15, January to September 2015, and January to September 2016
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sept
	2013	2014	2015	2015	2016	2013-15	2013-14	2014-15	2015-16
U.S. consumption quantity:									
Amount	21,852	25,341	26,514	19,779	***	21.3	16.0	4.6	***
Producers' share (fn1)	53.3	48.0	45.6	45.4	***	(7.7)	(5.3)	(2.4)	***
Importers' share (fn1):									
China	28.7	33.2	33.6	33.9	***	4.9	4.5	0.4	***
All others sources	18.0	18.7	20.8	20.7	***	2.8	0.8	2.1	***
Total imports	46.7	52.0	54.4	54.6	***	7.7	5.3	2.4	***
U.S. consumption value:									
Amount	5,822,652	6,255,583	6,148,770	4,612,056	***	5.6	7.4	(1.7)	***
Producers' share (fn1)	65.1	60.9	58.6	58.0	***	(6.5)	(4.2)	(2.3)	***
Importers' share (fn1):									
China	16.9	19.4	19.7	20.1	***	2.9	2.5	0.4	***
All others sources	18.0	19.7	21.6	21.9	***	3.6	1.7	1.9	***
Total imports	34.9	39.1	41.4	42.0	***	6.5	4.2	2.3	***
U.S. imports from:									
China:									
Quantity	6,276	8,421	8,906	6,701	6,362	41.9	34.2	5.8	(5.0)
Value	982,855	1,212,889	1,214,136	928,053	756,865	23.5	23.4	0.1	(18.4)
Unit value	$157	$144	$136	$139	$119	(12.9)	(8.0)	(5.4)	(14.1)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other source:									
Quantity	3,927	4,747	5,510	4,094	***	40.3	20.9	16.1	***
Value	1,049,854	1,232,641	1,331,150	1,008,500	***	26.8	17.4	8.0	***
Unit value	$267	$260	$242	$246	***	(9.6)	(2.9)	(7.0)	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	10,203	13,167	14,416	10,794	***	41.3	29.0	9.5	***
Value	2,032,710	2,445,530	2,545,286	1,936,553	***	25.2	20.3	4.1	***
Unit value	$199	$186	$177	$179	***	(11.4)	(6.8)	(4.9)	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	11,649	12,174	12,098	8,985	9,292	3.9	4.5	(0.6)	3.4
Value	3,789,942	3,810,053	3,603,484	2,675,503	2,372,805	(4.9)	0.5	(5.4)	(11.3)
Unit value	$325	$313	$298	$298	$255	(8.4)	(3.8)	(4.8)	(14.2)
Export shipments:									
Quantity	1,883	2,006	2,038	1,602	1,313	8.2	6.5	1.6	(18.0)
Value	616,481	611,005	563,762	457,384	347,726	(8.6)	(0.9)	(7.7)	(24.0)
Unit value	$327	$305	$277	$286	$265	(15.5)	(7.0)	(9.2)	(7.2)
Ending inventory quantity	2,275	2,296	2,892	2,915	2,870	27.1	0.9	26.0	(1.5)
Inventories/total shipments (fn1)	16.8	16.2	20.5	20.7	20.3	3.6	(0.6)	4.3	(0.4)
Production workers	6,292	6,402	6,629	6,594	6,643	5.4	1.7	3.5	0.7
Hours worked (1,000s)	13,793	14,050	14,307	10,747	11,014	3.7	1.9	1.8	2.5
Wages paid ($1,000)	326,646	335,621	363,085	273,267	266,930	11.2	2.7	8.2	(2.3)
Hourly wages (dollars)	$23.68	$23.89	$25.38	$25.43	$24.24	7.2	0.9	6.2	(4.7)
Productivity (tires per 1,000 hour)	1,012	1,034	1,035	1,043	951	2.3	2.2	0.1	(8.8)
Unit labor costs	$23.40	$23.10	$24.52	$24.39	$25.49	4.8	(1.3)	6.1	4.5
Financial experience not including lease operations:									
Net sales:									
Quantity	13,393	14,035	13,997	10,481	10,504	4.5	4.8	(0.3)	0.2
Value	4,300,839	4,315,146	4,062,309	3,055,110	2,660,473	(5.5)	0.3	(5.9)	(12.9)
Unit value	$321.12	$307.45	$290.23	$291.48	$253.28	(9.6)	(4.3)	(5.6)	(13.1)
Cost of goods sold (COGS)	3,109,619	3,036,059	2,704,783	2,012,998	1,831,268	(13.0)	(2.4)	(10.9)	(9.0)
Gross profit or (loss)	1,191,220	1,279,087	1,357,526	1,042,112	829,205	14.0	7.4	6.1	(20.4)
SG&A expenses	525,294	541,063	574,334	433,182	394,590	9.3	3.0	6.1	(8.9)
Operating income	665,926	738,024	783,192	608,930	434,615	17.6	10.8	6.1	(28.6)
Net income	585,814	***	691,948	539,614	372,293	18.1	***	***	(31.0)
Capital expenditures	148,802	309,864	310,297	226,938	119,389	108.5	108.2	0.1	(47.4)
Unit COGS	$232	$216	$193	$192	$174	(16.8)	(6.8)	(10.7)	(9.2)
Unit SG&A expenses	$39	$39	$41	$41	$38	4.6	(1.7)	6.4	(9.1)
Unit operating income	$50	$53	$56	$58	$41	12.5	5.8	6.4	(28.8)
Unit net income	43.7	***	49.4	51.5	35.4	13.0	***	***	(31.2)
COGS/sales (fn1)	72.3	70.4	66.6	65.9	68.8	(5.7)	(1.9)	(3.8)	2.9
Operating income/sales (fn1)	15.5	17.1	19.3	19.9	16.3	3.8	1.6	2.2	(3.6)
Net income/sales (fn1)	13.6	***	17.0	17.7	14.0	3.4	***	***	(3.7)
Financial experience including lease operations:									
Net sales:									
Quantity	13,681	14,337	14,308	10,712	10,713	4.6	4.8	(0.2)	0.0
Value	4,449,360	4,467,054	4,217,223	3,170,627	2,774,110	(5.2)	0.4	(5.6)	(12.5)
Unit value	$325	$312	$295	$296	$259	(9.4)	(4.2)	(5.4)	(12.5)
Operating costs	3,769,182	3,708,335	3,408,446	2,543,792	2,313,761	(9.6)	(1.6)	(8.1)	(9.0)
Operating income	680,178	758,719	808,777	626,835	460,349	18.9	11.5	6.6	(26.6)
Unit operating costs	$276	$259	$238	$237	$216	(13.5)	(6.1)	(7.9)	(9.0)
Unit operating income	$50	$53	$57	$59	$43	13.7	6.4	6.8	(26.6)
Operating costs/sales (fn1)	84.7	83.0	80.8	80.2	83.4	(3.9)	(1.7)	(2.2)	3.2
Operating income/sales (fn1)	15.3	17.0	19.2	19.8	16.6	3.9	1.7	2.2	(3.2)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Table C-2
Bias tubed truck and bus tires: Summary data concerning the U.S. market, 2013-15, January to September 2015, and January to September 2016

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Table C-3
Other than biased tubed truck and bus tires: Summary data concerning the U.S. market, 2013-15, January to September 2015, and January to September 2016

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APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Eight importers reported price data for all nonsubject countries for products 1-4. Price data reported by these firms accounted for 42.2 percent of U.S. commercial shipments from all nonsubject countries. These price items and accompanying data are comparable to those presented in tables V-2 to V-6. Price and quantity data for all nonsubject countries are shown in tables D-1 to D-4 and in figures D-1 to D-8 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from all nonsubject countries were lower than prices for U.S.-produced product in 48 instances and higher in 40 instances. In comparing nonsubject country pricing data with Chinese pricing data, prices for product imported from all nonsubject countries were lower than prices for product imported from China in 5 instances and higher in 70 instances. A summary of price differentials is presented in table D-5.

Table D-1

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1], by quarters, January 2013-September 2016

Period	United States - OEM		All other sources - OEM	
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)
2013:				
Jan.-Mar.	328.13	61,252	---	***
Apr.-Jun.	333.51	60,051	---	***
Jul.-Sep.	328.46	53,507	---	***
Oct.-Dec.	336.25	66,909	---	***
2014:				
Jan.-Mar.	313.70	59,151	---	***
Apr.-Jun.	314.28	50,467	---	***
Jul.-Sep.	315.89	56,983	---	***
Oct.-Dec.	323.20	65,618	---	***
2015:				
Jan.-Mar.	324.51	60,037	***	***
Apr.-Jun.	316.15	58,448	***	***
Jul.-Sep.	303.49	45,081	***	***
Oct.-Dec.	301.78	55,086	***	***
2016:				
Jan.-Mar.	297.61	42,882	***	***
Apr.-Jun.	295.82	38,393	***	***
Jul.-Sep.	283.85	33,209	***	***
	United States - aftermarket		**All other sources - aftermarket**	
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**
2013:				
Jan.-Mar.	373.80	37,555	***	***
Apr.-Jun.	359.77	37,976	***	***
Jul.-Sep.	351.63	50,693	***	***
Oct.-Dec.	369.74	49,161	***	***
2014:				
Jan.-Mar.	352.89	45,875	***	***
Apr.-Jun.	340.77	41,520	***	***
Jul.-Sep.	341.22	44,625	***	***
Oct.-Dec.	344.52	55,974	***	***
2015:				
Jan.-Mar.	340.77	41,025	***	***
Apr.-Jun.	331.12	36,823	***	***
Jul.-Sep.	322.98	60,014	***	***
Oct.-Dec.	313.23	73,998	***	***
2016:				
Jan.-Mar.	324.83	71,816	***	***
Apr.-Jun.	318.11	60,767	***	***
Jul.-Sep.	291.78	73,364	***	***

[1] Product 1: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Table D-2

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1], by quarters, January 2013-September 2016

Period	United States - OEM		All other sources - OEM	
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)
2013:				
Jan.-Mar.	359.37	27,840	---	***
Apr.-Jun.	356.81	34,605	---	***
Jul.-Sep.	361.79	25,691	---	***
Oct.-Dec.	373.01	25,177	---	***
2014:				
Jan.-Mar.	353.88	31,133	---	***
Apr.-Jun.	361.09	35,206	---	***
Jul.-Sep.	348.61	45,035	---	***
Oct.-Dec.	367.25	47,601	---	***
2015:				
Jan.-Mar.	343.95	41,777	***	***
Apr.-Jun.	343.31	38,336	***	***
Jul.-Sep.	331.29	36,697	***	***
Oct.-Dec.	315.10	34,691	***	***
2016:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	301.40	39,485	***	***
Jul.-Sep.	284.21	43,466	***	***
	United States - aftermarket		**All other sources - aftermarket**	
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**
2013:				
Jan.-Mar.	392.01	22,470	***	***
Apr.-Jun.	377.24	27,604	***	***
Jul.-Sep.	373.63	38,931	***	***
Oct.-Dec.	362.96	36,258	***	***
2014:				
Jan.-Mar.	381.70	23,518	***	***
Apr.-Jun.	360.53	32,576	***	***
Jul.-Sep.	354.43	36,878	***	***
Oct.-Dec.	358.25	41,241	***	***
2015:				
Jan.-Mar.	351.57	36,005	***	***
Apr.-Jun.	362.91	36,167	***	***
Jul.-Sep.	331.03	39,445	***	***
Oct.-Dec.	327.82	42,676	***	***
2016:				
Jan.-Mar.	329.09	55,596	***	***
Apr.-Jun.	316.26	59,722	***	***
Jul.-Sep.	296.82	61,711	***	***

[1] Product 2: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).

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

Table D-3

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1], by quarters, January 2013-September 2016

Period	United States - OEM		All other sources - OEM	
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)
2013:				
Jan.-Mar.	303.21	152,953	---	***
Apr.-Jun.	305.81	164,222	---	***
Jul.-Sep.	297.14	184,007	---	***
Oct.-Dec.	306.03	204,441	---	***
2014:				
Jan.-Mar.	289.15	193,236	---	***
Apr.-Jun.	289.92	221,155	---	***
Jul.-Sep.	285.22	245,200	---	***
Oct.-Dec.	291.20	269,919	---	***
2015:				
Jan.-Mar.	288.38	245,069	***	***
Apr.-Jun.	284.01	287,226	***	***
Jul.-Sep.	278.70	291,408	***	***
Oct.-Dec.	277.39	303,269	***	***
2016:				
Jan.-Mar.	274.31	184,290	***	***
Apr.-Jun.	274.39	197,152	***	***
Jul.-Sep.	263.39	166,669	***	***
	United States - aftermarket		**All other sources - aftermarket**	
Period	**Price (dollars per tire)**	**Quantity (tires)**	**Price (dollars per tire)**	**Quantity (tires)**
2013:				
Jan.-Mar.	348.75	112,114	***	***
Apr.-Jun.	333.07	131,542	***	***
Jul.-Sep.	339.63	161,145	***	***
Oct.-Dec.	341.56	153,173	***	***
2014:				
Jan.-Mar.	328.52	130,321	***	***
Apr.-Jun.	325.15	144,378	***	***
Jul.-Sep.	325.28	185,529	***	***
Oct.-Dec.	325.56	176,430	***	***
2015:				
Jan.-Mar.	314.24	143,113	***	***
Apr.-Jun.	324.84	175,554	***	***
Jul.-Sep.	307.35	189,998	***	***
Oct.-Dec.	301.53	201,208	***	***
2016:				
Jan.-Mar.	305.79	225,606	***	***
Apr.-Jun.	296.22	230,978	***	***
Jul.-Sep.	273.84	280,099	***	***

[1] Product 3: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).

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

Table D-4

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1], by quarters, January 2013-September 2016

Period	United States - OEM		All other sources - OEM	
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)
2013:				
Jan.-Mar.	314.53	10,915	---	***
Apr.-Jun.	319.48	10,090	---	***
Jul.-Sep.	328.10	9,987	---	***
Oct.-Dec.	313.36	7,909	---	***
2014:				
Jan.-Mar.	313.33	9,327	---	***
Apr.-Jun.	311.88	8,282	---	***
Jul.-Sep.	311.25	11,023	---	***
Oct.-Dec.	314.59	13,202	---	***
2015:				
Jan.-Mar.	305.33	11,562	***	***
Apr.-Jun.	293.33	11,633	***	***
Jul.-Sep.	285.82	12,563	***	***
Oct.-Dec.	***	***	***	***
2016:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Period	**United States - aftermarket**		**All other sources - aftermarket**	
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)
2013:				
Jan.-Mar.	369.75	33,595	***	***
Apr.-Jun.	352.19	36,444	***	***
Jul.-Sep.	364.34	37,325	***	***
Oct.-Dec.	369.75	38,212	***	***
2014:				
Jan.-Mar.	363.79	32,311	***	***
Apr.-Jun.	347.13	34,426	***	***
Jul.-Sep.	353.31	29,414	***	***
Oct.-Dec.	344.40	34,151	***	***
2015:				
Jan.-Mar.	353.71	29,007	***	***
Apr.-Jun.	352.40	34,062	***	***
Jul.-Sep.	320.56	29,483	***	***
Oct.-Dec.	302.35	32,639	***	***
2016:				
Jan.-Mar.	303.75	35,936	***	***
Apr.-Jun.	309.45	42,499	***	***
Jul.-Sep.	274.48	39,974	***	***

[1] Product 4: Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).

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

Figure D-1

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 1 to OEMs, by quarters, January 2013-September 2016

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Figure D-2

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 1 to the aftermarket, by quarters, January 2013-September 2016

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Figure D-3

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 2 to OEM, by quarters, January 2013-September 2016

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Figure D-4

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 2 to aftermarket, by quarters, January 2013-September 2016

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Figure D-5

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 3 to OEM, by quarters, January 2013-September 2016

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Figure D-6

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 3 to aftermarket, by quarters, January 2013-September 2016

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Figure D-7

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 4 to OEM, by quarters, January 2013-September 2016

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Figure D-8

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 4 to aftermarket, by quarters, January 2013-September 2016

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Table D-5

Product: Summary of underselling/(overselling), by country, January 2013-December 2015

Comparison	Total number of comparisons	Nonsubject lower than the comparison source		Nonsubject higher than the comparison source	
		Number of quarters	Quantity (tires)	Number of quarters	Quantity (tires)
Nonsubject vs United States.--					
Nonsubject vs. United States OEM	28	11	942,748	17	523,936
Nonsubject vs. United States Aftermarket	60	37	607,589	23	1,296,555
Subtotal, Nonsubject vs United States	88	48	1,550,337	40	1,820,491
Nonsubject vs Subject.--					
Nonsubject vs. China OEM	15	5	318,029	10	822,193
Nonsubject vs. China Aftermarket	60	0	0	60	1,904,144
Subtotal, Nonsubject vs China	75	5	318,029	70	2,726,337

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

APPENDIX E

COMMERCE'S FINAL DUMPING DETERMINATIONS

Exporter	Producer	Weighted Average Margin (Percent)
Prinx Chengshan (Shandong) Tire Co., Ltd.	Prinx Chengshan (Shandong) Tire Co., Ltd.	9.00
Actyon Tyre Resources Co., Limited	Chao Yang Long March Tyre Co., Ltd.	9.00
Actyon Tyre Resources Co., Limited	Shandong Haohua Tires Co., Ltd.	9.00
Actyon Tyre Resources Co., Limited	Shandong Longyue Rubber Co., Ltd.	9.00
Aosen Tire Co., Ltd.	Qingdao Taifa Group Co., Ltd.	9.00
Aosen Tire Co., Ltd.	Shandong Chuanghua Tire Co., Ltd.	9.00
Aosen Tire Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Aosen Tire Co., Ltd.	Shandong Hugerubber Co., Ltd.	9.00
Aosen Tire Co., Ltd.	Shandong Yongsheng Rubber Group Co., Ltd.	9.00
Aosen Tire Co., Ltd.	Shandong Zhentai Group Co., Ltd.	9.00
Beijing BOE Commerce Co., Ltd.	China National Tyre & Rubber Guilin Co., Ltd.	9.00
Beijing BOE Commerce Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Best Choice International Trade Co., Ltd.	Aeolus Tyre Co., Ltd.	9.00
Best Choice International Trade Co., Ltd.	Qingdao Yellow Sea Rubber Co., Ltd.	9.00
Best Choice International Trade Co., Ltd.	Shan Dong Kaixuan Rubber Co., Ltd.	9.00
Best Choice International Trade Co., Ltd.	Sichuan Kalevei Technology Co., Ltd.	9.00
Best Choice International Trade Co., Ltd.	ZC Rubber Group Co., Ltd.	9.00
Bestyre International Industrial Limited	Chaoyang Long March Tyre Co., Ltd.	9.00
Bestyre International Industrial Limited	Chaoyang Long March Tyre New Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Aeolus Tyre Co., Ltd.	9.00
BOE Commerce Co., Ltd.	China National Tyre & Rubber Guilin Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Shandong Anchi Tyres Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Shandong Hengyu Rubber Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Shandong Hengyu Science & Technology Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Shandong Jinyu Tyre Co., Ltd.	9.00
BOE Commerce Co., Ltd.	Zhucheng Guoxin Rubber Co., Ltd.	9.00
Briway Tire Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Briway Tire Co., Ltd.	Shandong Province Sanli Tire Manufactured Co., Ltd.	9.00
Briway Tire Co., Ltd.	Shandong Vheal Group Co., Ltd.	9.00
Briway Tire Co., Ltd.	Shandong Wanda Boto Tyre Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Briway Tire Co., Ltd.	Shandong Yinbao Tyre Group Co., Ltd.	9.00
Briway Tire Co., Ltd.	Shandong Yuelong Group	9.00
Briway Tire Co., Ltd.	Sichuan Tyre & Rubber Co., Ltd.	9.00
Briway Tire Co., Ltd.	Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	9.00
Briway Tire Co., Ltd.	Sichuan Kalevei Technology Co., Ltd.	9.00
Chonche Auto Double Happiness Tyre Corp. Ltd.	Chonche Auto Double Happiness Tyre Corp. Ltd.	9.00
Chongqing Hankook Tire Co., Ltd.	Chongqing Hankook Tire Co., Ltd.	9.00
Cooper Tire (China) Investment Co., Ltd.	Qingdao Ge Rui Da Rubber Co., Ltd.	9.00
Daking Industrial Co., Limited	Shandong Huasheng Rubber Co., Ltd.	9.00
Fleming Limited	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Fleming Limited	Qingdao Yellow Sea Rubber Co., Ltd.	9.00
Fleming Limited	Shandong Wanshine Tire Co., Ltd.	9.00
Fleming Limited	Shandong Yinbao Tyre Group Co., Ltd.	9.00
Giti Tire (Anhui) Company Ltd.	Giti Tire (Anhui) Company Ltd.	9.00
Giti Tire (Anhui) Company Ltd.	Giti Tire (Fujian) Company Ltd.	9.00
Giti Tire (Anhui) Company Ltd.	Giti Tire (Yinchuan) Company Ltd.	9.00
Giti Tire (Fujian) Company Ltd.	Giti Tire (Anhui) Company Ltd.	9.00
Giti Tire (Fujian) Company Ltd.	Giti Tire (Fujian) Company Ltd.	9.00
Giti Tire (Fujian) Company Ltd.	Giti Tire (Yinchuan) Company Ltd.	9.00
Giti Tire (Yinchuan) Company Ltd.	Giti Tire (Anhui) Company Ltd.	9.00
Giti Tire (Yinchuan) Company Ltd.	Giti Tire (Fujian) Company Ltd.	9.00
Giti Tire (Yinchuan) Company Ltd.	Giti Tire (Yinchuan) Company Ltd.	9.00
Giti Tire Global Trading Pte. Ltd.	Giti Tire (Anhui) Company Ltd.	9.00
Giti Tire Global Trading Pte. Ltd.	Giti Tire (Fujian) Company Ltd.	9.00
Giti Tire Global Trading Pte. Ltd.	Giti Tire (Yinchuan) Company Ltd.	9.00
Goodyear Dalian Tire Co., Ltd.	Goodyear Dalian Tire Co., Ltd.	9.00
Hongkong Tiancheng Investment & Trading Co., Limited	Shandong Linglong Tyre Co., Ltd.	9.00
Hongtyre Group Co.	Prinx Chengshan (Shandong) Tire Co., Ltd.	9.00
Hongtyre Group Co.	Shandong Bayi Tyre Manufacture Co., Ltd.	9.00
Jiangsu General Science Technology Co., Ltd.	Jiangsu General Science Technology Co., Ltd.	9.00
Jiangsu Hankook Tire Co., Ltd.	Jiangsu Hankook Tire Co., Ltd.	9.00
Koryo International Industrial Limited	Chaoyang Long March Tyre Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Koryo International Industrial Limited	Shandong Anchi Tyres Co., Ltd.	9.00
Koryo International Industrial Limited	Shandong Hugerubber Co., Ltd.	9.00
Koryo International Industrial Limited	Shandong Sangong Rubber Co., Ltd.	9.00
Koryo International Industrial Limited	Shandong Wanshine Tire Co., Ltd.	9.00
Koryo International Industrial Limited	Sichuan Tyre & Rubber Co., Ltd.	9.00
Kumho Tire Co., Inc.	Nanjing Kumho Tire Co., Ltd.	9.00
Longkou Xinglong Tyre Co., Ltd.	Longkou Xinglong Tyre Co., Ltd.	9.00
Maxon Int'l Co., Limited	Shandong Anchi Tyres Co., Ltd	9.00
Maxon Int'l Co., Limited	Triangle Tyre Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Ningxia Shenzhou Tire Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Sichuan Kalevei Technology Co., Ltd.	9.00
Megalith Industrial Group Co., Ltd.	Xingyuan Tire Group Co., Ltd.	9.00
Michelin Asia-Pacific Export (HK) Limited	Michelin Shenyang Tire Co., Ltd.	9.00
Newland Tyre Int'l Limited	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Noble Manufacture Co., Ltd.	Qingdao Hongchi Tyre Co., Ltd.	9.00
Philixx Tyres and Accessories Limited	Shandong Huasheng Rubber Co., Ltd.	9.00
Philixx Tyres and Accessories Limited	Xingyuan Tire Group Co., Ltd.	9.00
Philixx Tyres and Accessories Limited	Shandong Vheal Group Co., Ltd.	9.00
Q&J Industrial Group Co., Limited	Chaoyang Langma Co., Ltd.	9.00
Q&J Industrial Group Co., Limited	Qiangdao Huanghai Rubber Co., Ltd.	9.00
Q&J Industrial Group Co., Limited	Shandong Hongsheng Rubber Co., Ltd.	9.00
Q&J Industrial Group Co., Limited	Shandong Huasheng Rubber Co., Ltd.	9.00
Q&J Industrial Group Co., Limited	Shandong Xingyuan Group	9.00
Q&J Industrial Group Co., Limited	Sichuan Kailiwei Technology Co., Ltd.	9.00
Qingdao Au-Shine Group Co., Ltd.	Shandong Gulun Rubber Co., Ltd.	9.00
Qingdao Champion International Trading Co., Ltd.	Shandong Cocrea Tyre Co., Ltd.	9.00
Qingdao Champion International Trading Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Qingdao Champion International Trading Co., Ltd.	Zhucheng Sinoroad Rubber Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Qingdao Fudong Tyre Co., Ltd.	Qingdao Fudong Tyre Co., Ltd.	9.00
Qingdao Fudong Tyre Co., Ltd.	Qingdao Xiyingmen Double Camel Tyre Co., Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Aeolus Tyre Co., Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Chaoyang Long March Tyre Co., Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Chonche Auto Double Happiness Tyre Corp. Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Double Coin Holdings Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Hangzhou Zhongce Rubber Co., Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Qingdao Yellow Sea Rubber Co., Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Qingdao Fullrun Tyre Corp. Ltd.	Shandong Xingyuan International Trading Co., Ltd.	9.00
Qingdao Ge Rui Da Rubber Co., Ltd.	Qingdao Ge Rui Da Rubber Co., Ltd.	9.00
Qingdao Honghua Tyre Factory	Qingdao Honghua Tyre Factory	9.00
Qingdao Jinhaoyang International Co., Ltd.	Double Coin Holdings Ltd.	9.00
Qingdao Jinhaoyang International Co., Ltd.	Qingdao Fudong Tyre Co., Ltd.	9.00
Qingdao Jinhaoyang International Co., Ltd.	Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	9.00
Qingdao Jinhaoyang International Co., Ltd.	Zhucheng Guoxin Rubber Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Beijing Landy Tire & Tech Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Chaoyang Long March Tyre Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Chonche Auto Double Happiness Tyre Corp. Ltd.	9.00
Qingdao Keter International Co., Ltd.	Deruibo Tire Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Shandong Huge Rubber Co., Ltd.	9.00
Qingdao Keter International Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Chaoyang Long March Tyre Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Chonche Auto Double Happiness Tyre Corp. Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Doublestar Dongfeng Tyre Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Qingdao Yellow Sea Rubber Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Shandong Xingyuan International Trading Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Qingdao Lakesea Tyre Co., Ltd.	Shandong Yinbao Tyre Group Co., Ltd.	9.00
Qingdao Lakesea Tyre Co., Ltd.	Sichuan Kalevei Technology Co., Ltd.	9.00
Qingdao Milestone Tyres Co., Limited	Shandong Hugerubber Co., Ltd.	9.00
Qingdao Milestone Tyres Co., Limited	Xingyuan Tire Group Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Chaoyang Long March Tyre Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	China National Tyre And Rubber Guilin Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Ningxia Shenzhou Tire Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Hengfeng Rubber & Plastic Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Hengyu Science & Technology Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Wanda Boto Tyre Co., Ltd.	9.00
Qingdao Nama Industrial Co., Ltd.	Shandong Wanshine Tyre Co., Ltd.	9.00
Qingdao Odyking Tyre Co., Ltd.	Weifang Shunfuchang Rubber And Plastic Products Co., Ltd.	9.00
Qingdao Qianzhen Tyre Co., Ltd.	Qingdao Qianzhen Tyre Co., Ltd.	9.00
Qingdao Qizhou Rubber Co., Ltd.	Qingdao Qizhou Rubber Co., Ltd.	9.00
Qingdao Rhino International Co., Ltd.	Dongying JinZheng Tyre Co., Ltd.	9.00
Qingdao Rhino International Co., Ltd.	Qingdao Aonuo Group	9.00
Qingdao Rhino International Co., Ltd.	Shandong Jinwangda Tire Co., Ltd.	9.00
Qingdao Rhino International Co., Ltd.	Weihai Ping'an Tyre Co., Ltd.	9.00
Qingdao Taihao Tyre Co., Ltd.	Qingdao Taihao Tyre Co., Ltd.	9.00
Qingdao Tanco Tire Industrial & Commercial Co., Ltd.	Hebei Tianrui Rubber Co., Ltd.	9.00
Qingdao Tanco Tire Industrial & Commercial Co., Ltd.	Shandong Hawk International Rubber Co., Ltd.	9.00
Qingdao Tanco Tire Industrial & Commercial Co., Ltd.	Xingyuan Tires Group	9.00
Qingdao Yellow Sea Rubber Co., Ltd.	Qingdao Yellow Sea Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Aeolus Tyre Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Bayi Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Chonche Auto Double Happiness Tyre Corp. Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Qingdao Yongdao International Trade Co., Ltd.	Double Coin Holdings Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Guizhou Tyre Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Hangzhou Zhongce Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Haohua Tire Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Hengfeng Rubber and Plastic Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Hengyu Science & Technology Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Wosen Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shandong Yongtai Group Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Shengtai Group Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	South China Tire & Rubber Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Weifang Goldshield Tire Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Weifang Shunfuchang Rubber & Plastic Products Co., Ltd.	9.00
Qingdao Yongdao International Trade Co., Ltd.	Xingyuan Tire Group Co., Ltd.	9.00
Rodeo Tire Ltd.	Shandong Province Sanli Tire Manufactured Co., Ltd.	9.00
Rodeo Tire Ltd.	Sichuan Tyre & Rubber Co., Ltd.	9.00
Rover Tire Co., Ltd.	Aeolus Tyre Co., Ltd	9.00
Rover Tire Co., Ltd.	Dongying Fangxing Rubber Co., Ltd.	9.00
Rover Tire Co., Ltd.	Double Coin Holdings Ltd.	9.00
Rover Tire Co., Ltd.	Qingdao Doublestar Tire Industrial Co., Ltd.	9.00
Rover Tire Co., Ltd.	Shandong Hengyu Science & Technology Co., Ltd.	9.00
Rover Tire Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Rover Tire Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Rover Tire Co., Ltd.	Shandong Longyue Rubber Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Rover Tire Co., Ltd.	Shandong Yongsheng Rubber Group Co., Ltd.	9.00
Rover Tire Co., Ltd.	Wanli Group Trade Limited	9.00
Rover Tire Co., Ltd.	Zhongce Rubber Group Company Limited	9.00
Sailun Jinyu Group Co., Ltd.	Sailun Jinyu Group Co., Ltd.	9.00
Sailun Jinyu Group Co., Ltd.	Shenyang Peace Radial Tyre Manufacturing Co., Ltd.	9.00
Shandong Anchi Tyres Co., Ltd.	Shandong Anchi Tyres Co., Ltd.	9.00
Shandong Haohua Tire Co., Ltd.	Shandong Haohua Tire Co., Ltd.	9.00
Shandong Haoyu Rubber Co., Ltd.	Shandong Haoyu Rubber Co., Ltd.	9.00
Shandong Hawk International Rubber Industry Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Shandong Hengfeng Rubber & Plastic Co., Ltd.	Shandong Hengfeng Rubber & Plastic Co., Ltd.	9.00
Shandong Hengyu Science & Technology Co., Ltd.	Shandong Hengyu Science & Technology Co., Ltd.	9.00
Shandong Hengyu Science & Technology Co., Ltd.	Shandong Hengyu Rubber Co., Ltd.	9.00
Shandong Homerun Tires Co., Ltd.	Good Friend Tyre Co., Ltd.	9.00
Shandong Homerun Tires Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Shandong Homerun Tires Co., Ltd.	Shandong Wosen Rubber Co., Ltd.	9.00
Shandong Homerun Tires Co., Ltd.	Shandong Yongsheng Rubber Group Co., Ltd.	9.00
Shandong Homerun Tires Co., Ltd.	Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	9.00
Shandong Huasheng Rubber Co., Ltd.	Shandong Huasheng Rubber Co., Ltd.	9.00
Shandong Hugerubber Co., Ltd.	Shandong Hugerubber Co., Ltd.	9.00
Shandong Huitong Tyre Co., Ltd.	Shandong Huitong Tyre Co., Ltd.	9.00
Shandong Kaixuan Rubber Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Shandong Linglong Tyre Co., Ltd.	Shandong Linglong Tyre Co., Ltd.	9.00
Shandong O'Green Tyres Co., Ltd.	Shandong O'Green Tyres Co., Ltd.	9.00
Shandong Province Sanli Tire Manufactured Co., Ltd.	Shandong Province Sanli Tire Manufactured Co., Ltd.	9.00
Shandong Sangong Rubber Co., Ltd.	Shandong Sangong Rubber Co., Ltd.	9.00
Shandong Transtone Tyre Co., Ltd.	Shandong Haohua Tire Co., Ltd.	9.00
Shandong Transtone Tyre Co., Ltd.	Shandong Hongyu Rubber Co., Ltd.	9.00
Shandong Transtone Tyre Co., Ltd.	Shandong Kaixuan Rubber Co., Ltd.	9.00
Shandong Transtone Tyre Co., Ltd.	Weifang Yuelong Rubber Co., Ltd.	9.00
Shandong Vheal Group Co., Ltd.	Shandong Vheal Group Co., Ltd.	9.00
Shandong Wanda Boto Tyre Co., Ltd.	Shandong Wanda Boto Tyre Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Shandong Wanshine Tire Co., Ltd.	Shandong Wanshine Tire Co., Ltd.	9.00
Shandong Xingyuan Tire Group Co., Ltd.	Shandong Xingyuan Tire Group Co., Ltd.	9.00
Shandong Yinbao Tyre Group Co., Ltd.	Shandong Yinbao Tyre Group Co., Ltd.	9.00
Shandong Yongfeng Tyres Co., Ltd.	Shandong Yongfeng Tyres Co., Ltd.	9.00
Shandong Yongsheng Rubber Group Co., Ltd.	Shandong Yongsheng Rubber Group Co., Ltd.	9.00
Shandong Yongtai Group Co., Ltd.	Shandong Yongtai Group Co., Ltd.	9.00
Shanghai Durotyre International Trading Co., Ltd.	Chaoyang Long March Tyre Co., Ltd.	9.00
Shanghai Durotyre International Trading Co., Ltd.	Double Happiness Tyre Industrial Co., Ltd.	9.00
Shengtai Group Co., Ltd.	Shengtai Group Co., Ltd.	9.00
Shengtai Group Co., Ltd.	Shandong Zhushenghua Rubber Co., Ltd.	9.00
Shenzhen Zhongjin Import & Export Co., Ltd.	Hefei Wanli Tire Co., Ltd.	9.00
Shenzhen Zhongjin Import & Export Co., Ltd.	South China Tire & Rubber Co.	9.00
Shenzhen Zhongjin Import & Export Co., Ltd.	Weifang Shunfuchang Rubber And Plastics Products Co., Ltd.	9.00
Shifeng Juxing Tire Co., Ltd.	Shifeng Juxing Tire Co., Ltd.	9.00
Shuma Tyre International (Qingdao) Co., Ltd.	Shandong Wanshine Tire Co., Ltd.	9.00
Sichuan Kalevei Technology Co., Ltd.	Sichuan Kalevei Technology Co., Ltd.	9.00
Sinotyre International Group Co., Ltd.	Dongying City Fangxing Rubber Co., Ltd.	9.00
Sinotyre International Group Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Sportrak Tire Group Limited	Bayi Rubber Co., Ltd.	9.00
Sportrak Tire Group Limited	Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	9.00
Sportrak Tire Group Limited	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Tianjin Leviathan International Trade Co., Ltd.	NDI Tire (Qingdao) Co., Ltd.	9.00
Tianjin Leviathan International Trade Co., Ltd.	Qingdao Nama Industrial Co., Ltd.	9.00
Tianjin Leviathan International Trade Co., Ltd.	Shandong Haohua Tire Co., Ltd.	9.00
Tianjin Leviathan International Trade Co., Ltd.	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Tianjin Leviathan International Trade Co., Ltd.	Xingyuan Tire Group Co., Ltd.	9.00
Top Tyre Industry Co., Limited	Shandong Hawk International Rubber Industry Co., Ltd.	9.00
Toyo Tire (Zhucheng) Co., Ltd.	Toyo Tire (Zhucheng) Co., Ltd.	9.00

Exporter	Producer	Weighted Average Margin (Percent)
Triangle Tyre Co., Ltd.	Triangle Tyre Co., Ltd.	9.00
Tyrechamp Group Co., Limited	South China Tire & Rubber Co., Ltd.	9.00
Tyrechamp Group Co., Limited	Zhongce Rubber Group Company Limited	9.00
Wanli Group Trade Limited	South China Tire & Rubber Co., Ltd.,	9.00
Weifang Shunfuchang Rubber And Plastic Products Co., Ltd.	Weifang Shunfuchang Rubber And Plastic Products Co., Ltd.	9.00
Weihai Ping'an Tyre Co., Ltd.	Weihai Ping'an Tyre Co., Ltd.	9.00
Weihai Zhongwei Rubber Co., Ltd.	Weihai Zhongwei Rubber Co., Ltd.	9.00
Wendeng Sanfeng Tyre Co., Ltd.	Wendeng Sanfeng Tyre Co., Ltd.	9.00
Xuzhou Xugong Tyres Co., Ltd.	Xuzhou Xugong Tyres Co., Ltd.	9.00
Xuzhou Xugong Tyres Co., Ltd.	Armour Rubber Company Ltd.	9.00
Yokohama Rubber Co., Ltd.	Suzhou Yokohama Tire Co., Ltd.	9.00
Yongsheng Group Co., Ltd.	Shandong Yongsheng Rubber Group Co., Ltd.	9.00
Zhongce Rubber Group Co., Ltd.	Zhongce Rubber Group Co., Ltd.	9.00
Zhucheng Guoxin Rubber Co., Ltd.	Zhucheng Guoxin Rubber Co., Ltd.	9.00
PRC-Wide Entity		22.57

Source: *Truck and Bus Tires from the People's Republic of China: Final Affirmative Determinations of Sales at Less Than Fair Value and Critical Circumstances*, 82 FR 8599, January 27, 2017.