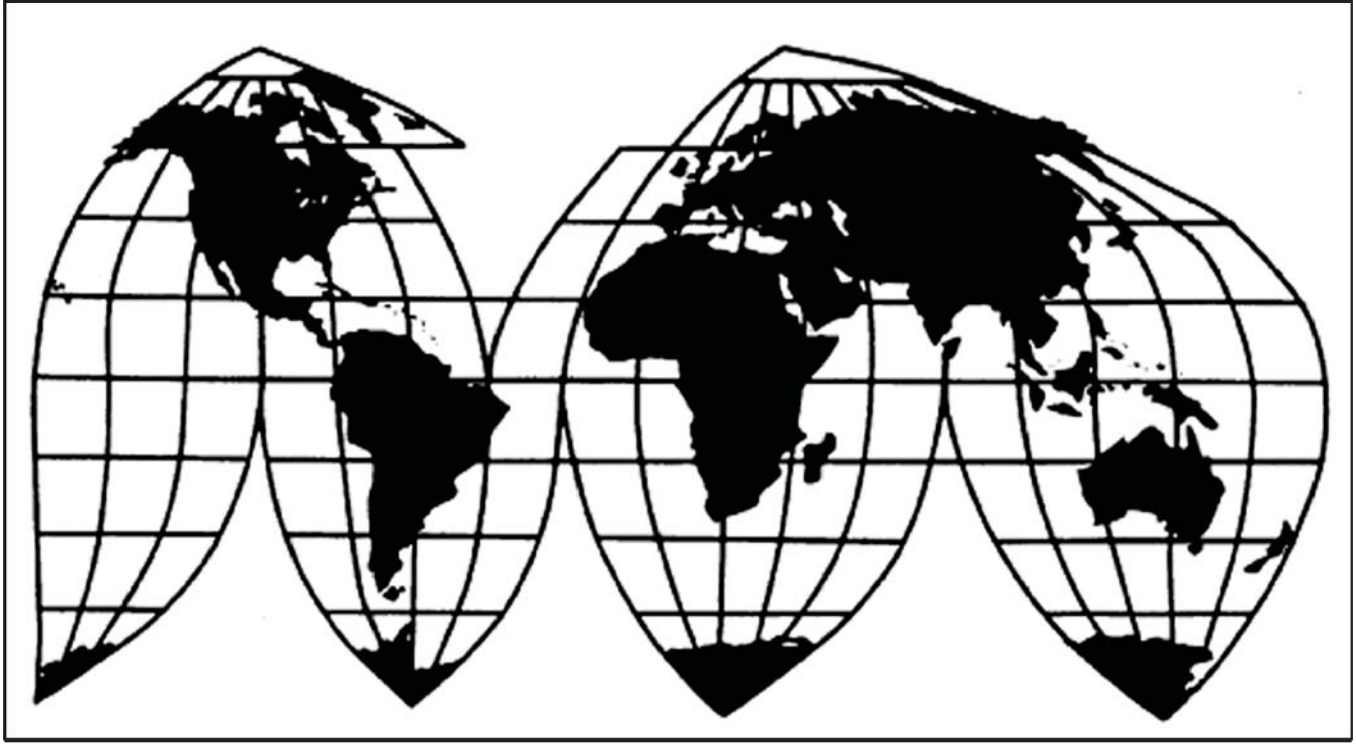
Steel Trailer Wheels from China

Investigation Nos. 701-TA-609 and 731-TA-1421 (Preliminary)

Publication 4830 **October 2018**

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-609 and 731-TA-1421 (Preliminary)

Steel Trailer Wheels 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 there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel trailer wheels from China that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of China.[2] [3]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On August 8, 2018, Dexstar Wheel, Elkhart, Indiana, filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of steel trailer wheels from China and LTFV imports of steel trailer wheels from China. Accordingly, effective August 8, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and

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

[2] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 45100, September 5, 2018; *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 45095, September 5, 2018.

[3] Commissioner Meredith M. Broadbent did not participate in the determinations.

1673b(a)), instituted countervailing duty investigation No. 701-TA-609 and antidumping duty investigation No. 731-TA-1421 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of August 15, 2018 (83 FR 40551). The conference was held in Washington, DC, on August 29, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel trailer wheels from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.[1]

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. Background

The petitions in these investigations were filed on August 8, 2018, by Dexstar Wheel ("Dexstar"), a division of Americana Development, Inc. ("ADI"). Dexstar is a domestic producer of steel trailer wheels. Petitioner appeared at the staff conference and submitted a postconference brief. Three respondents appeared at the conference and submitted postconference briefs: Zheijiang Jingu, Co, Ltd. ("Jingu"), a producer and exporter of subject merchandise; Trans Texas Tire, LLC ("TTT"), an importer of subject merchandise; and Tredit Tire & Wheel Co, Inc. ("Tredit"), an importer of subject merchandise.[4]

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[1] Commissioner Broadbent did not participate in these determinations.

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

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

[4] In addition, Lionshead Specialty Tire & Wheel, LLC ("Lionshead"), an importer of subject merchandise, appeared at the conference in opposition to the imposition of duties, but did not submit a postconference brief; the RV Industry Association ("RVIA"), a trade association representing recreational vehicle ("RV") manufacturers, which purchase steel trailer wheels, appeared at the conference in opposition to the imposition of duties and submitted a nonparty statement; and TexTrail, Inc. ("TexTrail"), an importer of subject merchandise, did not appear at the conference, but submitted a postconference brief in opposition to the imposition of duties.

U.S. industry data are based on the questionnaire response of one producer, Dexstar, which accounted for the vast majority of U.S. production of steel trailer wheels in 2017.[5] U.S. import data are based on official Commerce import statistics under Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting number 8716.90.5035 and from questionnaire responses from 15 U.S. importers, accounting for 86.2 percent of total adjusted subject imports from China in 2017.[6] The Commission received responses to its questionnaires from four producers of subject merchandise in China, accounting for approximately *** percent of U.S. imports of steel trailer wheels from China in 2017.[7]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[9] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[10]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[11] No single factor is

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[5] Confidential Report ("CR") at I-4 to I-5; Public Report ("PR") at I-4. Dexstar accounted for *** percent of U.S. production of steel trailer wheels during 2017. CR/PR at III-1. Dexstar identified in its petition another domestic producer of steel trailer wheels, American Wheel Corporation, which in a letter of support for the petition indicated that it sold *** of towable type trailer wheels in 2017. Staff issued American Wheel Corporation a producers' questionnaire, but American Wheel Corporation responded ***. CR/PR at III-1 n.1.

Staff also issued a producers' questionnaire to The Carlstar Group LLC ("Carlstar"), which returned an importers' questionnaire. In its importers' questionnaire, Carlstar reported that it ***. Despite being issued a producers' questionnaire and multiple requests by staff, Carlstar did not return a response. It reported by email that it *** *Id.*

[6] CR at I-5, IV-1; PR at I-4, IV-1. The official Commerce import statistics were adjusted using responses to Commission questionnaires to remove out-of-scope chrome-coated wheels and to add imports of wheels with tires or valve stems already attached, which are not covered by the HTSUS number. CR at I-5 n.6; PR at I-4, n.6.

[7] CR at VII-3; PR at VII-3.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

[11] *See*, *e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United* (Continued…)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[13] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15]

A. Scope Definition

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

> certain on-the-road steel wheels, discs, and rims for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. Certain on-the-

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(…Continued)
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'").

In a semi-finished products analysis, the Commission examines the following: (1) the significance and extent of the processes used to transform the upstream into the downstream articles; (2) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) whether there are perceived to be separate markets for the upstream and downstream articles; and (5) differences in the costs or value of the vertically differentiated articles. *See*, *e.g*., *Quartz Surface Products from China*, Inv. Nos. 701-TA-606 and 731-TA-1416 (Preliminary), USITC Pub. No. 4794 at 4 n.9 (June 1, 2018); *Certain New Pneumatic Off-The-Road Tires from India and Sri Lanka*, Inv. Nos. 701-TA-552-553 and 731-TA-1308 (Final), USITC Pub. No. 4669 at 4 n.8 (March 2017); *Sugar from Mexico*, Inv. Nos. 701-TA-513 and 731-TA-1249 (Final), USITC Pub. No. 4577 at 44 (Nov. 2015).

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

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

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

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

road steel wheels with a nominal wheel diameter of 12 inches to 16.5 inches within the scope are generally for road and highway trailers and other towable equipment, including, *inter alia*, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes. The standard widths of certain on-the-road steel wheels are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope.

The scope includes rims and discs for certain on-the-road steel wheels, whether imported as an assembly, unassembled, or separately. The scope includes certain on-the-road steel wheels regardless of steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. The scope also includes certain on-the-road steel wheels with discs in either a "hub-piloted" or "stud-piloted" mounting configuration, though the stud-piloted configuration is most common in the size range covered.

All on-the-road wheels sold in the United States must meet Standard 110 or 120 of the National Highway Traffic Safety Administration's (NHTSA) Federal Motor Vehicle Safety Standards, which requires a rim marking, such as the "DOT" symbol, indicating compliance with applicable motor vehicle standards. See 49 CFR 571.110 and 571.120. The scope includes certain on-the-road steel wheels imported with or without NHTSA's required markings.

Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem or rims imported as an assembly with a tire mounted on the rim and/or with a valve stem are included in the scope of this investigation. However, if the steel wheels or rims are imported as an assembly with a tire mounted on the wheel or rim and/or with a valve stem attached, the tire and/or valve stem is not covered by the scope.

Excluded from this scope are the following:
(1) Steel wheels for use with tube-type tires; such tires use multi piece rims, which are two-piece and three-piece assemblies and require the use of an inner tube;
(2) aluminum wheels;
(3) certain on-the-road steel wheels that are coated entirely with chrome; and
(4) steel wheels that do not meet Standard 110 or 120 of the NHTSA's requirements other than the rim marking requirements found in 49 CFR 571.110S4.4.2 and 571.120S5.2.

Certain on-the-road steel wheels subject to this investigation are properly classifiable under the following category of the Harmonized Tariff Schedule of the United States (HTSUS): 8716.90.5035 which covers the exact product covered by the scope whether entered as an assembled wheel or in components.

> Certain on-the-road steel wheels entered with a tire mounted on them may be entered under HTSUS 8716.90.5059 (Trailers and semi-trailers; other vehicles, not mechanically propelled, parts, wheels, other, wheels with other tires) (a category that will be broader than what is covered by the scope). While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.[16]

Steel trailer wheels within the scope of these investigations are on-the-road steel wheels, discs, and rims for use with tubeless tires, with a nominal rim diameter of 12 inches through 16.5 inches and regardless of width.[17] These steel trailer wheels are for use with various trailers (*e.g.*, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes).[18] The scope does not include wheels for tube-type tires, aluminum wheels, wheels coated in chrome, and wheels for off-the-road-vehicles.[19]

B. Arguments of the Parties

Petitioner argues that the Commission should define a single domestic like product coextensive with the scope of these investigations.[20] It contends that the Commission has examined steel wheels of various types in its ongoing and prior investigations and, in each, defined the domestic like product to be coextensive with the particular scope in that investigation.[21] It argues that the Commission should not include out-of-scope wheels, such as

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[16] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 45095, 45100 (Sep. 5, 2018); *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 Fed. Reg. 45100, 45104 (Sep. 5, 2018). The scope is the same in the antidumping duty and countervailing duty investigations.

Other Commission investigations of steel wheels from China have involved wheels of different diameters. The scope of the 2012 steel wheels investigations, in which the Commission made negative final determinations, included steel wheels with a diameter of 18 to 24.5 inches, as well as steel wheels for use with tube-type tires and off-the-road vehicles. *See Certain Steel Wheels from China*, Inv. Nos. 701-TA-478 and 731-TA-1182 (Final), USITC Pub. 4319 at 1, 5 (May 2012) ("*2012 Steel Wheels*"). The Commission is currently conducting a final phase investigation of steel wheels from China with a diameter of 22.5 inches and 24.5 inches. *See Steel Wheels from China*, Inv. Nos. 701-TA-602 and 731-TA-1412 (Preliminary), USITC Pub. 4785 at 1, 5-6 (May 2018) ("*2018 Steel Wheels*").

[17] CR at I-10; PR at I-9. Steel trailer wheels are comprised of discs and rims, which are welded together to form steel trailer wheels. CR at I-16; PR at I-13. Rims for towable mobile homes (also termed manufactured homes) are sold without a center disc and are mounted directly to the wheel hub on the axles of a towable mobile home chassis. CR at I-12; PR at I-10. Discs and rims are included in the scope of the investigations in the event they are imported separately. *Id.*

[18] CR at I-10; PR at I-9.

[19] Petition at I-5.

[20] Petitioner's Postconference Brief at 8.

[21] Petitioner's Postconference Brief at 9 *citing Tubeless Steel Disc Wheels from Brazil*, Inv. No. 731-TA-335 (Final), USITC Pub. 1971 (Apr. 1987) at 5-6; *Certain Steel Wheels from Brazil*, Inv. No. 701-TA-
(Continued…)

aluminum trailer wheels, steel wheels for passenger vehicles and light trucks, wheels coated in chrome, and wheels for off-the-road-vehicles, in the definition of the domestic like product.[22] It also argues that in-scope rims for towable mobile homes should not be defined to be a separate like product. Petitioner observes that the same rims for towable homes may be used for whole steel trailer wheels, and, to the extent that rims are used independently, they serve the same function in the end-use products in which they are incorporated and are produced in the same facilities, using the same employees and materials.[23]

Respondents Jingu and TTT do not dispute petitioner's proposed definition of the domestic like product in these preliminary phase investigations.[24] The other respondents take no position as to the definition of the domestic like product.

C. Analysis

Based on the record in the preliminary phase of these investigations, we define a single domestic like product consisting of all steel trailer wheels, including rims for towable mobile homes, coextensive with Commerce's scope. We have applied the semi-finished product analysis to determine whether rims for towable mobile homes are appropriately included in the same domestic like product as wheels that include both rims and discs.

Dedication for Use. U.S. producer Dexstar reported that the vast majority of in-scope wheel parts, including rims, are dedicated to the production of whole steel trailer wheels, although an appreciable percentage of rims are used without a center disc for towable mobile homes.[25] The majority (five of nine) of importers reported that in-scope parts, including rims, are dedicated to the production of in-scope whole trailer wheels.[26]

Separate Markets. While there is a separate market (for towable mobile homes) for rims without a center disc, the general channels of distribution for rims and whole wheels are the same. Petitioner contends that both rims for towable mobile homes and whole steel trailer wheels are sold to assemblers, aftermarket customers, and directly to original equipment manufacturers ("OEMs").[27] The majority (seven of 10) of importers and *** reported that they perceive a single market for in-scope wheel parts, including rims, and in-scope whole trailer wheels.[28]

(…Continued)
296 (Final), USITC Pub. 2193 (May 1989) at 3-4; *2012 Steel Wheels*, USITC Pub. 4319 at 7; *2018 Steel Wheels*, USITC Pub. 4785 at 7.

[22] Petitioner's Postconference Brief at Answer to Staff Question No. 3.

[23] Petitioner's Postconference Brief at Answer to Staff Question No. 3.

[24] Jingu's Postconference Brief at 3; TTT's Postconference Brief at 1. However, Jingu states that certain aluminum and chrome wheels may be substitutes for steel trailer wheels. Jingu's Postconference Brief at 3.

[25] Dexstar reported that it used *** percent of in-scope wheel parts in the production of in-scope whole trailer wheels. Dexstar's U.S. Producers' Questionnaire response at 20.

[26] CR/PR at Table D-1.

[27] Petitioner's Postconference Brief at Answer to Staff Question No. 3.

[28] CR/PR at Table D-1.

Differences in Physical Characteristics and Functions of the Upstream and Downstream Articles. Petitioner asserts that the exact same rim may be finished and sold as a rim for a towable mobile home or may be combined with a disc, welded together, finished, and sold as a whole steel trailer wheel.[29] Moreover, petitioner maintains that rims for towable mobile homes and whole steel trailer wheels have the same function: they are mounted with tires and then mounted on an axle.[30] The majority (seven of 10) of importers and *** reported that there are no differences in the physical characteristics and functions of in-scope wheel parts, including rims, and in-scope whole trailer wheels.[31]

Extent of Processes Used to Transform Upstream Product into Downstream Product. U.S. producer Dexstar states that it produces both whole steel trailer wheels and rims for towable mobile homes in the same facility, on the same production lines, using the same employees and materials.[32] It states that rims for towable mobile homes are not welded with a center disc, nor do they go through the same coating and painting process that finished wheels go through, as most rims for towable mobile homes are single-use items and thus purchasers care less about corrosion resistance.[33] The majority (five of nine) of importers and *** reported that the process used to transform in-scope wheel parts into in-scope whole trailer wheels is significant.[34]

Differences in Value. Petitioner states that, due to the additional manufacturing processes required for whole steel trailer wheels, the unit values for whole steel trailer wheels will generally be higher than for rims for towable mobile homes for wheels of the same size.[35] Indeed, the record indicates that the average unit values ("AUVs") for domestically produced full wheels are *** higher than those for rims.[36] The majority (five of nine) of importers and *** reported that there is no significant difference in the cost or value between in-scope wheel parts, including rims, and in-scope whole trailer wheels.[37]

Conclusion. Based on the foregoing discussion, we define a single domestic like product consisting of steel trailer wheels and rims for towable mobile homes, coextensive with the scope. The vast majority of rims are dedicated to the production of whole steel trailer wheels and the essential physical characteristics and functions of rims for towable mobile homes are the same as those for rims that are used in the production of whole steel trailer wheels. Although there are separate markets for rims for towable mobile homes and whole steel trailer

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[29] CR at I-12; PR at I-10 *citing* Conf. Tr. at 32 and 62 (Oglesby).

[30] Petitioner's Postconference Brief at Answer to Staff Question No. 3 *citing* Conf. Tr. at 31 (Oglesby). Petitioner also states that, like whole steel trailer wheels, rims for towable mobile homes are regulated by the U.S. Department of Transportation and must meet the same requirements to run on U.S. roads. *Id.*

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

[32] Petitioner's Postconference Brief at Answer to Staff Question No. 3.

[33] Petitioner's Postconference Brief at Answer to Staff Question No. 3. *See also* CR at I-12; PR at I-10 *citing* Conf. Tr. at 32 and 62 (Oglesby).

[34] CR/PR at Table D-1.

[35] Petitioner's Postconference Brief at Answer to Staff Question No. 3.

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

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

wheels, the process used to transform rims into whole steel trailer wheels, while adding substantial value to the product, takes place at the same production facility, using some common processes, and largely involves the additional step of welding a disc to the rim.[38]

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[39] 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.

The record indicates that there are two known domestic producers of steel trailer wheels, Dexstar and American Wheel Corporation, and that Carlstar may also be a producer.[40] However, as indicated above, neither American Wheel Corporation nor Carlstar submitted a producers' questionnaire response.[41]

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[42] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[43]

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[38] In any final phase investigations, parties should provide specific information in their draft questionnaire comments regarding any proposed alternative domestic like product definition, to allow the Commission to collect appropriate data for its analysis. *See* 19 C.F.R. § 207.63(b).

[39] 19 U.S.C. § 1677(4)(A).

[40] CR/PR at III-1 n.1.

[41] Because Carlstar did not submit a response to the producers' questionnaire, and there is no other information in the record concerning its U.S. production operations, the record does not contain the information necessary to analyze whether its production-related activities are sufficient to constitute domestic production. By the same token, there is insufficient information in the record to analyze whether appropriate circumstances exist to exclude Carlstar, to the extent that it is a domestic producer, from the domestic industry as a related party.

[42] *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).

[43] 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);

(Continued…)

Petitioner Dexstar is a related party because it imported subject merchandise during the January 1, 2015 to June 30, 2018 period of investigation ("POI").[44] Petitioner argues that Dexstar should not be excluded from the domestic industry.[45] Dexstar's subject imports were *** pounds in 2015, *** pounds in 2016 (the equivalent of *** percent of its domestic production), and *** pounds in 2017 (the equivalent of *** percent of its domestic production).[46] Its subject imports were *** pounds in interim (January to June) 2017 (the equivalent of *** percent of its domestic production) and *** pounds in interim (January to June) 2018 (the equivalent of *** percent of its domestic production).[47]

The record indicates that Dexstar's principal interest lies in domestic production. Record evidence does not indicate that Dexstar benefited from its limited quantity of subject imports to any significant degree.[48] Moreover, Dexstar accounts for the vast majority of domestic production, and was the only U.S. producer to submit a questionnaire response.[49] Finally, no party has argued that Dexstar should be excluded from the definition of the domestic industry. Accordingly, we find that appropriate circumstances do not exist to exclude Dexstar from the domestic industry.

We consequently define the domestic industry to include all domestic producers of steel trailer wheels within the scope definition.

(…Continued)

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

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

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

[44] CR/PR at Table III-9. Dexstar is also a related party because it is a division of a third party, ADI, which has three other assembler divisions that imported subject merchandise: Americana Tire and Wheel, Monitor Manufacturing, and Martin Wheel. CR at III-2 to III-3; PR at III-2. Dexstar additionally ***. *Id*.

[45] Petitioner's Postconference Brief at Answer to Staff Question No. 4. Respondent TTT does not dispute that Dexstar should be included as a member of the domestic industry. TTT's Postconference Brief at 1. The other respondents did not address the related party issue.

[46] CR/PR at Table III-9. The combined subject imports of Dexstar and the three other ADI divisions that imported subject merchandise were *** pounds in 2015 (the equivalent of *** percent of Dexstar's domestic production), *** pounds in 2016 (the equivalent of *** percent of Dexstar's domestic production), and *** pounds in 2017 (the equivalent of *** percent of Dexstar's domestic production). *Id.*

[47] CR/PR at Table III-9. The combined subject imports of Dexstar and the three other ADI divisions that imported subject merchandise were *** pounds in interim 2017 (the equivalent of *** percent of Dexstar's domestic production) and *** pounds in interim 2018 (the equivalent of *** percent of Dexstar's domestic production). *Id.*

[48] Dexstar reported that ***. CR/PR at Table III-9.

[49] CR/PR at III-1.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than three 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 generally be deemed negligible.[50]

Negligibility is not an issue in these investigations. U.S. imports from China as measured by data submitted in questionnaire responses accounted for *** percent of total imports of steel trailer wheels by quantity from August 2017 through July 2018, the 12-month period preceding filing of the petitions.[51] Subject imports from China were thus well above three percent of total imports for the most recent 12-month period preceding filing of the petition.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[52] 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.[53] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[54] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[55] 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."[56]

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[50] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). The statute provides several exceptions to the general 3 percent negligibility threshold that are not applicable in these investigations.

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

[52] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects.

[53] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[54] 19 U.S.C. § 1677(7)(A).

[55] 19 U.S.C. § 1677(7)(C)(iii).

[56] 19 U.S.C. § 1677(7)(C)(iii).

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[57] 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.[58] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[59]

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.[60] In performing its examination, however, the Commission need not isolate

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[57] 19 U.S.C. §§ 1671b(a), 1673b(a).

[58] *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).

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

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

the injury caused by other factors from injury caused by unfairly traded imports.[61] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[62] It is clear that the existence of injury caused by other factors does not compel a negative determination.[63]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[64] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[65]

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal

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

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

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

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

[65] *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.").

Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[66] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[67] 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.[68]

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.[69] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[70]

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

[67] *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).

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

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

[70] *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.").

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.[71]

1. Demand Conditions

The primary driver of demand for steel trailer wheels is the production of trailers, towable RVs, and mobile homes. Some portion of demand is based on the need for replacement trailer wheels in the aftermarket.[72]

Consequently, there are two distinct types of purchasers of steel trailer wheels in the United States: (1) those in the assembly/OEM market and (2) those in the aftermarket. Steel trailer wheels are sold to assemblers, which mount and inflate a tire on the wheel. These assembled wheels are then sold to OEMs. In the aftermarket, trailer wheels are sold to distributors, retailers, and/or online sellers as either assembled wheels or unmounted steel trailer wheels.[73]

Apparent U.S. consumption of steel trailer wheels increased during the POI, by *** percent from 2015 to 2017, and it was *** percent higher in interim 2018 than in interim 2017.[74] Apparent U.S. consumption increased from *** pounds in 2015 to *** pounds in 2016 and *** pounds in 2017; it was *** pounds in interim 2017 and *** pounds in interim 2018.[75] Petitioner and respondents agree that demand for steel trailer wheels was growing during the POI.[76]

2. Supply Conditions

The domestic industry was the second largest source of supply in the U.S. market. Its share of apparent U.S. consumption declined from *** percent in 2015 to *** percent in 2016

[71] No parties addressed the issue of whether the captive production provision of the statute, 19 U.S.C. § 1677(7)(c)(iv), should be applied in these preliminary phase investigations in light of Dexstar's transfers of steel wheels to its affiliates for the production of tire/wheel assemblies. *See* CR at III-5 to III-6, PR at III-4. Both the steel wheels and the wheel portions of tire/wheel assemblies are within the scope definition and part of the domestic like product. The SAA indicates that where a domestic like product is transferred internally for the production of another article coming within the definition of the domestic like product, such transfers do not constitute internal transfers for the production of a 'downstream article' for purposes of the captive production provision. SAA at 853. Consequently, the captive production provision is not applicable in these investigations. We nevertheless find that Dexstar's transfers to its affiliates are a pertinent condition of competition in these investigations.

[72] CR at II-8; PR at II-5.

[73] CR/PR at II-1.

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

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

[76] Petitioner's Postconference Brief at 13; Jingu's Postconference Brief at 11-12; TexTrail's Postconference Brief at 3.

and *** percent in 2017; it was lower in interim 2018, at *** percent, than in interim 2017, when it was *** percent.[77] The domestic industry had substantial unused capacity throughout the POI.[78] A large majority of the domestic industry's U.S. shipments of domestic like product were to assemblers.[79] From 2016 to the end of the POI, transfers to affiliated assemblers constituted the majority of the domestic industry's U.S. shipments.[80]

Subject imports were the largest source of supply in the U.S. market. Subject imports' share of apparent U.S. consumption increased slightly from *** percent in 2015 to *** percent in 2016, and then rose to *** percent in 2017.[81] Subject imports' market share was higher in interim 2018, at *** percent, than in interim 2017, when it was *** percent.[82] A large majority of U.S. importers' U.S. shipments of subject imports were to OEMs.[83]

Nonsubject imports were the smallest source of supply in the U.S. market. Nonsubject imports' share of apparent U.S. consumption increased from *** percent in 2015 to *** percent in 2016, before decreasing to *** percent in 2017.[84] Their share was *** percent in interim 2017 and *** percent in interim 2018.[85] The largest sources of nonsubject imports during the POI were Korea and Taiwan, which combined accounted for 91.9 percent of nonsubject imports in 2017.[86]

3. Substitutability and Other Conditions

The record indicates that there is a moderate-to-high degree of substitutability between domestically produced steel trailer wheels and subject imports.[87] U.S. producer Dexstar

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[77] CR/PR at Table IV-7. As indicated above, U.S. industry data are based on the questionnaire response of one domestic producer, Dexstar, which accounted for an estimated *** percent of U.S. production of steel trailer wheels during 2017. CR at I-4 to I-5, III-1; PR at I-4, III-1.

[78] CR/PR at Table III-4. The domestic industry's capacity was *** pounds in 2015, *** pounds in 2016, *** pounds in 2017, *** pounds in interim 2017, and *** pounds in interim 2018. *Id.* Its capacity utilization was *** percent in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. *Id.*

[79] CR/PR at Table II-1. For each year and interim period during the POI, between *** percent of the domestic industry's U.S. shipments were to assemblers, *** percent were to the aftermarket, and minimal quantities, *** percent, were to OEMs. *Id.*

[80] CR/PR at Table III-6. Transfers to affiliated assemblers constituted *** percent of the domestic industry's U.S. shipments in 2015, *** percent in 2016, and *** percent in 2017. *Id.* They constituted *** percent in interim 2017 and *** percent in interim 2018. *Id.*

[81] CR/PR at Table IV-7.

[82] CR/PR at Table IV-7.

[83] CR/PR at Table II-1. For each year and interim period of the POI, between 75.0 to 80.9 percent of U.S. importers' U.S. shipments of subject imports were to OEMs, 17.7 to 23.7 percent were to the aftermarket, and minimal quantities, 1.1 to 1.4 percent, were to assemblers. *Id.*

[84] CR/PR at Table IV-7.

[85] CR/PR at Table IV-7.

[86] CR at II-6; PR at II-4.

[87] CR at II-11; PR at II-7.

reported that the domestic like product and subject imports were *** interchangeable.[88] The vast majority of importers reported that the domestic like product was always or frequently interchangeable with subject imports.[89]

We also find that price is an important factor in steel trailer wheel purchasing decisions. When asked to list the top three factors considered in purchasing decisions, responding purchasers cited price more frequently as the most important factor than any other factor.[90] Other factors are also important in steel wheel purchasing decisions. Most importers reported that differences other than price were always or frequently a factor in sales of steel trailer wheels.[91] Differences other than price cited by importers included lack of domestic availability, limited domestic production capacity, greater product range of subject imports, and quality.[92] Furthermore, some importers and purchasers reported supply issues with U.S. producer Dexstar, such as longer lead times and delivery times than imported steel trailer wheels.[93] *** reported quality issues with domestically produced steel trailer wheels as well.[94]

The primary raw material used to manufacture steel trailer wheels is hot-rolled steel.[95] The price of hot-rolled steel fell from January 2015 to January 2016 then began to increase irregularly; from September 2017 to June 2018, it increased by *** percent.[96] Section 232 tariffs were imposed on steel late in the POI and market participants had varied responses regarding the impact of the tariffs on the conditions of competition.[97] Raw material costs, as a

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

[89] CR/PR at Table II-6. *** importers reported that the domestic like product was always interchangeable with subject imports and *** importers reported that the domestic like product was frequently interchangeable with subject imports. *Id.*

[90] Price was identified as the most important factor by four purchasers, quality was identified as the most important factor by three purchasers, availability/supply was identified as the most important factor by two purchasers, and all other factors were identified as the most important factor by one purchaser. CR/PR at Table II-5. However, quality was the most often cited top three factor by purchasers. *Id.*

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

[92] CR at II-14; PR at II-9 to II-10.

[93] CR at II-7; PR at II-4 to II-5.

[94] CR at II-12 to II-13; PR at II-8.

[95] CR/PR at V-1.

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

[97] CR at V-2; PR at V-1. Section 232 of the Trade Expansion Act of 1962, as amended, 19 U.S.C. § 1862, authorizes the Secretary of Commerce to conduct investigations to determine the effects of imports on the national security of the United States and authorizes the President to take action to restrict such imports. *** and three of seven responding importers indicated that the imposition of Section 232 tariffs on imported steel in March 2018 impacted the conditions of competition for trailer wheels. *** *Id.*

We note that, on September 17, 2018, the United States Trade Representative ("USTR") released a list of approximately $200 billion worth of imports from China that will be subject to Section 301 tariffs, which initially will be in the amount of 10 percent. Section 301 of the Trade Act of 1974, as amended, 19 U.S.C. § 2411, authorizes the USTR, at the direction of the President, to take appropriate action to respond to a foreign country's unfair trade practices. The imports subject to Section 301 tariffs (Continued…)

share of Dexstar's total cost of goods sold ("COGS"), decreased from *** percent in 2015 to *** percent in 2017, but were higher in interim 2018, at *** percent, than in interim 2017, at *** percent.[98]

Dexstar reported selling *** in 2017, while importers reported selling most of their subject imports in the spot market.[99] Dexstar reported that its short-term contracts ***.[100]

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."[101]

Subject imports had a substantial and increasing presence in the U.S. market throughout the POI. Subject imports increased from 108.0 million pounds in 2015 to 121.4 million pounds in 2016 and 150.1 million pounds in 2017, a level 39.1 percent above that of 2015.[102] Subject imports were higher in interim 2018, at 80.9 million pounds, than in interim 2017, when they were 75.0 million pounds.[103]

Subject imports gained significant market share at the expense of the domestic industry. Subject imports' share of apparent U.S. consumption increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017, an overall increase of *** percentage points.[104] Their share of apparent U.S. consumption was *** percentage points higher in interim 2018, at *** percent, than in interim 2017, when it was *** percent.[105] By contrast, the domestic industry's market share declined by *** percentage points from 2015 to 2017 and was *** percentage points lower in interim 2018 than in interim 2017.[106] Subject imports as a share of U.S.

(…Continued)
include HTSUS subheading 8716.90.50, under which subject merchandise is imported. The additional Section 301 tariffs came into effect after the POI concluded and the record closed in the preliminary phase of these investigations. *See* "USTR Finalizes Tariffs on $200 Billion of Chinese Imports in Response to China's Unfair Trade Practices," Press Release, Office of the United States Trade Representative, https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/ustr-finalizes-tariffs-200 (visited Sept. 18, 2018).

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

[99] CR at V-3; PR at V-2; CR/PR at Table V-2.

[100] CR at V-4; PR at V-3.

[101] 19 U.S.C. § 1677(7)(C)(i).

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

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

[104] CR/PR at Table IV-7.

[105] CR/PR at Table IV-7.

[106] CR/PR at Table IV-7. The domestic industry's market share was *** percent in 2015, *** percent in 2016, and *** percent in 2017. *Id.* It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

production also rose, from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[107] This share was *** percent in interim 2017 and *** percent in interim 2017.[108]

In light of the foregoing, we find for purposes of our preliminary determinations that the volume of subject imports and the increase in the volume of subject imports are significant in both absolute terms and relative to U.S. production and consumption.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of 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.[109]

As addressed in Section VI.B.3 above, the record indicates that there is a moderate-to-high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.[110]

The Commission collected quarterly pricing data from U.S. producers and importers on four steel trailer wheel pricing products shipped to unrelated U.S. customers.[111] One U.S. producer and 10 importers of subject merchandise provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[112]

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

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

[109] 19 U.S.C. § 1677(7)(C)(ii).

[110] Respondents argue that nonprice factors are more important than price for the majority of purchasers. Jingu's Postconference Brief at 24-32; TTT's Postconference Brief at 10-11; Tredit's Postconference Brief at 3-6. As previously discussed, the record, which includes some information from purchasers, shows that price is an important factor in steel trailer wheel purchasing decisions but that other factors are also important. We also acknowledge, as discussed in section VI.B.3. above, that most importers reported that factors other than price were frequently or always important to purchasing decisions and that several purchasers and importers identified particular nonprice differences between the domestic like product and subject imports. In any final phase investigations, we will seek information from purchasers regarding the comparability of the domestic like product and subject imports, and the importance of both price and nonprice factors in purchasing decisions.

[111] Product 1 is 12 inches by 4 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs. Product 2 is 14 inches by 5.5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs. Product 3 is 15 inches by 5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs. Product 4 is 16 inches by 6 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs. CR at V-5; PR at V-3.

[112] CR at V-6; PR atV-4.

Reported pricing data accounted for approximately 12.5 percent of the domestic producer's U.S. commercial shipments by value and 4.3 percent of U.S. commercial shipments of subject imports by value during the POI.[113] Subject imports consisting of *** wheels undersold the domestic like product in 17 of 52 quarterly comparisons, at margins ranging from 0.9 percent to 24.7 percent.[114] Subject imports consisting of *** wheels oversold the domestic like product in 35 of 52 quarterly comparisons, at margins ranging from 0.9 percent to 93.5 percent.[115]

A substantial share of subject imports entered the United States as direct imports by assemblers/importers/end-users. The Commission received import purchase cost data for the four pricing products from eight importers.[116] Reported purchase cost data accounted for approximately 34.4 percent of U.S. commercial shipments of subject imports by value during the POI, and reflected far greater quantities than the importers' pricing data for shipments to unrelated purchasers.[117] The record shows that the direct import purchase cost of subject imports was lower than the sales prices for the domestically produced product in 45 of 52 quarterly comparisons, or 86.5 percent of comparisons.[118] The differences between direct import purchase costs and sales prices for the domestic like product were particularly noteworthy for pricing products 1 and 2, in which subject import costs were below prices for the domestic like product in *** quarterly comparisons.[119] Moreover, on a quantity basis, there were *** wheels of direct imports in quarters in which the purchase cost was lower than the price for the domestic like product, and only *** wheels of direct imports in quarters in which the purchase cost was higher than the prices for the domestic like product.[120]

We are aware that the direct import cost data may not account for the total cost of importing. Consequently, the questionnaires also requested that direct importers provide additional estimated costs above landed duty paid value associated with their importing activities. We collected such data, consistent with our practice in other investigations, to enable us to assess the direct import purchase cost data in light of purchasers' costs for direct importing. Most importers estimated that their warehousing and inventory carrying costs

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[113] Revisions to CR (INV-QQ-106) at V-6, PR at V-4. Respondents Jingu and TTT question the probative value of the pricing comparison data in the record. They argue that the data may reflect product mix issues and may not have been reported in a consistent manner by questionnaire recipients. *See* Jingu's Postconference Brief at 37-44; TTT Postconference Brief at 14-15. We invite the parties in their comments to any final phase investigations to address how pricing information should be collected to improve the pricing product comparisons and to increase pricing coverage of U.S. commercial shipments, including with respect to aftermarket sales.

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

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

[116] CR at V-15; PR at V-7.

[117] Revisions to CR (INV-QQ-106) at V-15, PR at V-7. Importers reported pricing data on a total of *** wheels. CR/PR at Table V-12. By contrast, they reported direct purchase cost data on a total of *** wheels. Derived from CR/PR Tables V-7 to V-10.

[118] Derived from CR/PR at Tables V-7 to V-10.

[119] Derived from CR/PR at Tables V-7 to V-8.

[120] Derived from CR/PR at Tables V-7 to V-10.

averaged 2 to 7 percent.[121] Two importers reported logistical or supply chain management costs of 1 and 4 percent.[122] Two importers reported insurance costs of 1 percent.[123] The average difference between direct import purchase costs and domestic like product prices for the 45 quarters in which direct import purchase costs were lower than domestic like product prices was 21.7 percent.[124] In addition, we observe that many importers reported saving money by having directly imported.[125] Based on this record, the purchase cost data for direct imports demonstrate that subject imports were generally available at a lower cost to assemblers/importers/end-users than the sales prices of the domestic like product.

Information collected in response to lost sales allegations further supports a finding that subject imports were often priced lower than the domestic like product and that subject imports gained sales as a result of lower prices. Nine of 10 responding purchasers reported that, since 2015, they had purchased subject merchandise instead of the domestic like product.[126] Eight of these purchasers reported that subject import prices were lower than domestic like product prices, and five of these purchasers reported that price was a primary reason for the decision to purchase subject imports rather than domestic like product.[127] Six purchasers estimated the value of subject imports purchased instead of domestic like product; values ranged from $2.4 million to $21.3 million and totaled $53.9 million.[128] Thus, a majority of purchasers that purchased subject imports rather than the domestically produced product reported that subject imports were lower-priced.

In light of the record evidence indicating that subject import prices were generally lower than the prices for the domestic like product and the substantial value of lost sales at least in part due to price, we find for purposes of our preliminary determination that the underselling by subject imports was significant.

We have also considered price trends for the domestic like product and subject imports during the POI. Prices increased for three of the four domestically produced pricing products, with increases ranging from *** percent to *** percent, and decreased for one product, with a decrease of *** percent.[129] Moreover, the industry's costs were increasing during the latter portion of the POI. The domestic industry's unit COGS were $*** in interim 2017 and higher, at

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[121] CR at V-24; PR at V-12.

[122] CR at V-24; PR at V-12.

[123] CR at V-24; PR at V-12.

[124] Derived from CR/PR at Tables V-7 to V-10. The average difference was 5.2 percent for the seven quarters in which direct import purchase costs were higher than domestic like product prices. *Id.*

[125] Seven importers estimated that they saved between 15 to 25 percent of landed duty-paid value by importing themselves rather than purchasing. CR at V-24; PR at V-12.

[126] CR/PR at Table V-14. *** *Id*.

[127] CR/PR at Table V-14.

[128] CR/PR at Table V-14. *** of the total value is attributable to ***. *Id.* Purchasers identified lack of availability, multiple sourcing options, product range/availability, shorter lead times, and tire preference as non-price reasons for purchasing subject imports rather than domestic like product. *Id.*

[129] CR/PR at Tables V-3 to V-6. Domestic prices for pricing products 1, 2, and 4 increased over the POI. *Id.*

$*** in interim 2018, reflecting mainly the higher unit cost of raw materials.[130] However, the industry's AUV for net sales was only $*** higher in interim 2018 compared to interim 2017.[131] The domestic industry's ratio of COGS to net sales was very high throughout the POI; it declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017, but was higher in interim 2018, at *** percent than in interim 2017, at *** percent.[132] The consistently high ratio of COGS to net sales suggests that the domestic industry was not able to raise prices sufficiently to cover costs at a time of increasing demand.[133] Furthermore, during interim 2018, where there was increased demand and rising costs, the domestic industry experienced a cost-price squeeze as a result of increasing quantities of low-priced subject imports. In light of this cost-price squeeze and the very high ratio of COGS to sales throughout the POI, we find that subject imports prevented price increases for the domestic like product, which otherwise would have occurred, to a significant degree.[134]

In light of the foregoing, we find for purposes of these preliminary determinations that there was a significant and increasing volume of subject imports that significantly undersold the domestic like product. Moreover, these imports prevented price increases that would otherwise have occurred to a significant degree. We consequently find that the subject imports had significant price effects.

E. Impact of the Subject Imports[135]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise

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[130] CR/PR at Table VI-1. Unit raw materials costs were $*** in interim 2017 and $*** in interim 2018. *Id.* We will examine further how prices are affected by raw material costs in any final phase investigations. We observe that both unit COGS and unit raw material costs declined from 2015 to 2016 and showed *** increases from 2016 to 2017. *Id*.

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

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

[133] Apparent U.S. consumption increased by *** percent from 2015 to 2016 and by *** percent from 2016 to 2017. CR/PR at Table IV-6. It was *** percent higher in interim 2018 than interim 2017. *Id.*

[134] The record indicates that four of 10 responding purchasers (***) reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China, with estimated price reductions ranging from 6.5 percent to 20.0 percent. CR/PR at Table V-15. Purchasers indicated a reduction in steel prices and competition with subject imports as drivers for these reductions. *Id.* Purchaser *** indicated that ***. *Id.*

[135] In its notice initiating the antidumping duty investigation on steel trailer wheels from China, Commerce reported estimated dumping margins ranging from 30.48 to 44.35 percent. *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 45095, 45098 (Sept. 5, 2018).

capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[136]

U.S. demand for steel trailer wheels grew over the POI, with apparent U.S. consumption increasing by *** percent from 2015 to 2016, by *** percent from 2016 to 2017; it was *** percent higher in interim 2018 than interim 2017.[137] Nevertheless, the domestic industry's trade, employment, and financial indicators showed signs of decline throughout the POI.

The domestic industry's output-related indicators generally declined during the POI, notwithstanding some increases from 2015 to 2016. The domestic industry's capacity decreased by *** percent from 2015 to 2017.[138] Its total production increased by *** percent from 2015 to 2016, then declined *** percent from 2016 to 2017 and was *** percent lower in interim 2018 than interim 2017.[139] Similarly, the domestic industry's capacity utilization rate increased *** percentage points from 2015 to 2016, decreased by *** percentage points from 2016 to 2017 and was *** percentage points lower in interim 2018 than interim 2017.[140] The domestic industry's total U.S. shipments decreased by *** percent from 2015 to 2017 and were *** percent lower in interim 2018 than interim 2017.[141] The industry's market share decreased by *** percentage points from 2015 to 2017 and was *** percentage points lower in interim 2018 than interim 2017.[142] The domestic industry's inventories increased by *** percent from 2015 to 2016, decreased by *** percent from 2016 to 2017, and were *** percent lower in interim 2018 than interim 2017.[143]

Trends in the domestic industry's employment factors were mixed, as employment fell but hourly wages and productivity rose. The number of production and related workers ("PRWs") decreased by *** percent from 2015 to 2017 and was *** percent lower in interim

[136] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

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

[138] Capacity was *** pounds in 2015, *** pounds in 2016, and *** pounds in 2017. CR/PR at Table III-4. It was *** pounds in interim 2017 and *** pounds in interim 2018. *Id.*

[139] Production was *** pounds in 2015, *** pounds in 2016, and *** pounds in 2017. CR/PR at Table III-4. It was *** pounds in interim 2017 and *** pounds in interim 2018. *Id.*

[140] Capacity utilization was *** percent in 2015, *** percent in 2016, and *** percent in 2017. CR/PR at Table III-4. It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

[141] Total U.S. shipments were *** pounds in 2015 and 2016 and *** pounds in 2017. CR/PR at Table III-6. They were *** pounds in interim 2017 and *** pounds in interim 2018. *Id.* While transfers to related firms increased throughout the POI, commercial U.S. shipments decreased. *Id*.

[142] The domestic industry's market share was *** percent in 2015, *** percent in 2016, and *** percent in 2017. CR/PR at Table IV-7. It was *** percent in interim 2017 and *** percent in interim 2018. *Id.* The domestic industry's share of the merchant market declined from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017. CR/PR at Table IV-9. It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

[143] Inventories were *** pounds in 2015, *** pounds in 2016, and *** pounds in 2017. CR/PR at Table III-8. They were *** pounds in interim 2017 and *** pounds in interim 2018. *Id.*

2018 than interim 2017.[144] Total hours worked decreased by *** percent from 2015 to 2017 and were *** percent lower in interim 2018 than interim 2017.[145] Total wages paid decreased *** percent from 2015 to 2016, increased *** percent from 2016 to 2017, and were *** percent lower in interim 2018 than interim 2017.[146] Hourly wages increased by *** percent from 2015 to 2017 and were *** percent higher in interim 2018 than interim 2017.[147] Productivity increased by *** percent from 2015 to 2016, decreased by *** percent from 2016 to 2017, and was *** percent higher in interim 2018 than interim 2017.[148]

The domestic industry's financial performance was generally poor during the POI, as the industry experienced *** throughout the period. The domestic industry's total net sales revenues decreased by *** percent from 2015 to 2017 and were *** percent lower in interim 2018 than interim 2017.[149] Gross profits,[150] operating income,[151] net income,[152] and the ratio of operating income to net sales[153] all increased from 2015 to 2017 but remained *** and were lower in interim 2018 than interim 2017. The domestic industry's capital expenditures decreased by *** percent from 2015 to 2017.[154] The domestic industry's assets and return on assets decreased from 2015 to 2017.[155] Dexstar reported actual and potential negative effects on investment, growth, and development due to the subject imports.[156]

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[144] PRWs were *** in 2015, *** in 2016, and *** in 2017. CR/PR at Table III-10. They were *** in interim 2017 and *** in interim 2018. *Id.*

[145] Total hours worked were *** in 2015, *** in 2016, and *** in 2017. CR/PR at Table III-10. They were *** in interim 2017 and *** in interim 2018. *Id.*

[146] Wages paid were $*** in 2015, $*** in 2016, and $*** in 2017. CR/PR at Table III-10. They were $*** in interim 2017 and $*** in interim 2018. *Id.*

[147] Hourly wages were $*** per hour in 2015, $*** per hour in 2016, and $*** per hour in 2017. CR/PR at Table III-10. They were $*** per hour in interim 2017 and $*** per hour in interim 2018. *Id.*

[148] Productivity was *** pounds per hour in 2015, *** pounds per hour in 2016, and *** pounds per hour in 2017. CR/PR at Table III-10. It was *** pounds per hour in interim 2017 and *** pounds per hour in interim 2018. *Id.*

[149] Total net sales revenues were $*** in 2015, $*** in 2016 and, $*** in 2017. CR/PR at Table VI-1. They were $*** in interim 2017 and $*** in interim 2018. *Id.*

[150] Gross profits were *** in 2015, *** in 2016, and *** in 2017. CR/PR at Table VI-1. They were *** in interim 2017 and *** in interim 2018. *Id.*

[151] Operating income was *** in 2015, *** in 2016, and *** in 2017. CR/PR at Table VI-1. It was *** in interim 2017 and *** in interim 2018. *Id.*

[152] Net income was *** in 2015, *** in 2016, and *** in 2017. CR/PR at Table VI-1. It was *** in interim 2017 and *** in interim 2018. *Id.*

[153] The ratio of operating income to net sales was *** percent in 2015, *** percent in 2016, and *** percent in 2017. CR/PR at Table VI-1. It was *** percent in interim 2017 and *** in interim 2018. *Id.*

[154] Capital expenditures were $*** in 2015, $*** in 2016, and $*** in 2017. CR/PR at Table VI-4. They were $*** in interim 2017 and $*** in interim 2018. *Id.* The industry incurred *** research and development expenses during the POI. *Id*.

[155] Total net assets were $*** in 2015, $*** in 2016, and $*** in 2017. CR/PR at Table VI-5. The return on assets was *** percent in 2015, *** percent in 2016, and *** percent in 2017. *Id.*

[156] CR/PR at Tables VI-6 and VI-7.

For purposes of the preliminary phase of these investigations, we find that subject imports had a significant adverse impact on the domestic industry. Low-priced subject imports increased significantly in absolute terms and relative to U.S. production and consumption during the POI and significantly undersold the domestic like product, taking market share from the domestic industry. Moreover, particularly during the latter portion of the POI, the low-priced subject imports limited the domestic industry's ability to increase prices sufficiently to recover costs. As a result, the domestic industry's U.S. shipments, employment, revenues, and profits were lower than they would have been otherwise throughout the POI. In light of these considerations, we find that subject imports had a significant impact on the domestic industry.

We have also considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject merchandise.

Respondents have argued that competition between subject imports and the domestic like product is attenuated because the domestic industry's capacity is too small to meet the much larger U.S. demand for steel trailer wheels.[157] Moreover, respondent Jingu points out that a significant percentage of the domestic industry's shipments are made to related firms.[158] Thus, they argue that the domestic industry does not compete in much of the U.S. market because its lack of available capacity makes it an unreliable supplier for unaffiliated assemblers. Respondents allege that the domestic industry prioritizes supplying its affiliated assemblers, which compete against independent assemblers.[159] While this may explain why the subject imports were able to increase in volume at a time of rising demand, it does not explain why the domestic industry lost sales and market share, including in the merchant market, to subject imports throughout the POI, when it had excess capacity.[160] By the end of interim 2018, the industry's share of the merchant market was only *** percent.[161] It also does not explain why the subject imports undersold the domestic like product, rendering the domestic industry unable to raise prices to cover costs at a time of increasing demand.[162] Moreover, the record indicates that a substantial share of the domestic industry's U.S. shipments during the POI were commercial shipments to unaffiliated firms.[163] Petitioner also submitted a list of *** unaffiliated assemblers to which the domestic industry sold steel trailer wheels from 2015 to

[157] Jingu's Postconference Brief at 15-20; TTT's Postconference Brief at 10; TexTrail's Postconference Brief at 3-4.

[158] Jingu's Postconference Brief at 18.

[159] Jingu's Postconference Brief at 7-10; Tredit's Postconference Brief at 2-3.

[160] Throughout the POI, the domestic industry operated at a capacity utilization rate of *** percent. CR/PR at Table III-4. Nevertheless, as discussed above, during the POI its total shipments, commercial shipments, and market shares in the overall and merchant market fell.

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

[162] ***. CR/PR at Table VI-1.

[163] CR/PR at Table III-6. Transfers to unaffiliated firms constituted *** percent of the domestic industry's U.S. shipments in 2015, *** percent in 2016, and *** percent in 2017. *Id.* They constituted *** percent in interim 2017 and *** percent in interim 2018. *Id.*

2018.[164] However, in any final phase investigations, we will further examine supply issues in this market.

Respondents have also argued that competition between subject imports and the domestic like product is attenuated because the domestic like product has a variety of supply and quality limitations.[165] As previously discussed, the record shows that some importers and purchasers reported supply and quality issues with U.S. producer Dexstar.[166] Nevertheless, the domestic producer and the vast majority of importers reported that domestic like product was always or frequently interchangeable with subject imports.[167] Furthermore, petitioner submitted affidavits attesting to the high quality of Dexstar's product and comparability to subject imports.[168] We will examine this issue further in any final phase investigations and, in particular, we will seek additional information from purchasers regarding the comparability of the domestic like product and subject imports and the importance of price and nonprice factors in purchasing decisions.

Finally, we have considered the role of nonsubject imports. They maintained a very small presence in the U.S. market during the POI. Their market share ranged from *** percent to *** percent.[169] Nonsubject imports, therefore, cannot explain the domestic industry's sales and market share losses throughout the POI or the magnitude of declines in the domestic industry's output.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of steel trailer wheels from China that are allegedly subsidized and sold in the United States at less than fair value.

[164] Petitioner's Postconference Brief at Answer to Staff Question No. 12. The record also does not suggest that the domestic industry was insulated from competition from subject imports due to its internal transfers. A representative from U.S. producer Dexstar's parent company, Kenda, noted that ***. CR at III-5 to III-6, PR at III-4.

[165] Jingu's Postconference Brief at 24-32; TTT's Postconference Brief at 10-11; Tredit's Postconference Brief at 3-6.

[166] CR at II-7, II-12 to II-13; PR at II-4 to II-5, II-8.

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

[168] Petitioner's Postconference Brief at Exhibit 2.

[169] CR/PR at Table IV-7.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Dexstar Wheel ("Dexstar"), Elkhart, Indiana, on August 8, 2018, 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 steel trailer wheels ("trailer wheels")[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
August 8, 2018	Petition filed with Commerce and the Commission; institution of Commission investigations (83 FR 40551, August 15, 2018)
August 28, 2018	Commerce's notices of initiation (AD: 83 FR 45095, September 5, 2018; CVD: 83 FR 45100, September 5, 2018)
August 29, 2018	Commission's conference
September 21, 2018	Commission's vote
September 24, 2018	Commission's determinations
October 1, 2018	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 in this proceeding.

[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 conference 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,*

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

ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

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

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

Organization of report

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

Trailer wheels are used to provide mobility for trailers, including utility trailers, cargo trailers, horse trailers, boat trailers, and towable recreational trailers (towable RVs). In-scope trailer wheel rims are also used to transport mobile homes (manufactured homes). The leading U.S. producer of trailer wheels is Dexstar, while leading producers of trailer wheels outside the United States include *** of China. The leading U.S. importers of trailer wheels from China are ***. Leading importers of trailer wheels from nonsubject countries (primarily ***) include ***.

Apparent U.S. consumption of trailer wheels totaled approximately *** pounds ($***) in 2017. Currently, at least one firm is known to produce trailer wheels in the United States. This U.S. producer's U.S. shipments of trailer wheels totaled *** pounds ($***) in 2017, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 150.1 million pounds ($106.8 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

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

U.S. imports from nonsubject sources totaled 5.3 million pounds ($3.9 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of one firm that accounted for the vast majority of U.S. production of trailer wheels during 2017. U.S. imports are based on official import statistics under statistical reporting number 8716.90.5035.[6]

PREVIOUS AND RELATED INVESTIGATIONS

Trailer wheels have not been the subject of any prior countervailing or antidumping duty investigations in the United States, although steel wheels of various diameter sizes for passenger vehicles, light trucks, heavier class trucks, or tractors have been the subject of five previous investigations. As of the time of the issuance of this report, countervailing and antidumping duty investigations with regards to steel wheels with a nominal rim diameter of 22.5 inches and 24.5 inches are currently ongoing, following affirmative determinations by the Commission in its preliminary phase investigations.[7]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On September 5, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on trailer wheels from China.[8] Commerce identified the following government programs in China:

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[6] These statistics were further adjusted using responses to Commission questionnaires to remove out-of-scope chrome-coated wheels and to add imports of wheels with tires or valve stems already attached, which are not covered by this statistical reporting number.

[7] See *Steel Wheels from China, Investigation Nos. 701-TA-602 and 731-TA-1412 (Preliminary)*, USITC Publication 4785, May 2018. Other related investigations are summarized on pages I-4-I-5 of that publication.

Commerce gave notice of its preliminary affirmative determination in its corresponding countervailing duty investigation in August 2018. A determination in its preliminary phase antidumping duty investigation will be issued no later than October 23, 2018. See *Certain Steel Wheels From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination,* 83 FR 44573, August 31, 2018; and *Steel Wheels From the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 83 FR 42110, August 20, 2018.

[8] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Countervailing Duty Investigation,* 83 FR 45100, September 5, 2018.

A. Preferential Lending

1. Government policy lending program
2. Preferential loans to state-owned enterprises ("SOEs")
3. Discounted loans for export-oriented enterprises
4. Preferential loans for key projects and technologies
5. Treasury bond loans
6. Loans & interest subsidies provided pursuant to the Northeast Revitalization Program

B. Export Credit Subsidies

1. Export seller's credit
2. Export buyer's credit

C. Export credit insurance subsidies

D. Export credit guarantees

E. Provision of goods and services for less than adequate remuneration ("LTAR")

1. Provision of hot-rolled steel for LTAR
2. Provision of land-use rights to steel wheel producers
3. Government provision of land to SOEs
4. Provision of land for LTAR to foreign-invested enterprises ("FIEs")
5. Provision of land-use rights in industrial and other special economic zones
6. Provision of electricity for LTAR

F. Direct tax exemptions and reductions

1. Income tax reductions for high- and new-technology enterprises
2. Enterprise income tax law, research and development (R&D) program
3. Income tax reduction for advanced-technology FIEs
4. Income tax credits on purchase of domestically-produced equipment by FIEs
5. Income tax credits for domestically-owned companies purchasing domestically-produced equipment
6. Fixed Assets Investment Orientation Regulatory Tax reduction or exemption
7. Preferential income tax policy for enterprises in the Northeast region
8. Forgiveness of tax arrears for enterprises located in the old industrial bases of Northeast China

G. Indirect tax exemptions and reductions

1. Import duty exemptions for imported equipment
2. VAT exemptions for imported equipment
3. VAT refunds for FIEs on purchases of Chinese-made equipment
4. VAT exemptions and deductions for Northeast regions
5. Deed tax exemption for SOEs undergoing mergers or restructuring

H. Grants

1. "Famous Brands" program
2. SME International Market Exploration Fund
3. Export assistance grants
4. Grants for export credit insurance
5. Export interest subsidies for enterprises located in Zhejiang Province
6. Foreign Trade Development Fund Program grants
7. Special fund for energy-saving technology reform
8. The Clean Production Technology Fund
9. Emission Reduction Award
10. State Special Fund for Promoting Key Industries and Innovation Technologies.
11. State Key Technology Renovation Project Fund Program
12. Initial Public Offering (IPO) Grants from the Hangzhou Prefecture
13. IPO Grant From The City Of Fuyang
14. Fuyang City government grant for enterprises paying over RMB 10 million in taxes
15. Fuyang and Hangzhou City government grants for enterprises operating technology and research and development centers
16. Hangzhou City government grants under the Hangzhou Excellent New Products/Technology Award
17. Fuyang City government grants under the Export of Sub-contract Services Program
18. Export contingent grants provided by the Fuyang City government
19. Investment Grants from Fuyang City government for key industries
20. Direct government grants to Changchun Faway
21. Direct government grants to Xiamen Sunrise
22. Direct government grants to Xingmin Intelligent Transportation
23. Direct government grants to Zhejiang Jingu

Alleged sales at LTFV

On September 5, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on trailer wheels from China.[9] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 30.48 to 44.35 percent for trailer wheels from China.

[9] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation,* 83 FR 45095, September 5, 2018.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[10]
The scope of this investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 12 inches to 16.5 inches within the scope are generally for road and highway trailers and other towable equipment, including, inter alia, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes. The standard widths of certain on-the-road steel wheels are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope.

The scope includes rims and discs for certain on-the-road steel wheels, whether imported as an assembly, unassembled, or separately. The scope includes certain on-the-road steel wheels regardless of steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. The scope also includes certain on-the-road steel wheels with discs in either a "hub-piloted" or "stud-piloted" mounting configuration, though the stud-piloted configuration is most common in the size range covered.

All on-the-road wheels sold in the United States must meet Standard 110 or 120 of the National Highway Traffic Safety Administration's (NHTSA) Federal Motor Vehicle Safety Standards, which requires a rim marking, such as the "DOT" symbol, indicating compliance with applicable motor vehicle standards. See 49 CFR 571.110 and 571.120. The scope includes certain on-the-road steel wheels imported with or without NHTSA's required markings.

Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem or rims imported as an assembly with a tire mounted on the rim and/or with a valve stem are included in the scope of this investigation. However, if the steel wheels or rims are imported as an assembly with a tire mounted on the wheel or rim and/or with a valve stem attached, the tire and/or valve stem is not covered by the scope.
Excluded from this scope are the following:

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[10] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 45095, September 5, 2018; *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 45100, September 5, 2018.

(1) Steel wheels for use with tube-type tires; such tires use multi piece rims, which are two-piece and three-piece assemblies and require the use of an inner tube;

(2) aluminum wheels;

(3) certain on-the-road steel wheels that are coated entirely with chrome; and

(4) steel wheels that do not meet Standard 110 or 120 of the NHTSA's requirements other than the rim marking requirements found in 49 CFR 571.110S4.4.2 and 571.120S5.2.

Certain on-the-road steel wheels subject to this investigation are properly classifiable under the following category of the Harmonized Tariff Schedule of the United States (HTSUS): 8716.90.5035 which covers the exact product covered by the scope whether entered as an assembled wheel or in components. Certain on-the-road steel wheels entered with a tire mounted on them may be entered under HTSUS 8716.90.5059 (Trailers and semi-trailers; other vehicles, not mechanically propelled, parts, wheels, other, wheels with other tires) (a category that will be broader than what is covered by the scope). While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following statistical reporting number of the Harmonized Tariff Schedule of the United States ("HTS"): 8716.90.5035. This statistical reporting number covers trailer steel wheels measuring 30 to 42 centimeters in diameter (approximately 11.8 to 16.5 inches), whether or not assembled. Wheels entered with a tire mounted on them are imported under HTS statistical reporting number 8716.90.5059. The 2017 general rate of duty is 3.1 percent ad valorem for HTS subheading 8716.90.50. 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

Commerce's scope includes certain on-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 12 inches to 16.5 inches regardless of width, for use in road and highway trailers and other towable equipment. When imported, these trailer wheels may or may not have tires mounted on the wheel or rim and may or may not be attached to a valve stem. Trailer wheels are sold to either the assembly/original equipment manufacturing ("OEM") market (approximately 70 percent of trailer wheels) or to the aftermarket (approximately 30 percent of trailer wheels).[11] In-scope trailer wheels are used for a variety of trailers, including utility trailers, cargo trailers, horse trailers, boat trailers, and towable recreational trailers (towable RVs), as well as mobile homes (manufactured homes).[12]

The rim of the trailer wheel is the circular channel onto which the tire is mounted on the wheel. Subject trailer wheels maintain air pressure between the tire and the rim of the wheel without use of an inner tube.[13] The disc of the trailer wheel is the center portion that allows the wheel to be attached to the axle hub, and hence the axle. The disc of the wheel has a centering hole for mounting on the axle hub, which varies in size to match the hub on the trailer, as well as bolt holes that are used for bolts to fasten the wheel to the axle hub. The disc may also have design holes.[14] Figure I-1 shows different types of trailer wheels and identifies the components and features of the wheels.

[11] Conference transcript, pp. 41 (Sampson) and 114 (Walker).

[12] Petition, exh. I-5.

[13] According to the petitioner, wheels for use with tubeless tires are physically distinguishable from wheels for tube-type tires. Wheels used with tubeless tires (such as those covered by the investigations) include single-piece rims, whereas tube-type tires require two-piece or three-piece rim assemblies and the use of an inner tube. Petition, pp. I-5 and I-13.

[14] Petition, exh. I-4.

Figure I-1:
Examples of trailer wheels

Source: Dexstar's staff conference exhibits.

The scope includes both wheels and parts of wheels (i.e., rims and discs). Mobile homes use in-scope rims without a disc. Mobile home rims are sold to mobile home OEMs, which attach the rim directly to specialized hubs using axle-mounting bolts.[15] Mobile home rims are identical to rims used in production of trailer wheels, but because they are single-use items, the final mobile home rim might not be painted or galvanized in order to cut costs.[16]

The width of in-scope trailer wheels may vary, but sizes are standardized and made to the same specifications in both the U.S. and China. Standard widths are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches for trailer wheels with a diameter of 12 to 16.5 inches.[17] While sizes are specified, the weight may vary, even within a given diameter size; there is no standard weighting requirements for trailer wheels, though there are safety standards that they must meet.[18]

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[15] Petitioner's postconference brief, exh. 3, pp. 1-2.
[16] Conference transcript, pp. 32 and 62 (Oglesby).
[17] Petition, pp. I-3 and I-7.
[18] Conference transcript, p. 93 (Sampson).

All on-road trailer wheels must meet Standard 110 or Standard 120 of the National Highway Traffic Safety Administration's (NHTSA's) Federal Motor Vehicle Safety Standards (off-road trailer wheels do not need to meet these standards). These standards require a rim marking that includes (a) a designation which indicates the source of the rim's published nominal dimensions; (b) the rim size or type designation; (c) the symbol "DOT", constituting a certification by the manufacturer of the rim that the rim complies will all applicable motor vehicle standards; (d) a designation that identifies the manufacturer of the rim by name, trademark, or symbol; (e) and the month, day, and year or the month and year of manufacture.[19] Both U.S. producers and U.S. importers of trailer wheels utilize third-party testing facilities to ensure their products meet NHTSA's requirements.[20]

Besides meeting safety requirements, on-road and off-road trailer wheels are distinguishable based on certain production features such as bearings and coating.[21] Subject trailer wheels also differ from on-road wheels of a similar diameter that are used with passenger vehicles and light trucks due to center-mounting on trailer wheels.[22] Trailer wheels are built to carry loads two-and-a-half to three times heavier than passenger vehicles.[23]

There are two standard mounting configurations that attach a wheel disc to an axle: "hub-piloted," where the torque is applied via the hub, and "stud-piloted," where the torque is applied via the studs.[24] Trailer wheels produced in both the U.S. and China are primarily stud-piloted.[25] In stud-piloted configurations, a circle around the stud holes drives the force to the outer diameters of the wheel.[26]

Torque force or clamping force, the tension in the stud that holds the wheel in place,[27] is a key quality and safety consideration in the trailer wheel market.[28] Trailer wheel producers and

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[19] The petitioner notes that it is possible to add the required marking prior to sale but after importation and therefore the scope includes trailer wheels imported with or without NHTSA's required markings. Off-road steel trailer wheels are not required to meet NHTSA's safety standards and thus lack the markings required by on-road wheels covered by the scope. However, all trailer wheels that meet the NHTSA's requirements but can be used off-road are included within the scope of these investigations. Petition, p. I-12.

[20] Conference transcript, pp. 93 (Oglesby) and pp. 166-168 (Pike and Walker).

[21] On-road trailer wheels cannot support hubs and bearings, while off-road may be able to, according to the petitioner. Additionally, on-road trailer wheels are e-coated or contain a galvanized coating (described below) to withstand road salt and off-road trailer wheels do not. Petition, pp. I-3 and I-14.

[22] Trailer wheels are center mounted, which allows higher load carrying capacity for the same size. Steel wheels used for passenger vehicles and light trucks are mounted off-center to permit additional features for the wheel end (i.e., brakes). Petition, p. I-3.

[23] Conference transcript, p. 172 (Miller).

[24] Outer lug nuts attach to the studs to secure the wheel to the axle.

[25] Conference transcript, p. 89 (Sampson).

[26] In hub-piloted configurations, the center hole for the hub is what guides the wheel. Wheels on passenger vehicles and light trucks are typically hub-piloted. Conference transcript, pp. 88-89 (Sampson) and 172-173 (Miller).

[27] Trans Texas's postconference brief, exh. 10, p. 2.

[28] Conference transcript, p.172 (Miller).

assemblers seek to improve the clamp force and eliminate "wheel-offs" (where the wheel falls off the axle when the trailer is in motion) through bolt and wheel retention on the axle hub.[29] Technology to improve clamp force is utilized by producers in both the United States and China;[30] this includes beveling the bolt holes to secure a tighter hold to the axle[31] as well as eliminating paint on the back of the wheel so the wheel remains securely attached to the axle.[32]

Manufacturing processes

The manufacturing process of trailer wheels begins with the production of the two components: discs and rims (see figure I-2). The rim and the disc are produced from carbon or high strength low allow ("HSLA") hot-rolled steel.[33] U.S. producer Dexstar uses both carbon and HSLA steel, whereas Chinese producer Jingu uses only HSLA steel.[34] The steel coil used in production is of a predetermined width and thickness based on the wheel being made.[35]

[29] Conference transcript, p.173 (Miller) and petitioner's postconference brief, exh. 17, pp. 1-3.

[30] The technology is based on techniques used in the automotive industry and was invented in Japan in the 1970s. Conference transcript, p. 180 (Pike).

[31] Both U.S. producers and Chinese importers report selling beveled bolt holes with a 60 degree taper. Conference transcript, p. 171 (Pike) and petitioner's postconference brief, exh. 17, p. 2. Beveling the bolt holes is part of the disc-stamping process, described in further detail in the manufacturing process section below.

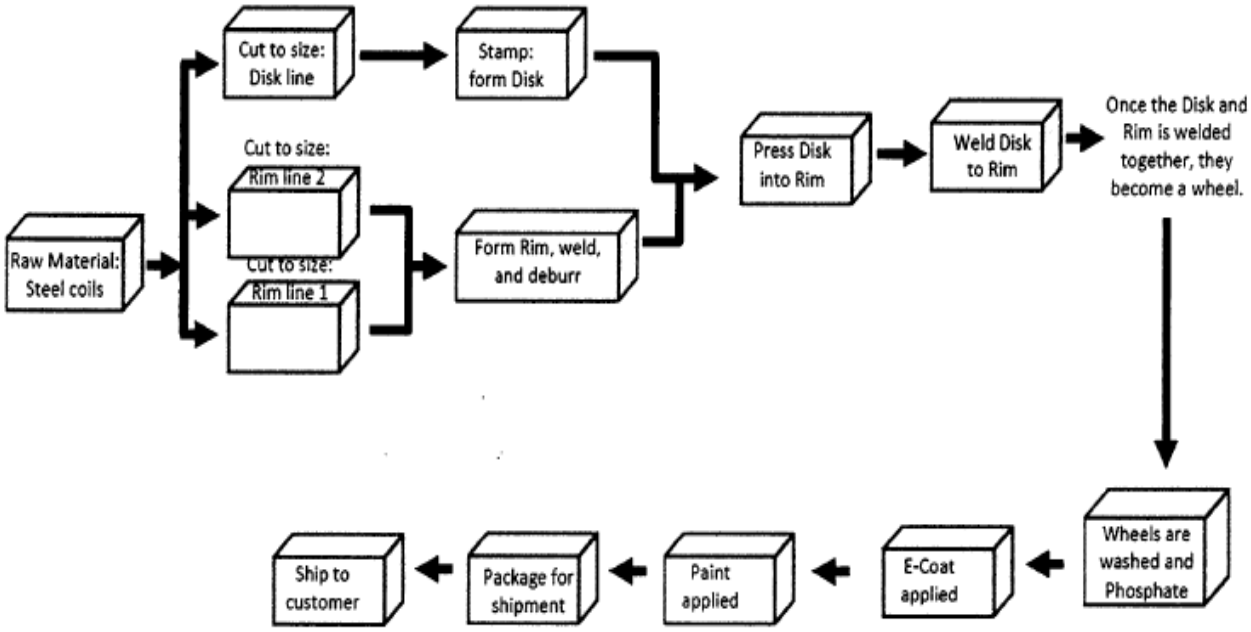
[32] Dexstar's process to keep paint out of areas where fasteners are used is called "masking." A similar process used by producers in China is called "Improved Torque Retention (ITR)" or "Low-Maintenance Torque (LMT)." According to the petitioner, although the marketing terms differ, the technology is the same. Petitioner's postconference brief, exh. 17, p. 1 and Jingu's postconference brief, p. 27.

[33] Trailer wheels made from aluminum or with a chrome coating are excluded from the scope. The petitioner contends that aluminum wheels are manufactured from different metal alloys at different production facilities using different production processes and employees. Aluminum trailer wheels are often as much as three times more expensive than steel wheels. Further, the petitioner states there are no U.S. producers of chrome-coated steel wheels. According to the petition, coating with chrome requires a different manufacturing process as disc and rim need to be coated before being welded. This is due to the highly toxic nature of the chemicals and effects on the welds if applied after the disc and rim are welded together. Chrome wheels are roughly twice as expensive as steel trailer wheels. Petition, p. I-13.

[34] Conference transcript, pp. 87 (Oglesby) and 169 (Jin).

[35] Conference transcript, p. 86 (Oglesby).

Figure I-2:
Trailer wheel manufacturing process map



Source: Dexstar's staff conference exhibits.

For the rim, the coil is unwound and cut to length, then rounded and butt-welded together where the ends of the rounded steel meet. This forms the circular hoop or band of the wheel.[36] Rolling strands are then used to create the final shape of the rim; the geometry of the band profile determines the strength of the wheel and how much load the wheel can carry.[37] To create the disc, producers use a wider, thicker hot-rolled steel coil. The disc is stamped and formed with a curved edge that allows it to be attached to the rim. A press stamps out the center bore, bolt holes, and any design holes.[38] For discs with beveled bolt holes, the bevel is created during this disc-stamping process.[39]

Once both the disc and the rim are completed, the two components are welded together to create the final wheel.[40] For trailer wheels used for mobile homes, only the rim is used. Trailer wheel producers weld the final wheel at their production facilities.[41] Dexstar does

[36] Petition, p. I-11.
[37] Conference transcript, p. 29 (Oglesby).
[38] Petition, p. I-11.
[39] Petitioner's postconference brief, exh. 17, p. 2.
[40] A carbon steel component can be welded to HSLA steel component but typically the same type of steel is used in both pieces of the wheel. Conference transcript, p. 87 (Oglesby).
[41] American Wheel Company also specifies welding components together on its webpage. American Wheel Corporation, "Company Info," undated, http://www.american-wheel.com/about.htm, accessed August 28, 2018.

not sell individual discs and only sells rims for mobile home use; assemblers in the United States are not known to weld discs to rims.[42] U.S. producers may purchase the disc and rim separately, rather than manufacture each, and weld the components together into the finished wheel. ***.[43]

Once the components are attached (or an individual rim, if produced for mobile home use), the wheel is cleaned and producers apply an e-coat, or catitonic electro-deposited primer base paint coat, to the wheels. The wheels are then either coated with a polyester powder paint (which allows producers to color the wheels) or galvanized for added corrosion protection.[44] Both U.S. and Chinese producers follow the same e-coating and painting or galvanizing process.[45] For galvanized wheels, U.S. producer Dexstar has a tolling agreement with a company in Tennessee that applies the galvanizing finish by hot-dipping the wheels in molten zinc then returns the wheel to Dexstar for sale.[46] Dexstar also offers an extended corrosion-resistance painting process called Galvestar, which includes e-coat galvanizing and painting steps.[47] After painting, the wheels go through an oven process to cure the paint onto the wheel.[48] The wheels are then ready for shipment or assembly.

The production process at Dexstar is highly automated, including automated equipment, welding, and painting.[49] Trailer wheel production in China, however, relies on manual production lines.[50] Production time for Jingu is approximately 17 days from receiving the raw material through packaging the wheels for shipment.[51]

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes that the Commission should find a single domestic like product, co-extensive with the scope of the investigations.[52] Respondents do not contest Petitioner's proposed like product definition for purposes of the preliminary phase of these investigations.[53] [54]

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[42] Petitioner's postconference brief, exh. 5, p. 1.
[43] Petitioner's postconference brief, exh. 5, p. 1.
[44] Conference transcript, pp. 91-92 (Sampson).
[45] Conference transcript, p. 175 (Jin).
[46] Conference transcript, p. 30 (Oglesby).
[47] Conference transcript, p. 31 (Oglesby).
[48] Conference transcript, p. 92 (Sampson).
[49] Conference transcript, p. 86 (Oglesby).
[50] Conference transcript, p. 169 (Jin).
[51] Jingu's postconference brief, p. 21 and exh. 7.
[52] Dexstar's postconference brief, p. 8.
[53] Jingu's postconference brief, p. 3 and Trans Texas's postconference brief, p. 1.
[54] Industry responses to questions concerning the Commission's semi-finished product analysis are presented in Appendix D.

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

U.S. MARKET CHARACTERISTICS

Trailer wheels are used in cargo/utility trailers (e.g., horse, livestock, boat, open, and enclosed trailers) and towable recreational vehicle trailers (e.g., conventional travel trailers, fifth-wheel travel trailers, and folding camping trailers).[1] Rims, which are trailer wheels without the center disc, are single-use items which are used in transporting mobile homes.[2]

There are two segments of the trailer wheels market: assembly/OEM and the aftermarket.[3] Trailer wheels are sold to assemblers which mount and inflate a tire on the wheel. These wheels are then sold to original equipment manufacturers ("OEMs"). In the aftermarket, trailer wheels are also sold to distributors, retailers, and/or online sellers as either assembled wheels or unmounted trailer wheels.[4] The same types of trailer wheels are sold both to OEMs and the aftermarket.[5] Approximately 70 percent of trailer wheels are sold to OEMs with the remaining 30 percent sold to the aftermarket.[6]

U.S. producer Dexstar manufactures trailer wheels but does not perform the mounting of a tire onto the wheel (i.e., assembly).[7] Eleven of 15 importers and all 10 responding purchasers are assemblers and reported that their firm added out-of-scope wheel components (e.g., tires or valve stems) to their imported or purchased trailer wheels prior to sale. [8] [9] The four largest assemblers are *** which accounted for *** percent of total imports of trailer wheels from China during the period of investigation. [10]

Apparent U.S. consumption of trailer wheels increased during January 2015 to June 2018. Overall, apparent U.S. consumption in 2017 was *** percent higher than in 2015; and was *** percent higher in interim 2018 than in interim 2017.

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[1] Petition, vol. 1, p. 10.

[2] Conference transcript, p. 31 (Oglesby).

[3] Petition, vol. 1, p. 7; conference transcript, p. 108 (Miller).

[4] Conference transcript, p. 17 (Pizzola).

[5] Conference transcript, pp. 68 and 114 (Sampson and Walker).

[6] Conference transcript, p. 41 (Sampson).

[7] Dexstar and importers Americana, Martin Wheel, and Monitor Manufacturing are divisions within Americana Development, Inc. The other three divisions are assemblers which purchase trailer wheels from Dexstar as well as import trailer wheels from China and other countries. Conference transcript, p. 17 (Pizzola). Please see *Part III* for further information on these related divisions.

[8] *** reported identical responses in their U.S. importer's questionnaire responses. Their responses have been combined in this section of the report.

[9] Conference transcript, p. 17 (Pizzola).

[10] Lionshead, Trans Texas, Tredit, and TexTrail stated that as assemblers, they compete directly with the assembler Americana, which is a related division of Dexstar; and therefore, all four firms do not view Dexstar as a viable supplier. Conference transcript, pp. 109, 119, and 123-124 (Miller, Walker, and Pike); TexTrail's postconference brief, pp. 2-5. However, Dexstar reported that it sells to many unrelated assemblers and provides the same service and prices for comparable quantities regardless of whether the assembler is unrelated or related. Petitioner's postconference brief, p. 17.

Most firms reported that there have not been significant changes with respect to the product range, product mix, or marketing of trailer wheels since January 2015. Two of 13 importers indicated that there have been product changes. Importer *** reported that paint finish continues to improve; and importer *** reported that trailer wheels' load capacity have increased, due to different materials being used during the production of high-load capacity trailer wheels.

CHANNELS OF DISTRIBUTION

U.S. producer Dexstar and importers generally sell trailer wheels to OEMs, assemblers, and to the aftermarket (e.g., aftermarket distributors, retailers, and/or online sellers). The U.S. producer sold mainly to *** (table II-1). U.S. importers of trailer wheels from China sold mainly to OEMs and a small share to the aftermarket. U.S. importers of trailer wheels from all other countries sold to OEMs and the aftermarket.

Table II-1
Trailer wheels: U.S. producer's and importers' U.S. shipments, by sources and channels of distribution, 2015-17, January to June 2017, and January to June 2018

Item	Period				
	Calendar year			January-June	
	2015	2016	2017	2017	2018
	Share of reported shipments (percent)				
U.S. producer's U.S. shipments of trailer wheels:					
OEMs	***	***	***	***	***
Assemblers	***	***	***	***	***
Aftermarket	***	***	***	***	***
U.S. importers' U.S. shipments of trailer wheels from China:					
OEMs	75.0	77.7	80.9	80.6	80.4
Assemblers	1.3	1.1	1.4	1.1	1.1
Aftermarket	23.7	21.2	17.7	18.3	18.5
U.S. importers' U.S. shipments of trailer wheels from all other countries:					
OEMs	***	***	***	***	***
Assemblers	***	***	***	***	***
Aftermarket	***	***	***	***	***

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

GEOGRAPHIC DISTRIBUTION

U.S. producer Dexstar reported selling trailer wheels to *** (table II-2). Seven of 12 importers reported selling trailer wheels to all regions in the contiguous United States. For U.S. producer Dexstar, *** percent of sales were within 100 miles of its production facility and *** percent were between 101 and 1,000 miles. Importers sold 67.7 percent within 100 miles of their U.S. point of shipment, 25.1 percent between 101 and 1,000 miles, and 7.2 percent over 1,000 miles.

Table II-2
Trailer wheels: Geographic market areas in the United States served by the U.S. producer and importers

Region	U.S. producer	Importers
Northeast	***	8
Midwest	***	11
Southeast	***	10
Central Southwest	***	10
Mountain	***	9
Pacific Coast	***	9
Other[1]	***	5
All regions (except Other)	***	7
Reporting firms	***	12

[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

Table II-3 provides a summary of the supply factors regarding trailer wheels from U.S. producers and from China.

Table II-3
Trailer wheels: Supply factors that affect the ability to increase shipments to the U.S. market

* * * * * * *

Domestic production

Based on available information, Dexstar has the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced trailer wheels to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and ***. Factors mitigating responsiveness of supply include overall capacity, limited inventories, and the inability to shift shipments from alternate markets.

Domestic capacity utilization fluctuated but overall increased slightly during 2015-17 as a result of decreased capacity. This relatively low level of capacity utilization suggests that Dexstar may have substantial ability to increase production of trailer wheels in response to an increase in prices. Dexstar's inventories were ***; it reported that the majority of its commercial shipments were ***. Dexstar ***. Dexstar stated that ***.

Subject imports from China

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

Chinese producers' capacity utilization increased during 2015-17 as a result of decreased capacity. Chinese producers' inventories, as a ratio to total shipments, fell slightly from 2015 to 2017. Producers from China sold approximately *** percent of their shipments of trailer wheels to their home market; exports of trailer wheels to the U.S. market increased while exports to all other markets decreased during 2015-17. Two of the four responding Chinese producers reported that they could switch production from trailer wheels to passenger vehicle wheels, agriculture vehicle rims, off-road vehicle rims, and ATV rims.

Imports from nonsubject sources

Nonsubject imports accounted for 4.5 percent of total U.S. imports in 2017. [11] The largest sources of nonsubject imports during January 2015 to June 2018 were Korea and Taiwan. Combined, these countries accounted for 91.9 percent of nonsubject imports in 2017.[12]

Supply constraints

Dexstar reported no supply constraints since January 1, 2015. Two of 12 importers reported experiencing supply constraints. Importer *** reported that due to its "longer lead times and unforecasted sales," it allocated inventories to its most consistent customers. Importer *** reported that it has been unable to import galvanized or chrome trailer wheels; it noted that the Chinese government is limiting the production of these two products due to environmental concerns from the waste chemicals during the production process.

Some importers and purchasers reported supply issues with U.S. producer Dexstar. Importer and purchaser Lionshead stated that Dexstar has not sought its business, even though Lionshead is located a short distance from Dexstar's facility. It also reported that when Lionshead reached out to Dexstar three or four years ago, Dexstar quoted a 6-week lead time.[13] Purchaser *** reported that it purchases rims for mobile homes. It reported that Dexstar refused to produce the rims because Dexstar could make more money manufacturing other rims and therefore, *** had to purchase imported product.[14] Importer Trans Texas reported

[11] Official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 7, 2018.

[12] Ibid.

[13] Conference transcript, p. 110 (Miller).

[14] ***. *** Lost Sales/Lost Revenue survey response, question 8.

that it took Dexstar 16 days for it to confirm Trans Texas's purchase order of 400 trailer wheels.[15] Importer Trans Texas also reported that Dexstar had to supplement its production with imported trailer wheels and that it purchased *** from Trans Texas in 2015.[16] Importer and purchaser Tredit reported issues with long lead times and delayed deliveries. For example, it reported that three orders placed with Dexstar in May 2018 were more than a month late. In email correspondence, Dexstar reported that the delays were due to major equipment issues it experienced in June 2018 which caused deliveries to be late by several weeks to up to a month.[17]

U.S. demand

Based on available information, the overall demand for trailer wheels is likely to experience small changes in response to changes in price. The main contributing factors are the somewhat limited range of substitute products and the small cost share of trailer wheels in most of its end-use products.

U.S. demand for trailer wheels depends mainly on the demand for U.S.-produced trailers, towable RVs, and mobile homes, with some portion of demand also based on replacement trailer wheels in the marketplace. The demand for trailers, towable RVs, and mobile homes has increased since 2015. As shown in figure II-1, sales of all towable trailers (i.e., travel trailers, travel trailers-5th wheel, folding camping trailers, and truck campers) increased by *** percent from 2015 to 2017. Sales of towable trailers increased 6.6 percent from January-June 2017 to January-June 2018 (figure II-2).

Figure II-1
Total shipments of towable trailers to retailers, annually, 2015-17

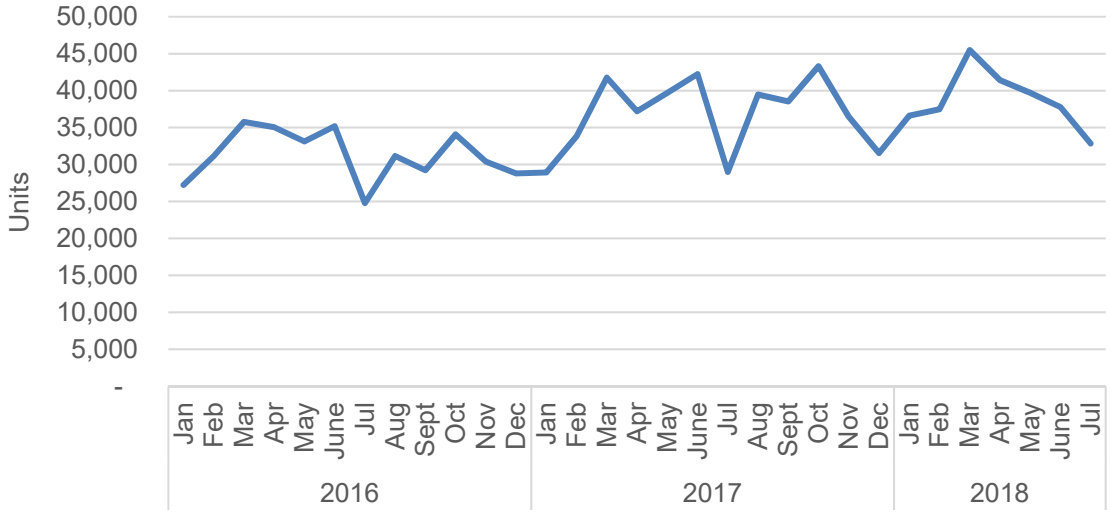
* * * * * * *

[15] Conference transcript, pp. 119 (Walker).

[16] Trans Texas's postconference brief, p. 7 and exhibit 6.

[17] Tredit's postconference brief, attachment A. Tredit also provided email documentation for delayed shipments that occurred in April 2018, June 2017, and February 2017. Ibid.

Figure II-2
Total shipments of towable trailers to retailers, monthly, January 2016-July 2018



Note.--Monthly data for 2015 was not available.

Source: RV Industry Association, Market Reports, January 2017 to July 2018, https://www.rvia.org/news-insights/rv-shipments-july-2018, accessed September 6, 2018.

End uses and cost share

Reported end uses include towable RVs, trailers, mobile homes, and assembled replacement wheels. Trailer wheels account for a small share of the cost of a finished recreational vehicle and a moderate-to-large share of the cost of an assembled trailer wheel.[18] Reported cost shares for some end uses were as follows:

- RV, trailers, and mobile home (1 percent or less)
- Trailer wheel assembly with a tire (28 to 35 percent)
- Trailer wheel with stem (97 percent)
- Trailer application (40 percent)

Business cycles

U.S. producer Dexstar and a plurality of importers reported that the demand for trailer wheels was seasonal, with increased consumer demand during the spring and summer.[19]

*** the majority of importers reported that there have not been changes in the business cycles or conditions of competition for trailer wheels since 2015. Two of eight

[18] Staff requested parties to report cost shares for end-use products in parties' postconference briefs. Respondent Trans Texas reported that a trailer wheel accounts for approximately *** percent of an assembled trailer tire wheel's cost and less than *** percent of a finished trailer. Trans Texas's postconference brief, exhibit 1.

[19] Conference transcript, p. 80 (Wright).

responding importers reported a change. Importer *** stated that the demand for recreational equipment and trailers has declined in recent years. Importer *** stated that there have been production shortages in China due to environmental enforcement affecting the manufacturers.

Demand trends

Most firms reported an increase in U.S. demand for trailer wheels since January 1, 2015 (table II-4). The majority of firms reported an increase in demand for trailers and towable RVs.

Table II-4
Trailer Wheels: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	8	2	1	1
Demand outside the United States				
U.S. producers	***	***	***	***
Importers	5	3	1	---

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

Substitute products

Approximately half of responding firms reported that aluminum wheels can be substituted for steel trailer wheels. Firms reported that aluminum wheels can be used in towable RVs, trailers, and mobile homes, and are typically chosen for aesthetic reasons. All responding firms reported that changes in the price of aluminum wheels does not affect the price for trailer wheels with firms noting that aluminum wheels are two to three times more expensive than steel trailer wheels.

SUBSTITUTABILITY ISSUES

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

Lead times

U.S. producer Dexstar reported that *** percent of its commercial shipments were produced-to-order, with lead times averaging *** days. The remaining *** percent of its commercial shipments came from inventories, with lead times averaging *** days. Importers reported that 60.1 percent of their commercial shipments came from U.S. inventories, with lead times averaging 14 days. Approximately 33.0 percent of importers' commercial shipments

were produced-to-order, with lead times averaging 64 days. The remaining 7.5 percent of their commercial shipments came from foreign inventories, with lead times averaging 75 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales and lost revenue allegations[20] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for trailer wheels. The most often cited factors firms consider in their purchasing decisions for trailer wheels were quality (9 firms), price (8 firms), and availability/supply (7 firms) as shown in table II-5.

Table II-5
Trailer wheels: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms			
Price / Cost	4	1	3	8
Quality	3	5	1	9
Availability / Supply	2	2	3	7
All other factors	1	2	2	NA

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

*** reported quality issues with domestically produced trailer wheels. Importer Trans Texas as well as importer and purchaser Tredit reported that trailer wheels imported from China are a higher-quality product with better torque retention and coating applications.[21] Tredit identified several instances of poor quality with its purchases of Dexstar's trailer wheels including orders that contained mismatching paint colors, bad paint, and orders missing wheels. According to Tredit, remedying these quality issues caused it to delay its own shipments to its customers.[22] Tredit also reported that serious quality issues that occurred outside the period of investigation has caused Tredit's purchasers to refuse to purchase its assembled tires that contained trailer wheels from Dexstar[23]

[20] This information is compiled from responses by purchasers identified by Petitioners to the lost sales lost revenue allegations. Additionally, importers who indicated that they purchased domestically during the period of investigation in their U.S. importer questionnaire response were also directed to submit a Lost Sales and Lost Revenue survey. See Part V for additional information.

[21] Trans Texas's postconference brief, p. 10; and conference transcript p. 154 (Pike). Purchaser TexTrail also reported that trailer wheels from China offer products with a better torque clamp design and a broader product range. TexTrail's postconference brief, p. 5.

[22] Tredit provided email correspondence with Dexstar documenting these quality issues that occurred in 2017. Tredit's postconference brief, pp. 3-4 and attachment A.

[23] According to Tredit, in October 2013, Dexstar had two instances of a "lethal quality issue" with unwelded wheel centers. Tredit stated that this type of quality control failure eroded Tredit's and its customers' trust with Dexstar. Tredit's postconference brief. p. 4 and attachment A, pp. A34-A47.

Comparison of U.S.-produced and imported trailer wheels

In order to determine whether U.S.-produced trailer wheels can generally be used in the same applications as imports from China, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, U.S. producer Dexstar reported that U.S. product and trailer wheels from China were *** interchangeable. The vast majority of importers reported that domestic trailer wheels were always or frequently interchangeable with imported trailer wheels from China. The majority of all responding firms reported that domestic product and trailer wheels from all other countries was always interchangeable.

Table II-6
Trailer wheels: Interchangeability between trailer wheels produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	4	7	---	1
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	4	2	---	1
China vs. nonsubject	***	***	***	***	4	1	---	1

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

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

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of trailer wheels from the United States, China, or nonsubject countries. As seen in table II-7, U.S. producer Dexstar reported that differences other than price were *** a factor in its firm's sales of trailer wheels. ***, a plurality of importers reported that differences other than price were always a factor in their firms' sales of trailer wheels. Differences other than price cited by importers include lack of domestic availability, limited domestic production capacity, greater product range of Chinese trailer wheels, and quality. Importer *** stated that "U.S. may have a shorter lead time on available products, but China often has better overall availability and has a more robust product range." Importer *** stated that Chinese producers have greater capacity, better delivery, and larger product ranges. Importer *** reported that Dexstar does not produce certain trailer wheels, including galvanized finish and chrome trailer wheels.[24] Purchaser *** reported that Dexstar does not produce chrome plated or hot dip galvanized steel wheels.[25] Importer and purchaser *** reported that its "overall strategy is to partner with suppliers that demonstrate the ability

[24] Trans Texas's postconference brief, p. 7 and exhibit 8.

[25] Purchaser *** services the saltwater marine boat market and reported that it only purchases aluminum, chrome coated, or galvanized coated steel wheels due to the highly corrosive environment.

to provide quality product, the capacity to fill orders on time and provide in market pricing. In our experience, Dexstar is unable to achieve this."

Table II-7
Trailer wheels: Significance of differences other than price between trailer wheels produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	4	3	3	1
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	1	1	---	1
China vs. nonsubject	***	***	***	***	1	1	---	1

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

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in Part I of this report and information on the volume and pricing of imports of the subject merchandise is presented in Part IV and Part V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of one firm, the petitioner, that accounted for the *** percent of U.S. production of trailer wheels during 2017.

U.S. PRODUCERS

The Commission issued U.S. producers' questionnaires to three firms based on information contained in the petition, staff research, and responses to the Commission's importer questionnaire. One firm provided usable data on its productive operations.[1] Staff believes that this response represents the vast majority of U.S. production of trailer wheels.

Table III-1 lists the U.S. producer of trailer wheels, its production location, and shares of total production.

[1] Dexstar identified in its petition another producer of trailer wheels, American Wheel Corporation, which in a letter of support for the petition indicated that it sold *** of towable type trailer wheels in 2017. Petition, exh. I-2. Industry participants have claimed this firm is not a major participant in the market, with some firms reporting that they hadn't heard of the firm until the filing of the petition. Conference transcript, p. 109 (Miller) and TexTrail's postconference brief, p. 2. This company was issued a questionnaire and Commission staff provided assistance to the firm via email and telephone to help the firm understand the questionnaire, but a response was not ultimately submitted. ***.

A questionnaire was also issued to The Carlstar Group LLC, which returned a U.S. Importers' Questionnaire. In its importers' questionnaire response, the firm reported that it ***. Despite being issued a U.S. Producers' questionnaire multiple times, a questionnaire was not returned, and the firm was instructed by email to report the amounts of any trailer wheels it had produced from 2015 to 2017, if indeed it did so. The firm reported via email that it ***. Email from ***.

Table III-1
Trailer wheels: U.S. producer, location of production, and share of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
Dexstar	Support (Petitioner)	Elkhart, IN	***
Total			***

Note.--This table lists only firms that responded to the Commission's U.S. producer questionnaire.

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

Table III-2 presents information on Dexstar's ownership and related and/or affiliated firms.

Table III-2
Trailer wheels: Dexstar's ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
Dexstar	American Kenda Rubber, Ind. Co. Ltd.	***
Related importers/exporters:		
Dexstar	Americana Tire & Wheel	***
Dexstar	Monitor Manufacturing	***
Dexstar	Martin Wheel	***
Related producers:		
Dexstar	***	***

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

As indicated in table III-2, the U.S. producer ***. In addition, as discussed in greater detail below, the U.S. producer directly imports the subject merchandise and is related to three other U.S. importers of the subject merchandise. Dexstar did not report any purchases of the subject merchandise from U.S. importers.

Table III-3 presents Dexstar's reported changes in operations since January 1, 2015.

Table III-3
Trailer wheels: Dexstar's reported changes in operations, since January 1, 2015

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present Dexstar's production, capacity, and capacity utilization. Production of trailer wheels increased by *** percent from 2015 to 2017 while capacity decreased *** percent. Due to the decline in capacity and increased production, capacity utilization increased by *** percentage points from 2015 to 2017.[2]

Table III-4
Trailer wheels: U.S. producer's capacity, production, and capacity utilization, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

Figure III-1
Trailer wheels: U.S. producer's capacity, production, and capacity utilization, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

Alternative products

As shown in table III-5, *** percent of the product produced during 2017 by Dexstar was subject product. Dexstar reported that its ***.

Table III-5
Trailer wheels: U.S. producer's overall capacity and production on the same equipment as subject production, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

[2] During the staff conference, a representative from Dexstar noted that, "At one point, Dexstar had three shifts of workers making steel trailer wheels. Now there is only one full and one partial shift." Conference transcript, p. 26 (Pickard). In response to staff questions asking why the firm's basis for its capacity calculations reported in its producers' questionnaire was *** shifts, Dexstar noted that from 2015 to 2017, Dexstar did "average close to 2 shifts per day, however with the current sales levels the staffing needs require only a partial 2nd shift. Thus, capacity calculations were based on two full shifts since that was what was functioning for significant parts of the POI." Petitioner's postconference brief, answer to staff question 14.

U.S. PRODUCER'S U.S. SHIPMENTS AND EXPORTS

Table III-6 presents Dexstar's U.S. shipments, export shipments, and total shipments. Dexstar's U.S. shipments decreased by *** percent by quantity (and decreased by *** percent by value) from 2015 to 2017. The unit value of Dexstar's U.S. shipments (in dollars per pound) decreased by *** percent from 2015 to 2017. Dexstar did not report ***.

In 2017, *** percent of Dexstar's total U.S. shipments were transfers to related firms. Concerning these transfers, Dexstar reported that "***." A representative from Dexstar's parent company American Kenda Rubber Industrial Co., Ltd. noted that "***."[3]

Table III-6
Trailer wheels: U.S. producer's U.S. shipments, export shipments, and total shipments, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

U.S. producer's U.S. shipments by product type

Table III-7 presents Dexstar's U.S. shipments by product type (i.e., rims; center discs; fully assembled wheels without a tire and/or valve stem; and fully assembled wheels with a tire and/or valve stem). Dexstar's shipments of rims increased *** percent by quantity from 2015 to 2017,[4] while shipments of fully assembled wheels without a tire and/or valve stem decreased *** percent by quantity from 2015 to 2017.

[3] Email from ***. A representative from Americana Tire and Wheel ("ATW"), a related company to Dexstar that fits trailer wheels with tires and valve stems, reported that "Even though Dexstar is a sister company to ATW, I still have to expect them to be market competitive… ATW is not constrained to buy from only Dexstar, regardless of our relationship with them." Conference transcript, pp. 40-41 (Sampson).

Respondent Jingu argues that Dexstar is unable to serve as a reliable supplier to independent assemblers because Dexstar's affiliated company, ATW, competes against independent assemblers in the market. Because Dexstar prioritizes sales to meet the demand of its affiliated assemblers, Jingu argues, there is attenuation in the "assembly/OEM" market. Respondent Tredit argues Dexstar's main priority is "…facilitating sales of Kenda tires through Americana rather than advancing to provide more competitive products to the wider market of unrelated assemblers." Jingu's postconference brief, pp. 7-10, and Tredit's postconference brief, p. 3. In its postconference brief, Dexstar noted that it has sold to at least *** unrelated assemblers *** and that it had sold to mobile home OEMs and in the aftermarket. Petitioner's postconference brief, answer to staff question 15.

[4] The firm informed Commission staff that its shipments of rims increased ***. Letter from Dexstar responding to Commission staff questions, August 24, 2018.

Table III-7
Trailer wheels: U.S. producer's U.S. shipments by product type, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

U.S. PRODUCER'S INVENTORIES

Table III-8 presents Dexstar's end-of-period inventories and the ratio of these inventories to Dexstar's production, U.S. shipments, and total shipments**.** Dexstar's end-of period inventories increased by *** percent from 2015 to 2017. However, these figures were ***. In each comparison, inventories increased as a ratio to U.S. production, U.S. shipments, and total shipments by *** percentage points from 2015 to 2017.

Table III-8
Trailer wheels: U.S. producer's inventories, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

U.S. PRODUCER'S IMPORTS AND PURCHASES

Imports and purchases of trailer wheels by Dexstar and its three affiliated companies are presented in table III-9. Dexstar itself increased its subject imports from *** pounds in 2015 to *** pounds in 2017, increasing as a ratio to its production from *** percent to *** percent. These imports were lower, however, in interim 2018 than in interim 2017 by *** percent by quantity.

The increase in subject imports by Dexstar was *** decreases in the imports by its affiliates. Across all companies, Dexstar and its affilated firms' subject imports decreased *** percent from 2015 to 2017, decreasing as a ratio to Dexstar's U.S. production by *** percentage points.[5] As reported in the description of U.S. shipments above, Dexstar's affiliates were ***.[6]

Table III-9
Trailer wheels: U.S. producer's subject imports and imports by affiliated parties, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

[5] Of these four companies, Dexstar is the only firm to make trailer wheels. The other three are assemblers who purchase in-scope trailer wheels and mount tires to the wheels. Conference transcript, p. 17 (Pizzola).

[6] Dexstar's affiliates imported ***, while Dexstar's imports ***. For further information, see part IV.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows Dexstar's employment-related data. The number of production and related workers ("PRWs") decreased by *** percent (*** PRWs) from 2015 to 2017. Total hours worked decreased from 2015 to 2017, while hours worked per PRW, hourly wages, total wages paid, and productivity increased from 2015 to 2017.

Table III-10
Trailer wheels: U.S. producer's employment related data, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 40 firms believed to be importers of subject trailer wheels, as well as to all U.S. producers of trailer wheels.[1] Usable questionnaire responses were received from 15 companies, representing 86.2 percent of adjusted U.S. imports from China in 2017.[2] Table IV-1 lists all responding U.S. importers of trailer wheels from China and other sources, their locations, and their shares of U.S. imports, in 2017.

Table IV-1
Trailer wheels: U.S. importers, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)		
		China	Nonsubject sources	All import sources
Allied	Garden Grove, CA	***	***	***
American Pacific	Scottsdale, AZ	***	***	***
Americana	Reynoldsburg, OH	***	***	***
Carlstar	Franklin, TN	***	***	***
Dexstar	Reynoldsburg, OH	***	***	***
Greenball	Anaheim, CA	***	***	***
Harbor Freight	Calabasas, CA	***	***	***
Lionshead	Goshen, IN	***	***	***
Martin	Reynoldsburg, OH	***	***	***
Monitor	Reynoldsburg, OH	***	***	***
Sunrise	Irvine, CA	***	***	***
TexTrail	Mount Pleasant, TX	***	***	***
Trans Texas	Mount Pleasant, TX	***	***	***
Tredit	Elkhart, IN	***	***	***
Zhejiang Jingu	Fuyang, Zhejiang Province	***	***	***
Total		100.0	100.0	100.0

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

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than 0.5 percent of total imports under HTS statistical reporting numbers 8716.90.5035 and 8716.90.5059 (wheels imported with tires already attached) in 2017.

[2] Import figures used in this report are based on official U.S. import statistics reported under statistical reporting number 8716.90.5035, which were further adjusted using responses to Commission questionnaires to remove out-of-scope chrome-coated wheels and to add imports of wheels with tires or valve stems already attached, which are not covered by this statistical reporting number.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of trailer wheels from China and all other sources. Imports from China increased by 39.1 percent by quantity from 2015 to 2017, and increased 20.9 percent by value. Imports from nonsubject sources increased by 125.5 percent by quantity from 2015 to 2017, and increased 15.6 percent by value. Imports from China comprised 96.6 percent of total imports in 2017, while nonsubject sources comprised 3.4 percent of all imports in 2017.

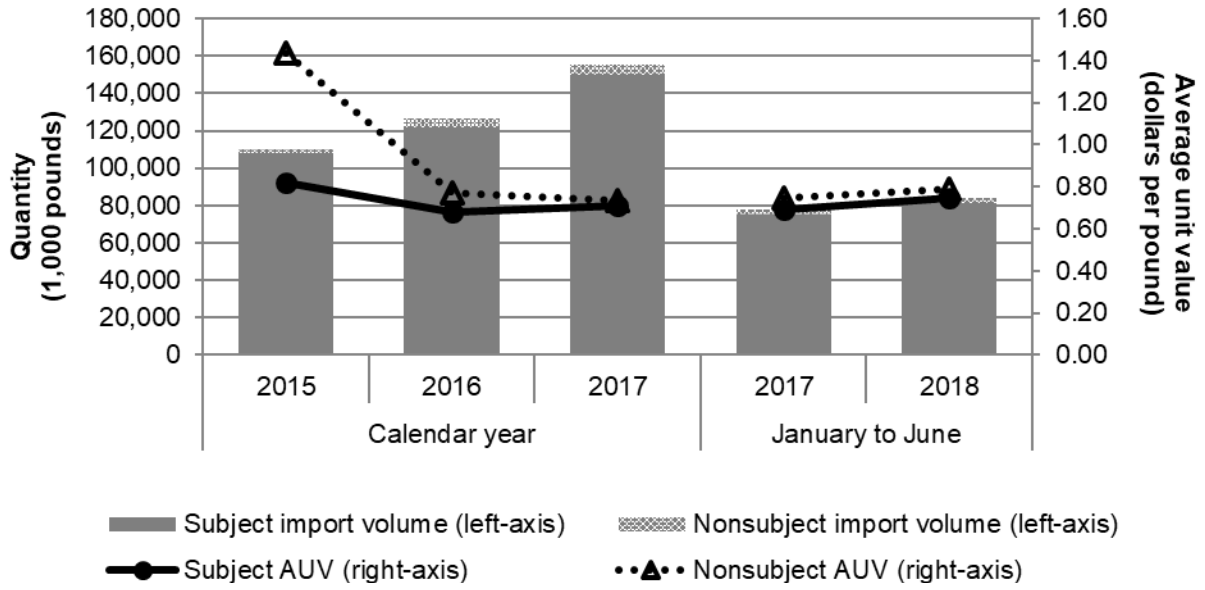
As a ratio to U.S. production, imports from subject sources increased by *** percentage points from 2015 to 2017, while imports from nonsubject sources as a ratio to U.S. production increased by *** percentage points from 2015 to 2017.

Table IV-2
Trailer wheels: U.S. imports, by source, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	107,954	121,402	150,140	75,010	80,931
Nonsubject sources	2,359	5,380	5,321	2,723	3,294
All import sources	110,314	126,782	155,461	77,733	84,225
	Value (1,000 dollars)				
U.S. imports from.--					
China	88,345	82,485	106,848	51,997	60,550
Nonsubject sources	3,381	4,146	3,907	2,030	2,604
All import sources	91,726	86,630	110,755	54,027	63,153
	Unit value (dollars per pound)				
U.S. imports from.--					
China	0.82	0.68	0.71	0.69	0.75
Nonsubject sources	1.43	0.77	0.73	0.75	0.79
All import sources	0.83	0.68	0.71	0.70	0.75
	Share of quantity (percent)				
U.S. imports from.--					
China	97.9	95.8	96.6	96.5	96.1
Nonsubject sources	2.1	4.2	3.4	3.5	3.9
All import sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
China	96.3	95.2	96.5	96.2	95.9
Nonsubject sources	3.7	4.8	3.5	3.8	4.1
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Source: Adjusted official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018.

Figure IV-1
Trailer wheels: U.S. import volumes and prices, 2015-17, January to June 2017, and January to June 2018



Source: Adjusted official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018.

Table IV-3 presents data for U.S. imports of trailer wheels by Dexstar and its affiliated companies ATW, Martin, and Monitor ("Americana-related firms"). From 2015 to 2017, the share of imports of trailer wheels from China by Americana-related firms decreased by *** percentage points, while the share of imports of trailer wheels from nonsubject sources by these firms increased by *** percent.

Table IV-3
Trailer wheels: U.S. imports controlled by Dexstar and affiliated firms, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	107,954	121,402	150,140	75,010	80,931
Nonsubject sources	2,359	5,380	5,321	2,723	3,294
All import sources	110,314	126,782	155,461	77,733	84,225
	Quantity (1,000 pounds)				
U.S. imports controlled by U.S. producers from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share controlled by U.S. producers				
U.S. imports controlled by U.S. producers from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and adjusted official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018.

Table IV-4 presents data for U.S. imports by product type. By quantity in pounds, from 2015 to 2017 imports of rims from China increased by *** percent, while imports of center discs from China (which comprised *** percent of total imports by product type in 2017) increased by *** percent.[3] By quantity in pounds, imports of fully assembled trailer wheels (wheels with rims and center discs) without tires and/or valve stems attached fell by *** percent from 2015 to 2017, while imports of fully assembled trailer wheels with tires and/or valve stems attached increased by *** percent from 2015 to 2017. Fully assembled wheels without a tire and/or valve stem attached accounted for the majority of imports in 2017 (*** percent).

Table IV-4
Trailer wheels: U.S. importers' U.S. imports by product type, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

[3] Two firms were responsible for this increase: ***, which accounted for *** percent of total imports of center discs in 2017, and ***.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Imports from China accounted for *** percent of total imports of trailer wheels by quantity from August 2017 to July 2018.

Table IV-5
Trailer wheels: U.S. imports in the twelve month period preceding the filing of the petition, August 2017 through July 2018

Item	August 2017 through July 2018	
	Quantity (1,000 pounds)	Share quantity (percent)
U.S. imports from.--		
China	***	***
Nonsubject sources	***	***
All import sources	***	***

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

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

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

APPARENT U.S. CONSUMPTION

Tables IV-6 and IV-7, as well as figure IV-2, present data on apparent U.S. consumption and U.S. market shares for trailer wheels. U.S. producers accounted for *** percent of the market for trailer wheels by quantity in 2017, a decrease of *** percentage points from 2015. Subject imports from China held *** percent of the market by quantity in 2017, a *** percentage point increase from 2015. The market share held by nonsubject imports was *** percent by quantity in 2017, a *** percentage point increase from 2015.

Table IV-6
Trailer wheels: Apparent U.S. consumption, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	107,954	121,402	150,140	75,010	80,931
Nonsubject sources	2,359	5,380	5,321	2,723	3,294
All import sources	110,314	126,782	155,461	77,733	84,225
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	88,345	82,485	106,848	51,997	60,550
Nonsubject sources	3,381	4,146	3,907	2,030	2,604
All import sources	91,726	86,630	110,755	54,027	63,153
Apparent U.S. consumption	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and adjusted official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018.

Table IV-7
Trailer wheels: Market shares, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

Figure IV-2
Trailer wheels: Apparent U.S. consumption, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

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Apparent U.S. consumption in the merchant market

Tables IV-8 and IV-9, as well as figure IV-3, present data on apparent U.S. consumption and U.S. market shares limited to the merchant market for trailer wheels (i.e., excluding Dexstar's internal transfers). U.S. producers accounted for *** percent of the merchant market for trailer wheels by quantity in 2017, a decrease of *** percentage points from 2015. Subject imports from China held *** percent of the merchant market by quantity in 2017, a *** percentage point increase from 2015. The merchant market share held by nonsubject imports was *** percent by quantity in 2017, a *** percentage point increase from 2015.

Table IV-8
Trailer wheels: Apparent U.S. consumption in the merchant market, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	107,954	121,402	150,140	75,010	80,931
Nonsubject sources	2,359	5,380	5,321	2,723	3,294
All import sources	110,314	126,782	155,461	77,733	84,225
Apparent U.S. consumption: Merchant market	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	88,345	82,485	106,848	51,997	60,550
Nonsubject sources	3,381	4,146	3,907	2,030	2,604
All import sources	91,726	86,630	110,755	54,027	63,153
Apparent U.S. consumption: Merchant market	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and adjusted official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018.

Table IV-9
Trailer wheels: Market shares in the merchant market, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

Figure IV-3
Trailer wheels: Apparent U.S. consumption in the merchant market, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

PART V: PRICING DATA[1]

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material used to manufacture trailer wheels is hot-rolled steel. Raw material costs, as a share of Dexstar's total cost of goods sold (COGS), decreased from *** percent in 2015 to *** percent in 2017.

The price of hot-rolled steel fluctuated during January 2015 through June 2018 (figure V-1).[2] Prices of hot-rolled steel fell from January 2015 to January 2016 then began to irregularly increase. Prices of hot-rolled steel increased by *** percent from September 2017 to June 2018.

Figure V-1
Raw material costs: Monthly average price index for hot-rolled steel, monthly, January 2015-June 2018

* * * * * * *

*** 10 of 12 importers indicated that raw material prices have increased since January 2015. ***. However, the majority of importers reported that they have passed on any raw material cost increases to their customers. Importer *** reported that prices for trailer wheels follow not only the price changes of hot-rolled steel and cold-rolled steel but also the domestic coal prices in China.

Effect of Section 232 investigation of steel

The majority of responding firms reported that the announcement of the section 232 investigation in April 2017 and the imposition of tariffs on imported steel in March 2018 did not impact conditions of competition for trailer wheels. However, *** three of seven responding importers indicated that the imposition of tariffs on imported steel in March 2018 impacted the conditions of competition for trailer wheels. ***.

Impact of AD/CVD orders on raw materials

The vast majority of firms reported that the antidumping duty and countervailing duty orders on hot-rolled steel and cut-to-length plate have not impacted the availability of trailer wheels.

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[1] ***.

[2] ***.

U.S. inland transportation costs

U.S. producer Dexstar reported that *** and reported that its U.S. inland transportation costs averaged *** percent. Importers reported that they typically arrange transportation to their customers. Most importers estimated that their U.S. inland transportation costs from the port of importation to their manufacturing plant ranged from 2 to 8 percent.[3]

PRICING PRACTICES

Pricing methods

U.S. producer Dexstar reported ***. Importers set prices for trailer wheels using a variety of methods, with most importers selling via transaction-by-transaction negotiations and set price lists.

Table V-1
Trailer wheels: U.S. producer's and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	***	4
Contract	***	2
Set price list	***	9
Other	***	3
Responding firms	***	12

[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.

As shown in table V-2, U.S. producer Dexstar and importers reported their 2017 U.S. commercial shipments of trailer wheels by type of sale. U.S. producer Dexstar reported selling *** in 2017. Importers reported selling most of their trailer wheels in the spot market.

Table V-2
Trailer wheels: U.S. producer's and importers' shares of U.S. commercial shipments by type of sale, 2017

Type of sale	U.S. producers	Importers
Long-term contracts	***	6.2
Annual contracts	***	0.8
Short-term contracts	***	21.3
Spot sales	***	71.8

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

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

[3] One importer *** estimated that its U.S. inland transportation costs averaged 35 percent.

U.S. producer Dexstar reported that its short-term contracts ***.[4] Importers reported that their short-term contracts ranged from 30 to 120 days. Four of six responding importers reported that their short-term contracts allow for price renegotiation, four indicated that they fix both price and quantity, and all six indicated that their short-term contracts are not indexed to raw material costs.

Purchasers provided a general description of their firms' method of purchase for trailer wheels. The majority of purchasers reported that they purchase trailer wheels through individual purchases. Purchaser *** reported that it reviews bids once a year to confirm pricing and purchases trailer wheels on a monthly basis to maintain inventory levels. Purchaser *** stated that it makes individual purchases with long-term suppliers and purchaser *** reported purchasing trailer wheels on a contract basis.

Sales terms and discounts

U.S. producer Dexstar typically quotes prices ***. Eight of 12 importers typically quote prices on a delivered basis. U.S. producer Dexstar reported offering ***. More than half of importers (7 of 13) reported not offering discounts. One importer reported offering total volume and quarterly volume discounts. Importers *** reported offering early payment discounts; and importer *** stated that it offered customer-specific discounts. *** importers reported sales terms of net 30 days.

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 trailer wheel products shipped to unrelated U.S. customers during January 2015-June 2018. [5]

Product 1.--12 inches by 4 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

Product 2.--14 inches by 5.5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

Product 3.--15 inches by 5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

Product 4.--16 inches by 6 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

[4] ***.

[5] Firms were instructed to report their sales of unmounted trailer wheels; trailer wheels that had been assembled with a tire and/or valve were not included.

One U.S. producer and 10 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[6] [7] Pricing data reported by these firms accounted for approximately 12.5 percent of U.S. producers' shipments of trailer wheels, by value, and 4.3 percent of U.S. shipments of subject imports from China, by value, during January 2015-June 2018. Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-5.[8]

Table V-3
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2015-June 2018

	United States		China		
Period	Price (dollars per wheel)	Quantity (wheels)	Price (dollars per wheel)	Quantity (wheels)	Margin (percent)
2015:					
Jan.-Mar.	***	***	8.79	8,148	***
Apr.-Jun.	***	***	8.71	12,736	***
Jul.-Sep.	***	***	9.13	7,436	***
Oct.-Dec.	***	***	9.32	2,623	***
2016:					
Jan.-Mar.	***	***	8.75	5,136	***
Apr.-Jun.	***	***	7.89	12,577	***
Jul.-Sep.	***	***	8.08	5,622	***
Oct.-Dec.	***	***	8.39	5,565	***
2017:					
Jan.-Mar.	***	***	7.90	8,802	***
Apr.-Jun.	***	***	8.51	18,477	***
Jul.-Sep.	***	***	9.50	4,449	***
Oct.-Dec.	***	***	8.28	13,482	***
2018:					
Jan.-Mar.	***	***	10.12	4,005	***
Apr.-Jun.	***	***	***	***	***

[1] Product 1: 12 inches by 4 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

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

[6] Ten importers reported price data for product 1, 9 importers for product 2, 11 importers for product 3, and 10 importers for product 4. The unit values among firms' reported price data varied substantially within each pricing product. However, importers' unit values were clustered in groups in each pricing product; no one importer skewed the weighted-average sales value. Staff confirmed with each firm that their price data was correctly reported and met the pricing product definitions.

[7] 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.

[8] ***.

Table V-4
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2015-June 2018

Period	United States		China		
	Price (dollars per wheel)	Quantity (wheels)	Price (dollars per wheel)	Quantity (wheels)	Margin (percent)
2015:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	22.03	753	***
Oct.-Dec.	***	***	***	***	***
2016:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	19.88	679	***
Oct.-Dec.	***	***	13.97	1,752	***
2017:					
Jan.-Mar.	***	***	22.36	2,335	***
Apr.-Jun.	***	***	16.91	3,109	***
Jul.-Sep.	***	***	18.91	3,219	***
Oct.-Dec.	***	***	19.43	2,242	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	15.59	4,422	***

[1] Product 2: 14 inches by 5.5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

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

Table V-5
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2015-June 2018

Period	United States		China		
	Price (dollars per wheel)	Quantity (wheels)	Price (dollars per wheel)	Quantity (wheels)	Margin (percent)
2015:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	14.01	6,954	***
Oct.-Dec.	***	***	13.20	20,216	***
2016:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	12.61	17,842	***
Jul.-Sep.	***	***	11.35	22,311	***
Oct.-Dec.	***	***	13.33	30,236	***
2017:					
Jan.-Mar.	***	***	14.95	10,625	***
Apr.-Jun.	***	***	16.82	15,157	***
Jul.-Sep.	***	***	16.56	14,979	***
Oct.-Dec.	***	***	16.19	13,181	***
2018:					
Jan.-Mar.	***	***	16.05	14,545	***
Apr.-Jun.	***	***	***	***	***

[1] Product 3: 15 inches by 5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.

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

Table V-6
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2015-June 2018

* * * * * * *

Figure V-2
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2015-June 2018

* * * * * * *

Figure V-3
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2015-June 2018

* * * * * * *

Figure V-4
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2015-June 2018

* * * * * * *

Figure V-5
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2015-June 2018

* * * * * * *

Import purchase costs

In addition to price data, the Commission also requested that importers provide landed duty-paid values and quantities for imports used for internal consumption (direct imports). Eight importers provided such data, and these purchase cost data for imports of products 1-4 are presented in tables V-7 to V-10 and figures V-6 to V-9, along with U.S. sales prices to end users (previously presented).[9] Purchase cost data reported by these firms accounted for approximately 34.4 percent of U.S. shipments of subject imports from China, by value, during January 2015-June 2018.

[9] Importers ***.

Table V-7
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 1,[1] by quarter, January 2015 through June 2018

Period	United States[2]		China	
	Price (dollars per wheel)	Quantity (wheels)	Cost (LDP unit value, dollars per wheel)	Quantity (wheels)
2015:				
Jan.-Mar.	***	***	7.67	78,503
Apr.-Jun.	***	***	7.31	103,810
Jul.-Sep.	***	***	7.38	63,693
Oct.-Dec.	***	***	7.30	48,631
2016:				
Jan.-Mar.	***	***	7.06	75,177
Apr.-Jun.	***	***	6.86	87,682
Jul.-Sep.	***	***	6.72	69,402
Oct.-Dec.	***	***	6.65	48,533
2017:				
Jan.-Mar.	***	***	6.22	99,206
Apr.-Jun.	***	***	6.41	99,452
Jul.-Sep.	***	***	6.01	74,548
Oct.-Dec.	***	***	6.31	87,948
2018:				
Jan.-Mar.	***	***	6.75	133,259
Apr.-Jun.	***	***	6.79	161,234

[1] Product 1: 12 inches by 4 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.
[2] U.S. f.o.b. price data is the same as the data for prices to end users presented in table V-3 and figure V-2.

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

Table V-8
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 2,[1] by quarter, January 2015 through June 2018

Period	United States[2]		China	
	Price (dollars per wheel)	Quantity (wheels)	Cost (LDP unit value, dollars per wheel)	Quantity (wheels)
2015:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	11.66	24,270
Oct.-Dec.	***	***	***	***
2016:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	9.39	46,800
Oct.-Dec.	***	***	***	***
2017:				
Jan.-Mar.	***	***	9.07	56,712
Apr.-Jun.	***	***	9.94	47,501
Jul.-Sep.	***	***	9.60	45,160
Oct.-Dec.	***	***	***	***
2018:				
Jan.-Mar.	***	***	10.25	58,896
Apr.-Jun.	***	***	11.54	61,292

[1] Product 2: 14 inches by 5.5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.
[2] U.S. f.o.b. price data is the same as the data for prices to end users presented in table V-4 and figure V-3.

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

Table V-9
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 3,[1] by quarter, January 2015 through June 2018

Period	United States[2]		China	
	Price (dollars per wheel)	Quantity (wheels)	Cost (LDP unit value, dollars per wheel)	Quantity (wheels)
2015:				
Jan.-Mar.	***	***	13.62	165,424
Apr.-Jun.	***	***	13.62	180,344
Jul.-Sep.	***	***	13.41	164,316
Oct.-Dec.	***	***	12.65	142,303
2016:				
Jan.-Mar.	***	***	12.51	153,793
Apr.-Jun.	***	***	11.95	207,730
Jul.-Sep.	***	***	11.04	184,205
Oct.-Dec.	***	***	13.43	238,868
2017:				
Jan.-Mar.	***	***	10.36	286,987
Apr.-Jun.	***	***	10.69	369,923
Jul.-Sep.	***	***	10.69	258,656
Oct.-Dec.	***	***	10.75	254,926
2018:				
Jan.-Mar.	***	***	10.82	342,456
Apr.-Jun.	***	***	11.00	370,520

[1] Product 3: 15 inches by 5 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.
[2] U.S. f.o.b. price data is the same as the data for prices to end users presented in table V-5 and figure V-4.

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

Table V-10
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 4,[1] by quarter, January 2015 through June 2018

Period	United States[2]		China	
	Price (dollars per wheel)	Quantity (wheels)	Cost (LDP unit value, dollars per wheel)	Quantity (wheels)
2015:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2016:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	15.57	149,543
2017:				
Jan.-Mar.	***	***	15.52	174,884
Apr.-Jun.	***	***	15.95	226,366
Jul.-Sep.	***	***	16.05	192,565
Oct.-Dec.	***	***	16.18	167,604
2018:				
Jan.-Mar.	***	***	16.57	226,751
Apr.-Jun.	***	***	17.00	249,772

[1] Product 4: 16 inches by 6 inches steel wheels, regardless of coating, sold to assemblers or directly to OEMs.
[2] U.S. f.o.b. price data is the same as the data for prices to end users presented in table V-6 and figure V-5.

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

Figure V-6
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 1, by quarter, January 2015 through June 2018

* * * * * * *

Figure V-7
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 2, by quarter, January 2015 through June 2018

* * * * * * *

Figure V-8
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 3, by quarter, January 2015 through June 2018

* * * * * * *

Figure V-9
Trailer wheels: Weighted-average f.o.b. domestic prices and weighted average LDP unit values and quantities of domestic and imported product 4, by quarter, January 2015 through June 2018

* * * * * * *

Importers reporting purchase cost data were asked to identify the benefits of directly importing trailer wheels as opposed to purchasing them from a U.S. producer or importer. Most importers identified more than one reason as to why their firm imported trailer wheels directly. Five of 10 responding importers identified lower cost as one of their reasons for importing trailer wheels directly. *** stated that they purchase trailer wheels from the suppliers that offer the lowest price for an acceptable quality product and noted that they buy domestic trailer wheels when the price is competitive with Chinese trailer wheels. Four importers (***) reported consistent quality or better quality. Three importers (***) noted that delivery terms were better when they purchased from China. Two importers (***) reported that they import directly because of domestic supply and availability issues; two importers (***) reported that direct imports offer a greater product range; and two importers (***) stated that they have control over the design of the trailer wheel.

Seven importers estimated that they saved between 15 to 25 percent of landed duty-paid value by importing themselves rather than purchasing. Importers reported additional costs for their firms' direct imports of trailer wheels that were not included in their reported purchase costs. Most importers estimated that their warehousing and inventory carrying costs averaged 2 to 7 percent. Two importers reported logistical or supply chain management costs of 1 and 4 percent. Two importers reported insurance costs of 1 percent.

Importers were asked to which sources their firm compared costs when determining their additional transaction costs to directly import. The majority of responding firms (9 of 10) reported that they don't compare costs with either U.S. producer or importers. Five of ten importers reported that they also purchase trailer wheels from a U.S. producer.

Price and import purchase cost trends

In general, price trends varied by both product and country. Prices for products 1 and 2 and most direct import purchase costs decreased during January 2015-June 2018, while both domestic prices and import prices increased for products 3 and 4. As shown in table V-11, domestic price decreases ranged from *** percent for products 1 and 2 during January 2015-June 2018, and domestic price increases ranged from *** percent for products 3 and 4. As shown in figure V-10, domestic prices among all four pricing products fluctuated throughout the period of investigation. Import price increases ranged from *** percent for products 3 and 4. Importers' purchase cost decreases ranged between *** percent across three of the four pricing products. As shown in figure V-11, import prices for products 3 and 4 (the largest volume of price products for imports from China) increased substantially from the third quarter of 2016. Importers' purchase costs generally declined from January 2015 through the end of 2017 and then began to slowly rise in the first two quarters of 2018 (figure V-12).

Table V-11
Trailer wheels: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

Item	Number of quarters	Low price (per #unit)	High price (per #unit)	Change in price[1] (percent)
Product 1:				
United States	10	***	***	***
China price	14	***	***	***
China purchase cost	14	6.01	7.67	(11.5)
Product 2:				
United States	14	***	***	***
China price	14	***	***	***
China purchase cost	14	***	***	***
Product 3:				
United States	14	***	***	***
China price	14	***	***	***
China purchase cost	14	10.36	13.62	(19.2)
Product 4:				
United States	14	***	***	***
China price	14	***	***	***
China purchase cost	14	***	***	***

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Figure V-10
Trailer wheels: Indexed prices for U.S. producer Dexstar, January 2015 through June 2018

* * * * * * *

Figure V-11
Trailer wheels: Indexed prices for U.S. importers, January 2015 through June 2018

* * * * * * *

Figure V-12
Trailer wheels: Indexed purchase costs for subject U.S. importers, January 2015 through June 2018

* * * * * * *

Price comparisons

As shown in table V-12, prices for trailer wheels imported from China were below those for U.S.-produced product in 17 of 52 instances (*** wheels); margins of underselling ranged from 0.9 to 24.7 percent. In the remaining 35 instances (*** wheels), prices for trailer wheels from China were between 0.9 to 93.5 percent above prices for the domestic product.

Table V-12
Trailer wheels: Instances of underselling/overselling and the range and average of margins, by product, January 2015-June 2018

Product	Underselling				
	Number of quarters	Quantity (wheels)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	10	***	***	***	***
Product 2	0	---	---	---	---
Product 3	4	***	***	***	***
Product 4	3	***	***	***	***
Total, underselling	17	***	11.3	0.9	24.7
Product	**(Overselling)**				
	Number of quarters	Quantity (wheels)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	0	---	---	---	---
Product 2	14	***	***	***	***
Product 3	10	***	***	***	***
Product 4	11	***	***	***	***
Total, overselling	35	***	(26.3)	(0.9)	(93.5)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

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

The price data reflected a wide range in prices within the four pricing products. Respondents contend that there is a product mix issue because the pricing products do not differentiate by coatings. Both petitioner and respondents Zhejiang Jingu and TTT agree that trailer wheels with a galvanized finish will have a different price than powder paint coated trailer wheels.[10] Zhejiang Jingu reported that prices for galvanized coatings are approximately *** percent high than trailer wheels with powdered paint coating.[11] Respondent TTT stated that the pricing products are overly broad because they do not differentiate between "mod" wheels and "spoke" wheels.[12]

Respondents also argue that the pricing data do not capture competition in the market. Respondent TTT argues that OEMs typically purchase trailer wheels which are assembled with a tire; and therefore, the pricing data does not represent price competition in the U.S. market.[13] Respondent Zhejiang Jingu argues that the price data do not capture the entire market because price data for sales to the aftermarket were not collected. Zhejiang Jingu argues that the prices in the aftermarket are characterized by a higher margins which are different than those in the high-volume and lower-margin environment in the OEM/assembler market.[14]

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of trailer wheels identify purchasers with which they experienced instances of lost sales or revenue due to competition from imports of trailer wheels from China during January 2015-June 2018. U.S. producer Dexstar reported that ***. ***. ***.

Staff contacted ten purchasers[15] and received responses from 12 purchasers.[16] Responding purchasers reported purchasing $152.4 million of trailer wheels during 2015-17 (table V-13).[17]

Table V-13
Trailer wheels: Purchasers' responses to purchasing patterns

* * * * * * *

[10] Conference transcript, p. 76 (Sampson). Zhejiang Jingu's postconference brief, p. 38 and TTT's postconference brief, p. 14.

[11] Zhejiang Jinju's postconference brief, p. 38. Importer Jingu reported that it sold both powdered coated and galvanized steel wheels for products 1 and 3 during the period of investigation. Ibid.

[12] TTT's postconference brief, p. 14.

[13] Ibid. The pricing data that was collected encompassed sales of trailer wheels to OEMs which are unmounted.

[14] Zhejiang Jinju's postconference brief, pp. 11 and 44.

[15] Additionally, importers who indicated that they purchased domestically during the period of investigation in their U.S. importer questionnaire response were also directed to submit a Lost Sales/Lost Revenue survey. Importers *** submitted these responses.

[16] ***.

[17] All ten responding purchasers identified themselves as assemblers of trailer wheels.

During 2017, responding purchasers reported that 17.8 percent of their trailer wheels purchases were from U.S. producers, 78.2 percent from China, and 4.0 percent from nonsubject countries.[18] Of the nine responding purchasers, four reported decreasing purchases from domestic producers, two reported no change, two reported increasing domestic purchases, one reported fluctuating purchases, and one did not purchase any domestic product. Explanations for increasing purchases of domestic product included increasing market share and growing industry. Explanations for decreasing purchases of domestic product included lack of U.S. supply, long lead times, decreasing customer demand, and refusal by the U.S. producer to supply the purchaser with mobile home rims.

Purchasing patterns were similar for those purchasers that purchased trailer wheels from China. Of the ten responding purchasers, five reported decreasing purchases of trailer wheels from China, two reported no change, two reported increasing Chinese purchases, and one reported fluctuating purchases. Explanations for increasing purchases of Chinese trailer wheels included price competitiveness and ability to supply a product U.S. producers were not supplying. Explanations for decreasing purchases of Chinese product included competitively priced domestic products, a shift to purchasing galvanized steel wheels and aluminum wheels, purchases from other countries, and overall decrease in total purchases.

Of the 10 responding purchasers, 9 reported that, since 2015, they had purchased imported trailer wheels from China instead of U.S.-produced trailer wheels. Eight of these purchasers reported that subject import prices were lower than U.S.-produced product, and five of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced trailer wheels. Six purchasers estimated the value of trailer wheels from China purchased instead of domestic product; values ranged from $2.4 million to $21.3 million and totaled $53.9 million (table V-14). *** of the total value is attributable to ***. Purchasers identified lack of availability, multiple sourcing options, product range/availability, shorter lead times, and tire preference as non-price reasons for purchasing imported rather than U.S.-produced product.

Table V-14
Trailer wheels: Purchasers' responses to purchasing subject imports instead of domestic product

* * * * * * *

Of the 10 responding purchasers, four reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (table V-15; 2 reported that they did not know). The reported estimated price reduction ranged from 6.5 to 20.0 percent. In describing the price reductions, purchasers indicated a reduction in steel prices and competition with Chinese imports as drivers for these reductions.

Table V-15
Trailer wheels: Purchasers' responses to U.S. producer price reductions

* * * * * * *

[18] Eight of 12 purchasers imported trailer wheels directly from China during 2015-17.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

One U.S. producer, Dexstar, provided usable financial data, which represents the vast majority of trailer wheels produced in the United States during the period. The firm provided data for its commercial sales *** and transfers ***. Dexstar reported its financial data based on U.S. generally accepted accounting principles (U.S. GAAP) on a calendar year basis.[1]

OPERATIONS ON TRAILER WHEELS

Table VI-1 presents aggregated data on the U.S. producer's operations in relation to trailer wheels over the annual periods of 2015 through 2017, January to June 2017 ("interim 2017"), and January to June 2018 ("interim 2018"). Table VI-2 presents changes in the average unit values of selected financial data.

Table VI-1
Trailer wheels: Results of operations of Dexstar, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

Table VI-2
Trailer wheels: Changes in AUVs, between calendar years and between partial year periods

* * * * * * *

Net sales

As shown in table VI-1, the quantity and value of total net sales decreased from 2015 to 2017, and both indicators were lower in interim 2018 compared with the period one year earlier. The average unit value of sales likewise fell from 2015 to 2016, but increased in 2017, and was higher in interim 2018 than in interim 2017. Dexstar reported commercial sales and

[1] Kenda Rubber Industrial Co., Ltd. (Taiwan) is the ultimate parent company and was founded as Kenda Rubber. It expanded from bicycle tires to other types of tires, including lawn and garden tires, trailer tires, golf cart tires, and other types of tires through acquisitions. It operates in the United States through its subsidiary, American Kenda Rubber Industrial Co., Ltd. (USA). Dexstar is one of four divisions of Americana Development Co., Inc., which is a subsidiary of American Kenda Rubber Industrial Co., Ltd. (USA). Other divisions, which are assemblers of trailer wheels, include American Tire & Wheel, Monitor Manufacturing, and Martin Wheel. The predecessor company of Dexstar, Dexter Rim & Wheel, was acquired in 2004 by Americana Development, forming Dexstar Wheel Company, Inc. See http://www.kendatire.com/en-us/our-story, retrieved September 6, 2018.

transfers to related firms. Dexstar has three related divisions that assemble trailer wheels with tires and sell them to OEMs. As the data in table VI-1 indicates ***.

Dexstar's product mix changed over the period, leading to a reduced average unit value of its total shipments and sales. ***.[2] In addition, ***.[3]

***.[4] ***.[5]

Cost of goods sold and gross profit or (loss)

As shown in table VI-1, the ratio of COGS to net sales fell from *** percent in 2015 to *** percent in 2017 but was higher at *** percent in interim 2018 compared with *** percent in interim 2017. Total COGS consist of raw materials, direct labor, and other factory costs ("OFC"). Raw materials represented the largest component of COGS, accounting for between *** percent (in interim 2017) and *** percent (in 2015) of total COGS. On a per-pound basis, raw material costs fell irregularly from $*** per pound in 2015 to $*** per pound in 2017. Total COGS was lower in interim 2018 than in interim 2017; lower values of ***.

Steel accounted for the vast majority of total raw material costs, approximately *** percent in 2017 and *** percent in the January to June 2018 period. According to *** averaged approximately $*** per pound in 2014, falling to an average of $*** in 2015 before increasing to $*** and $*** per pound in 2016 and 2017, respectively. The price was *** higher (approximately $*** per pound) during January to June 2018 than in January to June 2017 (approximately $*** per pound).[6] [7] Dexstar explained ***.[8] Other raw material costs include

---

[2] Dexstar's U.S. producers' questionnaire response, section II-9. ***.

[3] See table III-7 in Part III of this report.

[4] Email from ***.

[5] ***. Dexstar's postconference brief, exh. 2 (***).

[6] ***.

[7] The input to make steel trailer wheels is generally hot-rolled steel in coils, a steel mill product. The effect of certain steel trade actions has been to raise the price of imported and domestically-produced steel and increase the cost of downstream products produced from steel. Hot-rolled steel prices were affected by Commerce's affirmative countervailing duty determinations in March 2016 and its antidumping orders in October of that year. More recently, the President exercised his authority under Section 232 (the national security provision) of the Trade Expansion Act of 1962 on March 8, 2018, to impose 25 percent ad valorem duties on all steel mill products from all countries except those exempted; reportedly, exemptions have been granted to Argentina, Australia, Brazil, and South Korea, although Argentina, Brazil, and South Korea are covered by section 232 absolute quotas. See https://www.cbp.gov/trade/programs-administration/entry-summary/232-tariffs-aluminum-and-steel, retrieved on September 11, 2018. On March 23, 2018, the Section 232 tariffs became effective and U.S. Customs and Border Protection began collecting them. See https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states; see also, The Effect of Steel on National Security ("Commerce 232 Steel Report") January 11, 2018, pp. 9-10.

[8] Email from ***.

.[9] Dexstar does not galvanize its wheels but sends them to an independent firm to be galvanized at a cost of approximately $ per wheel.[10]

Direct labor is the smallest of the three categories, averaging between ***. Like raw material costs, direct labor costs tend to vary with product and sales. Other factory costs (OFC), the last category of costs in COGS, ranged from *** percent (in 2015) to *** percent (in 2016) of total COGS. ***.

Dexstar's gross loss improved ***.

SG&A expenses and operating income or (loss)

As shown in table VI-1, Dexstar's SG&A expenses fell irregularly from $*** to $*** from 2015 to 2017, and were similar in the interim periods ($*** in interim 2017 and $*** in interim 2018). The ratio of total SG&A expenses to total net sales value was *** percent in 2015, then moved within a relatively narrow range: from *** percent in 2016 to *** percent in 2017.

Dexstar's operating loss improved *** in 2017 as operating costs declined more than sales. Its ***.

Other expenses and net income

Classified below the operating income levels are other expense and other income, which are usually allocated to the product line from high levels in the corporation. ***. Cash flow, defined as net income plus depreciation, followed the same trend as operating losses, improving from *** in 2015 to *** in 2016, and to *** in 2017. Cash flow ***.

Variance analysis

A variance analysis for Dexstar's operations on trailer wheels is presented in table VI-3.[11] The information for this variance analysis is derived from table VI-1. The analysis shows that the ***.

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[9] Dexstar's U.S. producers' questionnaire response, section III-9c.

[10] Email from ***.

[11] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Table VI-3
Trailer wheels: Variance analysis on the operations of Dexstar, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents capital expenditures and research and development ("R&D") expenses for Dexstar. Capital expenditures fell irregularly from $*** in 2015 to $*** in 2017 but were greater in interim 2018 than in interim 2017. Dexstar stated in its questionnaire response that the firm's capital expenditures ***[12] while a representative of Dexstar stated that automation and refurbishment/renovation to maintain tolerances of manufacturing equipment have been the focus of capital investment.[13] In its postconference brief, Dexstar reviewed its efforts to reduce costs. It stated that ***.[14] As shown in table VI-4, ***.

Table VI-4
Trailer wheels: Capital expenditures and R&D expenses of Dexstar, 2015-17, January to June 2017, and January to June 2018

* * * * * * *

A witness for Dexstar stated that the industry making trailer wheels is capital intensive. Moreover, Dexstar believes it is normal to see capital expenditures approximate depreciation charges. Dexstar provided a comparison of depreciation and capital expenditures for the annual periods of 2011-17 and half-yearly periods in 2017 and 2018. In some years, capital expenditures exceeded depreciation (***) and lagged behind depreciation in other years (***).[15]

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on Dexstar's total assets and the return on assets ("ROA"). Total assets decreased from $*** in 2015 to $*** in 2017. The ROA decreased from *** percent in 2015 to *** percent in 2017.

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[12] Dexstar's U.S. producers' questionnaire response, section III-13.

[13] Conference transcript, p. 82 (Pizzola).

[14] In its postconference brief, Dexstar provided a table showing certain investments and operational improvements made during November 2014 through June 2018 and the associated cost savings. Dexstar's postconference brief, answers to staff questions, answer 10.

[15] Dexstar's postconference brief, answers to staff questions, answer 9. ***. Email from ***.

Table VI-5
Trailer wheels: U.S. producers' total assets and return on investment, 2015-17

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of trailer wheels to describe any actual or potential negative effects of imports of trailer wheels from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-6 presents Dexstar's responses in a tabulated format and table VI-7 provides the narrative responses.

Table VI-6
Trailer wheels: Actual and anticipated negative effects on Dexstar's investment and growth and development from imports from China since January 1, 2015

* * * * * * *

Table VI-7
Trailer wheels: Narrative responses by Dexstar regarding actual and anticipated negative effects of imports from China on investment, growth, and development since January 1, 2015

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

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

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

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

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

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

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

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 38 firms believed to produce and/or export trailer wheels from China.[3] [4] Usable responses to the Commission's questionnaire were received from four firms: Zhejiang Jingu Co., Ltd. ("Jingu"), Zhejiang Starco Huanmei Auto-Parts Co., Ltd. ("Starco"), Xiamen Sunrise Group Co., Ltd. ("Sunrise"), and Xingmin Intelligent Transportation Systems (Group) Co., Ltd. ("Xingmin"). These firms' exports to the United States accounted for approximately *** percent of U.S. imports of trailer wheels from China in 2017.[5] According to estimates from the responding Chinese producers, the production of trailer wheels in China reported in questionnaires accounts for more than 100 percent of overall production of trailer wheels in China, which includes both exports to the United States and Chinese home market shipments.[6] Table VII-1 presents information on the trailer wheel operations of the responding producers and exporters in China.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records. The Commission issued questionnaires to those firms identified in the petition for which email addresses or fax numbers were provided. Commission staff was also able to find contact information for several other firms identified in the petition and/or *** records but for which contact information was not provided.

[4] Commission staff was able to find contact information for Zhejiang Ningbo Hanvos ("Ningbo"), a foreign producer, which was identified during the staff conference. Conference transcript, p. 134 (Jin). However, Ningbo did not submit a questionnaire response despite Commission staff's attempts to contact it.

[5] Based on questionnaire data, reported exports from China totaled *** pounds in 2017, while reported imports from China, which are based on the official U.S. imports statistics using HTS statistical reporting number 8716.90.5035 and then adjusted with data compiled from data submitted by U.S. importers, totaled 150.1 million pounds in 2017.

[6] Foreign producers' questionnaire responses, section II-5.

Table VII-1
Trailer wheels: Summary data on firms in China, 2017

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Jingu	***	***	***	***	***	***
Starco	***	***	***	***	***	***
Sunrise	***	***	***	***	***	***
Xingmin	***	***	***	***	***	***
Total	244,793	100.0	129,734	100.0	248,534	52.2

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, 2015.

Table VII-2
Trailer wheels: Reported changes in operations by producers in China, since January 1, 2015

* * * * * * *

Operations on trailer wheels

Table VII-3 presents information on the trailer wheel operations of the responding producers and exporters in China. Chinese producers' production capacity decreased by 5.0 percent from 2015 to 2017, and is projected to decrease by a further 4.5 percent from 2017 to 2019.[7] [8] [9] Chinese producers' production increased by *** percent from 2015 to 2017, but is projected to decrease by *** percent from 2017 to 2019.

Capacity utilization increased from *** percent in 2015 to *** percent in 2017.[10] Capacity utilization was *** percentage points lower in January-June 2018 than January-June 2017. Capacity utilization is projected to be *** percent in 2018 and *** percent in 2019.

[7] The petitioner argues that ***. Petitioner's postconference brief, pp. 37-38, fn. 80; and Sunrise's foreign producer questionnaire response, section II-3c. In addition, the petitioner argues that ***, and that Jingu has the ability ***. Petitioner's postconference brief, pp. 37-38, fn. 80; Jingu's foreign producer questionnaire response, section II-3e; and email from ***.

[8] Jingu argues that the record evidence shows that production capacity is expected to *** in 2019 and that Jingu has *** even with a new plant scheduled for operation as it is simply a replacement of its Xinqiao facility, which is scheduled to close at the end of 2018. Jingu further argues that despite the petitioner's allegation, its high-end factory in Jinqao does not produce the subject merchandise. In addition, Jingu asserts that there are only a limited number of producers for the subject merchandise in China and most of the Chinese producers listed by the petitioner are unlikely to produce and export the subject merchandise. Respondent Jingu's postconference brief, pp. 46-47 and exhs. 8 and 12; and conference transcript, pp. 132-133 (Jin). However, Jingu did not provide the requested information to compare excess production capacity in the trailer wheel industry in China between the time prior to 2015 and the period for which data were collected. Conference transcript, p. 145 (Jin).

[9] Jingu cites to Sunrise's questionnaire response that ***. Further, Jingu refers to its own questionnaire response that *** and to its testimony that equipment and tooling for the subject and nonsubject merchandise are totally different and product switching would be costly. Sunrise's foreign producer questionnaire response, section II-3e; Respondent Jingu's postconference brief, p. 49; and conference transcript, p. 145 (Jin).

[10] The petitioner argues that reported utilization is based on questionable reductions in reported foreign producers' capacity over the period for which data was collected. Petitioner's postconference brief, p. 39, fn. 86; Respondent Jingu's postconference brief, p. 49 and exh. 12; and conference transcript, p. 132 (Jin).

Table VII-3
Trailer wheels: Data on industry in China, 2015-17, January to June 2017, January to June 2018 and projection calendar years 2018 and 2019

Item	Actual experience					Projections	
	Calendar year			January to June		Calendar year	
	2015	2016	2017	2017	2018	2018	2019
	Quantity (1,000 pounds)						
Capacity	342,031	334,284	325,078	162,539	164,474	329,070	310,322
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
	Quantity (1,000 pounds)						
Export shipments to:							
United States	108,378	120,486	129,734	66,745	63,179	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

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

Home market shipments accounted for between *** percent and *** percent of total shipments during 2015-17.[11] [12] Chinese producers' home market shipments increased by *** percent from 2015 to 2017, and are projected to increase by a further *** percent from 2017 to 2019.

The vast majority of Chinese export shipments were destined for the U.S. market. Overall, these shipments accounted for *** percent, *** percent, and *** percent of total exports from China in 2015, 2016, and 2017, respectively. In addition, Chinese producers' export shipments to the United States of trailer wheels, as a ratio to total shipments, increased from *** percent in 2015 to *** percent in 2017. Chinese producers' export shipments of trailer wheels to the United States increased by *** percent from 2015 to 2017, but are projected to decrease by *** percent from 2017 to 2019. On the other hand, Chinese export shipments of trailer wheels to non-U.S. markets decreased from *** percent to *** percent of total shipments in 2015-17. Export shipments to non-U.S. markets decreased from 2015 to 2016 by *** percent before decreasing further by *** percent from 2016 to 2017. Overall, export shipments to non-U.S. markets decreased by *** percent from 2015 to 2017 but are expected to increase by *** percent from 2017 to 2019.

Chinese respondent Jingu states that four companies—itself, Ningbo, Sunrise, and Xingmin—are the only producers of the subject merchandise in China which export to the United States, and that the other companies listed in the petition are either small producers of the subject merchandise or do not produce/export at all.[13] In addition, much of Chinese export shipments to the United States is attributed to ***. ***.

[11] Responding to Commission staff's question to obtain general percentage figures for the home market shipments and the exports for the subject merchandise, respectively, for the purpose of comparison, Jingu indicated that all Chinese produce the subject merchandise for export and not for the Chinese market because there is no home market demand. Conference transcript, p. 144 (Jin). In addition, Jingu ***. Jingu's foreign producer questionnaire response, section II-8.

[12] ***. Foreign producers' questionnaire responses, section II-8.

[13] Conference transcript, p. 134 (Jin); and Respondent Jingu's postconference brief, p. 22 and exh. 8.

Alternative products

As shown in table VII-4, responding Chinese firms produced other products on the same equipment and machinery used to produce trailer wheels. Trailer wheels accounted for between *** percent and *** percent of overall production in each year from 2015 to 2017. Chinese producers' overall capacity decreased by 6.4 percent from 2015 to 2017. Overall capacity utilization increased from 67.9 percent in 2015 to 76.9 percent in 2017.[14] Capacity utilization was 2.7 percentage points lower in January-June 2018 than January-June 2017.

Table VII-4
Trailer wheels: Overall capacity and production on the same equipment as in-scope products by producers in China, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (1,000 pounds)				
Overall capacity	386,282	372,171	361,655	180,827	184,002
Production:					
Trailer wheels	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	262,336	259,316	278,120	137,534	135,148
	Ratios and shares (percent)				
Overall capacity utilization	67.9	69.7	76.9	76.1	73.4
Share of production:					
Trailer wheels	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

Exports

According to GTA, China's leading export markets in 2017 for trailer parts, which includes in-scope trailer wheels, were the United States, Germany, and Australia (table VII-5). Specifically, the United States was the top export market for trailer parts from China, accounting for 30.8 percent of China's trailer parts exports, followed by the Germany, accounting for 5.9 percent. Table VII-5 presents data on Chinese exports of trailer parts.

[14] The petitioner argues that reported utilization is based on the questionable reductions in reported foreign producers' capacity over the period for which data was collected. Petitioner's postconference brief, p. 39, fn. 86; Respondent Jingu's postconference brief, p. 49 and exh. 12; and conference transcript, p. 132 (Jin).

Table VII-5
Trailer parts: China's exports by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (1,000 pounds)		
China's exports to the United States	419,555	431,627	465,945
China's exports to other major destination markets.--			
Germany	79,043	80,643	89,494
Australia	55,952	61,273	70,706
United Kingdom	65,081	67,800	69,727
Netherlands	55,582	56,021	61,476
Korea South	53,782	52,551	56,037
Russia	32,052	41,962	50,356
Mexico	32,480	34,309	43,257
Japan	32,134	33,716	37,344
All other destination markets	623,768	590,833	566,322
Total China exports	1,449,429	1,450,735	1,510,664
	Value (1,000 dollars)		
China's exports to the United States	441,111	439,462	458,478
China's exports to other major destination markets.--			
Germany	86,130	80,309	89,127
Australia	53,880	53,540	63,095
United Kingdom	61,671	57,389	61,793
Netherlands	57,686	55,598	61,617
Korea South	42,291	39,530	42,723
Russia	27,281	32,573	40,651
Mexico	26,729	26,591	32,510
Japan	38,026	39,954	41,782
All other destination markets	546,108	486,998	470,456
Total China exports	1,380,913	1,311,943	1,362,231
	Unit value (dollars per pound)		
China's exports to the United States	1.05	1.02	0.98
China's exports to other major destination markets.--			
Germany	1.09	1.00	1.00
Australia	0.96	0.87	0.89
United Kingdom	0.95	0.85	0.89
Netherlands	1.04	0.99	1.00
Korea South	0.79	0.75	0.76
Russia	0.85	0.78	0.81
Mexico	0.82	0.78	0.75
Japan	1.18	1.19	1.12
All other destination markets	0.88	0.82	0.83
Total China exports	0.95	0.90	0.90

Table continued on the next page.

Table VII-5—Continued
Trailer parts: China's exports by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Share of quantity (percent)		
China's exports to the United States	28.9	29.8	30.8
China's exports to other major destination markets.--			
Germany	5.5	5.6	5.9
Australia	3.9	4.2	4.7
United Kingdom	4.5	4.7	4.6
Netherlands	3.8	3.9	4.1
Korea South	3.7	3.6	3.7
Russia	2.2	2.9	3.3
Mexico	2.2	2.4	2.9
Japan	2.2	2.3	2.5
All other destination markets	43.0	40.7	37.5
Total China exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 8716.90 as reported by China Customs in the Global Trade Atlas database, accessed September 3, 2018.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of trailer wheels. Inventories of trailer wheels from China increased by *** percent from 2015 to 2017, although the ratio of inventory to total shipment only increased by ***.

Table VII-6
Trailer wheels: U.S. importers' end-of-period inventories of imports by source, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Inventories (1,000 pounds); Ratios (percent)				
Imports from China					
Inventories	28,645	34,522	38,660	41,530	38,517
Ratio to U.S. imports	27.5	30.9	29.9	29.2	27.7
Ratio to U.S. shipments of imports	29.9	32.6	31.0	32.4	27.8
Ratio to total shipments of imports	29.9	32.6	30.9	32.3	27.7
Imports from nonsubject sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested that importers indicate whether they imported or arranged for the importation of trailer wheels from China after June 30, 2018. These data are reported in table VII-7. Fourteen out of 15 importers reported that they arranged orders for importation after June 30, 2018. The responding importers reported *** pounds of arranged imports from China between July 2018 and June 2019, which accounts for *** percent of arranged imports from all sources. In total, 14 of 15 importers reported orders in the third quarter of 2018, and 12 of 15 importers reported orders in the last quarter of 2018, while 3 of 15 importers reported orders in April-June 2019.

Table VII-7
Trailer wheels: Arranged imports, July 2018 through June 2019

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, there have not been any antidumping or countervailing duty investigations outside the United States on the subject merchandise.[15] Responding Chinese producers, as well as the petitioner, stated that they are unaware of any antidumping or countervailing duty orders in third country markets on trailer wheels from China.[16]

INFORMATION ON NONSUBJECT COUNTRIES

Germany was the largest export source for trailer parts (including trailer wheels), accounting for 24.8 percent of global exports, or 1.9 billion dollars, in 2017. The second largest global exporter of trailer parts in 2017 was China, accounting for 17.9 percent of global exports. The United States exported 827 million dollars of trailer parts in 2017 and was the third largest exporter, accounting for 10.9 percent of global trailer parts exports, followed by the Netherlands with 5.3 percent and Hungary with 5.1 percent.

At the staff conference, respondents testified that "Korea Wheel is the only third-country manufacturer of note, but this company is still smaller than the main Chinese manufacturers."[17] Korea was not listed among the 10 top trailer part export sources in 2017, however.

[15] Reponses to U.S. importers' questionnaire, section I-9; and Responses to foreign producer's questionnaire, section II-7.

[16] Conference transcript, p. 61 (Stewart) and pp. 145-146 (Jin and Kao).

[17] Conference transcript, p. 112 (Miller).

Table VII-8
Trailer parts: Global exports by country, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	738,413	680,440	827,952
China	1,380,913	1,311,943	1,362,231
All other major reporting exporters.-- Germany	1,639,654	1,668,868	1,882,131
Netherlands	267,569	277,234	398,659
Hungary	343,777	355,507	390,824
Poland	259,667	301,334	343,469
Italy	292,437	295,537	335,097
Austria	161,580	203,585	214,708
France	175,103	179,364	193,076
Belgium	156,903	165,765	192,994
Czech Republic	147,960	165,239	187,554
Canada	123,560	121,030	118,774
All other exporters	1,034,705	1,020,594	1,145,529
Total global exports	6,722,240	6,746,442	7,592,998
	Share of value (percent)		
United States	11.0	10.1	10.9
China	20.5	19.4	17.9
All other major reporting exporters.-- Germany	24.4	24.7	24.8
Netherlands	4.0	4.1	5.3
Hungary	5.1	5.3	5.1
Poland	3.9	4.5	4.5
Italy	4.4	4.4	4.4
Austria	2.4	3.0	2.8
France	2.6	2.7	2.5
Belgium	2.3	2.5	2.5
Czech Republic	2.2	2.4	2.5
Canada	1.8	1.8	1.6
All other exporters	15.4	15.1	15.1
Total global exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8716.90 reported by various national statistical authorities in the Global Trade Atlas database, accessed September 3, 2018.

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
83 FR 40551 August 15, 2018	*Steel Trailer Wheels From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-08-15/pdf/2018-17471.pdf
83 FR 45095 September 5, 2018	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-05/pdf/2018-19206.pdf
83 FR 45100 September 5, 2018	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-05/pdf/2018-19205.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appear as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Steel Trailer Wheels from China

Inv. Nos.: 701-TA-609 and 731-TA-1421 (Preliminary)

Date and Time: August 29, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Terence P. Stewart**, Stewart and Stewart)
In Opposition to Imposition (**Ting-Ting Kao**, White & Case LLP)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

Dexstar Wheel Division of Americana Development, Inc.

P. Jeffrey Pizzola, Group Chief Financial Officer, Chief Operating Officer, Americana Development Inc.

Robin Pickard, Vice President of Finance and Accounting, American Kenda Rubber Industrial Co., Ltd.

Ray Oglesby, General Manager, Dexstar Wheel Division

Patricia Bowen, Sales/Customer Service, Dexstar Wheel Division

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Jerry Sampson, President, Americana Tire and Wheel, a Division of Americana Development, Inc.

John Wright, Division Manager, Americana Tire & Wheel, Elkhart branch

Otis Howell, Corporate Project Analyst, Americana Development Inc.

Terence P. Stewart)
Nicholas J. Birch) – OF COUNSEL
Mark D. Beatty)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

White & Case LLP
Washington, DC
on behalf of

Zhejiang Jingu, Co. Ltd.

Jiayan Jin, CEO – Steel Wheel, Zhejiang Jingu Co. Ltd.

Tim Miller, President, Lionshead Specialty Tire & Wheel, LLC

Jay Campbell)
Ting-Ting Kao) – OF COUNSEL
Allison Kepkay)

Barnes, Richardson & Colburn, LLP
Washington, DC
on behalf of

Tredit Tire & Wheel Co, Inc. ("Tredit")

Ronald A. Pike, President and COO, Tredit

Brian F. Walsh) – OF COUNSEL

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, LLP
Washington, DC
on behalf of

Trans Texas Tire

Amanda Walker, Executive Vice President, Trans Texas Tire

Tom Walker, CEO Emeritus, Trans Texas Tire

Ned H. Marshak)
) – OF COUNSEL
Neil S. Helfand)

The RV Industry Association
Reston, VA

Michael Ochs, Director, Government Affairs

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Terence P. Stewart**, Stewart and Stewart)
In Opposition to Imposition (**Ting-Ting Kao**, White & Case LLP; and
Ned H. Marshak, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, LLP)

-END-

APPENDIX C

SUMMARY DATA

Total market

Table C-1
Trailer wheels: Summary data concerning the U.S. total market, 2015-17, January to June 2017, and January to June 2018
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to June		Comparison years			Jan-Jun
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Producers' share (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Importers' share (fn1):									
China	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Nonsubject sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All import sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. consumption value:									
Amount	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Producers' share (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Importers' share (fn1):									
China	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Nonsubject sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All import sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. imports from.--									
China:									
Quantity	107,954	121,402	150,140	75,010	80,931	39.1	12.5	23.7	7.9
Value	88,345	82,485	106,848	51,997	60,550	20.9	(6.6)	29.5	16.4
Unit value	$0.82	$0.68	$0.71	$0.69	$0.75	(13.0)	(17.0)	4.7	7.9
Ending inventory quantity	28,645	34,522	38,660	41,530	38,517	35.0	20.5	12.0	(7.3)
Nonsubject sources:									
Quantity	2,359	5,380	5,321	2,723	3,294	125.5	128.0	(1.1)	21.0
Value	3,381	4,146	3,907	2,030	2,604	15.6	22.6	(5.7)	28.2
Unit value	$1.43	$0.77	$0.73	$0.75	$0.79	(48.8)	(46.2)	(4.7)	6.0
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All import sources:									
Quantity	110,314	126,782	155,461	77,733	84,225	40.9	14.9	22.6	8.4
Value	91,726	86,630	110,755	54,027	63,153	20.7	(5.6)	27.8	16.9
Unit value	$0.83	$0.68	$0.71	$0.70	$0.75	(14.3)	(17.8)	4.3	7.9
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. producers':									
Average capacity quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Production quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Capacity utilization (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. shipments:									
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Export shipments:									
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Inventories/total shipments (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Production workers	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Hours worked (1,000s)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Wages paid ($1,000)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Hourly wages (dollars per hour)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Productivity (pounds per hour)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit labor costs	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Net sales:									
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Cost of goods sold (COGS)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Gross profit or (loss)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
SG&A expenses	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Operating income or (loss)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Net income or (loss)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Capital expenditures	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit COGS	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit SG&A expenses	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit operating income or (loss)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit net income or (loss)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
COGS/sales (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Operating income or (loss)/sales (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Net income or (loss)/sales (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018 adjusted by removing out-of-scope chrome coated wheels and adding in wheels imported with tires/valves already attached

Merchant market

Table C-2
Trailer wheels: Summary data concerning the U.S. merchant market, 2015-17, January to June 2017, and January to June 2018
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to June		Comparison years			Jan-Jun
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Producers' share (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Importers' share (fn1):									
China	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Nonsubject sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All import sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. consumption value:									
Amount	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Producers' share (fn1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Importers' share (fn1):									
China	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Nonsubject sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All import sources	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. imports from.--									
China:									
Quantity	107,954	121,402	150,140	75,010	80,931	39.1	12.5	23.7	7.9
Value	88,345	82,485	106,848	51,997	60,550	20.9	(6.6)	29.5	16.4
Unit value	$0.82	$0.68	$0.71	$0.69	$0.75	(13.0)	(17.0)	4.7	7.9
Ending inventory quantity	28,645	34,522	38,660	41,530	38,517	35.0	20.5	12.0	(7.3)
Nonsubject sources:									
Quantity	2,359	5,380	5,321	2,723	3,294	125.5	128.0	(1.1)	21.0
Value	3,381	4,146	3,907	2,030	2,604	15.6	22.6	(5.7)	28.2
Unit value	$1.43	$0.77	$0.73	$0.75	$0.79	(48.8)	(46.2)	(4.7)	6.0
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All import sources:									
Quantity	110,314	126,782	155,461	77,733	84,225	40.9	14.9	22.6	8.4
Value	91,726	86,630	110,755	54,027	63,153	20.7	(5.6)	27.8	16.9
Unit value	$0.83	$0.68	$0.71	$0.70	$0.75	(14.3)	(17.8)	4.3	7.9
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. producers':									
Commercial U.S. shipments:									
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *

Notes:

Note.--In the preliminary phase, merchant (or open) market finanical peformance data are not available.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. imports statistics using HTS statistical reporting number 8716.90.5035, accessed September 3, 2018 adjusted by removing out-of-scope chrome coated wheels and adding in wheels imported with tires/valves already attached.

APPENDIX D

RESPONSES TO SEMI-FINISHED PRODUCT ISSUE QUESTIONS

Table D-1
Trailer wheels: Semi-finished narrative responses

Item	Producer		Importer	
	No	Yes	No	Yes
Dedicated to full product	***	***	4	5
Distinct markets	***	***	7	3
Differences in characteristics	***	***	7	3
Differences in prices	***	***	5	4
Significant transformation process	***	***	4	5

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

Table D-2
Trailer wheels: Semi-finished narrative responses

* * * * * * *