Steel Wheels from China

Investigation Nos. 701-TA-602 and 731-TA-1412 (Final)

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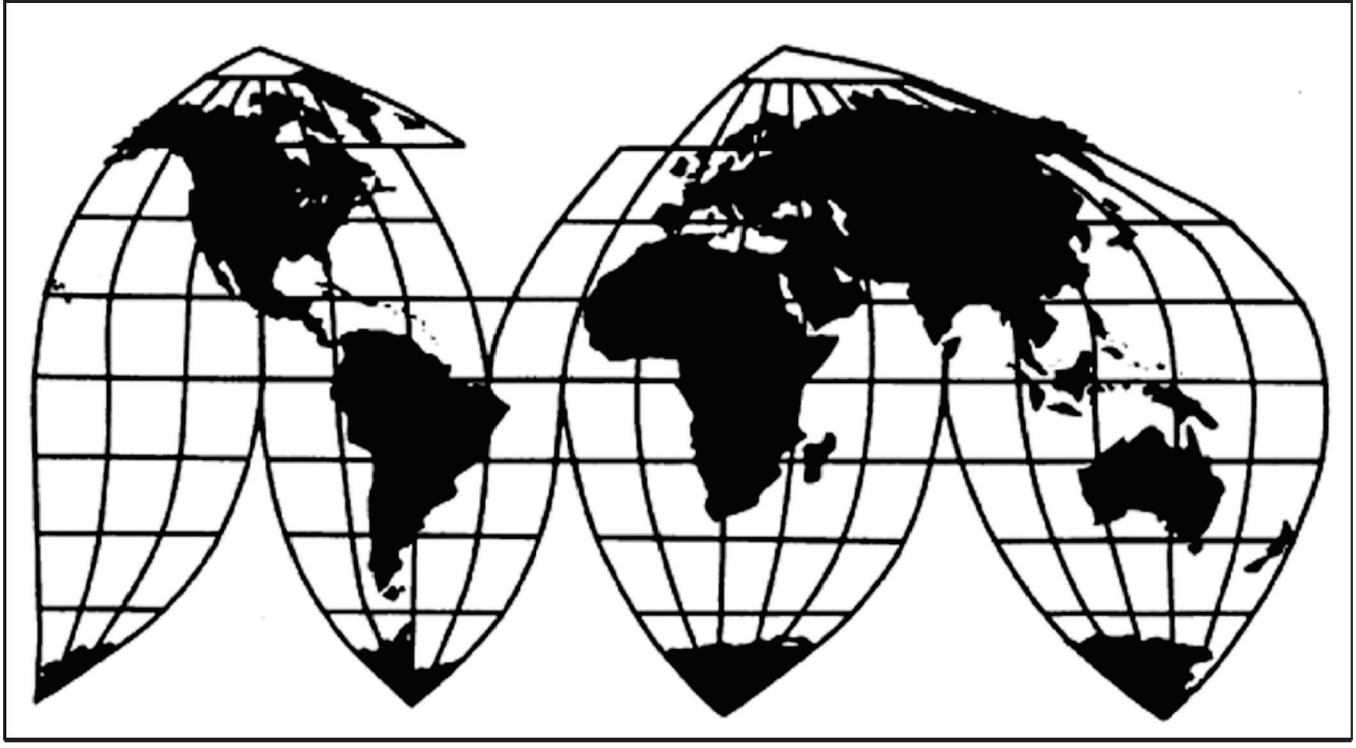
U.S. International Trade Commission



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CONTENTS

CONTENTS

CONTENTS

Appendixes

Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified (including by brackets or by parallel lines) in confidential reports and is deleted and replaced with asterisks in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-602 and 731-TA-1412 (Final)

Steel 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 an industry in the United States is materially injured by reason of imports of steel wheels from China, provided for in subheadings 8708.70.45, 8708.70.60, and 8716.90.50 of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and to be subsidized by the government of China.[2] [3]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective March 27, 2018, following receipt of a petition filed with the Commission and Commerce by Accuride Corporation, Evansville, Indiana, and Maxion Wheels Akron LLC, Akron, Ohio. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of steel wheels from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on November 30, 2018 (83 FR 61672). The schedule was revised in a subsequent notice published in the *Federal Register* on February 12, 2019 (84 FR 3485). The hearing was held in Washington, DC, on March 14, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] The Commission also finds that imports subject to Commerce's affirmative critical circumstances determinations are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on steel wheels from China.

[3] Chairman David S. Johanson and Commissioner Meredith M. Broadbent dissenting.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of certain steel wheels[1] from China found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value and subsidized by the government of China.[2] We also find that critical circumstances do not exist with respect to imports of steel wheels from China that are subject to Commerce's affirmative critical circumstances determinations.

I. Background

The petitions in these investigations were filed on March 27, 2018 by two domestic producers of steel wheels: Accuride Corporation ("Accuride") and Maxion Wheels Akron LLC ("Maxion") (collectively, "Petitioners"). Petitioners' representatives appeared at the hearing and Petitioners submitted joint prehearing and posthearing briefs and final comments. Representatives of two respondents—Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise"), a producer/exporter of steel wheels in China, and Zhejiang Jingu Company Limited ("Jingu"), a producer/exporter of steel wheels in China (collectively, "Respondents")—appeared at the hearing; they submitted a joint prehearing brief and separate posthearing briefs and Sunrise filed final comments. Commerce aligned its final antidumping and countervailing duty investigations of steel wheels from China, and issued its final affirmative determinations on March 28, 2019.[3]

U.S. industry data are based on Petitioners' questionnaire responses; they accounted for 100 percent of domestic production of steel wheels in 2017.[4] U.S. import data are based on questionnaire responses of 24 U.S. importers of steel wheels from China during the January 1, 2015 to September 30, 2018 period of investigation ("POI"). The questionnaire responses of these 24 importers accounted for 40.7 percent of the value of imports from China entering under the six main applicable HTS numbers included in the scope of these investigations, and

[1] In these Views, "steel wheels" refers to wheels corresponding to the scope of Commerce's investigation in this case, described under "Product Description" in Section II.B.

[2] Chairman David S. Johanson and Commissioner Meredith M. Broadbent dissenting. *See* Dissenting Views of Chairman Johanson and Commissioner Broadbent. They join sections I-IV.B. of the Views of the Commission.

[3] *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 Fed. Reg. 44573 (Aug. 31, 2018). Due to the lapse in appropriations and ensuing cessation of government operations, all import injury investigations were tolled pursuant to 19 U.S.C. §§ 1671d(b)(2), 1673d(b)(2). *Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination,* 84 Fed. Reg. 11744 (March 28, 2019); *Certain Steel Wheels From the People's Republic of China of China: Final Determination of Sales at Less-Than-Fair-Value*, 84 Fed. Reg. 11746 (March 28, 2019).

[4] Confidential Report, Memorandum INV-RR-024 ("CR") at I-5 (April 11, 2019), Public Report ("PR") at I-4.

74.7 percent of the value of imports from China entering under the two HTS numbers Petitioners considered most relevant for the scope (8708.70.4530 and 8716.90.5045).[5]

Data concerning the industry producing subject merchandise in China are based on questionnaire responses from four Chinese steel wheel producers who responded in the final phase of these investigations and three other Chinese steel wheel producers who responded in the preliminary phase of these investigations.[6] The responding Chinese producers (from both the preliminary and final phases of these investigations) accounted for approximately *** percent of overall production of steel wheels in China,[7] and for 98.5 percent of U.S. imports of steel wheels from China in 2017.[8]

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[9] 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."[10] 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."[11]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[12] No single factor is

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[5] CR/PR at IV-1.

[6] The data from four foreign Chinese producers received in these final phase investigations were supplemented with data covering 2015, 2016, and 2017 and data projections for 2018 and 2019 from three foreign Chinese producers that responded only in the preliminary phase of these investigations. CR/PR at VII-3, n.4; CR/PR at Tables VII-1, VII-2, VII-3, & VII-4.

The Chinese producers that filed questionnaire responses in the final phase of these investigations are: Jingu, Maxion Nantong *** ("Maxion Nantong"), Mefro Wheel *** ("Mefro"), and Sunrise. The Chinese producers that filed questionnaires only in the preliminary phase of these investigations are: Xingman Intelligent Systems (Group) Co., Ltd., Shandong Better Wheel Co., Ltd., and Cimac Wheel Industries Co., Ltd. CR/PR at VII-3, n.4.

[7] CR at VII-3-4 & n.6; PR at VII-3 & n.6.

[8] CR/PR at VII-3 & n.5.

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(10).

[12] *See*, *e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade (Continued...)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[14] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[15] the Commission determines what domestic product is like the imported articles Commerce has identified.[16]

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

> *The merchandise subject to the investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 22.5 inches and 24.5 inches are generally for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses, and are the current standard wheel diameters for such*

(…Continued)
1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

[14] *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.").

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

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

applications. The standard widths of certain on-the-road steel wheels are 7.5 inches, 8.25 inches, and 9.0 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope. While 22.5 inches and 24.5 inches are standard wheel sizes used by Class 6, 7, and 8 commercial vehicles, the scope covers sizes that may be adopted in the future for Class 6, 7, and 8 commercial vehicles.

The scope includes certain on-the-road steel wheels with either a "hub-piloted" or "stud-piloted" mounting configuration, and includes rims and discs for such wheels, whether imported as an assembly or separately. The scope includes certain on-the-road steel wheels, discs, and rims, of carbon and/or alloy steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. All on-the-road wheels sold in the United States are subject to the requirements of the National Highway Traffic Safety Administration and bear markings, such as the "DOT" symbol, indicating compliance with applicable motor vehicle standards. See 49 CFR 571.120. The scope includes certain on-the-road steel wheels imported with or without the 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 attached are included. However, if the certain on-the-road steel wheel is imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached, the certain on-the-road steel wheel is covered by the scope, but the tire and/or valve stem is not covered by the scope.

The scope includes rims and discs that have been further processed in a third country, including but not limited to, the welding and painting of rims and discs from China to form a steel wheel, or any other processing that would not otherwise remove the merchandise from the scope of the proceeding if performed in China.

Excluded from the scope are:

(1) Steel wheels for tube-type tires that require a removable side ring;
(2) aluminum wheels;
(3) wheels where steel represents less than fifty percent of the product by weight; and
(4) steel wheels that do not meet National Highway Traffic Safety Administration requirements, other than the rim marking requirements found in 49 CFR 571.120S5.2.

Imports of the subject merchandise are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060,

> *8716.90.5045, and 8716.90.5059. Merchandise meeting the scope description may also enter under the following HTSUS subheadings: 4011.20.1015, 4011.20.5020, and 8708.99.4850. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.*[17]

Commerce's scope of investigation covers certain on-the-road steel wheels, rims, and discs for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Such steel wheels are generally used for class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), which includes tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses.[18] The rim of a steel wheel is the circular channel into which a tire is mounted on the wheel. The disc is the central portion of the wheel which connects the wheel to the vehicle's axle.[19] The scope excludes steel wheels for tube-type tires that require a removable side ring; wheels that do not meet National Highway Traffic Safety Administration requirements; and aluminum wheels.[20]

C. Arguments of the Parties

According to Petitioners, the record in the final phase of these investigations regarding domestic like product is unchanged from the preliminary phase, and they contend that the Commission should again define a single domestic like product consisting of steel wheels that are coextensive with Commerce's scope of investigation.[21] Petitioners argue that several types of out-of-scope wheels should not be included in the domestic like product with steel wheels either due to distinctions in physical characteristics, use, or price, or because the out-of-scope wheels are not produced in the United States.[22] Respondents do not address the Commission's definition of the domestic like product.

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[17] *Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination,* 84 Fed. Reg. 11744 (March 28, 2019); *Certain Steel Wheels From the People's Republic of China: Final Determination of Sales at Less-Than-Fair Value,* 84 Fed. Reg. 11746 (March 28, 2019).

[18] CR at I-12-15; PR at I-8-10.

[19] CR at I-15; PR at I-10.

[20] CR at I-13; PR at I-9.

[21] Petitioners' Prehearing Brief at 24-26.

[22] Petitioners argue that aluminum wheels differ from steel wheels in raw material, price, and weight; wheels for Class 1-5 vehicles are smaller than steel wheels, are made from thinner steel, have lower load-carrying capabilities, and are intended for use in other types of vehicles than steel wheels; off-the-road wheels are similarly intended for different vehicles than steel wheels, namely off-the-road vehicles which come in a broad range of sizes and configurations; and finally, wheels for tube-type tires are not produced in the United States. Petitioners' Prehearing Brief at 24-26.

D. Domestic Like Product Analysis

In the preliminary phase of these investigations, the Commission defined a single domestic like product consisting of steel wheels coextensive with Commerce's scope of investigation. The Commission applied its traditional six-factor like product analysis and found that all domestically produced steel wheels within the scope shared the same physical characteristics and uses and could be used interchangeably if produced to the same size. It found that in-scope steel wheels were all produced through a similar production process and were sold through similar channels of distribution. The evidence demonstrated that out-of-scope products were distinct from in-scope steel wheels.[23] There is no evidence in the final phase of these investigations nor arguments by parties to suggest a different definition would be appropriate. Thus, we define a single domestic like product consisting of all steel wheels coextensive with the scope of investigation.

III. Domestic Industry and Related Parties

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."[24] 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.

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.[25] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[26]

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[23] *Steel Wheels from China,* Inv. Nos. 701-TA-602 and 731-TA-1412 (Preliminary), USITC Pub. 4785 (May 2018) ("Preliminary Determinations") at 7. The Commission noted in its preliminary determinations that both domestic producers and importers perceived aluminum wheels as distinct products with different manufacturing processes at different price points, and that Petitioners indicated that steel wheels for use with tube-type tires were not produced in the United States for road use. *Id.* at 7 & n.25.

[24] 19 U.S.C. § 1677(4)(A).

[25] *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).

[26] 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;
(Continued...)

In its preliminary determinations, the Commission found that domestic producers Accuride and Maxion were related parties because they imported subject merchandise from China during 2015 to 2017 but that appropriate circumstances did not exist to exclude either producer from its definition of the domestic industry.[27] Petitioners argue that Accuride and Maxion import subject merchandise in an effort to compete with low Chinese prices, and excluding either producer would skew the data.[28] Respondents do not raise related party arguments, but instead, contend that the domestic producers' connection to the subject imports has deepened since the preliminary determinations given Accuride's recent acquisition of Mefro, a German-headquartered global producer of steel wheels.[29]

*Accuride***.** Petitioner Accuride is a related party because it imported steel wheels from China during the POI and because it acquired Mefro (a Chinese producer and importer of subject merchandise) and KIC, LLC (an importer of subject merchandise) late in the POI.[30] Accuride is the largest domestic producer of steel wheels; it accounted for *** percent of domestic production in 2017.[31] Accuride's imports of steel wheels from China totaled *** wheels in 2017, *** wheels in interim (January to September) 2017, and *** wheels in interim 2018. Accuride's subject imports as a share of its domestic production was *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018.[32] Accuride states that its basic strategy is to meet U.S. demand primarily with its U.S. production, but that it imports from China when necessary to compete with low-priced Chinese steel wheels***.***[33]

Accuride is the largest domestic producer and one of the petitioners. Its low ratio of subject imports relative to its domestic production indicates that its principal interest lies in domestic production rather than importation. While its operating performance has been above

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

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

(4) the ratio of import shipments to U.S. production for the 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.

[27] The Commission found that both Accuride's and Maxion's imports were ***, and that the ***. Preliminary Determinations, USITC Pub. 4785 at 8-9, Confidential Version at 11, EDIS Document No. 645613.

[28] Petitioners' Prehearing Brief at 28-29. Petitioners state that Accuride only became affiliated with importer KIC in mid-2017 and Chinese producer and importer Mefro in the summer of 2018; they also state that imports by Maxion from its related Chinese producer stopped after 2015. *Id.* at 29 and Petitioners' Posthearing Brief, Answers to Question 7 at 2.

[29] Chinese Respondents' Prehearing Brief at 4-5, 9-10.

[30] CR at III-2, n.2, PR at III-1, n.2; CR/PR at Table III-2.

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

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

[33] Petitioners' Posthearing Brief, Answers to Question 7 at 4.

the industry average, this has consistently been the case and there is no indication that its domestic operations significantly benefitted from its importation of subject merchandise or its affiliations with its related Chinese producer or importers of subject merchandise.[34] Accordingly, we find that appropriate circumstances do not exist to exclude Accuride from the domestic industry as a related party.

Maxion. Petitioner Maxion is a related party because it imported subject merchandise from China and because it is related through a shared parent (Iochpe-Maxion S.A.) to Maxion Nantong, a Chinese producer of subject merchandise, and to ***, an importer of subject merchandise.[35] Maxion is one of only two domestic producers of steel wheels, accounting for *** percent of domestic production in 2017.[36] Maxion imported *** steel wheels from China in 2015; it did not report any subject imports for the remainder of the POI. Maxion's subject imports as a share of its domestic production was *** percent in 2015.[37] Maxion explained that it imported subject wheels to stay competitive with low-priced subject imports from China.[38]

Maxion is a large domestic producer and one of the petitioners. Its limited subject imports and low ratio of subject imports relative to its domestic production indicate that its principal interest lies in domestic production rather than importation. Finally, its performance does not suggest that its domestic operations have significantly benefitted from its importation of the subject merchandise or its affiliations with its related Chinese producer or importer.[39] Accordingly, we find that appropriate circumstances do not exist to exclude Maxion from the domestic industry.

We define the domestic industry as all domestic producers of steel wheels.

[34] CR/PR at Table VI-3. Accuride's operating margin was *** percent in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. *Id.*

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

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

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

[38] Petitioners' Posthearing Brief, Answers to Question 7 at 4, n.10.

[39] CR/PR at Table VI-3. Maxion's operating margin was *** percent in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. *Id.*

IV. Material Injury by Reason of Subject Imports[40]

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of steel wheels from China that Commerce has found to be sold in the United States at less than fair value and subsidized by the government of China.

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[41] 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.[42] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[43] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[44] 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."[45]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[46] it does not define the phrase "by reason of," indicating that this aspect of the injury

[40] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i). The petition was filed on March 27, 2018. CR/PR at I-1. Based on importer questionnaire responses, for March 2017 through February 2018, the 12-month period preceding the filing of the petition, subject imports from China accounted for *** percent of total imports of steel wheels by quantity. CR/PR at Table IV-8. Because subject imports from China exceed the statutory negligibility threshold applicable to antidumping duty and countervailing duty investigations, we find that they are not negligible.

[41] 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects.

[42] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[43] 19 U.S.C. § 1677(7)(A).

[44] 19 U.S.C. § 1677(7)(C)(iii).

[45] 19 U.S.C. § 1677(7)(C)(iii).

[46] 19 U.S.C. §§ 1671d(a), 1673d(a).

analysis is left to the Commission's reasonable exercise of its discretion.[47] 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.[48]

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.[49] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[50] Nor does the

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[47] *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).

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

[49] SAA at 851-52 ("{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.

[50] 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*

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"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.[51] It is clear that the existence of injury caused by other factors does not compel a negative determination.[52]

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."[53] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[54]

The Federal Circuit's decisions in *Gerald Metals, Bratsk*, and *Mittal Steel* all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[55] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit

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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.").

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

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

[53] *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*.

[54] *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.").

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

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.[56] 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.[57]

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.[58] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[59]

B. Conditions of Competition and the Business Cycle

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

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[56] *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).

[57] 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.

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

[59] *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.").

1. Demand Considerations

The primary driver of demand for steel wheels is the production of trucks, trailers, and buses and demand for replacement wheels for vehicles already on the road.[60] The market has distinct end-use sectors: wheels for new vehicles built by original equipment manufacturers ("OEMs"), and replacement steel wheels for existing vehicles in the aftermarket. The OEM market sector is divided into additional sectors corresponding to the vehicles using the steel wheels, specifically trucks, trailers, buses, and "other" vehicles.[61]

Market participants differed in their perceptions of demand trends. The two U.S. producers reported that demand *** since January 1, 2015; U.S. importers' responses were almost equally divided between increases, decreases, fluctuations, and no change; most purchasers reported that demand decreased or that there was no change.[62]

Apparent U.S. consumption of steel wheels decreased by *** percent from 2015 to 2017, and it was *** percent higher in interim (January to September) 2018 than in interim 2017. It fell from *** wheels in 2015 to *** in 2016 before increasing to *** wheels in 2017; it was *** wheels in interim 2017 and *** wheels in interim 2018.[63] Apparent U.S. consumption by market sector (measured by the quantity of U.S. shipments to the particular sectors) decreased for truck OEM and trailer OEM market sectors from 2015 to 2017, and was higher in interim 2018 than in interim 2017.[64] In the aftermarket, bus OEM, and other OEM market sectors, apparent U.S. consumption increased from 2015 to 2017; while apparent U.S. consumption in the aftermarket and bus OEM sectors was higher in interim 2018 than in interim 2017, it was lower in the other OEM sector in interim 2018 than in interim 2017.[65]

2. Supply Considerations

The domestic industry was the largest source of supply to the U.S. market during the POI and accounted for *** percent of the overall market. Its share of apparent U.S. consumption decreased from 2015 to 2017 and was higher in interim 2018 than in interim 2017.[66] The domestic industry's reported capacity was stable and exceeded apparent U.S. consumption throughout the POI.[67]

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[60] CR at II-8, PR at II-5.

[61] Both parties acknowledge these market sectors. Petitioners' Prehearing Brief at 30. Respondents' Prehearing Brief at 1. "Other" vehicles include cement mixers, garbage trucks, and dump trucks. Petitioners' Prehearing Brief at 30. *See* further discussion of market structure below in Section IV.B.3.

[62] CR at Table II-4.

[63] CR/PR at Tables IV-11 & C-1.

[64] CR/PR at Tables IV-12 (truck OEM) and IV-13 (trailer OEM).

[65] CR/PR at Tables IV-14 (bus OEM), IV-15 (other OEM), and IV-17 (aftermarket).

[66] CR/PR at Table IV-11.

[67] CR/PR at Tables III-4 & C-1.

Subject imports were the second largest source of supply to the U.S. market and accounted for *** percent of the overall market. Their share of apparent U.S. consumption increased from 2015 to 2017 and was lower in interim 2018 than in interim 2017.[68]

Nonsubject imports supplied the remainder of the U.S. market and accounted for *** percent of the market. Their share of the U.S. market decreased from 2015 to 2017 and was somewhat higher in interim 2018 than in interim 2017.[69]

3. Market Structure, Substitutability and Other Conditions

Market Structure. The Commission collected data for five sectors of the U.S. steel wheels market: the aftermarket, trailer OEMs, truck OEMs, bus OEMs, and other OEMs.[70]

The aftermarket sector accounted for *** percent of apparent U.S. consumption of steel wheels in 2017.[71] Purchasers in the aftermarket include original equipment service ("OES") firms that provide replacement wheels to the OEM dealers, independent distributors/dealers, buying groups, and other retail/service firms.[72] The domestic industry supplied *** percent of the aftermarket sector by quantity in 2017 and subject imports supplied *** percent of this sector.[73]

The trailer OEM sector accounted for *** percent of apparent U.S. consumption of steel wheels in 2017. Trailer OEM purchasers range in size from small to large firms; Hyundai Translead ("Hyundai"), Wabash National ("Wabash"), Great Dane Trailers ("Great Dane"), and Vanguard National Trailer ("Vanguard") are some of the larger trailer OEM purchasers.[74] The domestic industry supplied *** percent of the trailer OEM sector in 2017 and subject imports supplied *** percent of this sector.[75]

The truck OEM sector accounted for *** percent of apparent U.S. consumption of steel wheels in 2017.[76] There are four major truck OEMs (Navistar, Daimler Trucks ("Daimler"), PACCAR, and Volvo Trucks ("Volvo").[77] The domestic industry supplied *** percent of the truck OEM sector in 2017.[78] There were no shipments of subject Chinese steel wheels to the truck OEM sector over the POI.

The bus OEM sector accounted for *** percent of apparent U.S. consumption of steel wheels in 2017.[79] The domestic industry supplied *** percent of the bus OEM sector in 2017 and subject imports supplied *** percent of this sector.[80]

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[68] CR/PR at Table IV-11.
[69] CR/PR at Table IV-11.
[70] Petitioners' Prehearing Brief at 30; Respondents' Prehearing Brief at 1.
[71] CR at Table IV-17.
[72] CR at II-2, PR at II-1.
[73] CR/PR at Table IV-17.
[74] CR at II-2, PR at II-1.
[75] CR/PR at Table IV-13.
[76] CR/PR at Table IV-12.
[77] CR at II-2, PR at II-1.
[78] CR/PR at Table IV-12.
[79] CR/PR at Table IV-14. *** is a bus OEM. ***, EDIS Doc. No. 671540 at 9.

The other OEM sector accounted for *** percent of apparent U.S. consumption of steel wheels in 2017.[81] The domestic industry supplied *** percent of the other OEM sector in 2017 and subject imports supplied *** percent of this sector.[82]

Substitutability. There is a moderate to high degree of substitutability between domestically produced steel wheels and subject imports.[83] *** domestic producers, 17 of 20 importers, and 15 of 16 purchasers reported that the domestic like product and the subject imports were always or frequently interchangeable.[84] A majority of purchasers reported that the domestic like product and subject imports were comparable with respect to 14 out of 17 purchasing factors, including "quality meets industry standards," "quality exceeds industry standards," and "availability."[85] Domestic producers' shipments of the domestic like product and importers' shipments of subject imports from China overlapped with respect to diameter, steel type, and weight.[86]

The record shows that price is an important consideration in purchasing decisions. Purchasers reported that price and quality were the most important factors they consider in purchasing decisions.[87] The majority of purchasers (18 of 21 responding firms) reported that they usually or sometimes purchase the lowest-priced product that is offered.[88] Market participants held differing views on the importance of nonprice factors in purchasing decisions.[89]

Raw Materials and Other Considerations. The primary raw material used to manufacture steel wheels is hot-rolled steel in the form of hot-rolled coil ("HRC").[90] During 2015 to 2017, raw materials accounted for *** to *** percent of the domestic industry's cost of goods sold ("COGS").[91] Hot-rolled steel prices declined in 2015, increased in the first half of 2016, and then fluctuated in late 2016 through the third quarter of 2017, before sharply

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[80] CR/PR at Table IV-14.

[81] CR/PR at Table IV-15.

[82] CR/PR at Table IV-15.

[83] CR at II-14, PR at II-8.

[84] CR/PR at Table II-11.

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

[86] *Compare* Table III-7 *to* Table IV-4.

[87] CR/PR at Tables II-7 and II-8. The factors rated as very important by more than half of responding purchasers were price, product consistency, quality meets industry standards, reliability of supply, availability, and delivery time. CR at II-16, PR at II-9; CR/PR at Table II-8.

[88] CR at II-16, PR at II-9.

[89] *** reported that nonprice factors were sometimes significant in purchasing decisions, *** reported that they are frequently significant, the majority of importers reported that they are sometimes significant, and the majority of purchasers reported that they are frequently or sometimes significant. CR/PR at Table II-13. A majority of responding purchasers require domestic and subject suppliers to be qualified to supply steel wheels. CR at II-17; PR at II-10.

[90] CR at V-1, VI-8, n.5; PR at V-1, VI-2, n.5.

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

increasing in the fourth quarter of 2017 to the first half of 2018.[92] Many purchasers reported that contracts include adjustments for raw material price changes, and 13 of 15 purchasers reported that information on raw material prices have affected negotiations and/or contracts since January 2015.[93] The parties agree that the duties of 25 percent *ad valorem* imposed in March 2018 on imported steel mill products pursuant to Section 232 of the Trade Expansion Act of 1962, as amended, were an important factor in the increased cost of hot-rolled steel for the production of steel wheels in interim 2018.[94] Duties of ten percent *ad valorem* also were placed on steel wheels from China in September 2018 pursuant to Section 301 of the Trade Act.[95]

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."[96]

The total volume of subject imports increased overall by 14.6 percent from 2015 to 2017; it decreased from 884,632 wheels in 2015 to 804,025 wheels in 2016 before increasing to 1,014,146 wheels in 2017.[97] Subject import volume was higher in interim 2017 (741,208 wheels) than in interim 2018 (624,352 wheels).[98] Commercial shipments of subject imports in

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[92] CR at V-1-2; PR at V-1, CR/PR at Figure V-1.

[93] CR/PR at V-1. U.S. producers sell the vast majority of their sales using *** while importers sell most of their steel wheels in the spot market. CR/PR at Table V-2.

[94] CR at I-10-11; Respondents' Prehearing Brief at 3; Petitioners' Posthearing Brief, Answer to Question 1 at 3-4.

[95] CR at I-8-9, PR at I-5-6.

[96] 19 U.S.C. § 1677(7)(C)(i).

[97] CR/PR at Table IV-2. The Commission issued importer questionnaires to 327 firms believed to be possible U.S. importers of subject steel wheels, and usable questionnaire responses were received from 24 importers; import data are based on the questionnaire responses of these 24 U.S. importers. As explained above, these questionnaire responses accounted for 74.7 percent of the value of imports from China entering under the two HTS numbers petitioners considered most relevant for the scope of these investigations, HTS 8708.70.4530 and 8716.90.5045. CR/PR at IV-1 & nn.1-2. However, these HTS numbers include out-of-scope merchandise. *Certain Steel Wheels from China,* Inv. Nos. 701-TA-602 and 731-TA-1412 (Preliminary), USITC Pub. 4785 at IV-1, n.2.

Petitioners argued that the importer questionnaire data are understated and submitted constructed import volume data, but only for 2017. Petitioners' Posthearing Brief, Answer to Question 2 at 4-5 & Exhibit 1. We note that adjustments to import data for only one calendar year would result in a skewed data series.

Further, Petitioners argued that the Commission should reduce the weight accorded to post-petition data in these investigations pursuant to 19 U.S.C. § 1677(7)(I). Petitioners' Posthearing Brief, Answer to Question 1 at 2-3. We have considered the changes in the post-petition data, but do not reduce the weight accorded to them, in particular due to the nearly unchanged level of shipments of subject imports in interim 2018 compared to interim 2017.

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

the U.S. market increased overall by 13.5 percent from 2015 to 2017; they initially decreased from 837,332 wheels in 2015 to 832,600 wheels in 2016 and then increased to 950,474 wheels in 2017. These shipments were 688,150 wheels in interim 2017 and 687,379 wheels in interim 2018.[99] These increases during the full years of the POI occurred as total apparent U.S. consumption declined. Apparent U.S. consumption decreased by *** percent from 2015 to 2017 (it was *** percent higher in interim 2018 compared to interim 2017).[100] Subject import market share increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.[101]

As explained above, subject imports were sold in all sectors of the market except the truck OEM sector, which accounted for *** percent of the U.S. steel wheels market in 2017. Therefore, we have also considered subject import market share in the combined market sectors excluding the truck OEM sector (the "x-truck market"), which cumulatively constituted *** percent of the total U.S. steel wheels market in 2017. These sectors are where subject imports competed directly with the domestic industry.

Apparent U.S. consumption was flat in the x-truck market from 2015 to 2017 but subject import volume increased from *** wheels in 2015 to *** wheels in 2017, or by *** steel wheels.[102] Subject imports' share of the x-truck market increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.[103]

Thus, for both the overall market and the x-truck market, subject import market share increased from 2015 to 2017; while it was lower in interim 2018 than in interim 2017, the level in interim 2018 was higher than in 2015 and comparable to 2016 levels.[104]

Based on the foregoing, we find that the volume of subject imports and the increase in that volume is significant, in absolute terms and relative to apparent U.S. 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 the subject imports, the Commission shall consider whether

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[105]

[99] CR/PR at Tables IV-10 & C-1.
[100] CR/PR at Table C-1.
[101] CR/PR at Table IV-11.
[102] CR/PR at Table IV-18.
[103] CR/PR at Table IV-18.
[104] CR/PR at Tables IV-10, IV-18.

As addressed in section V.B. above, we have found 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.

Both domestic producers and 22 importers provided usable quarterly f.o.b. price data for four steel wheels pricing products, although not all firms reported pricing for all products for all quarters.[106] Pricing data reported by these firms accounted for approximately 94.5 percent of U.S. producers' U.S. commercial shipments of steel wheels and 79.5 percent of U.S. commercial shipments of subject imports from China in 2017.[107] Subject imports consisting of 2.3 million steel wheels undersold the domestic like product in all 60 quarterly comparisons, at margins ranging from 12.3 percent to 46.0 percent.[108] Given the moderate to high degree of substitutability between the domestic like product and the subject imports and the importance of price in purchasing decisions, we find this underselling to be significant.[109]

The underselling by the subject imports led to the domestic industry losing significant sales. Staff contacted 97 purchasers and received responses from 21 purchasers that reported purchasing 4.75 million steel wheels during January 2015 through September 2018.[110] Of the 21 responding purchasers, 13 reported that, since 2015, they had purchased subject imports instead of the domestic like product. All of these 13 purchasers reported that subject import prices were lower than domestic prices and 11 reported that price was a primary reason for the decision to purchase imported product rather than the domestic like product. Ten purchasers estimated the quantity of subject imports purchased instead of the domestic like product; the total was 745,691 steel wheels, equivalent to 22.5 percent of total subject import U.S. shipments during the POI (January 2015 to September 2018).[111]

Respondents challenge some of the lost sales reported in the Commission's data; they argue that the purchasers either did not fully understand the question, or that a purchaser's answer was inconsistent with other aspects of the purchaser's questionnaire response or other

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[105] 19 U.S.C. § 1677(7)(C)(ii).

[106] CR at V-6, PR at V-4. Product 1 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to OEMs. Product 2 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to the aftermarket. Product 3 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to OEMs. Product 4 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to the aftermarket. CR at V-5-6, PR at V-4.

[107] CR at V-6, PR at V-4.

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

[109] Purchaser questionnaire data also support our finding of significant underselling. Fourteen out of 16 purchasers reported that the domestic like product was inferior to subject imports on price, which means the domestic prices were higher. In addition, five out of 17 purchasers stated that the domestic like product was inferior to subject imports in discounts offered (11 reported that they were comparable). CR/PR at Table II-10.

[110] CR at V-20 & n.7, PR at V-7 & n.7. CR/PR at Table V-9.

[111] CR/PR at Table IV-10.

record evidence.[112] We see no reason to disregard the certified questionnaire responses of these purchasers. The questions regarding lost sales are straightforward and consistent with standard Commission questionnaire language which has been in use for more than three years. Moreover, purchasers are on notice that they can contact Commission staff with questions. Finally, the purchasers' responses are not inconsistent with other record evidence.[113]

We have also considered price trends for the domestic like product and subject imports over the POI. While prices for the domestic like product and subject imports each generally fluctuated within a relatively narrow price range, their price trends differed. Prices for the domestic like product generally fell during 2015 and 2016 before recovering somewhat in 2017

[112] Respondents' Prehearing Brief at 40-42.

[113] Respondents assert that *** and *** lost sales responses are questionable because their purchases of steel wheels from U.S. suppliers increased over the POI relative to their purchases from Chinese suppliers. Respondents' Prehearing Brief at 40-41, Sunrise Final Comments at 6-7. However, their increased purchases of domestic like product are not inconsistent with their questionnaire responses that they purchased steel wheels from China instead of the domestic like product primarily for price reasons; a purchaser can do both. CR/PR at Table V-10. Respondents also argue that *** lost sales response is questionable because *** main purchasing criterion is ***. However, *** also reported that the quality of the domestic like product and the subject imports was comparable. *** Purchaser Questionnaire Response, EDIS Doc. No. 664913 at 28.

In its final comments Sunrise argues that *** lost sale response is questionable because *** has discontinued supplying ***. Sunrise Final Comments at 5. However, the record demonstrates that *** over the POI. In fact, ***. *** Purchaser Questionnaire Response, EDIS Doc. No. 671540 at 7.

Respondents argue that *** lost sales response is questionable because some of its Chinese suppliers are *** and because price was its third most significant pricing criterion after ***. Respondents' Prehearing Brief at 42. The fact that any of the subject imports may be from importers associated with Petitioners is not relevant to whether they were purchased for price reasons. Moreover, the fact that this purchaser considered certain nonprice factors more significant to its decisions does not negate its response that it purchased subject imports due primarily to price, particularly since ***. *** Purchaser Questionnaire Response, EDIS Doc. No. 663842 at 29.

Respondents argue that *** lost sales response is questionable because *** purchases its steel wheels *** and the domestic industry is not in competition for these sales. In Sunrise's posthearing brief, it provided an affidavit from *** indicating that *** is unfamiliar with domestic pricing for steel wheels. However, *** did not explain, correct, or modify its questionnaire response in its affidavit. Sunrise Posthearing Brief, Response to Commission Question 7, Exhibit A, Affidavit of ***. In its certified questionnaire response, *** stated that it purchased *** steel wheels from China instead of the domestic like product on the basis of price. CR/PR at Table V-10. We note that even if *** lost sale were to be disregarded, there are substantial lost sales of *** steel wheels, which are equivalent to *** percent of total subject import U.S. shipments during the POI.

and increasing in interim 2018.[114] Prices for subject imports generally declined, except for Product 2 which increased, and were at much lower levels than domestic prices.[115]

Domestic prices appear to have generally tracked trends in raw material costs and demand over the POI. As noted, raw material costs accounted for a substantial share of U.S. producers' COGS. Changes in raw material costs may be passed through to purchaser's prices through provisions in purchase contracts, although typically with a lag (***).[116] The domestic industry's cost of raw materials per wheel fell from $*** per wheel in 2015 to $*** per wheel in 2016 before increasing to $*** per wheel in 2017; it was sharply higher ($***) in interim 2018 compared to interim 2017 ($***).[117] Unit COGS fell by *** percent from 2015 to 2016, then increased by *** percent from 2016 to 2017, for an overall decline of *** percent; it was *** percent higher in interim 2018 than in interim 2017.[118] Apparent U.S. consumption followed a similar trend, declining by *** percent from 2015 to 2016 and increasing by *** percent in 2017, for an overall decline of *** percent; it was *** percent higher in interim 2018 than in interim 2017.[119] Given the declines in costs and apparent U.S. consumption from 2015 to 2017 which may have contributed to price declines, we cannot find that subject imports were driving declines in prices for the domestic like product.

The record contains some evidence, however, that purchasers of steel wheels have used the lower prices of subject imports to gain price concessions from the domestic producers. ***.[120] *** for price concessions to prevent it from purchasing Chinese steel wheels imported by ***.[121] *** also faced pricing pressure on a ***.[122] In addition, Petitioners assert that long-

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[114] CR/PR at Tables V-3–V-6, Figures V-2–V-5. From the first quarter of 2015 to the third quarter of 2018, domestic prices for Product 1 declined by *** percent; prices for Product 2 ***; prices for Product 3 declined by *** percent; and prices for Product 4 increased by *** percent. CR/PR at Table V-7. Product 4 accounts for the lowest quantity of domestic sales.

[115] CR/PR at Tables V-3–V-6, Figures V-2–V-5. From the first quarter of 2015 to the third quarter of 2018, subject import prices for Product 1 declined by *** percent; prices for Product 2 increased by *** percent; prices for Product 3 declined by *** percent; and prices for Product 4 declined by *** percent. CR/PR at Table V-7.

[116] Many purchasers reported that contracts include a raw material adjustment. Thirteen of 15 purchasers reported that information on raw material costs have affected negotiations and/or contracts since January 2015. *** reported that their long-term contracts have mechanisms for raw material cost adjustments, while five of 12 importers allow for such adjustments in short-term and annual contracts. CR/PR at V-1; Transcript of Commission Hearing ("Hearing Tr.") dated March 14, 2019 at 109-10 (Risch) (lag of three to six months).

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

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

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

[120] Petitioners' Prehearing Brief, Exhibit 2, Affidavit of *** & Attachment 1 showing lost revenues & Attachment 2. We recognize that *** also was in competition for this business, but that does not detract from the fact that ***, and subject import prices were considerably lower than domestic prices over the POI. We also note that a one-page document, labeled as Appendix A, that appears in Attachment 2 is of unclear origin, and Petitioners did not provide a requested explanation about it. *See* Petitioners' Posthearing Brief, Answer to Question 18.

[121] Petitioners Prehearing Brief, Exhibit 3, Affidavit of *** & Attachment 3.

term supply agreements between steel wheel producers and purchasers frequently contain "Keep Competitive" clauses that require suppliers to remain price competitive with other suppliers.[123]

Respondents argue that the domestic industry should not have given these price concessions to its purchasers as subject imports are not a viable alternative to domestic supply, given that they are not widely qualified to supply OEMs.[124] We are not persuaded by this argument. Jingu reports that it *** early in the POI.[125] Respondents also acknowledge ***.[126] Moreover, the "Keep Competitive" clauses are contractual obligations of the domestic producers that are prevalent in the industry. Finally, the domestic industry and importers of subject merchandise share a substantial number of customers, many of whom are OEMs and large purchasers.[127]

We have also considered whether subject imports have prevented price increases, which otherwise would have occurred, to a significant degree. From 2015 to 2017, apparent U.S. consumption declined by *** percent, unit COGS declined by *** percent; and the COGS to net sales ratio declined by *** percentage points. In light of these declines in demand, costs, and the COGS to net sales ratio, price increases would not have been likely from 2015 to 2017. These trends changed, however, between interim periods, as apparent U.S. consumption, unit COGS, and the COGS to net sales ratio were all higher in interim 2018 than in interim 2017.[128] While the domestic industry's average unit net sales value was *** percent higher in interim 2018 than in interim 2017, its unit COGS rose by substantially more, *** percent.[129] As discussed earlier, an important factor in the increased cost of producing steel wheels in interim 2018 was the higher cost of HRC, due at least in part to the Section 232 duties imposed in March 2018. We recognize that the domestic industry experienced a cost-price squeeze as its cost increases outpaced its increases in its average unit values. As previously discussed, the domestic industry sells its steel wheels primarily *** *** contracts frequently have raw material cost adjustments, there typically is a lag before an adjustment takes effect. Therefore,

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(…Continued)

[122] Petitioners' Posthearing Brief, Answer to Question 20, Exhibit 2, Affidavit of Andrew Hofley & Attachment 6. ***. *** Purchaser Questionnaire Response, EDIS Doc. No. 664913 at 7, 8.

[123] Petitioners provided several examples of "Keep Competitive" clauses. Petitioners' Posthearing Brief, Answer to Question 18, Exhibits 1 to 3.

[124] Respondents' Prehearing Brief at 50.

[125] Jingu Posthearing Brief at 4.

[126] Jingu Posthearing Brief at 2.

[127] Petitioners' Prehearing Brief, Exhibit 3, Affidavit of *** & Attachments 1 and 4. Petitioners' Posthearing Brief, Answer to Question 20 at 1-3; Question 20, Exhibit 1, Affidavit of *** & Attachment 1; Question 20, Exhibit 2, Affidavit of Andrew Hofley; and Question 20, Exhibit 3 (Domestic Producers' Sales to Importers' Top Customers).

[128] Apparent U.S. consumption was *** percent higher in interim 2018 than in interim 2017, unit COGS were *** percent higher, and the COGS to net sales ratio was *** percentage points higher. The COGS to net sales ratio was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table C-1.

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

we cannot conclude that the domestic producers should have been able to raise prices more than they did in interim 2018. Despite this cost-price squeeze in interim 2018, we find overall that subject imports have not prevented price increases that would otherwise have occurred to a significant degree.[130]

In conclusion, in light of the significant underselling, the large volume of lost sales, and the evidence of price concessions, we find that the subject imports had significant adverse price effects on the domestic industry.

E. Impact of the Subject Imports[131]

Section 771(7)(C)(iii) of the Tariff Act provides that in examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[132] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to

[130] Commissioner Kearns finds that, in interim 2018, subject imports prevented price increases that otherwise would have occurred to a significant degree. As discussed above, in an environment with increasing demand, the domestic industry faced cost increases that substantially outstripped its price increases. Most of the domestic industry's sales are ***, *** contracts frequently have provisions to adjust prices in line with changes in raw material costs. While there may be some lag in these adjustments, the record indicates that these lags are in the range of three to six months (Hearing Tr. at 110 (Risch); Conference Tr. At 87-88 (Risch)). Given the nine-month length of the interim period, the fact that the price of domestic HRC began increasing at the end of 2017 (*see* CR/PR at 1 and Figure V-1), and the fact that about *** percent of domestic producers' sales are ***, (CR/PR at Table V-2), I do not find that the domestic industry's cost-price squeeze was due mainly to the lag in contractual price adjustments. Rather, I find that subject imports, which undersold domestic product in all comparisons and maintained significant volume and market share in interim 2018, had a significant price suppressing effect.

[131] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at LTFV with respect to subject imports, Commerce found a dumping margin of 231.70 percent for imports from the China-wide entity. *Certain Steel Wheels From the People's Republic of China of China: Final Determination of Sales at Less-Than-Fair-Value*, 84 Fed. Reg. 11746, 11747 (March 28, 2019). We take into account in our analysis the fact that Commerce has made final findings that all subject producers in China are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling which led to lost sales and the adverse price effects of subject imports, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

[132] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

service debts, 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."[133]

Many of the domestic industry's production and output indicators declined during the full years of the POI but improved in interim 2018. Domestic production capacity was steady; capacity utilization was low over the POI and declined from 2015 to 2017 (but was higher in interim 2018 than interim 2017).[134] Production declined by *** percent from 2015 to 2017, and was *** percent higher in interim 2018 than in interim 2017.[135] The domestic industry's U.S. shipments decreased by *** percent from 2015 to 2017, and were *** percent higher in interim 2018 than in interim 2017.[136] The domestic industry's end of period inventories increased by *** percent from 2015 to 2017, and were *** percent lower in interim 2018 than in interim 2017.[137]

The domestic industry's market share declined steadily from *** percent in 2015 to *** percent in 2016 and *** percent in 2017, a decline of *** percentage points; it was *** percent in interim 2017 and *** percent in interim 2018.[138] In the x-truck market, the domestic industry's market share was *** percent in 2015, *** percent in 2016, and *** percent in 2017, a decline of *** percentage points from 2015 to 2017; it was *** percent in interim 2017 and *** percent in interim 2018.[139]

The domestic industry's number of production workers, total hours worked, and wages paid decreased overall from 2015 to 2017 by *** percent, *** percent, and *** percent, respectively; they were *** percent higher, *** percent higher, and *** percent higher, respectively, in interim 2018 than in interim 2017.[140]

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[133] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[134] Domestic production capacity was *** wheels from 2015 to 2017, and it was *** wheels in interim 2017 and interim 2018. Capacity utilization was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table III-4.

[135] Domestic production was *** wheels in 2015 and *** wheels in both 2016 and 2017; it was *** in interim 2017 and *** in interim 2018. CR/PR at Tables III-4 & C-1.

[136] Domestic industry U.S. shipments decreased from *** wheels in 2015 to *** wheels in 2016 and 2017; they were *** wheels in interim 2017 and *** wheels in interim 2018. CR/PR at Tables IV-11 & C-1.

[137] The domestic industry's end of period inventories increased from *** wheels in 2015 to *** wheels in 2016 and *** wheels in 2017; they were *** wheels in interim 2017 and *** wheels in interim 2018. CR/PR at Tables III-8 & C-1.

[138] CR/PR at Tables IV-11 & C-1.

[139] CR/PR at Table IV-18.

[140] The domestic industry's number of production and related workers ("PRWs") was *** in 2015, *** in 2016, and *** in 2017; it was *** in interim 2017 and *** in interim 2018. Total hours worked were *** in 2015, *** in *** and *** in 2017; they were *** in interim 2017 and *** in interim 2018. Total wages paid were $*** in 2015 and $*** in 2016 and 2017; they were $*** in interim 2017 and $*** in interim 2018. Hourly wages were $*** in 2015, $*** in 2016, and $*** in 2017; they were $*** in interim 2017 and $*** in interim 2018. Productivity (wheels per hour) was *** wheels in 2015, (Continued...)

The domestic industry's net sales value decreased from $*** in 2015 to $*** in 2016 before increasing to $*** in 2017, an overall decline of *** percent; it was $*** in interim 2017 and $*** in interim 2018.[141] Total COGS was $*** in 2015, $*** in 2016, and $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. The COGS to net sales ratio was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.[142]

The domestic industry's operating income was $*** in 2015, $*** in 2016, and $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. The domestic industry's ratio of operating income to net sales was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018.[143] The domestic industry's capital expenditures decreased from $*** in 2015 to $*** in 2016 before increasing to $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018.[144]

We have considered the impact of subject imports on the domestic industry taking into account the conditions of competition in this market, which include the existence of different market sectors and varying demand trends in these different sectors. The domestic industry's declines in production and shipments from 2015 to 2017 exceeded the decline in apparent U.S. consumption, and the domestic industry lost market share. We acknowledge that these declines were affected by falling consumption in the truck and trailer OEM sectors, which accounted for a substantial share of the domestic industry's shipments. As explained below, however, in the sectors where demand was increasing, it was the low-priced subject imports that captured the majority of those growing sales.

In the x-truck market sector, which accounted for *** percent of the U.S. market and in which subject imports and domestic product compete directly, subject import shipments increased by *** wheels and domestic shipments decreased by *** wheels from 2015 to 2017. Moreover, subject imports gained market share (*** percentage points) in the x-truck market

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(…Continued)
*** wheels in 2016, and *** wheels in 2017; it was *** wheels in interim 2017 and *** wheels in interim 2018. CR/PR at Table III-10.

[141] Average unit sales value per wheel decreased from $*** in 2015 to $*** in 2016 before increasing to $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. CR/PR at Tables VI-1 & C-1.

[142] Unit COGS per wheel decreased from $*** in 2015 to $*** in 2016 before increasing to $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. CR/PR at Table VI-1.

[143] CR/PR at Table VI-1. The domestic industry's gross profit was $*** in 2015, $*** in 2016, and $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. Its net income was $*** in 2015, $*** in 2016, and $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. Its cash flow was $*** in 2015, $*** in 2016, and $*** in 2017; it was $*** in interim 2017 and $*** in interim 2018. CR/PR at Table VI-1.

[144] CR/PR at Table VI-5. Research and development expenses increased from $*** in 2015 to $*** in 2016 and $*** in 2017; they were $*** in interim 2017 and $*** in interim 2018. *Id.* Total net assets for the domestic industry increased from $*** in 2015 to $*** in 2016 and $*** in 2017. The industry's operating return on assets was *** percent in 2015, *** percent in 2016, and *** percent in 2017. CR/PR at Table VI-6.

while the domestic industry lost market share (*** percentage points) from 2015 to 2017.[145] In contrast, in interim 2018, the domestic industry gained market share in an expanding x-truck market.[146]

Although demand in the aftermarket sector increased by *** percent (*** wheels) from 2015 to 2017, domestic industry shipments increased by only *** wheels as subject import shipments increased by *** wheels.[147] Thus, subject imports gained market share in an expanding market sector and gained the vast majority of increased consumption in this market sector.[148] Similarly, in the bus OEM and other OEM sectors of the market, consumption grew but the increase in subject import shipments exceeded the increase in the domestic industry's shipments.[149] Subject imports gained market share from 2015 to 2017 in all of the market sectors in which they competed.[150]

In interim 2018, the domestic industry was able to take advantage of the increased apparent U.S. consumption in the aftermarket and the bus OEM sectors of the U.S. market and regain some lost market share. Indeed, the domestic industry's production, shipments, and market share all increased as purchasers, including major aftermarket purchasers, increased their domestic purchases after the investigations were commenced.[151] The domestic industry's shipments were higher by *** wheels in interim 2018 than in interim 2017 while subject import shipments were almost the same in interim 2018 as in interim 2017 despite increasing consumption.[152]

Moreover, we find that subject imports caused the domestic industry to experience lower net sales revenue from 2015 to 2017 than it otherwise would have. As discussed earlier, we have found that significant underselling by the subject imports led to lost sales and significant adverse price effects. In particular, the domestic industry lost sales estimated by the purchasers to be 745,691 steel wheels, equivalent to 22.5 percent of total subject import U.S.

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[145] CR/PR at Table IV-18.

[146] CR/PR at Table IV-18.

[147] CR/PR at Table IV-17. Nonsubject import shipments declined by *** wheels in the aftermarket sector from 2015 to 2017. *Id.*

[148] In the aftermarket sector, the domestic industry's market share was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. Subject imports' market share was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table IV-17.

[149] CR/PR at Tables IV-14 and IV-15.

[150] CR/PR at Tables IV-13, IV-14, IV-15, IV-17.

[151] Petitioners' Prehearing Brief at 86-87, Exhibit 1, Affidavit of ***, Exhibit 3, Affidavit of *** and Attachment 5. An importer and three purchasers commented on how subject import supply has been impacted by these investigations. ***. *** Importer Questionnaire Response, EDIS Doc. No. 662902 at 8. Purchaser *** stated that ***. *** Purchaser Questionnaire Response, EDIS Doc. No. 664921 at 16. Purchaser *** stated that ***. *** Questionnaire Response, EDIS Doc. No. 663849 at 14. Purchaser *** stated that ***. *** Purchaser Questionnaire Response, EDIS Doc. No. 671540 at 15. *See also* Petitioners' Prehearing Brief at 21 & CR/PR at Table IV-9, showing a sharp decline in subject imports from China on a monthly basis after May 2018.

[152] CR/PR at Tables IV-10.

shipments during the POI. The domestic industry's revenue would have been higher but for the loss of these sales. Further, due to the low prices of the subject imports, the domestic industry was pressured to give its purchasers price concessions, which also led to lower revenue for the domestic industry. As its revenue fell, the domestic industry's capital expenditures fell from 2015 to 2017. As purchasers returned to domestic product in interim 2018 and prices increased, the domestic industry's net sales revenue improved, and its capital expenditures were higher in interim 2018 than interim 2017.[153]

Although the domestic industry's net sales revenue declined from 2015 to 2017, it experienced improved profitability because its costs declined. In interim 2018, however, when HRC costs sharply increased, at least in part due to the Section 232 duties, and subject import shipments remained steady compared to interim 2017, the domestic industry's profitability declined.[154] [155] While the domestic industry was profitable throughout the POI,[156] subject imports gained sales through their lower prices in expanding sectors of the market, which resulted in lower production and shipments for the domestic industry and lower revenue. We find that the domestic industry would have been more profitable but for the low priced subject import competition in the U.S. steel wheels market. In light of the foregoing, we find that the subject imports had a significant adverse impact on the domestic industry.

We have 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 imports. Nonsubject imports had a relatively low and declining presence in the U.S. market from 2015 to 2017; they were slightly higher in interim 2018 than

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[153] Respondents have argued that nonprice factors such as quality, minimum order requirements, and delivery terms imposed by the domestic industry, or the domestic industry's inattention to its aftermarket customers, explain why purchasers prefer subject imports over the domestic like product. Questionnaire responses from purchasers show that nearly all viewed domestic product as comparable or superior to subject imports on nonprice factors, including with respect to quality, delivery terms, and minimum quantity requirements. CR/PR at Table II-10. Moreover, the domestic industry provided information concerning the comparable quality of its steel wheels to the subject imports. Petitioners' Prehearing Brief, Exhibit 7, Affidavit of Craig Kessler, and accompanying exhibits.

The record also does not support the argument that the domestic industry does not compete effectively in the aftermarket. The domestic industry's shipments to the aftermarket were substantial (accounting for about *** of this market sector) and increased over the POI. After the petitions were filed, the domestic industry's share of the aftermarket increased. Petitioners also provided information on its efforts to fully serve the aftermarket sector. Petitioners' Prehearing Brief, Exhibit 8, Affidavit of ***. Moreover, respondents' arguments contrast with the consistent underselling by subject imports for aftermarket sales.

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

[155] As discussed earlier, Commissioner Kearns finds that subject imports had a significant price suppressing effect in interim 2018.

[156] Section 771 (7)(J) of the Act (19 U.S.C. § 1677(7)(J)) states that 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.

in interim 2017 after the petitions had been filed in these investigations.[157] Available pricing data for nonsubject imports show that they were higher-priced than subject imports in nearly all comparisons, and that they had a mixed pattern of underselling and overselling with respect to the domestic product.[158] We find that nonsubject imports do not explain the lower production, shipments, lost sales, and adverse price effects experienced by the domestic industry.[159] [160]

We also find that changes in demand from 2015 to 2017 and between interim periods do not explain fully the trends in the domestic industry's production and shipments, as Respondents argue.[161] While we acknowledge that demand played a role in declines in the domestic industry's overall shipments from 2015 to 2017, declining overall demand does not explain the significant volume of confirmed lost sales to the domestic industry as a result of the low-priced imports or the market share lost by the domestic industry in the sectors of the market in which demand grew. As explained above, these lost sales and corresponding reductions in shipments and revenue had a negative impact on the domestic industry's condition, which was not a function of any fluctuations in demand.

In sum, we find that the significant and increasing volume of subject imports, at prices which undersold the domestic like product, leading to lost sales and adverse price effects, adversely impacted the domestic industry, as they led to diminished production, shipments, and employment, lower revenue, and lower capital expenditures. We consequently determine

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[157] Nonsubject imports' share of apparent U.S. consumption declined from *** percent of the market in 2015 to *** percent in 2016 and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at C-1.

[158] The pricing data collected by the Commission (all from Mexico) show that nonsubject imports were priced higher than subject imports in *** comparisons, were priced lower than the domestic product in *** comparisons, and were priced higher than the domestic product in *** comparisons. CR/PR at Table D-5.

[159] Respondents argue that Petitioners import a significant amount of subject imports, Respondents' Prehearing Brief at 37. However, Petitioners' subject imports constituted *** percent of subject imports from China in 2015, *** in 2016, *** percent in 2017, and *** percent in interim 2018; Petitioners explain that they import subject imports to compete with low priced subject imports. CR/PR at Table IV-3. Petitioners' Prehearing Brief at 28-29.

[160] Respondents argue that these investigations are very similar to the investigations in *Certain Steel Wheels from China,* Inv. Nos. 701-TA-478 and 731-TA-1182 (Final), USITC Pub. 4319 (May 2012), and that the Commission should similarly make negative determinations here. Sunrise Posthearing Brief, Response to Commissioner Question 6. However, the Commission makes its determinations under the Tariff Act based on the record in the investigations before it. We also note that the scope of these investigations is not the same as that in the prior investigations.

[161] Respondents' Prehearing Brief at 60-61. Respondents argue that truck and trailer production in Mexico is contributing to lower U.S. demand for steel wheels in the OEM sector, and that ***. Respondents' Prehearing Brief at 22. We here consider the effects of overall changes in U.S. apparent U.S. consumption, which may be caused by numerous factors, including shifts in OEM production. In any event, even if production in Mexico is lowering demand in the truck and trailer OEM sectors in the United States, this does not explain the underselling by the subject imports and loss of market share by the domestic industry in the sectors of the market that experienced increasing demand.

that the domestic industry is materially injured by reason of subject imports of steel wheels from China.

V. Critical Circumstances

A. Legal Standards

In its final antidumping and countervailing duty determinations concerning steel wheels from China, Commerce found that critical circumstances exist with respect to certain subject producers/exporters. Because we have determined that the domestic industry is materially injured by reason of subject imports from China, we must further determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination ... are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."[162] The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[163] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by {Commerce}."[164] An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to the affirmative Commerce critical circumstances determination for a period 90 days prior to the suspension of liquidation.

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

> (I) the timing and the volume of the imports,
>
> (II) a rapid increase in inventories of the imports, and
>
> (III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[165]

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[162] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[163] SAA at 877.

[164] *ICC Industries, Inc. v United States,* 812 F.2d 694, 700 (Fed. Cir. 1987), *quoting* H.R. Rep. No. 96-317 at 63 (1979), *aff'g* 632 F. Supp. 36 (Ct. Int'l Trade 1986). *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

[165] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.[166] None of the parties in these investigations made any arguments with respect to critical circumstances.

B. Analysis

Commerce's final determination in the antidumping duty investigation on China found that critical circumstances exist with respect to subject imports from all sources in China (the China-wide entity).[167] In its final countervailing duty determination, Commerce found that critical circumstances exist with respect to subject imports exported by Jingu and Sunrise.[168] Thus, Commerce's affirmative critical circumstances determinations in the antidumping and countervailing duty investigations extend to different companies. The statute requires that the Commission make its critical circumstances determinations on the basis of imports subject to Commerce's affirmative critical circumstances determinations; therefore, we separately examine the respective data for each investigation below.

We first consider the appropriate period for comparison of pre-petition and post-petition levels of the imports subject to affirmative critical circumstances findings. While the Commission typically considers six-month periods, it has relied on a shorter comparison period when Commerce's preliminary determination fell within the six-month post-petition period the Commission typically considers.[169] That situation arises here. We thus compare the volume of subject imports five months prior to the filing of the petition with the volume of subject imports five months after the filing of the petition in our critical circumstances analyses.[170]

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

[167] *Certain Steel Wheels From the People's Republic of China: Final Determination of Sales at Less-Than-Fair-Value,* 84 Fed. Reg. 11746, 11747 (March 28, 2019).

[168] *Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination,* 84 Fed. Reg. 11744, 11745 (March 28, 2019).

[169] In particular, the Commission has used five-month periods in recent investigations where the timing of the first preliminary Commerce determination authorizing the imposition of provisional duties would have served to reduce subject import volume in the sixth month of the post-petition period. *See, e.g., Cold-Rolled Steel Flat Products from China and Japan,* Inv. Nos. 701-TA-541 and 731-TA-1284 and 1286 (Final), USITC Pub. 4619 (July 2016); *Polyethylene Terephthalate (PET) Resin from Canada, China, India, and Oman,* Inv. Nos. 701-TA-531-532 and 731-TA-1270-1273 (Final), USITC Pub. 4604 at 31-32 (Apr. 2016); *Carbon and Certain Steel Wire Rod from China*, Inv. Nos. 701-TA-512, 731-TA-1248 (Final), USITC Pub. 4509 at 25-26 (Jan. 2015) (using five-month periods because preliminary Commerce countervailing duty determination caused reduction of subject import volume in sixth month).

[170] The petitions in these investigations were filed on March 27, 2018, and Commerce made its preliminary affirmative determination in the countervailing duty investigation with respect to China on August 31, 2018. CR at I-2, PR at I-1. *Certain Steel Wheels From the People's Republic of China:*
(Continued...)

1. Antidumping Duty Investigation

The volume of subject imports from all sources (the China-wide entity) increased from 358,489 wheels in the five-month pre-petition period to 424,369 wheels in the five-month post-petition period (an increase of 18.4 percent).[171] Available information shows that U.S. importers' end-of-period inventories of subject imports from China were 163,836 wheels in December 2017 and 107,898 wheels in September 2018.[172] We acknowledge the increase in subject imports in the five-month post-petition period, but we find the increase in subject imports is not sufficient to undermine seriously the remedial effect of the antidumping duty order, particularly in light of the lower inventories in September 2018 compared to December 2017. There are also no indications of, or arguments regarding, any other circumstances indicating that the remedial effect of the antidumping duty order will be seriously undermined. We thus find that the imports subject to Commerce's antidumping duty critical circumstances determination would not undermine seriously the remedial effect of the antidumping duty order, and we make a negative critical circumstances determination with regard to those imports.

2. Countervailing Duty Investigation

The volume of subject imports from exporters Jingu and Sunrise for which Commerce made affirmative critical circumstances findings in the countervailing duty investigation decreased from *** wheels in the five-month pre-petition period to *** wheels in the five-month post-petition period (a decrease of *** percent).[173] Available information shows that U.S. importers' end-of-period inventories of subject imports from China were 163,836 wheels in December 2017 and 107,898 wheels in September 2018.[174] Given the decrease in volume in the five-month post-petition period and the lower inventories in September 2018 compared to December 2017, we find that the imports subject to Commerce's affirmative countervailing duty critical circumstances determination would not undermine seriously the remedial effect of the countervailing duty order, and we make a negative critical circumstances determination with regard to those imports.

(…Continued)
Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination, 83 Fed. Reg. 44573 (Aug. 31, 2018). Thus, we consider the periods November 2017 through March 2018 and April 2018 through August 2018.

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

[172] CR/PR at Table VII-6.

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

[174] CR/PR at Table VII-6.

VI. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of steel wheels from China that are sold in the United States at less than fair value and subsidized by the government of China. We also determine that critical circumstances do not exist with respect to imports of steel wheels from China for which Commerce made affirmative critical circumstances determinations.

Dissenting Views of Chairman David S. Johanson and Commissioner Meredith M. Broadbent

Based on the record in the final phase of these investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of steel wheels from China found by the U.S. Department of Commerce ("Commerce") to be sold at less-than-fair value and subsidized by the government of China. We join Sections I-IV.B of the Views of the Commission.

Our separate negative determinations rest primarily upon the evidence that supports findings that: (1) subject imports increased because of their concentration in the growing aftermarket, and did not take significant market share from domestic producers in either the aftermarket or sales to the total OEM segment; (2) the domestic industry's decline in shipments was due to its concentration in the OEM market segment, which experienced a decline in demand; (3) subject imports did not significantly depress or suppress U.S. producers' prices; (4) the domestic industry was able to increase its profit margins from 2015 to 2017 and the decrease in profit margins in 2018 was due to a sharp increase in raw material costs, not due to competition with subject imports; and (5) future volumes of subject imports are not likely to cause material injury to the domestic industry.

I. No Material Injury by Reason of Subject Imports from China

A. 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."[1]

The volume of subject imports decreased from 884,632 wheels in 2015 to 804,025 wheels in 2016 before increasing to 1,014,146 wheels in 2017, for an overall increase of 14.6 percent.[2] Subject imports were 624,352 wheels in January to September ("interim") 2018, lower (by 15.8 percent) than the 741,208 wheels imported in interim 2017.[3] Subject imports' market share increased from *** percent in 2015 to *** percent in 2016 and then to *** percent in 2017, or by *** percentage points overall.[4] Subject imports' market share was *** percent in interim 2018, lower (by *** percentage points) than the *** percent share in interim 2017.[5]

In light of the foregoing, we find that the volume of subject imports, and the increase in subject imports, were significant both in absolute terms and relative to consumption. We

[1] 19 U.S.C. § 1677(7)(C)(i).
[2] CR/PR at Table IV-2.
[3] CR/PR at Table IV-2.
[4] CR/PR at Table IV-11.
[5] CR/PR at Table IV-11.

further conclude that, as detailed below, the significance of the volume of subject imports is mitigated by the conditions of competition in the U.S. steel wheels market.

The aggregate market share trends described above were driven by changes in the end-use markets served by these suppliers. As emphasized in *2012 Steel Wheels*, the views of the Commission during the preliminary phase of these investigations, and in Section IV.B.3 of the current Views of the Commission, the U.S. market for steel wheels is segmented into original equipment manufacturers (OEMs) and non-OEM (aftermarket) purchasers.[6] Each of these end-use segments is subject to specific market conditions that influence the volume of U.S. shipments made by both domestic and import suppliers to these markets, as described below.

OEM (Overall): The U.S. OEM market, which accounts for the majority of steel wheel sales made in the United States,[7] is where the domestic industry makes the large majority of its sales.[8] Demand for steel wheels by OEMs, which is primarily driven by the production of new commercial trucks, trailers, and buses,[9] decreased from 2015 to 2017 due to factors such as increased usage of aluminum wheels in new trucks and a shift in production of new trucks to Mexico.[10] As consumption of steel wheels by OEMs declined by *** percent from 2015 to 2017, the domestic industry's shipments within this large but declining segment fell by *** percent.[11] Despite these declines, the domestic industry continued to dominate the OEM market, with shares of total OEM sales of *** percent in 2015, *** percent in 2016, and *** percent in 2017, a decline of only *** percentage points over the full years of the period.[12] Consumption of steel wheels by OEMs in interim 2018 was higher (by *** percent) than in interim 2017 while the domestic industry's OEM shipments in interim 2018 were also higher (by *** percent) than in interim 2017.[13] The domestic industry's share of total OEM sales was *** percent in interim 2018, higher than the *** percent share in interim 2017.[14] The observed decrease in U.S. producers' U.S. shipments of steel wheels occurred overwhelmingly as a result of declining sales to OEM customers.

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[6] *Certain Steel Wheels from China*, Inv. Nos. 701-TA-478 and 731-TA-1182 (Final), USITC Pub. 4319 (May 2012), at 14-15.

[7] CR/PR at Table IV-16. Steel wheel sales to the OEM market accounted for *** percent of apparent U.S. consumption of all steel wheels in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. *Id*.

[8] CR/PR at Table II-1. U.S. producers shipped *** percent of their total U.S. shipments to OEM customers in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. *Id*.

[9] CR at II-8 and II-10, PR at II-5 and II-6.

[10] *Steel Wheels from China*, Inv. Nos. 701-TA-602 and 731-TA-1412 (Preliminary), USITC Publication 4785 (May 2018), CR at II-11; PR at II-6; CR/PR at Figure II-2 and II-3**.**

[11] CR/PR at Table IV-16.

[12] CR/PR at Table IV-16. By value, the domestic industry's share of total OEM sales did not change over the full years of the period (remaining at *** percent in both 2015 and 2017). *Id*.

[13] CR/PR at Table IV-16.

[14] CR/PR at Table IV-16.

Subject imports did not contribute to the domestic industry's decreased sales to the OEM segment of the steel wheels market. Subject imports slightly increased their share of the OEM market segment from *** percent in 2015 to *** percent in 2017, but practically all of that increase came at the expense of nonsubject imports. In interim 2018, subject imports' share of total OEM sales was *** percent, lower than the *** percent share in interim 2017. [15] While subject imports did gain *** percentage points of market share within the OEM segment from 2015 to 2017, all but *** percentage points of that gain came at the expense of nonsubject imports.

Examining each of the OEM market segments in detail demonstrates that in the segments accounting for the vast majority of the OEM market, subject imports had a minor and steady presence. The only OEM segments in which subject imports did gain material market share were small, together accounting for only *** percent of overall apparent U.S. consumption of steel wheels in 2017.[16] [17]

OEM Trucks: In the OEM truck segment, which accounted for *** percent of overall apparent U.S. consumption of steel wheels in 2017, subject imports were not present at all.[18] The OEM truck segment experienced a significant decrease in demand from 2015 to 2017,[19] and the domestic industry's market share actually increased from *** percent in 2015 to *** percent in 2017.[20] As a result, the domestic industry's shipments to the OEM truck segment decreased by *** percent from 2015 to 2017, which clearly cannot be attributed to subject imports.[21] [22]

OEM Trailers: In the OEM trailer segment, accounting for the largest share of overall apparent U.S. consumption (at *** percent in 2017) and the largest share of the domestic industry's total shipments, subject import volume declined from *** wheels in 2015 to ***

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[15] CR/PR at Table IV-16.

[16] CR/PR at Table IV-16

[17] In the discussion below on specific market segments, we focus our analysis on full-year comparisons. Subject imports had lower shares of sales in each segment where they were present in interim 2018 than in interim 2017 and the domestic industry's market shares were generally higher in interim 2018 than in interim 2017, with the exception of the OEM truck market segment where subject imports had no presence.

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

[19] According to data provided by the petitioners, Class 5-8 truck production decreased by 11.4 percent between 2015 and 2017 and was higher in interim 2018 (by 18.6 percent) than in interim 2017. Trailer production decreased by 5.9 percent between 2015 and 2017 and was higher in interim 2018 (by 15.2 percent) than in interim 2017. Petitioners' Prehearing Brief at 34.

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

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

[22] The domestic industry's shipments to the OEM truck segment were *** percent higher in interim 2018 than in interim 2017, and its market share was *** percent in interim 2018, *** percentage points lower than the *** percent it had in interim 2017. There were no subject imports in the OEM truck segment in interim 2017 or interim 2018. CR/PR at Table IV-12.

wheels in 2017, or by *** percent.[23] Nevertheless, subject import market share increased slightly by *** percentage points from *** percent in 2015 to *** percent in 2017.[24] U.S. producers held a steady majority of shipments in this contracting segment, declining by *** percentage points over the full years, from *** percent in 2015 to *** percent in 2017.[25] U.S. producers' shipments to the OEM trailer segment declined by *** wheels, or by *** percent.[26] [27]

OEM Bus: In the OEM bus segment, which accounted for *** percent of overall apparent U.S. consumption in 2017, subject import volume increased by *** percent, rising from *** wheels in 2015 to *** wheels in 2017.[28] Nevertheless, because demand growth was robust in this segment, subject import market share increased by a modest *** percentage points, increasing from *** percent in 2015 to *** percent in 2017.[29] U.S. producers' U.S. shipments in the OEM bus segment also increased by *** percent, despite losing *** percentage points of market share, falling from *** percent in 2015 to *** percent in 2017.[30] [31]

Other OEMs: In the Other OEM[32] segment, by far the smallest at only *** percent of overall apparent U.S. consumption, subject import volume increased by *** percent, rising from *** wheels in 2015 to *** wheels in 2017.[33] With demand in this segment growing rapidly, the increase in subject import market share was limited to a modest *** percentage points, increasing from *** percent in 2015 to *** percent in 2017.[34] U.S. producers'

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

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

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

[26] CR/PR at Table IV-13. Cyclical demand trends for new trailers and trailer production shifting to Mexico were reported as reasons for the decrease in OEM trailer wheel demand in the United States. Hearing Tr. at 22 (Risch), 140 (Cunningham).

[27] The domestic industry's shipments to the OEM trailer segment were *** percent higher in interim 2018 than in interim 2017, and its market share was *** percent in both interim 2017 and interim 2018. Subject import shipments to the OEM trailer segment were *** percent lower in interim 2018 than in interim 2017, and subject import market share was *** percent in interim 2018, *** percentage points lower than in interim 2017, when it was *** percent. CR/PR at Table IV-13.

[28] CR/PR at Table IV-14.

[29] CR/PR at Table IV-14.

[30] CR/PR at Table IV-14.

[31] The domestic industry's shipments to the OEM bus segment were *** percent higher in interim 2018 than in interim 2017, and its market share was *** percent interim 2018, *** percentage points higher than in interim 2017, when it was *** percent. Subject import shipments to the OEM bus segment in interim 2018 were *** percent lower than in interim 2017, and subject import market share was *** percent in interim 2018, *** percentage points lower than in interim 2017, when it was *** percent. CR/PR at Table IV-14.

[32] Other OEM includes, but is not limited to, cement mixers, garbage trucks, and ***. Hearing Tr. at 22 (Risch); CR at IV-27, PR at IV-16.

[33] CR/PR at Table IV-15. Accuride acquired importer KIC LLC ("KIC") in May 2017. KIC accounted for *** percent of subject imports for Other OEMs from 2015 to 2017. CR at III-15, PR at III-5.

[34] CR/PR at Table IV-15.

shipments to the Other OEM segment also increased, rising from *** wheels in 2015 to *** wheels, or by *** percent. The domestic industry's market share decreased by *** percentage points, from *** percent in 2015 to *** percent in 2017.[35] [36]

To summarize, in the two largest OEM steel wheel market segments accounting for *** percent of overall apparent U.S. consumption in 2017, demand declined and subject imports were ***. In the two smallest steel wheel market segments accounting for *** percent of overall apparent U.S. consumption in 2017, demand increased robustly,[37] with the growth rate of subject imports higher than that of U.S. producers' shipments. This detailed analysis of OEM market segments shows that while subject imports gained market share in the smallest OEM market segments, they did not displace the U.S. producers' share of the overall OEM market where the domestic industry lost only *** percentage points.

Aftermarket: Sales to the aftermarket accounted for the majority of importers' sales of subject imports throughout the period of investigation but only a small share of the domestic industry's shipments.[38] While demand for steel wheels within OEM segments is affected by U.S. truck, trailer, and bus production, the existence of substitute products, and increased truck and trailer imports, demand in the aftermarket is affected primarily by freight indicators (such as continued U.S. economic growth and increased truck deliveries by online retailers) and the average age of the fleet.[39] Total aftermarket shipments of steel wheels decreased by *** percent between 2015 and 2016 before increasing by *** percent between 2016 and 2017, for an overall increase of *** percent from 2015 to 2017. Total aftermarket shipments in interim 2018 were higher (by *** percent) than in interim 2017.[40]

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[35] CR/PR at Table IV-15.

[36] The domestic industry's shipments to the Other OEM segment in interim 2018 were *** percent higher than in interim 2017, and its market share was *** percent in interim 2018, *** percentage points higher than in interim 2017, when it was *** percent. Subject import shipments to the Other OEM segment in interim 2018 were *** percent lower than in interim 2017, and subject import market share in interim 2018 was *** percent, *** percentage points lower than in interim 2017, when it was *** percent. CR/PR at Table IV-15.

[37] Between 2015 and 2017, the total volume of shipments by all suppliers to the OEM bus and Other OEM segments increased by *** percent and *** percent, respectively. CR/PR at Tables IV-14-15.

[38] CR/PR at Table II-1. Importers shipped *** percent of their subject import shipments to the aftermarket in 2017, up from *** percent in 2015. In interim 2018, importers shipped *** percent of their subject import shipments to the aftermarket, higher than the *** percent shipped to the aftermarket in interim 2017. U.S. producers shipped *** percent of their shipments to the aftermarket in 2017, up from *** percent in 2015. U.S. producers shipped *** percent of their shipments to the aftermarket in interim 2018, higher than the *** percent shipped to the aftermarket in interim 2017. CR/PR at Table II-1.

[39] CR at II-9, PR at II-5-6.

[40] CR/PR at Table IV-17. These data coincide with Cass Freight Index data, which measures North American freight volumes, provided by the petitioners. The Cass Freight Index data show a decline in freight from 2015 to 2016, a greater increase between 2016 and 2017, and interim 2018 higher than interim 2017. Petitioners' Prehearing brief at 35.

Given that subject imports were concentrated in the aftermarket throughout the period of investigation, the growth of this market segment—growth that was especially notable in the last half of the period—contributed most significantly to the overall increase in subject imports.[41] Within the aftermarket segment, the market share held by subject imports increased steadily from *** percent in 2015, to *** percent in 2016, and to *** percent in 2017, an overall increase of *** percentage points. Subject import market share was *** percent in interim 2018, lower than the *** percent in interim 2017.[42] The increase in subject imports' market share in this segment from 2015 to 2017 did not disadvantage the domestic industry in a material way and was instead taken almost entirely from nonsubject imports.[43] The domestic industry's market share in the aftermarket segment declined from *** percent in 2015 to *** percent in 2017, or by *** percentage points.[44] The domestic industry was also able to benefit from the increase in aftermarket demand, as their shipments to aftermarket customers increased by *** percent from 2015 to 2017. Domestic industry shipments to the aftermarket segment in interim 2018 were *** percent higher than in interim 2017.[45] Therefore, although subject imports gained market share within the aftermarket, it did not result in a material market share shift away from domestic producers.

In light of the foregoing, we find that the domestic industry's decline in U.S. shipments and market share, and the increases in subject imports in both absolute and relative terms, were the result of changes in demand within the specific market segments in which they were concentrated. Subject imports, and the increase in subject imports, were significant both in absolute terms and relative to consumption. However, the significance of the volume of subject imports is mitigated by the conditions of competition in the U.S. steel wheels market.

B. 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.[46]

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[41] CR/PR at Tables II-1 and IV-17.

[42] CR/PR at Table IV-17.

[43] CR/PR at Table IV-17. Nonsubject imports' share of aftermarket sales was *** percent in 2015 and *** percent in 2017, a decline of *** percentage points.

[44] CR/PR at Table IV-17.

[45] CR/PR at Table IV-17.

[46] 19 U.S.C. § 1677(7)(C)(ii).

As addressed in section IV.B.3 of the Views of the Commission, the record indicates that there is a moderate-to-high degree of substitutability between domestically produced steel wheels and subject imports from China, and that price is an important factor in purchasing decisions for this market.[47]

The Commission sought quarterly data on the total quantity and f.o.b. value of four steel wheel products from domestic producers and U.S. importers – two product specifications further defined by sales to OEMs and to the aftermarket.[48] Both domestic producers and twenty-two importers of subject merchandise provided usable data.[49] Reported pricing data accounted for approximately 95 percent of the value of the domestic industry's U.S. shipments of steel wheels and 80 percent of subject imports from China.[50]

The pricing data indicate that subject imports were consistently lower priced than the domestic like product, as subject imports undersold the domestic like product in all 60 quarterly pricing comparisons at an average underselling margin of 29.0 percent.[51] In addition, all 13 purchasers that reported purchasing subject imports instead of the domestic product indicated that subject imports were lower priced.[52] Therefore, the record indicates that subject imports undersold the domestic like product to a significant degree throughout the period.

As discussed in greater detail within our analysis of volume trends, however, subject imports increased due to their concentration in the growing aftermarket, while the domestic industry's U.S. shipments fell due to their concentration in sales to the declining OEM market.[53] Thus, the record before the Commission does not indicate that consistent underselling by subject imports from China resulted in a market share shift at the domestic industry's expense.

The record also does not show significant price depression caused by subject imports. Despite significant underselling, prices of domestically produced steel wheels remained generally stable throughout the period of investigation. From the first quarter of 2015 to the third quarter of 2018, U.S. producers' prices decreased for two of the pricing products by only *** percent and *** percent, while the price of one pricing product ***, and the price of the final pricing product increased by *** percent.[54] We find that these price declines are not

[47] CR at II-14, PR at II-18, CR/PR at Table II-8.

[48] CR at V-5-6, PR at V-3-4.

[49] CR at V-6, PR at V-4.

[50] CR at V-6, PR at V-4.

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

[52] CR/PR at Table V-10.

[53] Although 11 of 21 responding purchasers indicated that price was a primary reason for their decisions to purchase subject imports instead of the domestic like product, purchasers reported, collectively, that from 2015 to 2017 they increased their share of purchases of subject imports by only 0.1 percentage points. CR/PR at Table V-9. Therefore, the data do not indicate that subject imports increased at the direct expense of the domestic industry, nor do they contradict our finding that subject imports did not take market share from the domestic industry within larger market segments.

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

indicative of significant price depression, particularly because the industry did not experience a cost-price squeeze from 2015 to 2017.[55]

Moreover, we do not find that subject imports prevented price increases, which otherwise would have occurred, to a significant degree. As the domestic industry's unit COGS decreased by $*** between 2015 and 2016, or by *** percent, the domestic industry's average unit value of net sales decreased by only $***, or by *** percent.[56] Conversely, when the domestic industry's unit COGS increased by $*** between 2016 and 2017, or by *** percent, the domestic industry's average unit value of net sales increased even more, rising by $***, or by *** percent.[57] As a result, the domestic industry's COGS/net sales ratio decreased steadily from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017.[58] Thus, from 2015 to 2017, the domestic industry's unit values generally reflected changes in underlying costs, and the domestic industry was able to improve its revenue position relative to its costs throughout the period, even as aggregate demand in the steel wheels market declined overall.

The domestic industry's unit COGS were $*** (or *** percent) higher in interim 2018 than in interim 2017, while the domestic industry's average unit value of net sales were only $*** (or *** percent) higher in interim 2018 than in interim 2017.[59] Thus, the industry's COGS/net sales ratio increased from *** percent in interim 2017 to *** percent in interim 2018.[60] We find that the significant increase in raw material costs in interim 2018 and the reliance of the domestic industry on long-term sales contracts, and not subject imports, limited the ability of U.S. producers to raise their prices in the short run.[61] The market share of subject imports was lower in interim 2018 (at *** percent) than in interim 2017 (when it was *** percent), which is inconsistent with increased price pressures on the domestic industry being attributable to subject imports in interim 2018.[62] [63]

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[55] CR/PR at Table VI-1. The COGS/net sales ratio decreased steadily from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017. Only 2 out of 23 purchasers indicated that U.S. producers had reduced their prices due to low-priced subject import competition. CR/PR at Table V-11. Purchaser responses to the lost revenue portion of the questionnaire therefore do not indicate that there was significant price depression caused by subject imports during the period of investigation.

[56] CR/PR at Tables VI-2, C-1.

[57] CR/PR at Tables VI-2, C-1.

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

[59] CR/PR at Tables VI-2.

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

[61] CR/PR at Table VI-1. Hot-rolled steel, the primary raw material input used to produce steel wheels, is subject to import duties of 25 percent that were imposed in March 2018 under section 232 of the Trade Expansion Act of 1962, and contributed to the sharp increase in raw material costs in interim 2018. CR/PR at V-1 n.1 and Petitioners' Prehearing Brief at 45. Long-term contracts accounted for *** percent of U.S. producers' sales in 2017. CR/PR at Table V-2. Petitioners note that many of the domestic producers' sales are under long-term contracts and domestic producers are locked into those prices until they are able to negotiate new agreements. Petitioners' Prehearing Brief at 88.

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

In sum, we find that subject imports did not have significant effects on U.S. prices during the period of investigation.

C. Impact of the Subject Imports[64]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[65]

(…*continued*)

[63] Petitioners have argued that the higher COGS/net sales ratio in interim 2018 was the result of increasing raw material costs and competition with low-priced subject imports. Petitioners state that contracts usually contain clauses allowing prices to adjust for raw material costs. Hearing Tr. at 110 (Stewart). However, they argue that long-term contracts with OEM customers usually contain "keep competitive" clauses, which require producers to remain competitive with respect to a number of factors, including price. Petitioners' Posthearing Brief, Answer to Question 1 at 6 and Answer to Question 18 at exhibit 1. Petitioners argue that these "keep competitive" clauses and low-priced subject imports prevented them from increasing prices as raw material costs rose in interim 2018. We do not see evidence in the record that this occurred to a significant degree. When raw material costs decreased from 2015 to 2016, U.S. steel wheel prices also decreased, but not to the same degree, and the domestic industry benefitted as the COGS/net sales ratio decreased. Similarly, when raw material costs increased from 2016 to 2017, U.S. steel wheel prices also increased, but not to the same degree. In addition, underselling margins were comparable throughout the POI and therefore, if "keep competitive" clauses had the ability to significantly harm the domestic industry, this effect would have been seen in 2015 to 2017. Therefore, there is no reason to assume that the domestic industry should have been able to adjust its prices to the same degree as a sharp rise in raw materials costs in interim 2018. Finally, a representative of the Petitioners stated at the hearing that there are lags of 3 to 6 months in price adjustments for raw material costs. Hearing Tr. at 110 (Risch). The section 232 tariffs on steel, which appear to be the main driver in increased raw material costs, were imposed in March 2018. Therefore, according to the domestic industry's own estimates, there has not been enough time for U.S. steel wheels prices to adjust to the rapid increase in raw material prices related to the section 232 tariffs.

[64] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determinations of sales at less-than-fair value, Commerce found antidumping duty margins of 231.70 percent for imports from China. We take into account in our analysis the fact that Commerce has made these final findings, as well as consideration of other factors related to the domestic industry's condition.

[65] 19 U.S.C. § 1677(7)(C)(iii).

Overall, the domestic industry's financial and performance indicators were mixed during the period of investigation. Capacity did not change throughout the period and remained at *** wheels in each full year and at *** wheels during interim periods.[66] Production decreased by *** percent between 2015 and 2017 and was *** percent higher in interim 2018 than in interim 2017.[67] As a result, capacity utilization rates declined from *** percent in 2015 to *** percent in 2017 (or by *** percentage points) and was *** percentage points higher in interim 2018 (at *** percent) than in interim 2017 (when it was *** percent).[68] U.S. producers' share of apparent U.S. consumption decreased steadily from *** percent in 2015 to *** percent in 2016 and then to *** percent in 2017.[69] U.S. producers' U.S. market share was *** percent in interim 2018, higher than U.S. producers' *** percent market share in interim 2017.[70] U.S. producers' U.S. shipments declined by *** percent between 2015 and 2017 and was *** percent higher in interim 2018 than in interim 2017.[71] The domestic industry's inventories increased by *** percent between 2015 and 2017 and were *** percent higher in interim 2018 than in interim 2017, although they remained low relative to total shipments, rising from *** percent of total shipments in 2015 to *** percent in 2017, and they were steady between interim 2017, when they were *** percent of total shipments, and interim 2018, when they were *** percent.[72] The number of production workers declined by *** percent between 2015 and 2017, while labor productivity increased by *** percent and hourly wages increased by *** percent.[73] In interim 2018, the number of production workers was *** percent higher than in interim 2017, labor productivity was *** percent higher than in interim 2017, and hourly wages were *** percent higher than in interim 2017.[74]

The domestic industry's operating income margin improved from 2015 to 2017, rising from *** percent in 2015 to *** percent in 2016, before declining slightly to *** percent in 2017, or an overall increase of *** percentage points.[75] In interim 2018, the domestic industry's operating income market was *** percent, *** percentage points lower than it had been in interim 2017. The domestic industry's gross profit margins exhibited even more significant improvements, rising steadily from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[76] The gross profit margin was *** percent in interim 2018, lower than it

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

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

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

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

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

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

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

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

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

[75] CR/PR at Tables VI-1, C-1. The domestic industry's net income margin increased steadily from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017. The net income margin was *** percent in interim 2017 and *** percent in interim 2018. *Id*.

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

had been in interim 2017, when it was *** percent.[77] The industry's capital expenditures decreased from 2015 to 2017, but were higher in interim 2018 than in interim 2017.[78] Research and development expenses increased steadily from 2015 to 2017, but were lower in interim 2018 than in interim 2017.[79] Return on investment declined from *** percent in 2015 to *** percent in 2017.[80]

Although several of the industry's output-related indicators decreased from 2015 to 2017, we do not attribute these declines to subject import competition. As discussed in greater detail within our analysis of volume trends, the domestic industry's shipments and market share fell as a result of its substantial concentration in sales to OEM customers, which purchased *** percent fewer steel wheels between 2015 and 2017.[81] Likewise, subject imports increased and gained aggregate market share as a result of importers' concentration in the aftermarket, a segment that grew by *** percent between 2015 and 2017.[82] Therefore, we attribute the domestic industry's declining shipments and market share to the conditions within the specific market segments in which it participated rather than to subject import competition.

In addition, subject import underselling did not cause significant price depression, nor did it prevent the domestic industry from increasing prices. As a result, the industry's operating income margin increased from 2015 to 2017. Although the industry's operating income margin was lower in interim 2018 than it had been in interim 2017, this was not caused by competition with subject imports. As discussed in greater detail within our analysis of price trends, that the COGS/net sales ratio was higher, and the operating income margin lower, in interim 2018 than in interim 2017, was due to the suddenly increased raw material prices in interim 2018 and the prevalence of long-term sales contracts, rendering the domestic industry unable to raise prices in the short run. Thus, we do not find that the domestic industry was adversely impacted by subject imports.

For the above reasons, we find that the domestic industry is not materially injured by reason of subject imports.

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

a. Legal Standard

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is

[77] CR/PR at Table VI-1.
[78] CR/PR at Table VI-5.
[79] CR/PR at Table VI-5.
[80] CR/PR at Table VI-6.
[81] CR/PR at Table II-1 and Table IV-16.
[82] CR/PR at Table II-1 and Table IV-17.

accepted."[83] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[84] In making our determination, we consider all statutory threat factors that are relevant to this investigation.[85]

b. Likely Volume

As noted in our discussion of present material injury, during the POI, subject imports from China did not increase at the expense of the domestic industry. Thus, while we found that the volume was significant in absolute terms and relative to apparent U.S. consumption, the increase in subject imports was attributable to an increase in demand in the aftermarket, which accounted for the majority of importers' sales, and does not foreshadow a surge of subject imports into the U.S. market in the imminent future.

The Commission issued questionnaires to 36 Chinese firms believed to produce and/or export steel wheels, and received usable responses from firms that reported production

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[83] 19 U.S.C. § 1677(7)(F)(ii).

[84] 19 U.S.C. § 1677(7)(F)(ii).

[85] These factors are as follows:

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

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

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

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

(V) inventories of the subject merchandise,

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

…

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

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

19 U.S.C. § 1677(7)(F)(i).

accounting for approximately *** percent of overall production of steel wheels in China and exports equivalent to 98.5 percent of all subject imports in 2017.[86] Based on the information submitted by these firms, Chinese capacity and production of steel wheels increased between 2015 and 2017, and capacity is projected to increase in 2018 and into 2019, while production is projected to decrease.[87] These producers' capacity utilization rates increased from 68.9 percent in 2015 to 82.0 percent in 2017 as production increases outpaced capacity growth, resulting in a reduction of the Chinese industry's excess capacity by 40.7 percent.[88] These producers report that they project consistently high capacity utilization in 2018 and 2019.[89] The record also shows that the Chinese industry is export-oriented, with exports as a share of total industry shipments rising from 59.1 percent in 2015 to 60.7 percent in 2017.[90] The Chinese industry's reported share of total shipments that were exported to the United States increased from 11.8 percent in 2015 to 15.0 percent in 2017, although these producers estimated this share would fall to 8.4 percent in 2018 and 2.4 percent in 2019.[91] [92]

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[86] CR/PR at VII-3 & n.4.

[87] CR/PR at Table VII-3. The Chinese industry's capacity increased by 2.6 percent between 2015 and 2017, and is projected to increase by an additional 1.1 percent from 2017 to 2019. Production increased by 22.1 percent from 2015 to 2017, but is projected to decrease by 2.0 percent from 2017 to 2019. *Id*.

[88] CR/PR at Table VII-3.

[89] CR/PR at Table VII-3. Chinese producers reported that capacity utilization would be 80.4 percent in 2018 and 79.5 percent in 2019.

[90] CR/PR at Table VII-3.

[91] CR/PR at Table VII-3.

[92] We have also considered the other statutory threat factors, none of which indicate that a significant increase in the volume of subject imports is imminent. The Chinese industry's end-of-period inventories relative to its reported total shipments remained stable, with this ratio rising slightly from 12.4 percent in 2015 to 12.7 percent in 2017, and lower in interim 2018, at *** percent, than in interim 2017, when it was *** percent. CR/PR at Table VII-3. U.S. importers' inventories decreased as a ratio to U.S. shipments of the imports of subject merchandise, falling from 18.7 percent in 2015 to 17.2 percent in 2017, and lower in interim 2018, at 11.8 percent, than in interim 2017, when it was 17.3 percent. CR/PR at Table VII-6.

Although Chinese producers reported making other products on equipment used to make in-scope steel wheels, the data do not indicate that a substantial shift from other products to production of steel wheels will occur. In-scope steel wheels accounted for a consistent majority of production on shared equipment. Steel wheels as a share of production on shared equipment increased slightly from *** percent in 2015 to *** percent in 2017 and was lower in interim 2018, at *** percent, than in interim 2018, when it was *** percent. CR/PR at Table VII-4.

There are no known trade barriers in third-country markets covering Chinese exports of in-scope steel wheels. India has an antidumping duty order on out-of-scope steel wheels from China, but this order has been in existence since 2007, and would not create an incentive for Chinese producers to export significant additional volumes of in-scope merchandise to the United States in the imminent future. Other antidumping or countervailing duty orders that were identified in the course of this investigation pertain to aluminum wheels. CR at VII-14, PR at VII-12.

(*continued*...)

The data relevant to threat analysis indicate the existence of excess capacity and a high degree of export orientation in China; however, they do not suggest the likelihood of substantially increased imports in the imminent future beyond what would occur as a result of changes in demand within the United States. As discussed above, subject imports increased significantly both absolutely and relative to U.S. consumption over the period of investigation. Nonetheless, these increases occurred due to their concentration in the aftermarket, which grew considerably. Subject imports did not increase their market share at the expense of the domestic industry in either the aftermarket or in overall sales to OEMs. The evidence on the record does not indicate that any future increase in subject imports will occur more rapidly or injuriously than what occurred during the period of investigation.[93]

c. Likely Price Effects

As discussed above, underselling by the subject imports was prevalent during the POI. However, we found that notwithstanding the significant volume of subject imports sold at lower prices during the POI, the subject imports did not have a significant adverse effect on prices for the domestic like product. Instead, domestic prices did not decrease significantly over the POI, and price changes that occurred during the POI were not explained by price competition with subject imports. In light of our finding that subject imports are not likely to increase significantly in the imminent future, we similarly do not consider it likely that the price trends that prevailed during the POI are likely to change either.[94]

Therefore, we find that imports of steel wheels from China are not likely to enter at prices that will have a significant depressing or suppressing effect on domestic prices or to increase demand for further imports.

(…*continued*)

On March 28, 2019, Commerce published a notice in the Federal Register of its final determination of countervailable subsidies for producers and exporters of product from China. The final countervailable subsidy margin is 457.10 percent. CR/PR at Table I-1.

[93] Petitioners asserted that Chinese producers were qualified to sell to an OEM truck company, that U.S. OEM truck companies use Chinese prices to extract price concessions, and that this has "long-term economic consequences for the domestic producers." Petitioners' Prehearing Brief at 4; Hearing Tr. at 55-56 (Stewart). Nevertheless, as Chinese respondents testified, Hearing Tr. at 152-54 (Saylor), and our staff report confirms, CR/PR at Table IV-12, despite being qualified, no shipments of subject imports were made into the OEM truck segment. Any future inroads by subject imports into the OEM truck segment are, therefore, highly speculative.

[94] As noted in the staff report, subject imports of steel wheels from China are, effective September 24, 2018, subject to a 10-percent additional duty (over and above the normal trade relations tariff rates that range between 2.5 and 3.1 percent) pursuant to the Section 301 investigation. CR at I-9 and I-14, PR at I-6 and I-10.

d. Likely Impact

As discussed above, we have found no significant causal relationship between subject imports and the domestic industry's performance during the POI. Subject import volumes increased during the POI due to their concentration in the aftermarket, which experienced an increase in demand. The domestic industry's shipments were concentrated in the OEM market, and the decline in demand in this segment of the market, not subject import competition, caused the slight loss in market share experienced by the domestic industry between 2015 and 2017. In addition, subject imports did not cause adverse price effects as there was no cost-price squeeze from 2015 to 2017, and the cost-price squeeze in interim 2018 was caused by a rapid increase in the cost of raw materials that was not met with proportional increases in U.S. prices due to the prevalence of fixed-price contract sales.

As discussed above, we do not find it likely that there will be a significant increase of subject imports in the imminent future. Although underselling may persist, as occurred throughout the POI, subject imports are not likely to have significant price depressing or suppressing effects on prices for U.S. steel wheels. Based on these considerations, we find that subject imports are not likely to have a significant impact on the domestic industry in the imminent future.

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

III. Conclusion

For the reasons stated above, we determine that an industry in the United States is neither materially injured nor threatened with material injury by reason of subject imports of steel wheels from China that are allegedly sold in the United States at less than fair value and subsidized by the government of China.

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 Accuride Corporation ("Accuride"), Evansville, Indiana, and Maxion Wheels Akron LLC ("Maxion"), Akron, Ohio on March 27, 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 wheels[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
March 27, 2018	Petition filed with Commerce and the Commission; institution of the Commission's investigations (83 FR 14295, April 3, 2018)
April 16, 2018	Commerce's notice of initiation of less-than-fair-value investigation (83 FR 17798, April 24, 2018)
April 16, 2018	Commerce's notice of initiation of countervailing duty investigation (83 FR 17794, April 24, 2018)
May 11, 2018	Commission's preliminary determinations (83 FR 22990, May 17, 2018)
August 31, 2018	Commerce's preliminary countervailing duty determinations (83 FR 44573)
October 23, 2018	Scheduling of final phase of Commission investigations (83 FR 61672, November 30, 2018)
October 30, 2018	Commerce's preliminary antidumping duty determinations (83 FR 54568)
March 14, 2019	Commission's hearing
March 28, 2019	Commerce's final determinations (countervailing duty: 84 FR 11744; antidumping duty: 84 FR 11746)
April 24, 2019	Commission's vote
May 13, 2019	Commission's views[4]

[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.

[4] The deadline for this proceeding was tolled due to the lapse in appropriations and ensuing cessation of Commission operations from December 22, 2018, through the resumption of operations on January 28, 2019.

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--[5]

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

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

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—[6]

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

Organization of report

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

Steel wheels are primarily used as attachments to trucks, trailers, and buses to provide for vehicle movement. The U.S. producers of steel wheels are Accuride and Maxion, while leading producers of steel wheels in China include Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise") and Zhejiang Jingu Co., Ltd. ("Jingu"). The leading U.S. importers of steel wheels from China are ***. Leading importers of product from nonsubject countries (primarily Mexico) include ***. U.S. purchasers of steel wheels include truck, trailer and bus original equipment manufacturers ("OEMs"), and aftermarket distributors of wheels.

Apparent U.S. consumption of steel wheels totaled approximately *** wheels ($***) in 2017. Currently, two firms are known to produce steel wheels in the United States. U.S. producers' U.S. shipments of steel wheels totaled *** wheels ($***) in 2017, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled 950,474 wheels ($42.1 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject

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

sources totaled *** wheels ($***) 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 two firms that accounted for all U.S. production of steel wheels during 2017. U.S. imports are based on the questionnaire responses of 24 firms that provided usable data to the Commission.

PREVIOUS AND RELATED INVESTIGATIONS

Steel wheels have been the subject of three prior investigations (two of which pertained generally to the diameter size of wheels covered in these investigations), and steel trailer wheels are the subject of ongoing investigations. Following receipt of a petition on May 23, 1986, on behalf of Budd Co., Wheel and Brake Division, Farmington Hills, Michigan, the Commission instituted investigation No. 731-TA-335, *Tubeless Steel Disc Wheels From Brazil*. Tubeless steel disc wheels were defined as wheels designed to be mounted with pneumatic tires, having a rim diameter of 22.5 inches or greater, and suitable for use on class 6, 7, and 8 trucks, including tractors, and on semi-trailers and buses. The Commission concluded its final investigation in April 1987, finding that the domestic industry was threatened with material injury by reason of the subject imports from Brazil. The Commission defined the domestic like product as tubeless steel disc wheels as specified above, while declining to either (1) separate "hub-piloted" and "stud-piloted" wheels or (2) expand the like product to include tubeless wheels for classes 1-5 vehicles, wheels for tubed tires, cast spoke and demountable rims, or aluminum disc wheels.[7]

Following receipt of a petition on July 29, 1988, on behalf of Kelsey-Hayes Co., Romulus, Michigan, the Commission instituted investigation Nos. 701-TA-296 and 731-TA-420, *Certain Steel Wheels from Brazil*. The subject merchandise was defined as steel wheels, assembled or unassembled, consisting of both a rim and a disc, designed to be mounted with tube type or tubeless pneumatic tires, in wheel diameter sizes ranging from 13.0 inches to 16.5 inches inclusive, and generally designed for use on passenger automobiles, light trucks, and other

[7] *Tubeless Steel Disc Wheels from Brazil, Investigation No. 731- TA-335 (Final)*, USITC Publication 1971, April 1987, pp. 1-6. Following the Commission's final determination, the U.S. Court of International Trade ("USCIT") remanded Commerce's final determination with instructions to recalculate the dumping duty. Upon remand, Commerce determined that there were no dumping margins with respect to Borlem, S.A. 56 FR 14083, April 5, 1991. The USCIT subsequently remanded the Commission's threat determination. The Commission issued a negative determination pursuant to the remand. *Investigation No. 731-TA-335 (Final)(Court Remand): Tubeless Steel Disc Wheels from Brazil*, 57 FR 22487, May 28, 1992. Accordingly, Commerce revoked the antidumping duty order. *Tubeless Steel Disc Wheels From Brazil; Revocation of Antidumping Duty Order*, 57 FR 28829, June 29, 1992.

vehicles.[8] The Commission concluded its final investigation in May 1989, finding that the domestic industry was not materially injured or threatened with material injury, nor was the establishment of an industry materially retarded, by reason of the subject imports from Brazil. The Commission majority declined to separate "standard" and "custom" steel wheels and declined to expand the like product to include either aluminum wheels or steel rims.[9]

In 2011, Accuride Corp. and Hayes Lemmerz International, Inc. (the former name of Maxion before its acquisition by Iochpe-Maxion S.A. ("Iochpe-Maxion")) filed petitions alleging that an industry in the United States was materially injured by reason of LTFV and subsidized imports of certain steel wheels from China. The scope of those investigations covered steel wheels with a wheel diameter of 18 to 24.5 inches and included steel wheels for both on-the-road and off-the-road use. The Commission determined that such steel wheel imports did not materially injure or threaten the domestic industry with material injury.[10]

Petitioners note that, during 2015-18, they have not filed for relief from imports of the subject merchandise under section 337 of the Act (19 U.S.C. § 1337), sections 201 or 301 of the Trade Act of 1974 (19 U.S.C. §§ 2251 or 2411), or section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862).[11]

As of the time of the issuance of this report, countervailing and antidumping duty investigations with regards to steel trailer wheels with a nominal wheel diameter of 12 inches to 16.5 inches are currently ongoing, following affirmative determinations by the Commission in its preliminary phase investigations.[12]

Section 301 proceeding

Section 301 of the Trade Act of 1974, as amended ("Trade Act"),[13] authorizes the Office of the U.S. Trade Representative ("USTR"), at the direction of the President, to take appropriate action to respond to a foreign country's unfair trade practices. On August 18, 2017, USTR initiated an investigation into certain acts, policies, and practices of the Government of China

[8] Steel wheels of these dimensions are not in-scope product in these investigations.

[9] *Certain Steel Wheels from Brazil, Investigation No. 701-TA-296 (Final)*, USITC Publication 2193, May 1989, pp. 1-11. With respect to the antidumping duty investigation, Commerce issued a final negative determination regarding sales at less than fair value. *Final Determination of Sales at Not Less Than Fair Value; Steel Wheels From Brazil*, 54 FR 21456, May 18, 1989.

[10] *Certain Steel Wheels from China, Inv. Nos. 701-TA-478 and 731-TA-1182 (Final)*, USITC Publication 4319, May 2012, p. 1.

[11] Petition, p. I-7. A representative from Maxion indicated at the hearing that there have been meetings to "{evaluate} the potential of making a case in Brazil." Hearing transcript, p. 76 (Polk).

[12] *Steel Trailer Wheels from China, Investigation Nos. 701-TA-609 and 731-TA-1421 (Preliminary)*, USITC Publication 4830, October 2018.

[13] 19 U.S.C. § 2411.

related to technology transfer, intellectual property, and innovation.[14] On April 6, 2018, USTR published its determination that the acts, policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under Section 301(b) of the Trade Act.[15] USTR further determined that it was appropriate and feasible to take action and proposed the imposition of an additional 25 percent duty on products of China with an annual trade value of approximately $50 billion. The additional 25 percent duty was issued in two tranches. Tranche 1 covered 818 tariff subheadings, with an approximate annual trade value of $34 billion.[16] Tranche 2 covered 279 tariff subheadings, with an approximate annual trade value of $16 billion.

On September 21, 2018, USTR published a notice in the *Federal Register* modifying its prior action in accordance with the specific direction of the President under his authority pursuant to Section 307(a)(1) of the Trade Act, determining to include 5,745 full and partial tariff subheadings with an approximate annual trade value of $200 billion, while maintaining the prior action (i.e., Tranche 3). At that time, USTR determined that the rate of additional duty to be initially 10 percent ad valorem, effective September 24, 2018, and that the rate of additional duty was to increase to 25 percent ad valorem on January 1, 2019. Steel wheels under relevant HTS subheadings have been subject to these 10 percent duties since that time.[17] In December 2018 USTR determined, in accordance with the direction of the President, to postpone the date on which the rate of the additional duties will increase to 25 percent for the products of China covered by the September 2018 Section 301 action. The rate of additional duty for the products covered by the September 2018 Section 301 action was to increase to 25 percent on March 2, 2019, but has been postponed until further notice.[18] See the section of this report entitled "Tariff treatment" for further information on HTS numbers applicable to steel wheels subject to these investigations.

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[14] *Initiation of Section 301 Investigation; Hearing; and Request for Public Comments: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 82 FR 40213, August 24, 2017.

[15] *Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 14906, April 6, 2018.

[16] *Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 28710, June 20, 2018.

[17] Relevant HTS subheadings for steel wheels included in Tranche 3 include the following: 8708.70.45, 8708.70.60, and 8716.90.50. *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 47974, September 21, 2018.

[18] *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 65198, December 19, 2018; *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 7966, March 5, 2019.

Section 232 proclamations

Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862), authorizes the President, on advice of the Secretary of Commerce, to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. On March 8, 2018, the President issued Proclamations 9704 and 9705 on Adjusting Imports of Steel and Aluminum into the United States, under Section 232 of the Trade Expansion Act of 1962, as amended, providing for additional import duties for steel mill and aluminum articles, effective March 23, 2018.[19] On March 22, 2018, April 30, 2018, May 31, 2018, August 10, 2018, and August 29, 2018, the President issued Proclamations 9710, 9711, 9739, 9740, 9758, 9759, 9772, 9776, and 9777 on Adjusting Imports of Steel and Aluminum into the United States.[20] Under these Presidential Proclamations, in addition to reporting the regular Chapters 72 and 73 of the Harmonized Tariff Schedule ("HTS") classification for the imported steel merchandise and the regular Chapter 76 of the HTS classification for the imported aluminum merchandise, importers shall report the following HTS classification for imported merchandise subject to the additional duty: 9903.80.01 (25 percent ad valorem additional duty for steel mill products) and 9903.85.01 (10 percent ad valorem additional duty for aluminum products). These duty requirements are effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after March 23, 2018.[21]

As noted earlier in this Part, as well as Parts V and VI, hot-rolled steel is a key raw material input in the production of steel wheels subject to these investigations, and is subject to section 232 tariffs.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On March 28, 2019, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of product from China.[22] Table I-1 presents Commerce's findings of subsidization of steel wheels in China.

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[19] 83 FR 11619 and 83 FR 11625, March 15, 2018.

[20] 83 FR 13355 and 83 FR 13361, March 28, 2018; 83 FR 20683 and 83 FR 20677, May 7, 2018; 83 FR 25849 and 25857, June 5, 2018; 83 FR 40429, August 15, 2018; and 83 FR 45019 and 45025, September 4, 2018.

[21] *Section 232 Tariffs on Aluminum and Steel Duty on Imports of Steel and Aluminum Articles under Section 232 of the Trade Expansion Act of 1962*, https://www.cbp.gov/trade/programs-administration/entry-summary/232-tariffs-aluminum-and-steel, retrieved December 12, 2018.

[22] *Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 11744, March 28, 2019. A full description of the programs found by Commerce to be countervailable, including direct tax exemptions and reductions, indirect tax programs, loan

(*continued*...)

Table I-1
Steel wheels: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy margin (*percent*)
Xiamen Sunrise Wheel Group Co., Ltd.	457.10
Zhejiang Jingu Company Limited	457.10
All Others	457.10

Source: 84 FR 11744, March 28, 2019.

Sales at LTFV

On March 28, 2019, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.[23] Table I-2 presents Commerce's dumping margins with respect to imports of product from China.

Table I-2
Steel wheels: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Final estimated weighted- average dumping margin (percent)
China-Wide Entity	China-Wide Entity	231.70

Source: 84 FR 11746, March 28, 2019.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[24]

> *The merchandise subject to the investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 22.5 inches and 24.5 inches are generally for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete*

(…*continued*)
programs, and grant programs, can be found in Appendix I of the Issues and Decision Memorandum issued with Commerce's final countervailing duty determination.

[23] *Certain Steel Wheels From the People's Republic of China: Final Determination of Sales at Less-Than-Fair-Value*, 84 FR 11746, March 28, 2019.

[24] *Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 11744, March 28, 2019; *Certain Steel Wheels From the People's Republic of China: Final Determination of Sales at Less-Than-Fair-Value*, 84 FR 11746, March 28, 2019.

mixers, and buses, and are the current standard wheel diameters for such applications. The standard widths of certain on-the-road steel wheels are 7.5 inches, 8.25 inches, and 9.0 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope. While 22.5 inches and 24.5 inches are standard wheel sizes used by Class 6, 7, and 8 commercial vehicles, the scope covers sizes that may be adopted in the future for Class 6, 7, and 8 commercial vehicles.

The scope includes certain on-the-road steel wheels with either a "hub-piloted" or "stud-piloted" mounting configuration, and includes rims and discs for such wheels, whether imported as an assembly or separately. The scope includes certain on-the-road steel wheels, discs, and rims, of carbon and/or alloy steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. All on-the-road wheels sold in the United States are subject to the requirements of the National Highway Traffic Safety Administration and bear markings, such as the "DOT" symbol, indicating compliance with applicable motor vehicle standards. See 49 CFR 571.120. The scope includes certain on-the-road steel wheels imported with or without the 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 attached are included. However, if the certain on-the-road steel wheel is imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached, the certain on-the-road steel wheel is covered by the scope, but the tire and/or valve stem is not covered by the scope.

The scope includes rims and discs that have been further processed in a third country, including, but not limited to, the welding and painting of rims and discs from China to form a steel wheel, or any other processing that would not otherwise remove the merchandise from the scope of the proceeding if performed in China.

Excluded from the scope are:

(1) Steel wheels for tube-type tires that require a removable side ring;
(2) aluminum wheels;
(3) wheels where steel represents less than fifty percent of the product by weight; and
(4) steel wheels that do not meet National Highway Traffic Safety Administration requirements, other than the rim marking requirements found in 49 CFR 571.120S5.2.

Imports of the subject merchandise are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS)

subheadings: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. Merchandise meeting the scope description may also enter under the following HTSUS subheadings: 4011.20.1015, 4011.20.5020, and 8708.99.4850. While 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 primarily imported under the following statistical reporting numbers of the Harmonized Tariff Schedule of the United States ("HTS"): 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. The 2018 general rate of duty is 2.5 percent ad valorem for HTS subheadings 8708.70.45 and 8708.70.60, and 3.1 percent ad valorem for HTS subheading 8716.90.50. Products of China are currently subject to an additional duty of 10 percent ad valorem (for a combined duty rate of either 12.5 percent or 13.1 percent ad valorem), under heading 9903.88.03, pursuant to section 301 of the Trade Act of 1974. (See the section entitled "Previous and Related Investigations" in this part for additional discussion of section 301 tariffs applicable to subject steel wheels.) 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-the-road steel wheels, rims, and discs for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. According to the petitioner, such steel wheels are generally used for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses.

The rim of a steel wheel is the circular channel into which a tire is mounted on the wheel. The disc is the center portion that allows the wheel to be attached to the axle hub (i.e., the connection for wheel to the axle), and hence the axle. The disc of the steel wheel has a centering hole for mounting on the axle hub, which will vary in size to match the hub on the vehicle. The disc may also have holes to hold or manipulate the wheel, with 4 or 5 holes being common. There are also holes for the bolts that fasten the wheel to the axle hub.

According to petitioners, subject steel wheels are required to meet Standard 120 of the National Highway Traffic Safety Administration's Federal Motor Vehicle Safety Standards.[25] The

[25] Petition, pp. I-11 – I-12, and exh. I-7.

standard states that the wheel rim be marked to indicate (a) the source of the rim's published nominal dimensions; (b) the rim size or type of designation; (c) the symbol "DOT", noting that the manufacturer certifies that the rim complies with all relevant motor vehicle standards; (d) the manufacturer of the rim by name, trademark, or symbol; and (e) the month, day, and year or month and year of manufacture.[26] Standard 120 is required for all on-the-road steel wheels. Further, all steel wheels sold in the United States must meet the Society of Automotive Engineers recommended practice J267, that lists the minimum performance requirements and uniform laboratory procedures for fatigue testing of wheels and demountable rims intended for normal highway use on trucks, buses, truck-trailers, and multipurpose vehicles.[27]

Other standard features of steel wheels include the diameter and width, the weight of the wheel, the method of fastening the steel wheel to the axle hub, and the coating/painting of the wheel. For steel wheels with a diameter of 22.5 inches, the most popular width is 8.25 inches, but other widths include 7.5 and 9.0 inches.[28] Steel wheels with a diameter of 24.5 inches typically have a width of 8.25 inches. Wide base steel wheels have a diameter of 22.5 inches and have widths from 11.75 inches to 14.0 inches.[29]

Finished steel wheels vary in weight, even within a particular diameter size. For example, a steel wheel with a diameter of 22.5 inches and width of 8.5 inches may range from 64 lbs. to 80 lbs.[30] The differences in weight of the wheels is due to various gauges (e.g., thicknesses) of the steel used in the wheels to meet the requirements of the vehicle's carrying load.[31] The subject steel wheels are made from either carbon hot-rolled steel or high strength, low alloy ("HSLA") hot-rolled steel.[32] Accuride ***, whereas Maxion ***.[33] Both U.S. and Chinese producers of steel wheels have moved toward lighter weight wheels, and weight is of more concern for the OEM market than the aftermarket.[34] As an example of engineered weight changes, in January 2017 Accuride introduced the first 65 lb. high strength, low alloy steel wheels for commercial vehicles in the 22.5 x 8.25 inch dimensions. The company's prior

[26] Petition, pp. I-11 – I-12.

[27] Society of Automotive Engineers, "Wheels/Rims - Truck and Bus - Performance Requirements and Test Procedures for Radial and Cornering Fatigue J267_201411," undated, https://www.sae.org/standards/content/j267_201411/, retrieved December 11, 2018.

[28] Maxion, "Catalog," undated, http://www.maxionwheelsandrims.com/product-catalog, retrieved December 11, 2018.

[29] Maxion, "Wide Based Wheels," undated, http://www.maxionwheelsandrims.com/product-catalog, retrieved December 11, 2018.

[30] Preliminary phase conference transcript, pp. 32–33 (Monroe).

[31] Preliminary phase conference transcript, p. 65 (Aydogan and Kessler).

[32] Petition, pp. I-10 – I-11.

[33] Petitioners' postconference brief, answer to staff question #18.

[34] Hearing transcript, pp. 97 (Risch) and 207-208 (Cunningham).

offerings were three pounds heavier.[35] Steel wheels of the same dimension imported from China typically have weights ranging from 71 to 82 pounds, but may be as light as 69 pounds.[36]

The scope includes certain on-the-road steel wheels with either a "hub-piloted" or "stud-piloted" mounting configuration. In the hub-piloted wheel system, the wheel is fitted onto the threaded studs that are mounted in the wheel hub and rests on hub-pilot pads that are on the hub. The holes in the wheel for the studs are cylindrical and allow the wheel to be secured to the hub studs with a nut on top of a washer. In stud piloted systems, the wheel is secured to the hub studs by ball-seat cap nuts that require the holes in the wheel to be tapered.[37] The stud-piloted system is an old technology that was largely abandoned around the year 2000 for use in steel wheels.[38]

Steel wheels are typically treated with an anti-corrosion and priming treatment, an e-coat (i.e., electrodeposition of a coating), and a powder coating/top coating. In 2013, Accuride introduced its trademarked SteelArmor™ coating, consisting of a zinc phosphate treatment, followed by epoxy e-coating, and then a baked-on powder coating surface treatment.[39] In January 2016, Accuride introduced its trademarked EverSteel™ anti-corrosion coating. EverSteel™ consists of (1) a metal surface treatment applied to the bare steel to protect it from daily wear and tear, (2) a zinc phosphate pre-treatment that prepares the metal for maximum adhesion, (3) an enhanced cathodic epoxy electrocoat optimized for sharp-edge corrosion protection, and (4) Accuride's SteelArmor™ premium powder top coat.[40] Accuride provides a five-year warranty for the company's coatings. In July 2016, Maxion introduced a new coating for steel wheels, trademarked MaxCoat Extra™,[41] which consists of a zinc phosphate coating, an

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[35] Accuride, "Accuride Light-Weighting Continues With Two New Accu-Lite® Steel Wheels," January 23, 2017, https://www.accuridecorp.com/accuride-light-weighting-continues-two-new-accu-lite-steel-wheels/, retrieved December 11, 2018.

[36] Hearing transcript, pp. 137 and 140 (Cunningham).

[37] Preliminary phase conference transcript, p. 63 (Kessler); BuyTruckWheels.Com, "Hub Pilot vs. Stud Pilot," undated, https://buytruckwheels.com/pages/hubpilotvsbudd, retrieved April 23, 2018; Petitioner's Response to the Department of Commerce's March 30, 2018, General Issues Questionnaire Regarding the Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Certain Steel Wheels from the People's Republic of China, April 3, 2018, pp. SGQ-4–SGQ-5.

[38] Kevin Rohlwing, "Hub-Pilot Aid for Work Trucks," FleetOwner.Com, April 1, 2010, http://www.fleetowner.com/equipment/hubpilot-aid-works-0401, retrieved April 23, 2018.

[39] Robert Brooks, "Accuride's New Coating Technique Improves Cast Wheels," November 21, 2013, http://www.foundrymag.com/finishingmro/accuride-s-new-coating-technique-improves-cast-wheels, retrieved April 23, 2018.

[40] Accuride, "Accuride Debuts Industry's First Steel Wheel Warranted Against Corrosion," January 26, 2016, https://www.accuridewheelendsolutions.com/accuride-debuts-industrys-first-steel-wheel-warranted-against-corrosion/, retrieved April 23, 2018.

[41] Maxion, "Maxion Wheels Introduces the First Industry Standard Finish Warranty for Hub-Piloted Commercial Vehicle Steel Wheels," July 21, 2016, http://www.maxionwheels.com/News/391/Maxion-Wheels-Introduces-the-First-Industry-Standard-Finish-.aspx, retrieved April 23, 2018; Maxion, "MaxCoat™ Extra, We Stand Behind Our Finish," undated,

(*continued*...)

e-coat primer, and then a powder coating. For the industry as a whole, the powder coating is typically applied in white or gray, while bus wheels are typically black.[42] Beginning in mid-2016, U.S. steel wheel producers included a 5-year warranty on the coatings of their steel wheels.[43]

Steel wheels are expected to last the lifetime of the vehicle or trailer, if properly maintained and properly driven, which is estimated to be 20 years.[44] Steel wheels are more often replaced due to corrosion rather than due to damage from driving or wrecks.[45] Weather, particularly winters in the upper Midwest or New England, may lead to a more corrosive environment for steel wheels.[46]

Both steel wheel discs and rims, if separately imported into the United States, are included in the scope of this investigation. Petitioners and importers both acknowledged that it would be highly unlikely that such parts would be imported and then assembled and subsequently coated in the United States.[47]

Manufacturing processes

The manufacture of steel wheels begins with the production of the two components, discs and rims. For discs, coiled steel is fed into a blanking press that stamps out a disc of steel and simultaneously punches a hole in the center.[48] This blank is then moved to a spinning machine that spins the disc on a mandrel and tooling is pressed into the spinning disc to bend the disc into a bowl shape. Next, the spun bowl is trimmed, and the centering hole, as well as bolt and hand hold holes are punched into the disc.[49]

The rims are made from coiled steel that is first cut to width and length. The steel piece is bent into a circle and the ends are welded together. The rim then passes through five roll stands (i.e., a group of metal rollers to impart a particular shape to a workpiece), to flare the edges, shaping the profile of the rim for holding the tire, and expanding the width of the rim. Finally, a hole is punched in the rim for the valve stem.[50]

(…*continued*)
http://www.maxionwheelsandrims.com/maxcoat/maxion-maxcoat-extra-brochure-12-12-17-web.pdf, retrieved April 23, 2018.

[42] Preliminary phase conference transcript, p. 84 (Monroe).

[43] Accuride, "Accuride Debuts Industry's First Steel Wheel Warranted Against Corrosion," January 26, 2016, https://www.accuridewheelendsolutions.com/accuride-debuts-industrys-first-steel-wheel-warranted-against-corrosion/, retrieved April 23, 2018; Maxion, "Maxion Wheels Introduces the First Industry Standard Finish Warranty for Hub-Piloted Commercial Vehicle Steel Wheels," July 21, 2016, http://www.maxionwheels.com/News/391/Maxion-Wheels-Introduces-the-First-Industry-Standard-Finish-.aspx, retrieved April 23, 2018; Petitioners' postconference brief, answer to staff question #16, pp. 1-2 and exh. 3.

[44] Hearing transcript, p. 101 (Risch) and p. 246 (Cunningham).

[45] Hearing transcript, p. 247 (Cunningham).

[46] Hearing transcript, p. 98 (Risch and Hofley).

[47] Preliminary phase conference transcript, p. 64 (Stewart), p. 151 (Walker and Cunningham).

[48] Preliminary phase conference transcript, p. 43 (Kessler).

[49] Preliminary phase conference transcript, p. 43 (Kessler).

[50] Ibid.

The discs and rims then move to the assembly line where robots place the parts in a clamping press in which the disc is pressed into the rim.[51] The wheel is then moved to an automated welding cell, where robots place the assembly under a fixed welding torch. The wheel is rotated under the torch to make a complete welding of the disc to the rim.[52] The welds are then inspected and the wheels prepared for coating.[53]

The wheel is then coated and painted to the appropriate colors. During this process, steel wheels are treated with a zinc phosphate treatment that prevents corrosion and serves as a base for sequent coatings. Next, an epoxy coat is applied using electrodeposition, commonly called an e-coat, to the wheels. The steel wheels are then a given a powder coating for additional protection and final color to the product. The powder coating is applied as a powder and then is baked in an oven to cure the finish.[54] The powder coats are in effect the paint, and are typically colored white, gray, or black.

Steel wheels manufactured in China may be galvanized, rather than painted.[55] Galvanizing involves hot-dipping the steel wheel in molten zinc. Importers of Chinese galvanized steel wheels state that galvanized wheels offer added corrosion protection.[56] U.S. manufacturers do not galvanize steel wheels.

Steel wheels are typically manufactured as a stock product, but may also be produced to order based on customer requirements for coatings, color, and carrying load requirements.

U.S. producers may not perform all steel wheel manufacturing operations. ***. In recent years, Maxion has outsourced the painting of its steel wheels at its Akron, OH plant to a nearby contractor, due to a lack of funding for new painting facilities.[57]

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. Respondents did not contest the Petitioners' proposed like product definition in the preliminary phase of these investigations, nor do they do so in this final phase.[58]

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[51] Ibid.

[52] Ibid.

[53] Ibid, p. 44.

[54] Preliminary phase conference transcript, p. 44 (Kessler).

[55] Hearing transcript, p. 138 (Cunningham).

[56] Ibid.

[57] Preliminary phase conference transcript, pp. 24–25 (Aydogan).

[58] Respondent Jingu's postconference brief, p. 3 and Respondent Sunrise's postconference brief, p. 9. Respondent Trans Texas Tire, LLC ("Trans Texas") did not address domestic like product issues in its postconference brief, but noted that it "fully supports" the briefs filed by Jingu and Sunrise. Respondent Trans Texas' postconference brief, p. 1.

In the preliminary phase of these investigations, the Commission defined "a single domestic like product coextensive with the scope of the investigation." *Steel Wheels from China, Inv. Nos. 701-TA-602 and 731-TA-1412 (Preliminary)*, USITC Publication 4785, May 2018, p. 7.

(*continued*...)

(…*continued*)

In their comments on draft questionnaires issued for the final phase of these investigations, no party proposed questions concerning additional data for potential domestic like product issues.

In their prehearing brief, the Petitioners argued for the Commission to define a single domestic like product, coextensive with the scope of these investigations. Petitioners' prehearing brief, p. 26. No Respondent party addressed domestic like product issues in their respective prehearing or posthearing briefs.

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

U.S. MARKET CHARACTERISTICS

Steel wheels are used on trucks, trailers, buses, and other vehicles, either in their original production or as replacement parts. There are two domestic manufacturers and at least 20 importers that supply the U.S. market. Steel wheels are sold to original equipment manufacturers ("OEMs") of trucks, trailers, buses, and other vehicles, as well as to firms that service those vehicles, such as manufacturer service departments and fleet maintenance departments. They are also sold to distributors that may sell to purchasing co-operatives or retailers. The steel wheel market generally follows trends in mid- to heavy- truck and trailer production. Reported product changes since 2015 include new coatings that make for better corrosive resistance, the introduction of warranties on finishes, Chinese producers introducing lightweight spun centers which make for a lighter weight tire, and improved paint at prices that are more accessible to the aftermarket (similar offerings were previously an upsell for domestic producers).

Apparent U.S. consumption of steel wheels fluctuated during 2015-17, decreasing from 2015 to 2016, and then increasing in 2017. Overall, apparent U.S. consumption in 2017 was 3.3 percent lower than in 2015, but was 6.6 percent higher in the first three quarters of 2018 compared with the first three quarters of 2017.

U.S. PURCHASERS

As noted earlier, U.S. purchasers of steel wheels include manufacturers of trucks, trailers, buses, and other vehicles, which use steel wheels ("OEMs"), and sellers of replacement parts for those vehicles which are generally referred to as the aftermarket. There are four major U.S. truck producers: Navistar, Daimler Trucks ("Daimler"), PACCAR, and Volvo Trucks ("Volvo").[1] The large trailer manufacturers include Hyundai Translead ("Hyundai"), Wabash National ("Wabash"), Great Dane Trailers, Utility Trailer, and Vanguard National Trailer ("Vanguard"),[2] although there are also a number of smaller trailer manufacturers.[3] Purchasers in the aftermarket include original equipment service firms ("OES") to the OEM dealers, independent distributors/dealers, buying groups, and other retail/service firms.[4] [5]

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[1] Conference transcript, p. 33 (Monroe).

[2] Based on data from *Trailer/Body Builders*, February 2016, presented in Respondent Chinese Producers prehearing brief, exh. 3. Firms are listed in order of 2017 North American trailer production. Hearing transcript, p. 139 (Cunningham).

[3] Some of the smaller trailer manufacturers purchase steel wheels through distributors rather than purchasing directly from producers or importers. Petitioners' postconference brief, p. 26.

[4] Petitioners' prehearing brief, p. 31.

[5] Petitioners estimate in 2017 trailer OEMs comprised about 40 percent of steel wheel consumption, 35 percent to the aftermarket, 17 percent to truck OEMs, and the remainder split between other OEMs. Hearing transcript, p. 10 (Stewart).

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The Commission received 21 usable questionnaire responses from firms that had purchased steel wheels during January 2015 through September 2018.[6] Eleven responding purchasers are distributors or resellers, 8 are OEMs (including 3 truck, 2 bus, and 4 trailer OEMs), and 7 are in the aftermarket as OESs.[7] Eighteen of the 21 responding purchasers are not a part of a buying group,[8] and 16 of 21 responding purchasers do not sell to OEMs. In general, responding U.S. purchasers were located in the Midwest, Southeast, and Mountain regions. The largest responding purchasers of steel wheels included ***.

CHANNELS OF DISTRIBUTION

More than *** percent of U.S. producers' sales were to OEMs during 2015-17 and interim 2018, including shipments to truck, trailer, bus, and other OEMs (table II-1). Shipments to truck OEMs accounted for approximately *** of U.S. producer shipments in 2017.

Sales of imported Chinese steel wheels went mainly and increasingly to the aftermarket, with *** percent of subject import sales going to this channel during each year as well as in interim 2018. Most of the remainder of subject import sales went to trailer, bus, and other OEMs. There were *** reported shipments of Chinese steel wheels to truck OEMs. Imports from nonsubject sources including Mexico went primarily to the aftermarket.

Table II-1
Steel wheels: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling steel wheels to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 28.5 percent within 100 miles of their U.S. point of shipment, 65.7 percent between 101 and 1,000 miles, and 5.8 percent over 1,000 miles.

[6] Of the 21 responding purchasers, 19 purchased domestically produced steel wheels, 15 purchased imports of the subject merchandise from China, and 8 purchased imports of steel wheels from other sources.

[7] U.S. purchasers *** reported as both OEMs and OESs.

[8] Purchasers *** reported involvement with buying groups.

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

Region	U.S. producers	Importers
Northeast	***	18
Midwest	***	19
Southeast	***	18
Central Southwest	***	17
Mountain	***	11
Pacific Coast	***	16
Other[1]	***	1
All regions (except Other)	2	11

[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 steel wheels from U.S. producers and from China. Chinese producers' capacity, capacity utilization, and inventories were all *** than U.S. producers during 2015-17.

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

	Capacity (1,000 wheels)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2017 (percent)		Able to shift to alternate products
Country	2015	2017	2015	2017	2015	2017	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	*** of 2
China	***	***	***	***	***	***	***	***	2 of 7

Note.--Responding U.S. producers accounted for all of U.S. production of steel wheels in 2017. For the number of responding firms and their share of U.S. production and of U.S. imports from China, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of steel wheels have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced steel wheels to the U.S. market. The main contributing factor to this degree of

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responsiveness of supply is the availability of unused capacity. Factors mitigating responsiveness of supply include a limited ability to shift shipments from alternate markets or inventories, and a lack of ability to shift production to or from alternate products.

U.S. producers' capacity *** during 2015-17 and capacity utilization declined ***. Capacity was *** between interim 2018 and interim 2017, though capacity utilization was *** higher. In fact, capacity utilization reached its highest point in interim 2018 at *** percent. U.S. producers' exports were limited and were mainly to ***. *** reported it *** to switch production between steel wheels and other products using the same equipment and/or labor, and *** reported ***. In addition to producing steel wheels in the United States, U.S. producers also import steel wheels from ***.[9]

Subject imports from China

Based on available information, Chinese producers of steel wheels have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel wheels to the U.S. market. The main contributing factors to this degree of responsiveness

Reported Chinese capacity and capacity utilization both increased between 2015 and 2017. Chinese capacity increased *** between interim 2018 and interim 2017, and capacity utilization decreased by *** during the same period. Chinese producers reported exporting steel wheels to a variety of markets including Asia, Europe, the Middle East, Australia, Brazil, Mexico, Russia, and South Africa. *** Chinese producers reported the ability to produce other products on the same equipment as steel wheels.

Imports from nonsubject sources

Nonsubject imports accounted for 20.2 percent of the quantity of total U.S. imports in 2017. The largest sources of nonsubject imports during 2015-17 were Canada, Japan, and Mexico. Combined, these countries accounted for a majority of nonsubject imports in 2017.

Supply constraints

***, 18 of 22 importers, and 12 of 21 purchasers reported no supply constraints for steel wheels since 2015. ***, reported that production issues limited deliveries to one customer in 2018. Two importers reported supply constraints for steel wheels from China due to pollution measures, and *** reported port strikes and being place on allocation by one of its sources. *** reported issues with acquiring wheels from import sources due to announcements of potential tariffs. Purchasers *** stated that Sunrise discontinued its sales of wheels or refused to supply steel wheels during the period.

[9] U.S. producers have related producers of steel wheels in Canada and Mexico (see Part III). In addition, Accuride acquired KIC and Mefro since January 2015. Hearing transcript, p. 31 (Monroe).

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New suppliers

Seven of 21 purchasers indicated that new suppliers entered the U.S. market since January 2015. Purchasers identified Taskmaster (2 firms) and a variety of Chinese firms.

U.S. demand

Based on available information, the overall demand for steel wheels is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the low cost share attributable to steel wheels in the overall cost of a vehicle and the much higher cost of commercially viable substitute products.

End uses and cost share

U.S. demand for steel wheels depends on the level of demand for steel wheels in new trucks, trailers, or buses as well as the demand for replacement steel wheels in repairs to these vehicles. Steel wheels are used on Class 6, 7, and 8 commercial trucks and their trailers, on buses, and on certain other vehicles.[10]

Steel wheels account for a small share of the cost of a new vehicle, but account for a higher percentage of the cost of a trailer.

Business cycles

***, 9 of 21 importers, and 7 of 20 purchasers indicated that the market for steel wheels was subject to business cycles. In particular, *** noted that OEM demand follows the truck, trailer, and other OEM build cycles. U.S. importer *** pointed to increasing demand due to online sales and new replenishment methods for stock keeping. Importers *** reported seasonality in demand for steel wheels, with higher sales in the summer, but higher demand for snow tires in the winter.

Demand trends

*** reported fluctuating demand for steel wheels since January 1, 2015 (table II-4), while importers were more evenly distributed in their responses. Eight purchasers reported no change in demand, six reported a decrease, three reported fluctuations, and three reported an increase in demand. A plurality of purchasers reported no change in truck OEM, bus OEM, and repair/service demand, while a majority of purchasers reported an increase or no change in trailer OEM demand.[11] Factors reported for increased demand included the U.S. economic

[10] Petition, p. I-9.

[11] Respondent Chinese Producers assert that North American production of class 8 trucks would increase by 8 percent in 2019 compared to 2018 due to increasing demand. Respondent Chinese Producers prehearing brief, p. 21.

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Table II-4
Steel 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	6	5	5	4
Purchasers	3	8	6	3
Demand outside the United States				
U.S. producers	***	***	***	***
Importers	4	2	2	4
Purchasers	2	4	1	---
U.S. purchasers' end use demand.--				
Truck OEM	3	7	4	2
Trailer OEM	5	5	3	4
Bus OEM	3	5	1	2
Repair/service	3	5	2	3

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

recovery, increased truck deliveries by on-line retailers, an aging vehicle fleet requiring increased repairs, and regulations limiting truck driver hours.[12]

Maxion reports that demand by OEMs follows the build rates of truck tractors, trailers, buses, and other heavy-duty trucks.[13] With respect to future demand for vehicles that use steel wheels, *** stated, "The commercial vehicle market goes through build cycles every 5-6 years with demand rising and falling in a wave pattern. Currently, analysts forecast {the U.S. market} to be at the peak of the cycle while demand will drop off dramatically in 2020 and beyond. For Class 8 trucks, 2018 is expected to be the peak of the cycle, along with 2019 which is projected to be relatively flat."

Figure II-1 presents average annual truck production for class 5-7 (medium) and class 8 (heavy) trucks from 2015-18, and yearly forecasts for 2019-22 based on industry data ***.[14] [15] Figure II-2 presents trailer production for the same period. Truck and trailer production declined from 2015 to 2016, and increased from 2017 to 2018. Truck production is forecasted to be higher in 2019 than in 2018, and trailer production is forecasted to be lower in 2019 than

[12] Trans Texas Tire stated that the demand for steel wheels for trailers and trucks has increased because of federally-mandated driver logs which have increased the number of drivers, shorter delivery distances ("last-mile trucking") by companies like Amazon, and the aging of the trucking fleet. Conference transcript, pp. 129-130 (Walker).

[13] Maxion asserts that demand was high in 2015, significantly declined in 2016, and rebounded in 2017-18. Demand projections for 2019 are relatively flat in 2019 and begin to sharply decline for several years starting in 2020. Hearing transcript, p. 43 (Kominars).

[14] Class 5 vehicles do not use 22.5-24.5 inch steel wheels. Conference transcript, p. 36 (Kominars).

[15] A large portion of class 8 trucks are built with aluminum wheels. Hearing transcript, p. 141 (Cunningham).

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Figure II-1
U.S. truck production: Class 5-8 truck builds, yearly, 2015-18, and forecast 2019-22

* * * * * * *

Figure II-2
U.S. trailer production: yearly, 2015-18, and forecast 2019-22

* * * * * * *

in 2018.[16] North American bus production increased from 2015 to 2018 (from *** units in 2015 to *** in 2018).[17]

Substitute products

***, 12 of 22 responding importers, and 19 of 21 responding purchasers reported that aluminum wheels are a substitute for steel wheels. U.S. producer *** reported availability of 22.5 inch and 24.5 inch aluminum wheels. Importer *** stated that both steel and aluminum wheels fit on the same hub mounting surfaces and accept the same type of tires. Cunningham stated that aluminum wheels dominate the Class 8 truck and trailer OEM segment of the steel wheels market, due to their appearance, light weight, and fuel efficiency.[18] Aluminum wheels are also being used more often in the traditional bus market (e.g., city and public transit buses).[19] Most responding firms (both U.S. producers, 16 of 18 importers, and 14 of 19 purchasers) reported that changes in the prices of aluminum wheels had not affected prices of steel wheels.[20] U.S. producers reported aluminum wheels being two-to-three times as expensive as steel wheels. ***, 6 of 17 importers, and 6 of 18 purchasers reported that aluminum wheels had affected the demand for steel wheels. Half of responding purchasers reported increased purchases of aluminum wheels since January 1, 2015. *** both also produce aluminum wheels.

Section 301 tariffs

***, five U.S importers, and five purchasers reported that the imposition of the 10 percent section 301 tariff on Chinese steel wheels in September 2018 and possible future increases in the tariff has and/or will impact the U.S. steel wheels market.[21] As seen in table II-5, a plurality of U.S. producers, importers, and purchasers reported no change in demand in

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[16] Research firm FTR forecasts 2019 U.S. commercial trailer production, no including medium-duty lowbeds, to be just under 2018 expected volumes. Chinese Respondents prehearing brief, exh. 1.

[17] Petitioners' posthearing brief, exh.2.

[18] Hearing transcript, p. 141 (Cunningham) and p. 209 (Walker).

[19] Hearing transcript, pp. 219-220 (Cunningham).

[20] Two importers and five purchasers indicated that changes in the price of aluminum wheels had affected prices of steel wheels.

[21] Please see Part I for further information on the Section 301 proceeding.

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Table II-5
Steel wheels: Firms' responses regarding impact of the 301 tariffs

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Impact on demand.-- U.S. producers	***	***	***	***
U.S. importers	2	9	8	2
U.S. purchasers	5	8	6	2
Impact on price.-- U.S. producers	***	***	***	***
U.S. importers	16	2	---	3
U.S. purchasers	17	2	1	1

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

reaction to the tariffs. *** and the vast majority of importers and purchasers reported an increase in prices of steel wheels due to the tariff.[22]

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel 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 moderate-to-high degree of substitutability between domestically produced steel wheels and steel wheels imported from subject sources.

Lead times

Steel wheels are primarily sold from inventory by U.S. producers, and almost evenly split between produced-to-order shipments and sales from inventories (both domestic and foreign) by importers. U.S. producers reported that *** percent of their commercial shipments were from inventories, with lead times averaging *** days. The remaining *** percent of their commercial shipments were produced-to-order, with lead times averaging *** days. U.S. importers reported that 47.7 percent of their commercial shipments were produced-to-order, with lead times averaging about 60 days. For the remainder, importers reported 42.8 percent of their commercial shipments were sold from U.S. inventories and 9.5 percent from foreign inventories, with lead times averaging 2 days and 69 days respectively. Purchaser *** reported that lead times had changed from 4 to 6 weeks to 14 to 22 weeks between January 2015-September 2018.

Knowledge of country sources

Nineteen purchasers indicated they had marketing/pricing knowledge of domestic product, 15 of Chinese product, and 8 of product from other countries.

[22] ***. Petitioners' posthearing brief, exh.2, Answer #1.

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As shown in table II-6, most purchasers and their customers "sometimes" or "never" make purchasing decisions based on the producer or country of origin. Of the five purchasers that reported that they "always" make decisions based on the manufacturer, three firms cited quality as the determining factor in those decisions.

Table II-6
Steel wheels: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	5	5	7	4
Purchaser's customers make decision based on producer	---	---	14	3
Purchaser makes decision based on country	2	5	8	6
Purchaser's customers make decision based on country	---	---	15	2

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for steel wheels were price (19 firms), quality (18 firms), and availability (10 firms), as shown in table II-7. Quality was the most frequently cited first-most important factor (cited by 14 firms), followed by price and other factors (3 firms each); price was the most frequently reported second-most important factor (10 firms); and price was the most frequently reported third-most important factor (7 firms).

Table II-7
Steel wheels: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Price / cost	3	10	7	19
Quality	14	2	2	18
Availability / supply	1	4	5	10
All other factors[1]	3	4	6	13

[1] Other factors include delivery, lead times, warranties, contracts, and customer service.

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

The majority of purchasers (18 of 21) reported that they "usually" or "sometimes" purchase the lowest-priced product that is offered.[23]

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-8). The factors rated as very important by more than half of responding purchasers were price (20 firms); product consistency, quality meets industry standards, and reliability of supply (19 firms each); availability (18 firms); and delivery time (12 firms).

[23] *** purchasers reported always purchasing the lowest-priced product.

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Table II-8
Steel wheels: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Price	20	1	---
Product consistency	19	2	---
Quality meets industry standards	19	2	---
Reliability of supply	19	2	---
Availability	18	3	---
Delivery time	12	8	1
Extension of credit	9	7	5
Delivery terms	8	12	1
Product range	8	11	2
Quality exceeds industry standards	7	12	1
U.S. transportation costs	9	10	2
Discounts offered	7	10	3
Technical support/service	6	13	2
Wheel weight	5	10	6
Coating type	5	15	1
Packaging	3	17	1
Minimum quantity requirements	2	15	4

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

Supplier certification

Twelve of 21 responding purchasers require that their suppliers become certified or qualified to sell steel wheels to their firm. Purchasers reported that the time to qualify a new supplier ranged from 14 to 200 days. No purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify steel wheels, or had lost its approved status since 2015. Purchaser ***, a trailer OEM, reported qualifying Chinese steel wheels for its OEM production; it qualified and purchased steel wheels (through a distributor) from Chinese producers *** between December 2012 and April 2017. Purchaser ***, a trailer OEM, qualified steel wheels from Chinese producers ***, but only purchased from ***.[24] ***, a bus OEM, reported qualifying and purchasing from *** since January 1, 2012. Importer ***.[25]

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2015 (table II-9). Six of 20 responding purchasers reported that they had changed suppliers since January 1, 2015. Specifically, firms dropped or reduced purchases from Taskmaster. Reasons reported for changes in sourcing included supporting a private brand, cost, delivery, and better quality. Firms added or increased purchases from Maxion.

[24] *** reported qualifying *** as a possible source in case of industry shortages, but ultimately did not purchase due to lack of need of extra product and no cost advantages.

[25] ***.

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Table II-9
Steel wheels: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	6	3	7	3
China	3	2	7	6	2
All other sources	8	1	2	3	2

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

Importance of purchasing domestic product

Thirteen of 20 purchasers reported that most or all of their purchases did not require purchasing U.S.-produced product. However, most purchasers indicated that they were required for some portion of their purchases. Three purchasers reported that domestic product was required by law (for 10 to 75 percent of their purchases), 12 reported it was required by their customers (for 4 to 50 percent of their purchases), and three reported preferences for domestic product for other reasons. Reasons cited for preferring domestic product included shorter lead times, quality, and appearance (e.g., size and color). The majority (14 of 21) of purchasers reported that they "sometimes" or "never" base purchases of steel wheels on the country of origin, but 15 of 17 purchasers reported that their customers "sometimes" base purchases on the country of origin.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing steel wheels produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-10) for which they were asked to rate the importance.

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Table II-10
Steel wheels: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. nonsubject			China vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Price[1]	1	1	14	1	4	4	4	4	---
Product consistency	3	14	---	1	8	---	---	8	---
Quality meets industry standards	1	16	---	1	8	---	---	7	1
Reliability of supply	4	12	1	2	7	---	---	5	3
Availability	6	10	1	3	6	---	---	8	---
Delivery time	12	4	1	4	5	---	---	6	2
Delivery terms	7	8	2	3	6	---	---	7	1
Product range	5	11	1	1	8	---	---	8	---
Quality exceeds industry standards	5	12	---	2	7	---	---	6	2
U.S. transportation costs[1']	4	10	2	3	6	---	1	5	2
Discounts offered	1	11	5	---	6	3	1	7	---
Extension of credit	1	15	1	---	9	---	---	8	---
Technical support/service	6	9	2	2	7	---	---	6	2
Wheel weight	4	11	1	2	7	---	---	7	1
Coating type	1	16	---	1	8	---	---	8	---
Packaging	3	13	1	1	8	---	---	7	1
Minimum quantity requirements	7	9	1	2	7	---	---	5	3

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

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

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

Most reporting purchasers reported that U.S.-produced steel wheels were superior or comparable on every factor with Chinese-produced steel wheels, except for price. In particular, product from the United States was considered superior on delivery time by at least half of purchasers. Most purchasers reported that U.S. and nonsubject steel wheels were comparable on every factor, except price.[26] Eight purchasers compared steel wheels from China with those from nonsubject sources; a majority reported that the steel wheels were comparable on every factor, except price.

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

In order to determine whether U.S.-produced steel wheels can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-11, the majority of producers, importers, and purchasers reported steel wheels are "always" or "frequently" interchangeable regardless of country of origin.

[26] An equal number of purchasers reported U.S. and nonsubject prices as comparable and the United States' prices as inferior.

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Table II-11
Steel wheels: Interchangeability between steel 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				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	10	7	3	---	7	8	1	---
Nonsubject countries comparisons: U.S. vs. Mexico	***	***	***	***	8	3	---	---	6	4	1	---
U.S. vs. Other	***	***	***	***	6	4	1	---	4	5	1	---
China vs. Mexico	***	***	***	***	6	3	1	---	2	3	1	---
China vs. Other	***	***	***	***	4	4	1	---	3	3	1	---

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

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

As can be seen from table II-12, a majority of responding purchasers reported that domestically produced steel wheels and steel wheels from China "always" met minimum quality specifications.[27] The remainder of purchasers reported that domestic and Chinese wheels "usually" met minimum quality specifications.

Table II-12
Steel wheels: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	11	6	---	---
China	9	4	---	---
Other	4	5	1	---

[1] Purchasers were asked how often domestically produced or imported steel wheels meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of steel wheels from the United States, subject, or nonsubject countries. As seen in table II-13, U.S producer *** reported that differences other than price are *** between U.S-produced steel wheels and Chinese-produced steel wheels, and U.S. producer *** reported that they are "sometimes" significant. The majority of importers (11 of 20) reported that non-price differences are "sometimes" significant, while the majority of purchasers reported differences are "frequently" or "sometimes" significant.

[27] Bus OEM *** reported the following quality characteristics: conformance to Tire & Rim Association Standards, FMVSS 120, CMVSS 120, ASTM D3359, ISO 4107, SAE J267, SAE J694, SAE J1865, and marking of low point of average radial runout.

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Table II-13
Steel wheels: Significance of differences other than price between steel 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				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	5	2	11	2	5	7	6	1
Nonsubject countries comparisons: U.S. vs. Mexico	***	***	***	***	1	---	2	4	1	3	3	2
U.S. vs. Other	***	***	***	***	1	1	4	1	1	4	2	1
China vs. Mexico	***	***	***	***	2	1	2	3	2	2	1	2
China vs. Other	***	***	***	***	---	4	4	1	3	3	---	1

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates; petitioners agreed with the Commission's elasticity estimates.[28]

U.S. supply elasticity

The domestic supply elasticity[29] for steel wheels measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of steel wheels. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced steel wheels. Analysis of these factors above indicates that the U.S. industry has the ability to somewhat increase or decrease shipments to the U.S. market due to large levels of excess capacity; an estimate in the range of 4 to 6 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for steel wheels measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of steel wheels. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the steel wheels in the production of any downstream products. Based on the available information, the aggregate demand for steel wheels is likely to be inelastic; a range of -0.3 to -0.6 is suggested.

[28] Petitioners' prehearing brief, p. 7.

[29] A supply function is not defined in the case of a non-competitive market.

`

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[30] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced steel wheels and imported steel wheels is likely to be in the range of 3 to 5.

[30] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

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. Parts IV and V present the volume of subject imports and pricing of domestic and imported products, respectively. 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 two firms that accounted for all U.S. production of steel wheels during 2017.

U.S. PRODUCERS

The Commission issued a U.S. producers' questionnaire to the two petitioning firms based on information contained in the petition. Staff believes that these responses represent all U.S. production of steel wheels in 2017.[1]

Table III-1 lists U.S. producers of steel wheels, their production locations, positions on the petition, and shares of total production.

Table III-1
Steel wheels: U.S. producers, their position on the petition, location of production, and share of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
Accuride	Petitioner	Henderson, KY	***
Maxion	Petitioner	Akron, OH	***
Total			***

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of steel wheels. As indicated in table III-2, both U.S. producers are related to a foreign producer of the subject merchandise.[2] In addition, as discussed in greater detail below, both U.S. producers directly import the subject merchandise while neither purchase the subject merchandise from U.S. importers. Both U.S. producers also reported related producers in

[1] Petitioners asserted in the petition and during the hearing that Accuride and Maxion are the sole U.S. producers of steel wheels, accounting for all U.S. production in 2017. Petition, p. I-7, and hearing transcript, p. 9 (Stewart).

[2] Since the preliminary phase of these investigations, Accuride's parent company Crestview acquired firm Mefro Wheels GmbH (stylized as "mefro Wheels GmbH") in June 2018 ***. Mefro wheels GmbH has facilities in Germany, Russia, Turkey, France, and China. Accuride's U.S. Producers' Questionnaire, p. 8.

Mexico, while Accuride has a related producer in Canada. ***. Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015.

Table III-2
Steel wheels: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

Table III-3
Steel wheels: U.S. producers' reported changes in operations, since January 1, 2015

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Production of steel wheels decreased by *** percent from 2015 to 2017, and was *** percent higher in January-September ("interim") 2018 than in interim 2017. Capacity remained unchanged from 2015 to 2017, and from interim 2017 to interim 2018. Due to the changes in production, capacity utilization declined by *** percentage points from 2015 to 2017, but was *** percentage points higher in interim 2018 than in interim 2017. Accuride reported "***" as a constraint on production capacity, while Maxion reported that ***.

Regarding their coating practices, *** reported applying *** to their wheels, while *** reported that ***. No firm reported ***. ***.[3]

Table III-4
Steel wheels: U.S. producers' capacity, production, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Figure III-1
Steel wheels: U.S. producers' capacity, production, and capacity utilization, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[3] A representative from Accuride explained that Accuride has long offered powder coating under the brand "Steel Armor", and that they prefer to use this product than galvanized wheels. Petitioners' posthearing brief, exh. 2, p. 1.

Alternative products

*** reported alternative production on the same equipment used to make steel wheels. Accuride reported producing ***, while Maxion reported producing ***. As shown in table III-5, *** percent of production on shared equipment during 2017 by U.S. producers was subject product.

Table III-5
Steel wheels: U.S. producers' overall capacity and production on the same equipment as subject production, 2015-17

* * * * * * *

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

U.S. shipments, export shipments, and total shipments

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. Neither firm reported internal consumption or transfers to related firms in their questionnaire responses.

Table III-6
Steel wheels: U.S. producers' U.S. shipments, export shipments, and total shipments, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

U.S. producers' U.S. shipments decreased irregularly by *** percent by quantity (and decreased by *** percent by value) from 2015 to 2017, but were *** percent higher by quantity and *** percent higher by value in interim 2018 compared with interim 2017. The unit value of U.S. producers' U.S. shipments (in dollars per wheel) decreased by *** percent from 2015 to 2017 but was *** percent higher in interim 2018 compared with interim 2017.

Although never exceeding *** percent of the share of total shipments in any period, U.S. producers' export shipments decreased by *** percent by quantity (and *** percent by value) from 2015 to 2017, but were *** percent higher by quantity and *** percent higher by value in interim 2018 compared with interim 2017. The unit value of U.S. producers' export shipments (in dollars per wheel) increased by *** percent from 2015 to 2017, and were *** percent higher in interim 2018 compared with interim 2017.

U.S. shipments by diameter size, steel type, and weight

Table III-7 presents U.S. producers' U.S. shipments by diameter size, steel type, and weight. The majority (*** percent) of U.S. producers' U.S. shipments in 2017 were of 22.5" alloy steel wheels, while *** percent of U.S. shipments were of 22.5" carbon steel wheels. The

remainder of U.S. shipments in 2017 were comprised of 24.5" alloy steel wheels (*** percent) and 24.5" carbon steel wheels (*** percent).[4] U.S. shipments of 22.5" alloy steel wheels decreased by *** percent by quantity from 2015 to 2017, while U.S. shipments of 22.5" carbon steel wheels decreased by *** percent by quantity. U.S. shipments of 22.5" alloy steel wheels were *** percent higher by quantity in interim 2018 compared with interim 2017, while U.S. shipments of 22.5" carbon steel wheels were *** percent lower in interim 2018 compared with interim 2017. The average unit value of U.S. shipments of 22.5" alloy steel wheels decreased by *** percent from 2015 to 2017, while average unit values of U.S. shipments of 22.5" carbon steel wheels decreased by *** percent. The average unit value of U.S. shipments of 22.5" alloy steel wheels was *** percent higher in interim 2018 compared with interim 2017, while the average unit value of U.S. shipments of 22.5" carbon steel wheels was *** percent higher in interim 2018 compared with interim 2017. On average, based on 2017 data, alloy steel wheels were *** pounds lighter than carbon steel wheels (of any size), while 22.5" steel wheels were *** pounds lighter than 24.5" steel wheels (of either composition).[5]

Table III-7
Steel wheels: U.S. producers' U.S. shipments, by product type, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** U.S. producers' end-of period inventories increased by *** percent from 2015 to 2017. Ending inventories were *** percent higher in interim 2018 compared with interim 2017. In each comparison, inventories increased as a ratio to U.S. production, U.S. shipments, and total shipments by less than *** percentage points between 2015 and 2017, but were relatively steady between interim periods.

Table III-8
Steel wheels: U.S. producers' inventories, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[4] "Alloy steel" wheels are produced from high-strength low-alloy hot-rolled steel. See Petition, p. I-10.

[5] Petitioners testified that the movement toward lighter steel wheels is a global trend, in part due to regulations incentivizing the use of lighter vehicles. Hearing transcript, pp. 96-97 (Risch, Polk).

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of steel wheels are presented in table III-9. Both firms reported importing from China and Mexico,[6] while Accuride reported imports from Canada and Maxion reported imports from ***.[7] [8]

Accuride's imports from China were *** wheels in 2017, with *** reported in 2015 or 2016. Its imports of wheels from China in interim 2018 were lower than its imports of wheels in interim 2017 by *** percent. Maxion's imports from China were *** in 2015, with *** reported in any subsequent period.

Table III-9
Steel wheels: U.S. producers' direct imports, 2015-17

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data.[9] The number of production and related workers ("PRWs") decreased by *** percent (*** PRWs) from 2015 to 2017, but was *** percent (*** PRWs) higher in interim 2018 than in interim 2017. Total hours worked, hours worked per PRW, and wages paid decreased from 2015 to 2017, while productivity was steady from 2015 to 2017 (with a small decline in 2016). Hourly wages and unit labor costs increased irregularly from 2015 to 2017.

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[6] Accuride's reported imports from Mexico increased ***. Accuride describes the reason for this change as: "***". Accuride's U.S. Importers' questionnaire, p. 27.

[7] Maxion's imports were conducted through its related company Maxion Imports U.S.A. LLC.

[8] Accuride's imports from China reported in table III-9 were through importer KIC LLC ("KIC"), which it acquired in May 2017, and also include imports by mefro wheels U.S. Services Inc. ("Mefro"), which it acquired in June 2018. Data for Accuride's imports from China reported in its importers' questionnaire in all periods are *** wheels imported by KIC. Therefore, data for Accuride's imports from China reported in table III-9 represent imports reported since May 2017 in its own importers' questionnaire, and include monthly import data since June 2018 from Mefro which were submitted in a separate importers' questionnaire.

KIC's reported imports of steel wheels from China totaled *** wheels in 2015, *** wheels in 2016, and *** wheels in 2017. From January-September 2018, the firm imported *** wheels, which was *** percent lower than its January-September 2017 total of *** wheels.

Mefro reported imports of steel wheels from China totaling *** wheels in 2015, *** wheels in 2016, and *** wheels in 2017. From January-September 2018, the firm imported *** wheels, which was *** percent lower than its January-September 2017 total of *** wheels.

See Part IV for additional discussion of imports by U.S. producers.

[9] A representative of the United Steelworkers testified that the union has 85 members working at Maxion's Akron facility. Hearing transcript, p. 47 (Hefner).

Table III-10
Steel wheels: U.S. producers' employment related data, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

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

U.S. IMPORTERS

The Commission issued importers' questionnaires to 327 firms believed to be possible importers of subject steel wheels, as well as to both U.S. producers of steel wheels.[1] Usable questionnaire responses were received from 24 companies. The Commission also received responses from 74 firms certifying that they were not importers of in-scope steel wheels since January 1, 2015. Accounting for these "No" responses, as well as the responses of the 24 firms providing usable data, the Commission received responses from firms accounting for 74.7 percent of value data of imports from China in 2017 under HTS statistical reporting numbers 8708.70.4530 and 8716.90.5045 (the "most relevant" HTS statistical reporting numbers according to petitioners) and 40.7 percent of value data of imports from China in 2017 under the HTS statistical reporting numbers 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. [2]

Table IV-1 lists all responding U.S. importers of steel wheels from China and other sources, their locations, and their shares of U.S. imports, in 2017.

[1] The Commission issued questionnaires to those firms identified in the petition for which email addresses or fax numbers were provided, and to firms identified via Commission questionnaires. Further, the Commission issued questionnaires to other firms that, based on a review of proprietary U.S. Customs and Border Protection ("Customs") data, may have accounted for more than one percent of the value of total imports under HTS statistical reporting numbers 8708.70.4530 and 8716.90.5045 (see footnote below) in 2017.

[2] According to proprietary Customs data. These six HTS numbers were identified by petitioners as the numbers under which steel wheels were "primarily classifiable." Petition, p. I-13. Petitioners believe that, of these six, the two most relevant numbers are 8708.70.4530 and 8716.90.5045. Petition, p. I-16. These numbers cover "road wheels for tractors, for semi-trailers, vehicles for transporting ten or more persons (buses), and vehicles for the transport of goods" and "wheels for trailers and semi-trailers and parts thereof," respectively. Value data is referenced here since items entered under HTS subheadings 8708.70.45 and 8708.70.60 are calculated on a unit basis, while items entered under subheading 8716.90.50 are calculated on a weight basis.

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

Firm[1]	Headquarters	Share of imports by source (percent)				
		China	Mexico	All other sources	Nonsubject sources	All import sources
Accuride	Evansville, IN	***	***	***	***	***
Advanced Wheel	Worthington, OH	***	***	***	***	***
API Tire	Scottsdale, AZ	***	***	***	***	***
Aurora	Lebanon, IN	***	***	***	***	***
Automann	Somerset, NJ	***	***	***	***	***
CIMAC Wheel	Hong Kong	***	***	***	***	***
Cunningham	Mobile, AL	***	***	***	***	***
Fleet Pride	Irving, TX	***	***	***	***	***
Horizon	Irwindale, CA	***	***	***	***	***
Jingu	Hangzhou	***	***	***	***	***
JT Morton	Commerce, MI	***	***	***	***	***
Les Schwab	Bend, OR	***	***	***	***	***
Marco Wheel	Joshua, TX	***	***	***	***	***
Maxion	Novi, MI	***	***	***	***	***
Mefro Wheels	York, PA	***	***	***	***	***
RH Scales	Mansfield, MA	***	***	***	***	***
Strategic Import Supply	Minnetonka, MN	***	***	***	***	***
Sunrise	Walnut, CA	***	***	***	***	***
Tireco	Gardena, CA	***	***	***	***	***
Trans Texas Tire	Mount Pleasant, TX	***	***	***	***	***
Tredit	Elkhart, IN	***	***	***	***	***
Tyres Intl.	Stow, OH	***	***	***	***	***
UAP	Longueuil, QU	***	***	***	***	***
Vanguard	Monon, IN	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0

[1] ***.

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of steel wheels from China and all other sources. Imports from China increased by 14.6 percent by quantity from 2015 to 2017, and over the same period increased 8.4 percent by value, despite a decrease in quantity and value from 2015 to 2016. U.S. imports of steel wheels from China were 15.8 percent lower by quantity and 10.9 percent lower by value in interim 2018 compared to interim 2017. Imports from nonsubject sources decreased by *** percent by quantity from 2015 to 2017, and over the same period decreased *** percent by value. U.S. imports of steel wheels from nonsubject sources were *** percent higher by quantity and *** percent higher by value in interim 2018 than interim 2017.

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

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (wheels)				
U.S. imports from.--					
China	884,632	804,025	1,014,146	741,208	624,352
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.--					
China	39,084	31,974	42,355	30,232	26,941
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per wheel)				
U.S. imports from.--					
China	44.18	39.77	41.76	40.79	43.15
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports from.--					
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-1
Steel wheels: U.S. imports, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

As a ratio to U.S. production, imports from subject sources increased by *** percentage points from 2015 to 2017, while imports from nonsubject sources decreased by *** percentage points from 2015 to 2017. U.S. imports of steel wheels from China as a ratio to U.S. production were lower by *** percentage points in interim 2018 compared with interim 2017, while imports of nonsubject sources as a ratio to U.S. production were lower by *** percentage points.

Table IV-3 presents data for U.S. imports of steel wheels controlled by U.S. producers.[3] From 2015 to 2017, the share of overall imports of steel wheels from China controlled by U.S. producers increased by *** percentage points, while the share of imports of steel wheels from nonsubject sources controlled by U.S. producers decreased by *** percent. The share of imports of steel wheels from China by U.S. producers was *** percentage points lower in interim 2018 than in interim 2017, while the share of imports of steel wheels from nonsubject sources by U.S. producers was *** percentage points lower.

Table IV-3
Steel wheels: U.S. imports controlled by U.S. producers, pre-acquisition imports, and total imports reported by U.S. producers, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

SHIPMENTS OF U.S. IMPORTS

U.S. shipments by diameter size, steel type, and weight

Tables IV-4 and IV-5 present U.S. importers' U.S. shipments of imported steel wheels from China and nonsubject sources, respectively, by diameter size, steel type, and weight. A slight majority (50.3 percent) of U.S. importers' U.S. shipments of steel wheels from China in 2017 were of 22.5" alloy steel wheels, while 40.3 percent of U.S. shipments were of 22.5" carbon steel wheels. U.S. shipments of 22.5" alloy steel wheels increased by 27.1 percent from 2015 to 2017, while U.S. shipments of 22.5" carbon steel wheels increased by 13.1 percent. The average unit value of U.S. shipments of 22.5" alloy steel wheels from China decreased by 8.3

[3] Accuride's importer questionnaire response includes data reported by KIC, but the firm was not acquired by Accuride until May 2017. Petitioners' prehearing brief, p. 29. Table IV-3 does not include data from Mefro's (acquired by Accuride in June 2018) separate importer questionnaire as this acquisition occurred too late in the overall period of data collection to provide for reasonable comparison with earlier periods. Information on Mefro is, however, included in table III-9. A representative from Accuride noted the firm "did not have responsibility for nor input into the business decisions of either firm" before being acquired. Hearing transcript, pp. 31-32 (Monroe).

percent from 2015 to 2017, while average unit values of U.S. shipments of 22.5” carbon steel wheels from China decreased by 4.0 percent. The average unit value of U.S. shipments of 22.5” alloy steel wheels from China was 3.9 percent higher in interim 2018 compared with interim 2017, while the average unit value of U.S. shipments of 22.5” carbon steel wheels was 5.0 percent higher in interim 2018 compared with interim 2017. While the share of shipments of wheels which were carbon decreased 14.9 percentage points overall in interim 2018 compared to interim 2017, the share of shipments which were alloy increased 14.9 percentage points.

The majority (*** percent) of U.S. importers’ U.S. shipments of steel wheels from nonsubject sources in 2017 were of 22.5” carbon steel wheels, while *** percent of U.S. shipments were of 22.5” alloy steel wheels. U.S. shipments of 22.5” carbon steel wheels decreased by *** percent from 2015 to 2017, while U.S. shipments of 22.5” alloy steel wheels decreased by *** percent. The average unit value of U.S. shipments of 22.5” alloy steel wheels from nonsubject sources decreased by *** percent from 2015 to 2017, while average unit values of U.S. shipments of 22.5” carbon steel wheels increased by *** percent. The average unit value of U.S. shipments of 22.5” alloy steel wheels was *** percent higher in interim 2018 compared to interim 2017, while the average unit value of U.S. shipments of 22.5” carbon steel wheels was *** percent higher in interim 2018 compared to interim 2017.

Table IV-4
Steel wheels: U.S. importers' U.S. shipments of imports from China, by product type, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (wheels)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	338,696	338,981	383,194	260,191	166,326
Carbon steel, 24.5” diameter	50,232	44,106	30,379	22,714	11,308
Other alloy steel, 22.5” diameter	376,276	393,444	478,208	361,283	460,497
Other alloy steel, 24.5” diameter	72,128	56,069	58,693	43,962	49,248
22.5 diameter	714,972	732,425	861,402	621,474	626,823
24.5 diameter	122,360	100,175	89,072	66,676	60,556
Carbon steel	388,928	383,087	413,573	282,905	177,634
Other alloy steel	448,404	449,513	536,901	405,245	509,745
All product types	837,332	832,600	950,474	688,150	687,379
	Quantity (1,000 pounds)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	25,456	25,505	27,856	19,590	12,835
Carbon steel, 24.5” diameter	4,509	3,913	2,661	2,017	977
Other alloy steel, 22.5” diameter	28,468	29,055	34,930	26,496	33,662
Other alloy steel, 24.5” diameter	6,606	5,001	5,231	3,934	4,467
22.5 diameter	53,923	54,560	62,786	46,087	46,497
24.5 diameter	11,116	8,914	7,892	5,951	5,444
Carbon steel	29,965	29,419	30,517	21,607	13,812
Other alloy steel	35,074	34,055	40,161	30,430	38,129
All product types	65,039	63,474	70,678	52,037	51,941
	Value (1,000 dollars)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	15,206	14,077	16,518	10,588	7,109
Carbon steel, 24.5” diameter	2,707	2,022	1,620	1,049	565
Other alloy steel, 22.5” diameter	17,986	17,173	20,963	16,063	21,266
Other alloy steel, 24.5” diameter	4,071	2,911	2,991	2,259	2,729
22.5 diameter	33,192	31,250	37,481	26,651	28,375
24.5 diameter	6,778	4,933	4,611	3,308	3,294
Carbon steel	17,913	16,099	18,138	11,637	7,674
Other alloy steel	22,057	20,084	23,954	18,322	23,995
All product types	39,970	36,183	42,092	29,959	31,669

Table continued on next page.

Table IV-4—Continued
Steel wheels: U.S. importers' U.S. shipments of imports from China, by product type, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Unit value (dollars per wheel)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	44.90	41.53	43.11	40.69	42.74
Carbon steel, 24.5” diameter	53.89	45.84	53.33	46.18	49.96
Other alloy steel, 22.5” diameter	47.80	43.65	43.84	44.46	46.18
Other alloy steel, 24.5” diameter	56.44	51.92	50.96	51.39	55.41
22.5 diameter	46.42	42.67	43.51	42.88	45.27
24.5 diameter	55.39	49.24	51.77	49.61	54.40
Carbon steel	46.06	42.02	43.86	41.13	43.20
Other alloy steel	49.19	44.68	44.62	45.21	47.07
All product types	47.73	43.46	44.29	43.54	46.07
	Unit value (dollars per pound)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	0.60	0.55	0.59	0.54	0.55
Carbon steel, 24.5” diameter	0.60	0.52	0.61	0.52	0.58
Other alloy steel, 22.5” diameter	0.63	0.59	0.60	0.61	0.63
Other alloy steel, 24.5” diameter	0.62	0.58	0.57	0.57	0.61
22.5 diameter	0.62	0.57	0.60	0.58	0.61
24.5 diameter	0.61	0.55	0.58	0.56	0.61
Carbon steel	0.60	0.55	0.59	0.54	0.56
Other alloy steel	0.63	0.59	0.60	0.60	0.63
All product types	0.61	0.57	0.60	0.58	0.61
	Ratio (pounds per wheel)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	75.2	75.2	72.7	75.3	77.2
Carbon steel, 24.5” diameter	89.8	88.7	87.6	88.8	86.4
Other alloy steel, 22.5” diameter	75.7	73.8	73.0	73.3	73.1
Other alloy steel, 24.5” diameter	91.6	89.2	89.1	89.5	90.7
22.5 diameter	75.4	74.5	72.9	74.2	74.2
24.5 diameter	90.8	89.0	88.6	89.2	89.9
Carbon steel	77.0	76.8	73.8	76.4	77.8
Other alloy steel	78.2	75.8	74.8	75.1	74.8
All product types	77.7	76.2	74.4	75.6	75.6

Table continued on next page.

Table IV-4—Continued
Steel wheels: U.S. importers' U.S. shipments of imports from China, by product type, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Share of quantity based on wheels (percent)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	40.4	40.7	40.3	37.8	24.2
Carbon steel, 24.5” diameter	6.0	5.3	3.2	3.3	1.6
Other alloy steel, 22.5” diameter	44.9	47.3	50.3	52.5	67.0
Other alloy steel, 24.5” diameter	8.6	6.7	6.2	6.4	7.2
22.5 diameter	85.4	88.0	90.6	90.3	91.2
24.5 diameter	14.6	12.0	9.4	9.7	8.8
Carbon steel	46.4	46.0	43.5	41.1	25.8
Other alloy steel	53.6	54.0	56.5	58.9	74.2
All product types	100.0	100.0	100.0	100.0	100.0
	Share of quantity based on pounds (percent)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	39.1	40.2	39.4	37.6	24.7
Carbon steel, 24.5” diameter	6.9	6.2	3.8	3.9	1.9
Other alloy steel, 22.5” diameter	43.8	45.8	49.4	50.9	64.8
Other alloy steel, 24.5” diameter	10.2	7.9	7.4	7.6	8.6
22.5 diameter	82.9	86.0	88.8	88.6	89.5
24.5 diameter	17.1	14.0	11.2	11.4	10.5
Carbon steel	46.1	46.3	43.2	41.5	26.6
Other alloy steel	53.9	53.7	56.8	58.5	73.4
All product types	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. shipments: China.--					
Carbon steel, 22.5” diameter	38.0	38.9	39.2	35.3	22.4
Carbon steel, 24.5” diameter	6.8	5.6	3.8	3.5	1.8
Other alloy steel, 22.5” diameter	45.0	47.5	49.8	53.6	67.2
Other alloy steel, 24.5” diameter	10.2	8.0	7.1	7.5	8.6
22.5 diameter	83.0	86.4	89.0	89.0	89.6
24.5 diameter	17.0	13.6	11.0	11.0	10.4
Carbon steel	44.8	44.5	43.1	38.8	24.2
Other alloy steel	55.2	55.5	56.9	61.2	75.8
All product types	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-4—Continued
Steel wheels: U.S. importers' U.S. shipments of imports from China, by product type, 2015-17, January to September 2017, and January to September 2018

Item	Comparison years			January to September
	2015-17	2015-16	2016-17	2017-18
	Percent change of quantity based on wheels (percent)			
U.S. shipments: China.--				
Carbon steel, 22.5” diameter	13.1	0.1	13.0	(36.1)
Carbon steel, 24.5” diameter	(39.5)	(12.2)	(31.1)	(50.2)
Other alloy steel, 22.5” diameter	27.1	4.6	21.5	27.5
Other alloy steel, 24.5” diameter	(18.6)	(22.3)	4.7	12.0
22.5 diameter	20.5	2.4	17.6	0.9
24.5 diameter	(27.2)	(18.1)	(11.1)	(9.2)
Carbon steel	6.3	(1.5)	8.0	(37.2)
Other alloy steel	19.7	0.2	19.4	25.8
All product types	13.5	(0.6)	14.2	(0.1)
	Percent change of per unit values (percent)			
U.S. shipments: China.--				
Carbon steel, 22.5” diameter	(4.0)	(7.5)	3.8	5.0
Carbon steel, 24.5” diameter	(1.0)	(14.9)	16.3	8.2
Other alloy steel, 22.5” diameter	(8.3)	(8.7)	0.4	3.9
Other alloy steel, 24.5” diameter	(9.7)	(8.0)	(1.8)	7.8
22.5 diameter	(6.3)	(8.1)	2.0	5.6
24.5 diameter	(6.5)	(11.1)	5.1	9.6
Carbon steel	(4.8)	(8.8)	4.4	5.0
Other alloy steel	(9.3)	(9.2)	(0.1)	4.1
All product types	(7.2)	(9.0)	1.9	5.8
	Percentage point changes for share of quantity based on wheels (percent)			
U.S. shipments: China.--				
Carbon steel, 22.5” diameter	(0.1)	0.3	(0.4)	(13.6)
Carbon steel, 24.5” diameter	(2.8)	(0.7)	(2.1)	(1.7)
Other alloy steel, 22.5” diameter	5.4	2.3	3.1	14.5
Other alloy steel, 24.5” diameter	(2.4)	(1.9)	(0.6)	0.8
22.5 diameter	5.2	2.6	2.7	0.9
24.5 diameter	(5.2)	(2.6)	(2.7)	(0.9)
Carbon steel	(2.9)	(0.4)	(2.5)	(15.3)
Other alloy steel	2.9	0.4	2.5	15.3
All product types	---	---	---	---

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Table IV-5
Steel wheels: U.S. importers' U.S. shipments of imports from nonsubject sources, by product type, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

CRITICAL CIRCUMSTANCES

On March 28, 2019, Commerce issued its final determination that "critical circumstances" exist with regard to imports from China of steel wheels from the China-wide entity found to be sold at less than fair value. Additionally, as part of its final countervailing duty determination, Commerce found that critical circumstances exist with regard to imports from China of steel wheels from Sunrise and Jingu.[4] In these investigations, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to antidumping duties retroactive by 90 days from October 30, 2018, the effective date of Commerce's preliminary affirmative LTFV determination, or August 31, 2018, the effective date of Commerce's preliminary affirmative countervailable subsidy determination. Tables IV-6 and IV-7, and figures IV-2 and IV-3, present these data.

[4] *Certain Steel Wheels From the People's Republic of China: Final Determination of Sales at Less-Than-Fair-Value*, 84 FR 11746, March 28, 2019 referenced in app. A. When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination, 84 FR 11744, March 28, 2019.

Table IV-6
Steel wheels: U.S. imports subject to Commerce's final AD critical circumstance determinations, October 2017 through September 2018

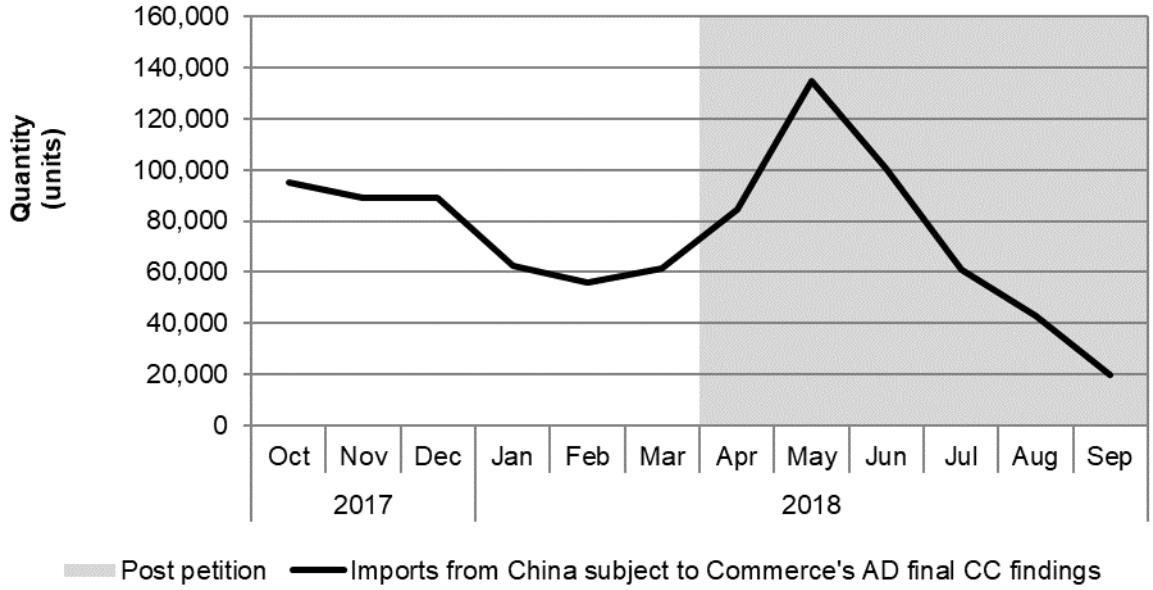
Period	Actual monthly quantity (wheels)	Outwardly cumulative subtotals (wheels)	Percentage change from comparable period (percent)[1]
2017.--			
October	95,269	453,758	
November	89,166	358,489	
December	89,264	269,323	
2018.--			
January	62,658	180,059	
February	55,741	117,401	
March	61,660	61,660	
Petition file date: March 27, 2018.			
April	84,716	84,716	37.4
May	134,898	219,614	87.1
June	100,865	320,479	78.0
July	60,946	381,425	41.6
August	42,944	424,369	18.4
September	19,924	444,293	(2.1)

[1] The percentage increase or (decrease) over the comparable pre-petition period.

Note.--Imports from China subject to Commerce's final AD critical circumstance findings relate to all firms.

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

Figure IV-2
Steel wheels: U.S. imports from China subject to Commerce's final AD critical circumstance findings, October 2017 through September 2018



Note.--Imports from China subject to Commerce's final AD critical circumstance findings relate to all firms.

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

Table IV-7
Steel wheels: U.S. imports subject to Commerce's final CVD critical circumstance determinations, October 2017 through September 2018

* * * * * * *

Figure IV-3
Steel wheels: U.S. imports subject to Commerce's final CVD critical circumstance findings, October 2017 through September 2018

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] 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.[6] As shown in table IV-8, imports from China accounted for *** percent of total imports of steel wheels by quantity during March 2017 to February 2018. Table IV-9 shows detailed monthly import data.

Table IV-8
Steel wheels: U.S. imports in the twelve-month period preceding the filing of the petition

Item	March 2017 through February 2018	
	Quantity (wheels)	Share quantity (percent)
U.S. imports from.--		
China	1,019,996	***
Nonsubject sources	***	***
All import sources	***	100.0

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

[5] 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)).

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

Table IV-9
Steel wheels: U.S. imports by month, January 2017 through September 2018

tem	U.S. imports				
	China	Mexico	All other sources	Nonsubject sources	All import sources
	Quantity (wheels)				
2017.-- January	49,436	***	***	***	***
February	63,113	***	***	***	***
March	44,520	***	***	***	***
April	63,121	***	***	***	***
May	95,453	***	***	***	***
June	122,904	***	***	***	***
July	128,554	***	***	***	***
August	96,029	***	***	***	***
September	77,317	***	***	***	***
October	95,269	***	***	***	***
November	89,166	***	***	***	***
December	89,264	***	***	***	***
2018.-- January	62,658	***	***	***	***
February	55,741	***	***	***	***
March	61,660	***	***	***	***
April	84,716	***	***	***	***
May	134,898	***	***	***	***
June	100,865	***	***	***	***
July	60,946	***	***	***	***
August	42,944	***	***	***	***
September	19,924	***	***	***	***

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

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Tables IV-10 and IV-11, and figure IV-4, present data on apparent U.S. consumption and U.S. market shares for steel wheels. U.S. producers accounted for *** percent of the market for steel wheels by quantity in 2017, a decrease of *** percentage points from 2015. In contrast, 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 decrease of *** percentage points from 2015.

Table IV-10
Steel wheels: Apparent U.S. consumption, 2015-17, January to September 2017, and January to September 2018

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Quantity (wheels)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	837,332	832,600	950,474	688,150	687,379
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	39,970	36,183	42,092	29,959	31,670
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

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

Table IV-11
Steel wheels: Market shares, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Figure IV-4
Steel wheels: Apparent U.S. consumption, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

U.S. market shares by market sector

U.S. market share data by market sector (i.e., OEMs and the aftermarket) are presented in tables IV-12 through IV-18. Tables IV-12 through IV-15 present data for various types of OEMs (i.e., truck, trailer, bus, and other OEMs[7]), while tables IV-16 and IV-17 present data for aggregated OEMs and the aftermarket, respectively. Table IV-18 presents data on the entire market except for truck OEMs, the only sector where imports from China do not have a presence.

Table IV-12
Steel wheels: Shipments to truck OEMs, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table IV-13
Steel wheels: Shipments to trailer OEMs, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table IV-14
Steel wheels: Shipments to bus OEMs, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table IV-15
Steel wheels: Other OEM shipments, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

[7] Based on questionnaire responses, "other" OEMs include, but are not limited to, ***.

Table IV-16
Steel wheels: Shipments to all OEMs, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table IV-17
Steel wheels: Aftermarket shipments, by source, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

Table IV-18
Steel wheels: The market for steel wheels excluding sales to Truck OEMs, 2015-17, January to September 2017, and January to September 2018

* * * * * * *

U.S. producers accounted for *** percent of shipments to truck OEMs by quantity in 2017, while no importers from China reported U.S. shipments to truck OEMs. U.S. producers accounted for *** percent of U.S. shipments to trailer OEMs in 2017, while shipments of imports from China accounted for *** percent in 2017. U.S. producers accounted for *** percent of U.S. shipments to bus OEMs in 2017, while shipments of imports from China accounted for *** percent in 2017. U.S. producers accounted for *** percent of U.S. shipments to other OEMs in 2017, while shipments of imports from China accounted for *** percent in 2017. Overall, U.S. producers accounted for *** percent of the share of steel wheel shipments to OEMs in 2017 (table IV-16), a decrease of *** percentage points from 2015. Subject imports from China, which accounted for *** percent share in 2017, increased *** percentage points from 2015, while the share attributable to nonsubject imports decreased by *** percentage points. Overall, the OEM sector accounted for *** percent of U.S. producers' and U.S. importers' combined steel wheels shipments in 2017, a decrease of *** percentage points from 2015.

U.S. producers accounted for *** percent of the share of steel wheel shipments to the aftermarket in 2017 (table IV-17), a decrease of *** percentage points from 2015. Subject imports from China, which accounted for *** percent share in 2017, increased *** percentage points from 2015, while the share attributable to nonsubject imports decreased by *** percentage points. Overall, the aftermarket sector accounted for *** percent of U.S. producers' and U.S. importers' combined shipments in 2017, an increase of *** percentage points from 2015.[8]

[8] The aftermarket includes "original equipment service" (OES) sales. An OES is a parts or service division of an OEM. (One importer described OES divisions as the "aftermarket arm of the OEM." Transcript, p. 136 (Cunningham)). Petitioners estimate *** percent of the aftermarket is composed of OES, while Respondent Jingu reported *** during the POI. Petitioners' posthearing brief, "Answers to Staff Questions", question 6, p. 2, and Jingu's posthearing brief, "Answers to ITC Questions", p. 2. Data

(*continued*...)

From interim 2017 to interim 2018, U.S. producers had higher market shares in the bus OEM, other OEM, and aftermarket sectors, no change in shares in the trailer OEM sector, and a lower share in the truck OEM sector. Over the same period, the market share held by imports from China were lower in all sectors except for truck OEMs, where they continued to have no presence.

Excluding sales to truck OEMs from the overall market (table IV-18), U.S. producers accounted for *** percent of all steel wheel shipments in 2017, a decrease of *** percentage points from 2015, while subject imports from China accounted for *** percent share in 2017, a *** percentage point increase from 2015. Overall, all sectors excluding truck OEMs accounted for *** percent of U.S. producers' and U.S. importers' combined shipments in 2017, an increase of *** percentage points from 2015.

(…*continued*)
provided from importer *** shows estimates of sales to OES being between *** percent of the aftermarket over the POI. Jingu's posthearing brief, "Answers to ITC Questions", p. 2.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The main raw material used in steel wheel production is hot-rolled steel. During 2015-17, raw materials accounted for *** to *** percent of the cost of goods sold. As shown in figure V-1, hot-rolled steel prices declined in 2015, increased during the first half of 2016, fluctuated through the third quarter of 2017, increased sharply from the fourth quarter of 2017 to the first half of 2018, and declined slightly in the third quarter of 2018.[1] Accuride stated that its raw materials costs have increased substantially since the fourth quarter 2017 as hot-rolled steel prices have increased by 40 percent.[2] *** reported that *** long-term contracts have mechanisms for raw material price adjustments, while five of 12 importers allow for such adjustments in short-term and annual contracts. Both U.S. producers and the vast majority of importers (17 of 21) reported that raw material prices had increased since 2015. Thirteen of 15 purchasers reported that information on raw material prices have affected negotiations and/or contracts since January 2015. Many purchasers reported that contracts include a raw material adjustment, which include increasing steel costs due to section 232 tariffs.

Figure V-1
Hot-rolled steel: Price indices for hot-rolled steel, monthly, January 2015-September 2018

* * * * * *

U.S. inland transportation costs

Both responding U.S. producers reported that they typically *** transportation for their customers, and 17 of 22 responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from *** percent, while most importers reported costs of 2 to 10 percent.

[1] Imports of hot-rolled steel from several countries have been subject to antidumping and countervailing duty orders since 2016. In addition, hot-rolled steel is subject to import duties of 25 percent that were imposed in March 2018 under section 232 of the Trade Expansion Act of 1962. https://www.cbp.gov/trade/programs-administration/entry-summary/232-tariffs-aluminum-and-steel, retrieved April 10, 2019.

[2] Conference transcript, p. 22 (Risch).

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, price lists, and other methods to set prices. As presented in table V-1, U.S. producers sell primarily using contracts and price lists, while importers sell primarily using transaction-by-transaction negotiations and price lists.

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

Method	U.S. producers	U.S. importers
Transaction-by-transaction	***	10
Contract	***	8
Set price list	***	15
Other	***	3
Responding firms	2	23

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

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

U.S. producers reported selling the vast majority of their steels wheels subject to *** importers reported selling most of their steel wheels in the spot market (table V-2).

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

Type of sale	U.S. producers	U.S. importers
Long-term contracts	***	0.1
Annual contracts	***	0.3
Short-term contracts	***	36.1
Spot sales	***	63.6
Total	100.0	100.0

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

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

*** reported that long-term contracts averaged *** years in duration and *** price renegotiation. Twelve importers reported selling via short-term contracts, one reported using annual contracts, and one reported using long-term contracts. Importers reported typical sales contract characteristics: four importers reported that price renegotiation provisions are typical in short-term contracts, six reported both typically fixing both price and quantity in their contracts, seven reported that their contracts do not contain meet-or-release clauses, and four reported adjusting contracts to changes in raw material prices.

Sixteen of 21 purchasers reported receiving price quotes for steel wheels from China since 2015, and all responding purchasers stated that the quoted Chinese price was lower than the price quotes they received from domestic producers of steel wheels. All 21 responding purchasers reported that their contracts with domestic producers did not require U.S. producers meet prices from other suppliers, and 3 of 19 purchasers reported using prices of Chinese wheels to obtain prices reductions, rebates, and other benefits from domestic producers of steel wheels.

Purchaser *** reported that it maintains independent purchasing agreements for OEMs and OESs, but that pricing for OESs are based on OEMs negotiated costs. Purchaser *** reported leveraging OEM and OES volumes in order to keep pricing competitive, and defines OESs costs as the price for OEMs plus packaging.

Two purchasers reported that they purchase product daily, nine purchase weekly, and 10 purchase monthly. Sixteen of 21 responding purchasers reported that their purchasing frequency had not changed since 2015. Most (20 of 21) purchasers reported contacting 1 to 6 suppliers before making a purchase.

Sales terms and discounts

*** typically quote prices on an f.o.b. basis. Most responding importers (15 of 22) reported quoting prices on a delivered basis, and seven reported quoting prices on an f.o.b. basis.

*** U.S. producers reported offering *** discounts. The majority of responding importers (15 of 23) reported not offering discounts, however, five importers reported offering quantity discounts and five reported offering annual volume discounts.[3] U.S. producer Maxion reported sales terms of *** and Accuride reported sales terms of ***. The majority of importers (16 of 21) reported sales terms of net 30 days, four reported sales terms of net 60, and four reported other sales terms.

Price leadership

Eleven of 21 purchasers reported the existence of price leaders in the U.S. market. Seven purchasers reported that U.S. producer and importer Accuride was a price leader in the U.S. steel wheels market and two each reported that importer Advanced Wheel Sales and U.S. producer Maxion were price leaders.

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 steel wheels products shipped to unrelated U.S. customers during January 2015-September 2018.

[3] Two importers *** reported offering both quantity and volume discounts.

Product 1.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to OEMs.

Product 2.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to the aftermarket.

Product 3.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to OEMs.

Product 4.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to the aftermarket.

Two U.S. producers and 22 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[4] Pricing data reported by these firms accounted for approximately 94.5 percent of U.S. producers' U.S. commercial shipments of steel wheels and 79.5 percent of U.S. commercial shipments of subject imports from China in 2017.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-5. Nonsubject country price data for Mexico are presented in Appendix D.

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

* * * * * * *

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

* * * * * * *

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

* * * * * * *

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

* * * * * * *

[4] 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.

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

* * * * * * *

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

* * * * * * *

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

* * * * * * *

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

* * * * * * *

Price trends

In general, prices decreased *** during January 2015 to September 2018. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic prices decreased and then recovered almost completely for product 2, and increased by *** percent for product 4, the two aftermarket pricing products. Between the first quarter of 2015 and the third quarter of 2018, prices decreased by *** percent for the two steel products sold to OEMs. Prices for steel wheels imported from China increased by *** percent for product 2 but decreased by *** percent for the other products.

Table V-7
Steel wheels: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

* * * * * * *

More than *** of U.S. producer sales were in product 1 (lighter-weight wheels sold to OEMs). This product category represented less than one-fifth (*** percent) of pricing data collected for China. Product 2 (lighter-weight wheels sold to the aftermarket) was the largest volume category for subject imports, representing slightly more than half (*** percent) of subject import price data.

As shown in figure V-6, domestic prices for all pricing products fluctuated between January 2015 and September 2018. From the first quarter of 2015 to the third quarter of 2018, prices for products 1 and 3 (lighter-weight wheels) decreased slightly, the price for product 4 increased after initially declining, and the price for product 2 experienced essentially no change between the endpoints. Prices for most pricing products showed a decline in 2015 and increases in 2018. Products 1 and 3 generally decreased in 2015 and 2016, and increased in 2017 and 2018.[5] Domestic prices for product 2 were lower in 2016 and 2017 than in 2015, but recovered and remained at essentially the same price as 2015 in the three quarters of 2018.

Figure V-6
Steel wheels: U.S. producers' indexed prices, January 2015 through September 2018

* * * * * * *

As shown in figure V-7, importer prices for all pricing products fluctuated between January 2015 and September 2018.[6] Similar to trends seen in U.S. producer pricing, product 1 displayed the least variability over the period, outside one sharp decline and subsequent increase between the fourth further quarter of 2017 and the second quarter of 2018. Unlike U.S. producer pricing, importer prices for product 4 dramatically fluctuated between January 2015 and September 2018 and ended with lower prices in the third quarter of 2018 compared to those in the first quarter of 2015. Importer prices for product 3 showed the most similarity to U.S. producer price trends over the period. Importer prices for product 2 imported from China were lowest in the second quarter of 2017 and have generally been increasing since that time.

Figure V-7
Steel wheels: U.S. importers' indexed prices, January 2015 through September 2018

* * * * * * *

Price comparisons

As shown in table V-8, prices for products imported from China were below those for U.S.-produced product in all 60 instances (2.3 million wheels); margins of underselling ranged from 12.3 to 46.0 percent. There were no instances of overselling.

[5] Both product 1 and 3 slightly declined at the beginning of 2018.

[6] Importer *** provided the following explanations in pricing product trends: *** and ***. Email from ***.

Table V-8
Steel wheels: Instances of underselling/overselling and the range and average of margins, January 2015-September 2018

Source	Underselling				
	Number of quarters	Quantity[1] (wheels)	Average margin (percent)	Margin range (percent)	
				Min	Max
OEMs	***	***	***	***	***
Aftermarket	***	***	***	***	***
Total, underselling	60	2,342,239	29.0	12.3	46.0
Source	**(Overselling)**				
	Number of quarters	Quantity[1] (wheels)	Average margin (percent)	Margin range (percent)	
				Min	Max
OEMs	***	***	***	***	***
Aftermarket	***	***	***	***	***
Total, overselling	---	---	---	---	---

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

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

LOST SALES AND LOST REVENUE

In the preliminary phase of the investigation, the Commission requested that U.S. producers of steel wheels report purchasers with whom they experienced instances of lost sales or revenue due to competition from imports of steel wheels from China during January 2015 to December 2017. Both U.S. producers submitted lost sales and lost revenue allegations. The two responding U.S. producers identified 53 firms at which they allegedly lost sales or revenue (all consisting of both types of allegations).

In the final phase of the investigation, *** reported that they had to either reduce prices or roll back announced price increases, and *** reported that they had lost sales.

Staff contacted 97 purchasers and received responses from 21 purchasers.[7] Responding purchasers reported purchasing 4.75 million steel wheels during January 2015 through September 2018 (table V-9).

Of the 21 responding purchasers, 13 reported that, since 2015, they had purchased imported steel wheels from China instead of U.S.-produced product. All of these purchasers reported that subject import prices were lower than U.S.-produced product, and 11 of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Ten purchasers estimated the quantity of steel wheels from China purchased instead of domestic product; quantities ranged from *** wheels to *** wheels (table V-10). One purchaser identified product range, availability, and quality as

[7] Ten purchasers submitted lost sales lost revenue survey responses in the preliminary phase, but did not submit purchaser questionnaire responses in the final phase.

Table V-9
Steel wheels: Purchasers' responses to purchasing patterns

Purchaser	Purchases in January 2015-September 2018 (wheels)			Change in domestic share[2] (pp, 2015-17)	Change in subject country share[2] (pp, 2015-17)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	2,730,896	1,635,292	384,404	(4.5)	0.1

[1] Includes all other sources and unknown sources.
[2] Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

Table V-10
Steel wheels: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity purchased instead of domestic (wheels)	If No, non-price reason
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	Yes--13; No--8	Yes--13; No--0	Yes--11; No--2	745,691	

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

non-price reasons for purchasing imported rather than U.S.-produced product, with a different purchaser identifying supplier relationship.

Of the 21 responding purchasers, two reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (table V-11; ten reported that they did not know). The reported estimated price reductions ranged between *** percent.

Table V-11
Steel wheels: Purchasers' responses to U.S. producer price reductions

Purchaser	U.S. producers reduced priced to compete with subject imports (Y/N)	If U.S. producers reduced prices	
		Estimated U.S. price reduction (percent)	Additional information, if available
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total / average	Yes--2; No--9; Don't Know--10	12.5	

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

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Accuride[1] and Maxion[2] provided usable data on their operations on steel wheels. *** accounted for approximately *** percent of combined total net sales value in 2017. Both U.S. producers reported on a calendar-year basis of December 31; Accuride reported financial data based on U.S. generally accepted accounting principles ("U.S. GAAP") and Maxion reported on the basis of international financial reporting standards ("IFRS").

OPERATIONS ON STEEL WHEELS

Table VI-1 presents aggregated data on U.S. producers' operations in relation to steel wheels. Table VI-2 shows the changes in average unit values of selected financial indicators. Table VI-3 presents selected company-specific financial data. Both firms reported only commercial sales.

Net sales

As shown in table VI-1, the quantity and value of net sales decreased irregularly from 2015 to 2017 (both indicators fell from 2015 to 2016 and increased in 2017), but were greater in January-September 2018 ("interim 2018") than in January-September 2017 ("interim 2017").[3] The per-wheel net sales value fell from 2015 to 2016, but increased in 2017, and was *** higher in interim 2018 compared with interim 2017. As shown in table VI-3, ***.[4] Both firms ***.

---

[1] Accuride Corp. was incorporated in November 1986 to acquire substantially all of Firestone Steel Products (itself a spinoff of the Firestone Tire and Rubber Co.). Accuride was purchased by the investment firm of Kohlberg, Kravis, and Roberts in 1998 and was listed on the New York Stock Exchange in January 2011. Accuride was then acquired by an affiliate of Crestview Partners, a private equity firm, in November 2016. Accuride reported that steel wheels accounted for approximately *** of its sales in 2017 (***). ***.

[2] Maxion is the U.S. operating subsidiary of Iochpe-Maxion, a Brazilian company. Iochpe-Maxion is self-described as "the world leader in the production of automotive wheels." Hayes Lemmerz, as Maxion was known previously, was a U.S. manufacturer of steel wheels for light and commercial vehicles and aluminum automotive wheels for light vehicles, and was acquired in 2012. ***. Maxion reported that steel wheels accounted for approximately *** of its sales in 2017. ***. ***.

[3] According to ***, demand for steel wheels decreased from 2015 to 2016 with some recovery in 2017. Email from ***.

[4] Demand for steel wheels is tied to the cyclical truck build industry. Petitioners' data showed a decline in U.S. truck and trailer builds from 2015 to 2016 and a slight increase from 2016 to 2017 using aggregated data for class 5-7 trucks, class 8 trucks, and trailers (citing petition vol. 1, p. I-25). Petitioners provided a forecast of consumption of steel wheels that projects ***. Petitioners' postconference brief, staff answers #9 and exh. 1 (***).

Table VI-1
Steel wheels: Results of operations of U.S. producers, 2015-17, January-September 2017, and January-September 2018

* * * * * * *

Table VI-2
Steel wheels: Changes in AUVs, between calendar years, and between interim periods

* * * * * * *

Table VI-3
Steel wheels: Selected results of operations of U.S. producers, by firm, 2015-17, January-September 2017, and January-September 2018

* * * * * * *

Cost of goods sold and gross profit or (loss)

As noted earlier, ***. As shown in table VI-1, the ratio of COGS to net sales ratio fell between 2015 and 2017 but was higher in interim 2018 than in interim 2017. On a company-specific basis, ***.

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 2016) and *** percent (in 2015), and were *** percent in interim 2018 compared with *** percent in interim 2017.

On a per-wheel basis, raw material costs fell irregularly from $*** in 2015 to $*** in 2017; raw material costs per wheel were $*** in interim 2018 compared to $*** in interim 2017.[5] As shown in table VI-3, the average per-unit raw material costs of both firms ***.[6] [7] In 2017, steel accounted for the vast majority of total raw material costs, ***.[8]

---

[5] The input to make steel 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, although producers of steel wheels may have provisions in some of their contracts that tie or pass through changes in input costs to the prices of steel wheels. Conference transcript, pp. 87-88 (Risch and Monroe) and postconference brief of respondent Sunrise, exh. 1, p. 9. An industry witness testified that prices for hot-rolled steel were approximately 40 percent higher during the second quarter of 2018 compared with fourth quarter 2017. Conference transcript, p. 22 (Risch).

A number of steel trade actions have occurred since January 2015. 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, on March 8, 2018, the President exercised his authority under Section 232 (the national security provision) of the Trade Expansion Act of 1962, 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, and Brazil, and South

(*continued*...)

Other raw material inputs included ***.[9]

Direct labor is the smallest of the three categories of COGS, averaging between ***. As with raw material costs, ***.

Other factory costs (OFC), the last category of costs in COGS, ranged from *** percent to *** percent of total sales value, from $*** to $*** per wheel, and *** of total COGS. As with other costs, ***. This may be due in part to ***.

The industry's gross profit increased by *** percent, from $*** in 2016 to $*** in 2017, after an increase from 2015 to 2016 of *** but was *** percent lower in interim 2018 at $*** than in interim 2017 when it was $***. As depicted in table VI-2, the per-wheel decrease in total COGS was greater than the per-wheel decrease in total net sales from 2015 to 2016, while per-wheel sales increased more than per-wheel total COGS did between 2016 and 2017. Total COGS increased more than did sales on a per-unit basis between the interim periods. On a company-specific basis, ***.

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expenses increased from $*** to $*** from 2015 to 2017, the ratio of total SG&A expenses to total net sales value increased from *** percent in 2015 to *** percent in 2017.[10] Total SG&A expenses were higher on a dollar basis and as a ratio to sales in interim 2018 than in the corresponding period one year earlier. As shown in table VI-3, total SG&A expenses of ***.[11] [12] The ratio to sales of ***. Per-wheel SG&A expenses ***.

The industry's operating income increased *** from $*** in 2015 to $*** in 2016 to $*** in 2017. Operating income was ***. On a company-specific basis, ***.

(…*continued*)
Korea, although Argentina, Brazil, and South Korea are covered by section 232 absolute tariffs. 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 Collection began their collection. *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. Section 232 proclamations and Section 301 proceeding are discussed earlier in Part I of this report.

[6] ***. *** U.S. producers' questionnaire response, section III-10.

[7] Prices of ***.

[8] Calculated from data provided in question III-9b of the U.S. producers' questionnaire. ***.

[9] U.S. producers' questionnaire responses. Also, Maxion outsourced its painting (***) to an outside firm beginning in 2009. See conference transcript, p. 25 (Aydogan). Maxion explained, "***." Email from ***.

[10] ***.

[11] ***. Email from ***.

[12] ***.

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. ***. Hence, net income before taxes ***. Net income on a dollar basis, as a ratio to sales, and on a per-unit basis, increased from 2015 to 2017 but was *** lower in interim 2018 compared with the period one year earlier. Cash flow, defined as net income plus depreciation, followed the same trend as net income, increasing by *** from 2015 to 2017, but was *** percent lower in interim 2018 compared with interim 2017, ***.[13]

Variance analysis

The variance analysis presented in table VI-4 is based on the data in table VI-1.[14] The analysis shows that the operating income increased from 2015 to 2016 because ***. The analysis also indicates that operating income decreased from 2016 to 2017, attributable to ***.[15]

Table VI-4
Steel wheels: Variance analysis for U.S. producers, 2015-17, January-September 2017, and January-September 2018

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development ("R&D") expenses by firm. Capital expenditures fell irregularly from $*** in 2015 to $*** in 2017. Capital expenditures were higher in interim 2018 ($***) compared with interim 2017 ($***). As shown in table VI-5, ***.[16]

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[13] As noted later, ***.

[14] 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 variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. 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 expense variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

[15] It should be noted that the raw materials' cost and volume variances were unfavorable in 2016-17 and between the partial year periods and caused the total COGS variance to be unfavorable in those periods.

[16] ***.

Table VI-5
Steel wheels: Capital expenditures and R&D expenses for U.S. producers, by firm, 2015-17, January-September 2017, and January-September 2018

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets and their operating return on assets.[17] Total assets increased irregularly from $*** in 2015 to $*** in 2017. The return on assets decreased from *** percent in 2015 to *** percent in 2017. ***.[18]

Table VI-6
Steel wheels: Value of assets used in production, warehousing, and sales, and return on assets for U.S. producers by firm, 2015-17

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested that U.S. producers of steel wheels describe actual or potential negative effects of imports of steel wheels from China on their firm's growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-7 presents U.S. producers' responses in a tabulated format and table VI-8 provides the narrative responses.

Table VI-7
Steel wheels: Actual and anticipated negative effects of imports from China on investment and growth and development since January 1, 2015

* * * * * * *

Table VI-8
Steel wheels: Narrative responses relating to actual and anticipated negative effects of imports from China on investment, growth, and development, since January 1, 2015

* * * * * * *

[17] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for steel wheels.

[18] This refers to ***.

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 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 36 firms believed to produce and/or export steel wheels from China.[3] Usable responses to the Commission's final phase questionnaire were received from four firms.[4] Exports from firms responding to the Commission's foreign producers' questionnaire to the United States accounted for 98.5 percent of U.S. imports of steel wheels from China in 2017.[5] According to estimates requested of the responding Chinese producers, the production of steel wheels in China reported in questionnaires accounts for approximately *** percent of overall production of steel wheels in China.[6] Table VII-1 presents information on the steel wheel operations of the responding producers and exporters in China.

[3] 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 but for which contact information was not provided.

[4] Maxion identified Maxion Nantong as a "***" in it's U.S. producer questionnaire, while Mefro Wheels China Co., Ltd. ("Mefro Wheels") is related to Accuride via Accuride's acquisition of Mefro wheels GmbH.

Tables VII-1 through table VII-4 in this staff report incorporate responses from three firms—Xingmin Intelligent Systems (Group) Co., Ltd. ("Xingmin ITS"), Shandong Better Wheel Co., Ltd. ("Better wheel"), and CIMAC Wheel Industries Co., Ltd. ("Cimac")—who responded in the preliminary phase, but not the final phase, of these investigations. As partial year data was not requested in the preliminary questionnaires, partial year data presented in tables VII-3 and VII-4 only include responses from the four firms who provided responses in the final phase. For full year periods and full year projections, the preliminary and final phase questionnaires requested data for the same years, and is presented as reported.

[5] Based on questionnaire data, reported exports from China totaled 998,444 wheels in 2017, while reported imports from China totaled 1,014,146 wheels.

[6] Percentage derived from summing he responses of firms responding in this final phase with responses of firms identified in footnote 4 from the preliminary phase (with the exception of Cimac which erroneously answered *** to the relevant question).

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

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Better wheel	***	***	***	***	***	***
Cimac	***	***	***	***	***	***
Jingu	***	***	***	***	***	***
Maxion Nantong	***	***	***	***	***	***
Mefro Wheels	***	***	***	***	***	***
Sunrise	***	***	***	***	***	***
Xingmin ITS	***	***	***	***	***	***
Total	6,759,885	100.0	998,444	100.0	6,648,771	15.0

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
Steel wheels: Reported changes in operations by producers in China, since January 1, 2015

* * * * * * *

Operations on steel wheels

Table VII-3 presents information on steel wheel operations of the responding producers and exporters in China. Chinese producers' production capacity increased by 2.6 percent from 2015 to 2017, while Chinese producers' production increased by 22.1.

Chinese producers' home market shipments increased by 20.4 percent from 2015 to 2017, however as a share of total shipments, they decreased by 1.6 percentage points. Home market shipments accounted for between 39.3 percent and 44.1 percent of total shipments during 2015-17.

From 2015 to 2017, Chinese producers' export shipments to the United States increased by 58.7 percent, but are projected to decrease by 84.3 percent between 2017 and 2019. Export shipments to non-U.S. markets decreased from 2015 to 2016 before rising in 2017. Overall, export shipments to non-U.S. markets increased by 20.9 percent from 2015 to 2017 and are expected to increase by 16.9 percent from 2017 to 2019. Chinese export shipments were largely destined for non-U.S. markets, which accounted for between 41.7 percent and 47.3 percent of total shipments from 2015-17.

Chinese respondent Jingu estimates that three companies—itself, Sunrise, and Xingmin Intelligent Transportation Systems ("Xingmin ITS")—account for more than 80 percent of subject steel wheels exported to the United States. Jingu also believes that these three companies are the only Chinese producers that make the lightweight wheels which it states are "preferred" by the U.S. market.[7] [8]

Foreign producers in China were asked about supplier qualification issues in the Commission's Foreign Producers' Questionnaire. Sunrise reported that ***. Jingu reported ***.[9]

[7] Respondent Jingu's postconference brief, p. 16.

[8] Regarding their coating practices, *** reported applying *** to their wheels.

[9] Respondents argue that Chinese producers' lack of full qualification to sell to OEMs diminishes the impact and potential threat of subject producers, and that even achieving certification does not guarantee sales. Sunrise's posthearing brief, pp. 2-4. Petitioners argue that Chinese imports are still being sold to aftermarket private label companies and in to other OEM markets. Petitioners' posthearing brief, "Answers to Staff Questions", question 14, pp. 1-3.

Table VII-3
Steel wheels: Data on industry in China, 2015-17, January to September 2017, and January to September 2018 and projected calendar years 2018 and 2019

Item	Actual experience					Projections[2]	
	Calendar year			January to September[1]		Calendar year	
	2015	2016	2017	2017	2018	2018	2019
	Quantity (wheels)						
Capacity	8,033,258	8,160,258	8,240,258	***	***	8,296,258	8,332,258
Production	5,535,476	5,530,906	6,759,885	***	***	6,673,425	6,626,687
End-of-period inventories	659,173	730,569	841,683	***	***	883,395	800,671
Shipments: Home market shipments: Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	2,171,845	2,405,595	2,614,514	***	***	2,792,498	2,970,324
Export shipments to: United States	629,248	776,067	998,444	***	***	559,107	156,920
All other markets	2,511,909	2,277,848	3,035,813	***	***	3,300,643	3,549,149
Total exports	3,141,157	3,053,915	4,034,257	***	***	3,859,750	3,706,069
Total shipments	5,313,002	5,459,510	6,648,771	***	***	6,652,248	6,676,393

Table continued on next page.

Table VII-3—Continued
Steel wheels: Data on industry in China, 2015-17, January to September 2017, and January to September 2018 and projected calendar years 2018 and 2019

Item	Actual experience					Projections[2]	
	Calendar year			January to September[1]		Calendar year	
	2015	2016	2017	2017	2018	2018	2019
	Ratios and shares (percent)						
Capacity utilization	68.9	67.8	82.0	***	***	80.4	79.5
Inventories/production	11.9	13.2	12.5	***	***	13.2	12.1
Inventories/total shipments	12.4	13.4	12.7	***	***	13.3	12.0
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	40.9	44.1	39.3	***	***	42.0	44.5
Export shipments to:							
United States	11.8	14.2	15.0	***	***	8.4	2.4
All other markets	47.3	41.7	45.7	***	***	49.6	53.2
Total exports	59.1	55.9	60.7	***	***	58.0	55.5
Total shipments	100.0	100.0	100.0	***	***	100.0	100.0

[1] As partial year data was not requested in the preliminary phase questionnaires, partial year data presented include only responses from the four firms who provided a response in the final phase.
[2] For projections, the preliminary and final phase questionnaires requested data for the same full years, and is presented as reported for each most recent questionnaire response. Projections reported from the three firms which provided only preliminary phase data may reflect projections made at the time of the Commission's receipt of the preliminary phase questionnaires (April 2018). Final phase questionnaires were received beginning in November 2018.

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Alternative products

As shown in table VII-4, responding Chinese firms produced other goods on the same equipment and machinery used to produce steel wheels. Chinese producers' overall capacity increased by 2.6 percent from 2015 to 2017, and steel wheels accounted for *** percent of overall production in 2017.

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

Item	Calendar year			January to September[1]	
	2015	2016	2017	2017	2018
	Quantity (wheels)				
Overall capacity	9,611,924	9,780,053	9,865,924	4,556,943	4,583,943
Production:					
Steel wheels	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	6,799,428	6,883,054	8,188,601	3,788,847	3,739,331
	Ratios and shares (percent)				
Overall capacity utilization	70.7	70.4	83.0	83.1	81.6
Share of production:					
Steel wheels	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

[1] As partial year data was not requested in the preliminary phase questionnaires, partial year data presented include only responses from the four firms who provided a response in the final phase.

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

Exports[10]

According to GTA, the leading export markets for wheels and other automotive products from China are the United States, Japan, and Mexico (table VII-5). During 2017, the United States was the top export market for certain automotive parts from China, accounting for a 37.8 percent share, followed by Japan, accounting for 8.8 percent.

[10] Export data from Global Trade Atlas ("GTA") cited throughout this section are based on export data for HS subheading 8708.70, "Road Wheels and Parts and Accessories thereof for Motor Vehicles," and 8716.90, "Parts of Trailers, Semi-trailers and Other Vehicles, Not Mechanically Propelled." As such, these data also encompass out-of-scope products.

Table VII-5
Road wheels, road parts, and trailer and semi-trailer parts: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (short tons)		
Exports from China to the United States	885,839	923,078	1,034,767
Exports from China to other major destination markets-			
Japan	213,634	213,974	240,162
Mexico	97,150	101,244	116,050
Russia	67,887	87,122	105,461
Canada	78,669	66,026	87,119
Germany	65,452	76,984	84,084
Thailand	63,857	69,835	78,881
Australia	52,395	56,751	64,653
United Kingdom	49,796	54,045	62,469
All other destination markets	848,120	825,875	861,698
Total exports from China	2,422,799	2,474,934	2,735,343
	Value (1,000 dollars)		
Exports from China to the United States	2,952,993	2,926,922	3,250,917
Exports from China to other major destination markets-			
Japan	809,794	772,024	847,922
Mexico	294,875	291,716	335,442
Russia	170,445	175,460	219,255
Canada	180,495	154,696	197,862
Germany	161,157	185,303	196,411
Thailand	126,684	137,270	166,455
Australia	126,262	128,627	140,943
United Kingdom	108,572	105,571	119,662
All other destination markets	1,794,625	1,667,579	1,821,949
Total exports from China	6,725,901	6,545,168	7,296,818

Table continued on next page.

Table VII-5—Continued
Road wheels, road parts, and trailer and semi-trailer parts: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per unit)		
Exports from China to the United States	3,334	3,171	3,142
Exports from China to other major destination markets- Japan	3,791	3,608	3,531
Mexico	3,035	2,881	2,890
Russia	2,511	2,014	2,079
Canada	2,294	2,343	2,271
Germany	2,462	2,407	2,336
Thailand	1,984	1,966	2,110
Australia	2,410	2,267	2,180
United Kingdom	2,180	1,953	1,916
All other destination markets	2,116	2,019	2,114
Total exports from China	2,776	2,645	2,668
	Share of quantity (percent)		
Exports from China to the United States	36.6	37.3	37.8
Exports from China to other major destination markets- Japan	8.8	8.6	8.8
Mexico	4.0	4.1	4.2
Russia	2.8	3.5	3.9
Canada	3.2	2.7	3.2
Germany	2.7	3.1	3.1
Thailand	2.6	2.8	2.9
Australia	2.2	2.3	2.4
United Kingdom	2.1	2.2	2.3
All other destination markets	35.0	33.4	31.5
Total exports from China	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 8708.70 and 8716.90 as reported by China Customs in the Global Trade Atlas database, accessed December 12, 2018.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of steel wheels. Overall, inventories of steel wheels from China increased by 4.4 percent from 2015 to 2017, and in the same period decreased as a ratio to U.S. imports by 1.5 percentage points. However, these inventories were 32.0 percent lower in interim 2018 than in interim 2017. Inventories of steel wheels from nonsubject sources increased by *** percent from 2015 to 2017, and were *** percent higher in interim 2018 than in interim 2017.

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

Item	Calendar year			January to September	
	2015	2016	2017	2017	2018
	Inventories (wheels); Ratios (percent)				
Imports from China					
Inventories	156,925	117,448	163,836	158,608	107,898
Ratio to U.S. imports	17.7	14.6	16.2	16.0	13.0
Ratio to U.S. shipments of imports	18.7	14.1	17.2	17.3	11.8
Ratio to total shipments of imports	18.2	13.9	16.9	17.0	11.7
Imports from Mexico:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all other sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
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 steel wheels from China after September 30, 2018. These data are reported in table VII-7.

Table VII-7
Steel wheels: Arranged imports, October 2018 through September 2018

* * * * * * *

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 product.[11] There are, however, existing orders on related products. In February 2018, India initiated a sunset review of its antidumping duty order on certain steel wheels with a diameter of 16–20 inches for use with tubed tired in commercial vehicles from China.[12] Argentina, Australia, and India have existing antidumping or countervailing duty orders on certain aluminum alloy wheels.[13]

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[11] Reponses to U.S. importers' questionnaire, section I-9. WTO search, http://i-tip.wto.org/goods/Forms/TableView.aspx?mode=modify&action=search, retrieved April 20, 2018.

[12] Directorate General of Anti-Dumping And Allied Duties, Department Of Commerce, Government of India, "Flat Base Steel Wheels originating in or exported from China PR," Case No. 14/8/2005-DGAD, http://www.dgtr.gov.in/anti-,dumping-cases/flat-base-steel-wheels-originating-or-exported-china-pr, retrieved April 20, 2018.

[13] Argentina announced an antidumping duty order on aluminum alloy wheel hubs having a diameter of 14 inches to 18 inches in January 2018. Asian Metal, "Argentina Makes Final Anti-Dumping Decision on Aluminum Alloy Wheel Hub from China," January 10, 2018, http://www.asianmetal.com/news/data/1396162/Argentina%20makes%20final%20anti-dumping%20decision%20on%20aluminum%20alloy%20wheel%20hub%20from%20China, retrieved April 25, 2018.

Australia has existing antidumping and countervailing duty orders on aluminum wheels for passenger motor vehicles in diameters ranging from 13 inches to 22 inches. Anti-Dumping Commission, Government of Australia, "Anti-Dumping Notice No. 2018/38, Aluminum Road Wheels Exported to Australia from the People's Republic of China, Initiation of a Revocation Review," March 2, 2018, http://www.adcommission.gov.au/cases/Pages/CurrentCases/EPR-464.aspx, retrieved April 25, 2018.

India has antidumping duty orders on imports of cast aluminum alloy wheels or alloy road wheels used in motor vehicles, whether or not attached with their accessories, of a size in diameters ranging from 12 inches to 24 inches, from China, Korea, and Thailand. Directorate General of Anti-Dumping And Allied Duties, Department Of Commerce ,Government of India, "Cast Aluminum Alloy Wheels or Alloy Road Wheels used in Motor Vehicles whether or not attached," undated, http://www.dgtr.gov.in/anti-dumping-cases/cast-aluminum-alloy-wheels-or-alloy-road-wheels-used-motor-vehicles-whether-or, retrieved April 25, 2018.

INFORMATION ON NONSUBJECT COUNTRIES

Mexico's exports[14]

According to GTA, exports from Mexico of road wheels, road parts, and trailer and semi-trailer parts to the United States accounted for 88.7 percent of all its total road wheels, road parts, and trailer and semi-trailer parts exports in 2017 (table VII-8). Mexico's exports to the United States of these parts declined irregularly—by approximately 3.5 percent between 2015 and 2017, but have increased over that period to the next seven largest export markets.

[14] GTA cited throughout this section are based on export data for HS subheading 8708.70, "Road Wheels and Parts and Accessories thereof for Motor Vehicles," and 8716.90, "Parts of Trailers, Semi-trailers and Other Vehicles, Not Mechanically Propelled." As such, these data also encompasses out-of-scope products.

Table VII-8
Road wheels, road parts, and trailer and semi-trailer parts: Exports from Mexico by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
Exports from Mexico to the United States	1,020,797	1,046,005	987,528
Exports from Mexico to other major destination markets.--			
Brazil	33,360	25,263	48,834
Canada	10,981	28,592	34,947
Germany	5,055	9,173	9,566
China	525	3,604	6,862
Italy	478	4,003	5,397
Australia	132	291	2,191
India	159	43	2,167
Guatemala	1,161	1,302	1,108
All other destination markets	23,031	27,490	14,913
Total exports from Mexico	1,095,678	1,145,766	1,113,514
	Share of value (percent)		
Exports from Mexico to the United States	93.2	91.3	88.7
Exports from Mexico to other major destination markets.--			
Brazil	3.0	2.2	4.4
Canada	1.0	2.5	3.1
Germany	0.5	0.8	0.9
China	0.0	0.3	0.6
Italy	0.0	0.3	0.5
Australia	0.0	0.0	0.2
India	0.0	0.0	0.2
Guatemala	0.1	0.1	0.1
All other destination markets	2.1	2.4	1.3
Total exports from Mexico	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 8708.70 and 8716.90 as reported by INEGI in the Global Trade Atlas database, accessed December 12, 2018.

Global exports[15]

According to GTA, China was the world's leading exporter of road wheels, road parts, and trailer and semi-trailer parts, accounting for over one-quarter of global exports in 2017 (table VII-9). China's exports of road wheels, road parts, and trailer and semi-trailer parts increased from $6.7 billion in 2015 to $7.3 billion in 2017. Although petitioners identified 30 or more producers of steel wheels in China, respondent Jingu believes that no more than nine Chinese producers capable of producing subject steel wheels, and only three companies are capable of producing lightweight steel wheels.[16]

Petitioners have a wide presence in foreign markets, aside from Mexico.[17] Maxion operates facilities in Brazil (Iochpe-Maxion S.A.—Maxion's parent company), China (Maxion Nantong Wheels Co. Ltd.), Germany (Maxion Wheels Werke), Turkey (Maxion Jantas Jant Sanayi Ve Ticaret A.S.), and India (Kalyani Maxion Wheels Provate Limited).[18] Accuride is the majority stakeholder of a facilty in Italy (Gianetti Route S.r.l.).[19]

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[15] GTA cited throughout this section are based on export data for HS subheading 8708.70, "Road Wheels and Parts and Accessories thereof for Motor Vehicles," and 8716.90, "Parts of Trailers, Semi-trailers and Other Vehicles, Not Mechanically Propelled." As such, these data also encompasses out-of-scope products.

[16] Respondent Jingu's postconference brief, answer to staff question #1 and exh. 24.

[17] Respondent Jingu's postconference brief, p. 15.

[18] Maxion, "Locations," undated, http://www.maxionwheels.com/en/about-us/locations.aspx, retreieved December 20, 2018.

[19] Accuride, "Accuride Acquires Majority Stake in Gianetti Ruote S.r.l.," November 3, 2015, https://www.accuridecorp.com/accuride-acquires-majority-stake-in-gianetti-ruote-s-r-l/, retrieved December 20, 2018.

Table VII-9
Road wheels, road parts, and trailer and semi-trailer parts: Global exports by export source, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	2,297,419	2,045,270	2,194,668
China	6,725,901	6,545,168	7,296,818
All other major reporting exporters.-- Germany	3,709,459	3,806,582	4,316,433
Poland	981,000	1,022,625	1,285,224
Italy	947,815	996,282	1,119,334
Mexico	1,095,678	1,145,766	1,113,514
France	829,248	872,641	918,823
Turkey	685,908	658,346	718,151
Hungary	609,020	639,341	717,931
Czech Republic	609,726	630,576	703,875
Netherlands	420,716	535,120	618,776
Belgium	475,140	500,546	590,202
All other exporters	5,009,683	5,101,040	5,542,348
Total global exports	24,396,712	24,499,304	27,136,097
	Share of value (percent)		
United States	9.4	8.3	8.1
China	27.6	26.7	26.9
All other major reporting exporters.-- Germany	15.2	15.5	15.9
Poland	4.0	4.2	4.7
Italy	3.9	4.1	4.1
Mexico	4.5	4.7	4.1
France	3.4	3.6	3.4
Turkey	2.8	2.7	2.6
Hungary	2.5	2.6	2.6
Czech Republic	2.5	2.6	2.6
Netherlands	1.7	2.2	2.3
Belgium	1.9	2.0	2.2
All other exporters	20.5	20.8	20.4
Total global exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheadings 8708.70 and 8716.90 reported by various national statistical authorities in the Global Trade Atlas database, accessed December 12, 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 14295 March 27, 2018	*Steel Wheels From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-03/pdf/2018-06688.pdf
83 FR 17794 April 24, 2018	*Certain Steel Wheels From the People's Republic: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-24/pdf/2018-08469.pdf
83 FR 17798 April 24, 2018	*Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-24/pdf/2018-08467.pdf
83 FR 22990 May 17, 2018	*Steel Wheels From China*	https://www.gpo.gov/fdsys/pkg/FR-2018-05-17/pdf/2018-10506.pdf
83 FR 26257 June 6, 2018	*Certain Steel Wheels From the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-06-06/pdf/2018-12144.pdf
83 FR 42110 August 20, 2018	*Steel Wheels From the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-08-20/pdf/2018-17906.pdf

Citation	Title	Link
83 FR 44573 August 31, 2018	*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*	https://www.gpo.gov/fdsys/pkg/FR-2018-08-31/pdf/2018-18974.pdf
83 FR 54568 October 30, 2018	*Certain Steel Wheels From the People's Republic of China: Preliminary Determination of Sales at Less-Than-Fair-Value*	https://www.gpo.gov/fdsys/pkg/FR-2018-10-30/pdf/2018-23661.pdf
83 FR 61672 November 30, 2018	*Steel Wheels From China; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-11-30/pdf/2018-26011.pdf
84 FR 1063 February 1, 2019	*Steel Wheels From the People's Republic of China: Postponement of Final Determination of Sales at Less-Than-Fair-Value*	https://www.govinfo.gov/content/pkg/FR-2019-02-01/pdf/2019-00752.pdf
84 FR 3485 February 12, 2019	*Steel Wheels From China; Revised Schedule for the Final Phase of Countervailing Duty and Anti-Dumping Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-02-12/pdf/2019-02076.pdf
84 FR 11744 March 28, 2019	*Certain Steel Wheels From the People's Republic of China: Final Affirmative Countervailing Duty Determination*	https://www.govinfo.gov/content/pkg/FR-2019-03-28/pdf/2019-05956.pdf
84 FR 11746 March 28, 2019	*Certain Steel Wheels From the People's Republic of China: Final Determination of Sales at Less-Than-Fair-Value*	https://www.govinfo.gov/content/pkg/FR-2019-03-28/pdf/2019-05957.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Steel Wheels from China

Inv. Nos.: 701-TA-602 and 731-TA-1412 (Final)

Date and Time: March 14, 2019 - 9:30 a.m.

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

OPENING REMARKS:

Petitioners (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Eric C. Emerson**, Steptoe & Johnson LLP)

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

Stewart and Stewart
Washington, DC
on behalf of

Accuride Corporation ("Accuride")
Maxion Wheels Akron LLC ("Maxion")

Gregory A. Risch, President, Accuride Wheels North America, Accuride

Chad Monroe, Senior Vice President, Business Development, Accuride

Andrew Hofley, Senior Vice President/Sales, Americas, Accuride

Craig Kessler, Vice President of Engineering, Accuride

Dan McGivney, Vice President of Sales for the Truck OEM Accounts, Accuride

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

Don Polk, President, the Americas, Maxion Wheels

Matthew Kominars, Sales Director - North America,
Maxion Wheels

Denny Weisend, Senior Consultant, Maxion Wheels

Jack Hefner, President, United Steelworkers Local 2,
Akron, Ohio facility of Maxion Wheels

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

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

Steptoe & Johnson LLP
Washington, DC
on behalf of

Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise")

Amanda Walker, Executive Vice President,
Trans Texas Tires

Benjamin Lee, Sales Manager,
Sunrise International USA Inc.

Eric C. Emerson)
Thomas J. Trendl)
) – OF COUNSEL
Zhu (Judy) Wang)
Marcia Pulcherio)

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

White & Case LLP
Washington, DC
on behalf of

Zhejiang Jingu, Co. Ltd. ("Zhejiang Jingu")
Zhejiang, China

David Saylor, Executive Director, International Department,
Zhejiang Jingu

Tom Cunningham, President, The Cunningham Company

Allison Kepkay) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Eric C. Emerson**, Steptoe & Johnson LLP)

-END-

APPENDIX C

SUMMARY DATA

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

	Reported data					Period changes			
	Calendar year			January to September		Comparison years			Jan-Sep
	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	***	***	***	***	***	***	***	***	***
Mexico (nonsubject)	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Mexico (nonsubject)	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--									
China:									
Quantity	837,332	832,600	950,474	688,150	687,379	13.5	(0.6)	14.2	(0.1)
Value	39,970	36,183	42,092	29,959	31,670	5.3	(9.5)	16.3	5.7
Unit value	$47.73	$43.46	$44.29	$43.54	$46.07	(7.2)	(9.0)	1.9	5.8
Ending inventory quantity	156,925	117,448	163,836	158,608	107,898	4.4	(25.2)	39.5	(32.0)
Mexico (nonsubject)									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject sources									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
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 (units 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)	***	***	***	***	***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Three importers (***) reported useable price data for Mexico for products 1-4, but not all firms reported data for all products. Price data reported by these firms accounted for 100 percent of U.S. commercial shipments of steel wheels imported from Mexico in 2017. Price and quantity data for Mexico are shown in tables D-1 to D-4 and in figures D-1 to D-4 (with domestic and subject sources).

In comparing Mexican pricing data for imports from Mexico with U.S. producer pricing data, prices for product imported from Mexico were lower than prices for U.S.-produced product in *** instances and higher in *** instances.[1] In comparing pricing data for imports from Mexico with that for imports from China, prices for product imported from Mexico were higher than prices for product imported from China in *** instances. A summary of price differentials is presented in table D-5.

Table D-1
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 1, by quarters, January 2015-September 2018

* * * * * * *

Table D-2
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 2, by quarters, January 2015-September 2018

* * * * * * *

Table D-3
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 3, by quarters, January 2015-September 2018

* * * * * * *

Table D-4
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 4, by quarters, January 2015-September 2018

* * * * * * *

Figure D-1
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2015- September 2018

* * * * * * *

[1] Generally, product 1 from Mexico was priced higher than product 1 from the United States, products 2 and 4 from Mexico were priced lower than products 2 and 4 from the United States, and prices for product 3 had mixed underselling and overselling between the two countries.

Figure D-2
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2015- September 2018

* * * * * * *

Figure D-3
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2015- September 2018

* * * * * * *

Figure D-4
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by quarters, January 2015- September 2018

* * * * * * *

Table D-5
Steel wheels: Summary of underselling/(overselling), by country, January 2015-September 2018

* * * * * * *