Steel Trailer Wheels from China

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

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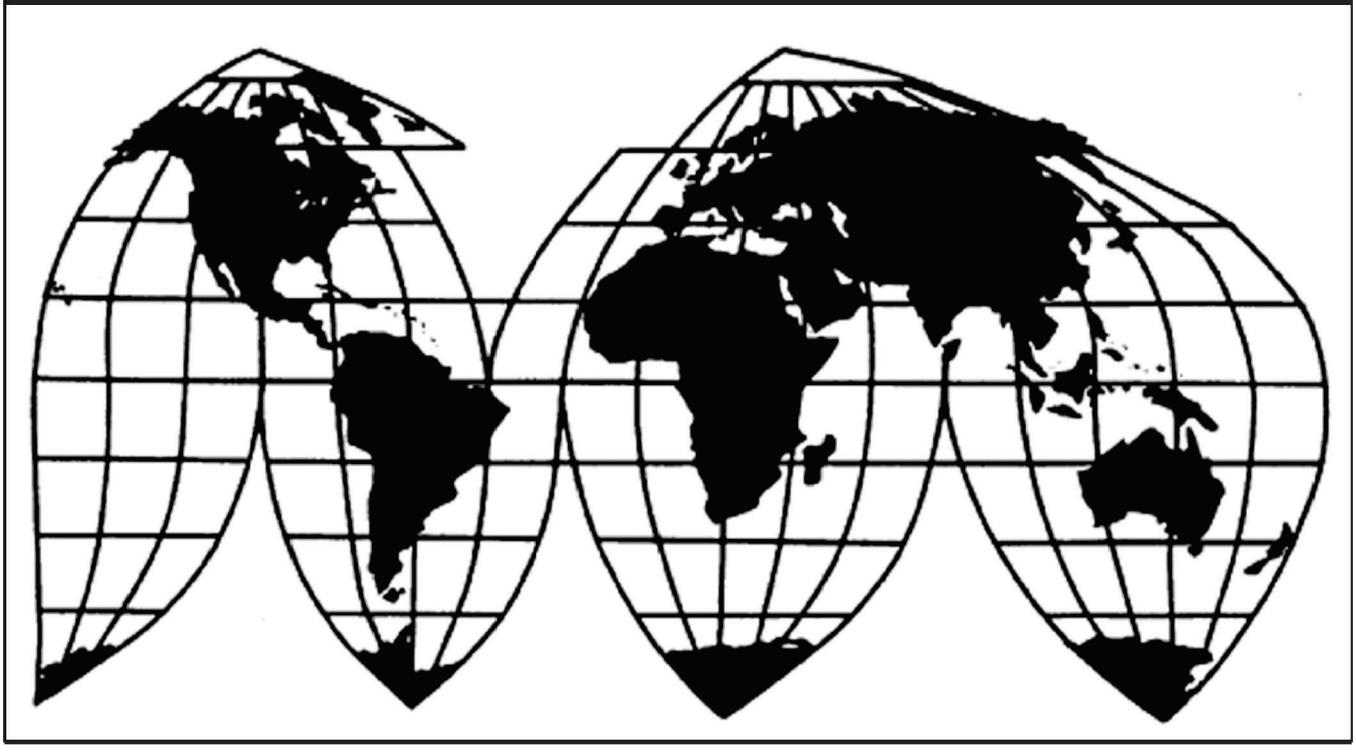
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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

Steel Trailer Wheels from China

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is materially injured by reason of imports of steel trailer wheels ("trailer wheels") from China, provided for in subheading 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]

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 August 8, 2018, following receipt of a petition filed with the Commission and Commerce by Dexstar Wheel, Elkhart, Indiana. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of trailer 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 May 2, 2019 (84 FR 18862). The schedule was revised in a subsequent notice published in the *Federal Register* on July 23, 2019 (84 FR 35422). The hearing was held in Washington, DC, on July 9, 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 determination are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on trailer wheels from China.

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 steel trailer wheels 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. We also find that critical circumstances do not exist with respect to imports of steel trailer wheels from China that are subject to Commerce's affirmative critical circumstances determinations.

I. Background

The petitions in these investigations were filed on August 8, 2018, by Dexstar Wheel ("Dexstar" or "Petitioner"), a division of Americana Development, Inc. ("ADI"). Dexstar is a domestic producer of steel trailer wheels. Representatives for the Petitioner appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs and final comments.

Representatives for three respondents appeared at the hearing accompanied by counsel and submitted separate prehearing and posthearing briefs: Trans Texas Tire, LLC ("TTT"), an importer of subject merchandise; Tredit Tire & Wheel Co., Inc. ("Tredit"), an importer of subject merchandise; and Zheijiang Jingu, Co., Ltd. ("Jingu"), a producer and exporter of subject merchandise in China.[1] TTT submitted final comments.

U.S. industry data are based on the questionnaire responses of two domestic producers, Dexstar and The Carlstar Group LLC ("Carlstar"), which accounted for the vast majority of U.S. production of steel trailer wheels in 2018.[2] U.S. import data are based on the questionnaire responses of 17 U.S. importers of steel trailer wheels from China during the January 1, 2016 to March 31, 2019 period of investigation ("POI").[3] The questionnaire responses of these 17

[1] In addition, representatives for C. E. Smith Company and Homesteader, Inc., purchasers of steel trailer wheels, appeared at the hearing in support of imposition of duties and representatives for Big Tex Trailers and The Wheel Source, Inc., purchasers of steel trailer wheels, appeared at the hearing in opposition to the imposition of duties. HiSpec Wheel & Tire, Inc. ("HiSpec"), an importer of subject merchandise, submitted a prehearing brief in opposition to the imposition of duties but did not appear at the hearing.

[2] Confidential Report, Memorandum INV-RR-073 ("CR") at I-5 (July 24, 2019), Public Report ("PR") at I-4. Dexstar accounted for *** percent of reported U.S. production of steel trailer wheels during 2018 and Carlstar accounted for *** percent. CR/PR at Table III-1. Dexstar identified in its petition another producer of trailer wheels, American Wheel Corporation, which in a letter of support for the petition in the preliminary phase indicated that it sold *** of towable type trailer wheels in 2017. CR at I-5 n.9, PR at I-4 n.9. Based on its letter of support, American Wheel Corporation would have been responsible for *** percent of U.S. shipments of steel trailer wheels in 2017. *Id.* American Wheel Corporation was sent a producers' questionnaire in both the preliminary and final phases of these investigations, but it did not submit any response. *Id.* It sent a letter to the Commission in the preliminary phase of these investigations indicating that it could not complete the questionnaire and that it was withdrawing its support for the petition. *Id.*

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

importers accounted for more than 100 percent of subject imports from China in 2018 under HTS statistical reporting number 8716.90.5035.[4] Data concerning the industry producing subject merchandise in China are based on the questionnaire responses from four Chinese steel trailer wheel producers who responded in the final phase of these investigations, accounting for approximately *** percent of overall production of steel trailer wheels in China and for approximately *** percent of U.S. imports of steel trailer wheels from China in 2018.[5]

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[6] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[7] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[8]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[9] No single factor is

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[4] CR at I-5, PR at I-4. According to Petitioner, this statistical reporting number matches the dimensions and uses of in-scope trailer wheels (though out-of-scope chrome coated wheels may also be included). CR/PR at IV-1 n.2. Trailer wheels with a tire mounted may also enter under HTS statistical reporting number 8716.90.5059, which covers a broader range of products. *Id.* Importers also reported importing under HTS statistical reporting number 8708.70.4560, which covers "road wheels for tractors, for semi-trailers, vehicles for transporting ten or more persons (buses), and vehicles for the transport of goods." *Id.*

[5] CR at I-5, VII-3, PR at I-4, VII-3.

[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(10).

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

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[10] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[11] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[12] the Commission determines what domestic product is like the imported articles Commerce has identified.[13]

B. Product Description

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

> certain on-the-road steel wheels, discs, and rims for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 12 inches to 16.5 inches within the scope are generally for road and highway trailers and other towable equipment, including, *inter alia*, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes. The standard widths of certain on-the-road steel wheels are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope.
>
> The scope includes rims and discs for certain on-the-road steel wheels, whether imported as an assembly, unassembled, or separately. The scope includes certain on-the-road steel wheels regardless of steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated.

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

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

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

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

The scope also includes certain on-the-road steel wheels with discs in either a "hub-piloted" or "stud-piloted" mounting configuration, though the stud-piloted configuration is most common in the size range covered.

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

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

The scope includes rims, discs, and wheels that have been further processed in a third country, including, but not limited to, the painting of wheels from China and 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 investigations if performed in China.

Excluded from this scope are the following:

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

(2) aluminum wheels;

(3) certain on-the-road steel wheels that are coated entirely in chrome. This exclusion is limited to chrome wheels coated entirely in chrome and produced through a chromium electroplating process, and does not extend to wheels that have been finished with other processes, including, but not limited to, Physical Vapor Deposition (PVD);

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

(5) steel wheels that meet the following specifications: Steel wheels with a nominal wheel diameter ranging from 15 inches to 16.5 inches, with a rim width of 8 inches or greater, and a wheel backspacing ranging from 3.75 inches to 5.5 inches; and

(6) steel wheels with wire spokes.

> Certain on-the-road steel wheels subject to these investigations are properly classifiable under the following category of the Harmonized Tariff Schedule of the United States (HTSUS): 8716.90.5035 which covers the exact product covered by the scope whether entered as an assembled wheel or in components. Certain on-the-road steel wheels entered with a tire mounted on them may be entered under HTSUS 8716.90.5059 (Trailers and semi-trailers; other vehicles, not mechanically propelled, parts, wheels, other, wheels with other tires) (a category that will be broader than what is covered by the scope). While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.[14]

Steel trailer wheels within the scope of these investigations are on-the-road steel wheels, discs, and rims for use with tubeless tires with a nominal rim diameter of 12 inches through 16.5 inches and regardless of width.[15] When imported, these steel trailer wheels may or may not have tires mounted on the wheel or rim and may or may not be attached to a valve stem.[16] In-scope steel trailer wheels are for use with various trailers (*e.g.*, utility trailers, cargo trailers, horse trailers, boat trailers, and towable recreational trailers), as well as the transport of towable mobile homes (also known as manufactured homes).[17] The scope does not include wheels for tube-type tires,[18] aluminum wheels,[19] wheels coated entirely in chrome and

[14] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less-Than-Fair-Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 32707, 32709-10 (July 9, 2019); *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 32723, 32725 (July 9, 2019). The scope is the same in the antidumping duty and countervailing duty determinations.

[15] CR at I-12, PR at I-10. Steel trailer wheels are comprised of discs and rims. CR at I-19, PR at I-15. They are generally welded together to form steel trailer wheels. CR at I-21, PR at I-17. Rims for towable mobile homes (also termed manufactured homes) are sold without a center disc and are mounted directly to the wheel hub on the axles of a towable mobile home chassis. CR at I-14, I-21, PR at I-12, I-17. Discs and rims are included in the scope of the investigations in the event they are imported separately. CR at I-14, PR at I-12.

[16] CR at I-12 to I-13, PR at I-10 to I-11. If a steel trailer wheel is imported as an assembly with the tire mounted and/or valve stem attached, the tire and/or valve stem is not covered by the scope. CR at I-13 n.19, PR at I-11 n.19.

[17] CR at I-13, PR at I-11.

[18] CR at I-13 n.22, PR at I-11 n.22.

[19] CR at I-19 n.56, PR at I-15 n.56.

produced through a chromium electroplating process,[20] wheels specifically made for off-the-road-vehicles,[21] and "certain non-trailer tires."[22]

C. Arguments of the Parties

Petitioner argues that the Commission should define a single domestic like product in these investigations coextensive with the scope.[23] Respondent Jingu argues that there is a clear dividing line between galvanized and non-galvanized steel trailer wheels.[24] Jingu contends that galvanized trailer wheels have a specialty zinc coating that provides the wheels with corrosion

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[20] CR at I-15 to I-16, PR at I-13. Included in the scope are steel trailer wheels finished with physical vapor disposition ("PVD"), which offers a shiny, "chrome-look" finish. CR at I-15, PR at I-13. PVD coating is distinct from chrome-coated wheels, because it is a paint rather than an electroplated metal. CR at I-15 to I-16, PR at I-13.

[21] CR at I-17, PR at I-14. Wheels for off-the-road vehicles are not produced to the requirements of the National Highway Traffic Safety Administration ("NHTSA") and are excluded. However, all steel trailer wheels that meet the NHTSA's requirements even if used off-road are included within the scope of these investigations. CR at I-17 n.36, PR at I-14 n.36.

[22] Petitioner's Prehearing Brief at 15. Exclusions for "certain non-trailer tires" cover (1) wheels 15 to 16.5 inches in diameter with a width greater than 8 inches with backspacing (the amount the center disc is offset from the center of the rim) from 3.75 to 5.5 inches, and (2) steel wheels with wire spokes. *Id.*

[23] Petitioner's Prehearing Brief at 20-21.

[24] Jingu's Prehearing Brief at 2; Jingu's Posthearing Brief at 1. In the preliminary phase of these investigations, no party argued that that the Commission should find galvanized steel trailer wheels as separate domestic like products from non-galvanized steel trailer wheels.

Respondents Jingu and TTT advocate in their posthearing briefs for the first time that the Commission should find passenger vehicle or light truck ("PVLT") wheels as separate domestic like products from steel trailer wheels. Jingu's Posthearing Brief at 14-15; TTT's Posthearing Brief at 3.

The evidence demonstrates that in-scope steel trailer wheels differ from on-road wheels of a similar diameter that are made for PVLTs. Trailer wheels are center-mounted, which allows higher load carrying capacity for the same size; wheels made for PVLTs are off-center mounted to permit additional features for the wheel (*i.e.*, brakes). CR at I-17 n.39, PR at I-14 n.39.

The scope does not explicitly exclude in-scope steel trailer wheels that can be used for PVLTs and Commerce declined to include specific end-use or load rating language in the scope definition. *See* Jingu's Posthearing Brief at Exhibit 2 (Commerce's Final Scope Decision Memorandum). While the scope does not specify end-use, it is defined as "certain on-the-road steel wheels … generally for road and highway trailers and other towable equipment"; our data collection was based on this definition.

The Commission collects data based upon its reasonable knowledge of the scope of investigations and on issues raised by the parties in comments on draft questionnaires. The Commission incorporated all scope language adopted by Commerce in its data collection for the final phase of these investigations, including by issuing supplemental U.S. importer questionnaires to collect data on in-scope PVD chrome coated steel trailer wheels included in the scope in Commerce's final determinations. Respondents did not raise the issue of PVLT wheels' inclusion in the scope in the preliminary phase of these investigations and did not request that the Commission collect data for PVLT wheels in its comments on draft questionnaires in the final phase.

resistance and are generally used for boat and aquatic trailers.[25] Moreover, Jingu claims that galvanized wheels have no aesthetic appeal while non-galvanized wheels are aesthetically attractive, which is a physical feature important to purchasers of non-galvanized trailer wheels.[26] Jingu notes that domestic producers do not manufacture galvanized steel trailer wheels at their facilities, but instead have a tolling agreement with a separate company that applies the galvanizing finish.[27] Jingu also contends that galvanized steel trailer wheels cost more and command significantly higher prices than non-galvanized steel trailer wheels.[28]

D. Domestic Like Product Analysis

In the preliminary determinations, the Commission applied the semi-finished product analysis to determine whether rims for towable mobile homes are appropriately included in the same domestic like product as wheels that include both rims and discs.[29] The Commission found that the vast majority of rims are dedicated to production of steel trailer wheels with the essential physical characteristics and functions the same regardless of end use.[30] Although there are separate markets for rims and wheels, the process used to transform rims into whole steel trailer wheels, while adding substantial value to the product, takes place at the same production facility, uses some common processes, and largely involves the additional step of welding a disc to the rim.[31]

The record in the final phase of these investigations does not contain any new information concerning the semi-finished product analysis factors and no party has argued that the Commission should define rims for towable mobile homes as separate domestic like products from steel trailer wheels that include both rims and discs. Therefore, for the same reasons set forth in the preliminary determinations, we define a single domestic like product consisting of steel trailer wheels and rims for towable mobile homes, coextensive with the scope.

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[25] Jingu's Prehearing Brief at 2; Jingu's Posthearing Brief at 1. Respondent Jingu acknowledges that the formal standards for galvanized and non-galvanized trailer wheels are the same, but claims that, for galvanized trailer wheels, customers may request specific corrosion resistance tests, which would not be applicable for non-galvanized wheels. Jingu's Posthearing Brief at Response to Question #1.

[26] Jingu's Posthearing Brief at 2.

[27] Jingu's Prehearing Brief at 3-4.

[28] Jingu's Prehearing Brief at 8; Jingu's Posthearing Brief at 5; Jingu's Posthearing Brief at Response to Question #6.

[29] *Steel Trailer Wheels from China*, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary), USITC Pub. 4830 (Oct. 2018) at 8-10.

[30] *Steel Trailer Wheels from China*, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary), USITC Pub. 4830 (Oct. 2018) at 9.

[31] *Steel Trailer Wheels from China*, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary), USITC Pub. 4830 (Oct. 2018) at 9-10.

Additionally, in the final phase of these investigations, based on our analysis below, we define a single domestic like product consisting of all steel trailer wheels, including galvanized and non-galvanized steel trailer wheels, coextensive with the scope of these investigations.

Physical Characteristics and Uses. All steel trailer wheels have the same end use: as a wheel on a trailer or towable equipment.[32] The record indicates that galvanized steel trailer wheels offer additional corrosion resistance compared with non-galvanized steel trailer wheels, and are typically used on trailers used in the marine industry or used in locations where snow salt is common on roads, although non-galvanized wheels may also be used in these applications.[33] Non-galvanized trailer wheels may be finished with coating and paint, which offers both aesthetic appeal and some corrosion resistance.[34] Dexstar produces some trailer wheels with a "Galvstar" finish, which combines the attributes of both painted and galvanized finishes.[35]

The Commission asked U.S. producers, galvanizers, importers, and purchasers for their views regarding comparability of non-galvanized and galvanized trailer wheels.[36] U.S. galvanizer *** reported that the physical characteristics of galvanized and non-galvanized steel trailer wheels are somewhat comparable.[37] Eight of 17 importers and five of 14 purchasers reported that the physical characteristics of galvanized and non-galvanized steel trailer wheels are fully or mostly comparable.[38]

Manufacturing Facilities, Production Processes and Employees. The manufacturing process for all steel trailer wheels begins with the production of two components, discs and rims, which are produced from carbon or high strength alloy hot-rolled steel.[39] Once both the disc and rim are completed, the two components are welded together to create the final wheel.[40] After the components are attached (or the individual rim is formed, if produced for mobile home use), the wheel is cleaned and producers apply an e-coat, or cationic electro-deposited primer base paint coat, to the wheels.[41] The wheels are then either coated with a polyester powder paint (which allows producers to color the wheels) or galvanized for added

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[32] Petitioner's Prehearing Brief at 27.

[33] CR at I-15, PR at I-12 to I-13.

[34] CR at I-15, PR at I-13; Hearing Tr. at 149 (Walker) ("TTT uses 100 percent name-brand coatings … These coatings provide a more enhanced protection and a better finish.")

[35] CR at I-15, PR at I-13.

[36] U.S. producer and Petitioner Dexstar reported that non-galvanized trailer wheels are *** comparable with galvanized trailer wheels for all of the Commission's traditional domestic like product factors, while U.S. producer Carlstar, which *** the petition, reported that non-galvanized trailer wheels are *** comparable with galvanized trailer wheels for all of the Commission's traditional domestic like product factors. *See* U.S. Producer Questionnaire Responses of Dexstar and Carlstar at Questions V-1(a)-(f).

[37] CR/PR at Table I-3.

[38] CR/PR at Table I-3.

[39] CR at I-19, PR at I-15.

[40] CR at I-21, PR at I-17. For trailer wheels used for transporting mobile homes, only the rim is used. *Id.*

[41] CR at I-21, PR at I-17.

corrosion protection.[42] For galvanized wheels, U.S. producer Dexstar has a tolling agreement with a company in Tennessee that applies the galvanizing finish by hot-dipping the wheels in molten zinc at a cost of approximately $*** per wheel and then returns the wheel to Dexstar for sale.[43] Dexstar's extended corrosion-resistance painting process called Galvstar includes both galvanizing and painting steps.[44]

Eight of 16 importers reported that the manufacturing of galvanized and non-galvanized steel trailer wheels is fully or mostly comparable.[45] Four of seven purchasers reported that the manufacturing of galvanized and non-galvanized steel trailer wheels is fully comparable.[46]

Channels of Distribution. The record indicates that U.S. producers shipped galvanized and non-galvanized steel trailer wheels in both the OEM/assemblers channel and the aftermarket/distributors channel.[47] Furthermore, of the 22 purchasers that responded to the Commission's questionnaire, 11 firms reported purchasing both non-galvanized and galvanized trailer wheels, and ten firms reported purchasing non-galvanized trailer wheels exclusively, while no firms reported purchasing galvanized trailer wheels exclusively.[48] Hence, all responding purchasers who purchased galvanized trailer wheels also purchased non-galvanized trailer wheels.

Nine of 15 importers reported that the channels of distribution for galvanized and non-galvanized steel trailer wheels are fully comparable.[49] Nine of 14 purchasers reported that the channels of distribution for galvanized and non-galvanized steel trailer wheels are fully or mostly comparable.[50]

Interchangeability. All on-road galvanized and non-galvanized trailer wheels must meet the same National Highway Traffic Safety Administration's ("NHTSA") Federal Motor Vehicle Safety Standards.[51] U.S. galvanizer *** reported that galvanized and non-galvanized steel trailer wheels are mostly interchangeable.[52] Eight of 17 importers and four of 12 purchasers

[42] CR at I-21 to I-22, PR at I-17. A galvanized finish is applied by hot-dipping the wheels in molten zinc. CR at I-22, PR at I-17.

[43] CR at I-22, VI-15, PR at I-17, VI-4.

[44] CR at I-22, PR at I-17.

[45] CR/PR at Table I-3.

[46] CR/PR at Table I-3.

[47] CR/PR at Table F-1. From 2016 to 2018, U.S. producers shipped from *** percent to *** percent of their U.S. shipments of galvanized steel trailer wheels to OEMs/assemblers and from *** percent to *** percent to the aftermarket/distributors. *Id.* U.S. producers shipped from *** percent to *** percent of their U.S. shipments of non-galvanized steel trailer wheels to OEMs/assemblers and from *** percent to *** percent to the aftermarket/distributors. *Id.*

[48] CR at II-4, II-5 n.16, PR at II-3 n.16.

[49] CR/PR at Table I-3.

[50] CR/PR at Table I-3.

[51] CR at I-16, PR at I-13; Hearing Tr. at 89 (Sampson) ("A galvanized wheel or a non-galvanized wheel … must meet all the required NHTSA or DOT standards").

[52] CR/PR at Table I-3.

reported that galvanized and non-galvanized steel trailer wheels are fully or mostly interchangeable.[53]

Producer and Customer Perceptions. U.S. galvanizer *** reported that the perceptions of galvanized and non-galvanized steel trailer wheels are somewhat comparable.[54] Seven of 17 importers and five of 12 purchasers reported that the perceptions of galvanized and non-galvanized steel trailer wheels are fully or mostly comparable.[55]

Price. U.S. producers' U.S. shipment unit values of galvanized steel trailer wheels are higher than the unit values of non-galvanized steel trailer wheels.[56] Furthermore, U.S. prices for pricing product 5, a galvanized product, were above U.S. prices for pricing product 3, a non-galvanized product, in all quarterly comparisons.[57]

U.S. galvanizer *** reported that the price of galvanized and non-galvanized steel trailer wheels is somewhat comparable.[58] Eight of 17 importers reported that the price of galvanized and non-galvanized steel trailer wheels is fully or mostly comparable.[59] Three of 12 purchasers reported that the price of galvanized and non-galvanized steel trailer wheels is fully comparable.[60]

Conclusion. The physical characteristics of galvanized and non-galvanized steel trailer wheels are the same, except for the zinc coating on galvanized steel trailer wheels, and the essential use is the same: as a wheel on a trailer or other towable equipment. The manufacturing facilities, production process, and employees are the same, except with respect to the finishing process. The cost of galvanizing a trailer wheel is relatively low (approximately $*** per wheel for Dexstar) as compared to the price. Galvanized and non-galvanized trailer wheels are largely interchangeable,[61] are perceived as the same product with different coatings, and are sold through similar channels of distribution. While the views of market

[53] CR/PR at Table I-3.

[54] CR/PR at Table I-3.

[55] CR/PR at Table I-3.

[56] CR/PR at F-1. From 2016 to 2018, U.S. producers' U.S. shipment unit values for galvanized steel trailer wheels ranged from $*** per pound to $*** per pound, while U.S. producers' U.S. shipment unit values for non-galvanized steel trailer wheels ranged from $*** per pound to $*** per pound. *Id.*

[57] Pricing product 5 and pricing product 3 have the same dimensions but pricing product 5 is galvanized while pricing product 3 is coated with polyester power paint and not galvanized. CR at V-9, PR at V-6; *compare* CR/PR at Table V-8 and Table V-6. U.S. quarterly prices for pricing product 5 ranged from $*** per wheel to $*** per wheel for the OEM/assemblers channel and $*** for the aftermarket/distributors channel. CR/PR at Table V-14. U.S. quarterly prices for pricing product 3 ranged from $*** per wheel to $*** per wheel for the OEM/assemblers channel and $*** to $*** for the aftermarket/distributors channel. *Id.*

[58] CR/PR at Table I-3.

[59] CR/PR at Table I-3.

[60] CR/PR at Table I-3.

[61] *See Nippon Steel Corp. v. United States*, 19 C.I.T. 450, 457 (1995) ("{A}lthough {Respondent} is able to list applications where {aluminum-zinc coated steel sheet} may be a preferred material, these examples do not establish lack of interchangeability between {aluminum-zinc coated steel sheet} and galvanized steel.").

participants regarding the comparability of non-galvanized and galvanized trailer wheels were mixed, this may be a recognition of galvanized trailer wheels as a niche product, and does not indicate a clear dividing line between galvanized and non-galvanized steel trailer wheels.[62] Although galvanized trailer wheels are priced higher than non-galvanized trailer wheels due to the cost of the galvanization, this distinction does not outweigh the similarities noted in the other factors.[63] On balance, the record does not support a clear dividing line between galvanized and non-galvanized steel trailer wheels. Therefore, we define a single domestic like product consisting of all steel trailer wheels, coextensive with the scope of these investigations.

III. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[64] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

These investigations raise two domestic industry issues. The first concerns whether U.S. galvanizer and toll producer *** processing activities are sufficient to constitute domestic production. The second concerns whether appropriate circumstances exist to exclude any domestic producers from the domestic industry pursuant to the related parties provision.

There are three known domestic producers of steel trailer wheels: Dexstar, Carlstar, and American Wheel Corporation.[65] However, as indicated above, American Wheel Corporation did not submit a U.S. producers' questionnaire response. In the preliminary determinations, the Commission defined the domestic industry to include all domestic producers of steel trailer wheels corresponding to the Commission's definition of the domestic like product.[66]

A. Sufficient Production-Related Activities

In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related

[62] For example, importers *** and *** reported that the physical characteristics of galvanized and non-galvanized steel trailer wheels are *** comparable, but also reported that they have the *** and that ***. U.S. Producer Questionnaire Responses of *** at Question II-11(a).

[63] Furthermore, a price quote provided by Dexstar shows that Dexstar offers a continuum of prices on finish options for the same wheel and the price for a galvanized finish is one of the prices on this continuum ***. Petitioner's Prehearing Brief at 35, Exhibit 2.F.

[64] 19 U.S.C. § 1677(4)(A).

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

[66] *Steel Trailer Wheels from China*, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary), USITC Pub. 4830 (Oct. 2018) at 11.

activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[67]

The record indicates that Dexstar contracts with *** to galvanize a portion of Dexstar's steel trailer wheels.[68] Dexstar supplies a steel trailer wheel to ***, which applies the finish and returns the galvanized wheel back to Dexstar for sale.[69]

In its questionnaire response, ***,[70] ***.[71]

Based on the limited information in the record, *** does not appear to engage in sufficient domestic production-related activities to satisfy the Commission's six factor test for finding activities to constitute domestic production. The record indicates that there is some technical expertise involved in galvanizing steel trailer wheels. However, ***. In addition, it has few employees compared to U.S. producers,[72] and it has a low value added (***) compared to U.S. producers' U.S. shipment unit value for galvanized wheels of $*** per pound in interim 2019.[73] We also note that *** reported production of *** pounds of galvanized trailer wheels in interim 2019, compared to *** total pounds of steel trailer wheels produced by U.S. producers, or *** percent.[74] We consequently find that *** did not engage in sufficient domestic production-related activities to constitute domestic production.

B. Related Parties

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

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[67] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Crystalline Silica Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1190 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

[68] CR at III-5, PR at III-4. Petitioner and Respondents take no position on whether *** engages in sufficient domestic production-related activities to be considered part of the domestic industry. Petitioner's Prehearing Brief at 47. Petitioner argues that *** was also negatively impacted by the effect of subject imports on the domestic industry. *Id.*

[69] CR at III-5, PR at III-4.

[70] *** reported producing *** pounds of galvanized trailer wheels in interim 2019, for a per pound value added amount of $***. CR at III-6 n.5, PR at III-4 n.5.

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

[72] U.S. producers reported *** production and related workers (PRWs) in interim 2019. CR/PR at Table III-10.

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

[74] CR at III-6 n.5, PR at III-4 n.5; CR/PR at Table III-4.

or which are themselves importers.[75] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[76]

U.S. producers Dexstar and Carlstar meet the statutory definition of a related party because they both imported subject merchandise from China during the POI. Petitioner contends that both should be included in the domestic industry.[77] Respondent TTT agrees that Dexstar should not be excluded from the domestic industry as a related party.[78] We discuss below whether appropriate circumstances exist to exclude Dexstar and/or Carlstar from the domestic industry.

Dexstar. Dexstar is the largest domestic producer and is the petitioner in these investigations. Dexstar is a related party because it imported subject merchandise during the POI.[79] Dexstar imported *** pounds of steel trailer wheels from China in 2016 (the equivalent of *** percent of its domestic production), *** pounds of steel trailer wheels from China in 2017 (the equivalent of *** percent of its domestic production), and *** pounds of steel trailer wheels from China in 2018 (the equivalent of *** percent of its domestic production).[80]

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[75] *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).

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

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

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

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

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

[77] Petitioner's Prehearing Brief at 39-45. Petitioner argues, in part, that Carlstar's stated reason for importing ***. *Id.*

[78] TTT's Prehearing Brief at 1.

[79] CR/PR at Table III-9. Dexstar is also arguably a related party because it is a division of a third party, ADI, which has three other divisions that imported subject merchandise: Americana Tire & Wheel ("ATW"), Monitor Manufacturing ("Monitor"), and Martin Wheel ("Martin"). CR at III-2 to III-3, Table III-9. Also, ADI is a subsidiary of ***. CR/PR at Table III-2.

[80] CR/PR at Table III-9. Dexstar imported *** pounds of steel trailer wheels from China in interim 2018 (the equivalent of *** percent of its domestic production) and *** pounds of steel trailer wheels from China in interim 2019 (the equivalent of *** percent of its domestic production). *Id.*

Dexstar and the three other ADI divisions that imported subject merchandise imported *** pounds of steel trailer wheels from China in 2016 (the equivalent of *** percent of Dexstar's domestic production), *** pounds of steel trailer wheels from China in 2017 (the equivalent of *** percent of Dexstar's domestic production), and *** pounds of steel trailer wheels from China in 2018 (the (Continued...)

Dexstar stated that it imported subject merchandise because ***.[81] Thus, according to Dexstar, the purpose of its importation was to enable it to compete in the market.[82] Dexstar's operating income to net sales ratio was *** percent in 2016, *** percent in 2017, and *** percent in 2018.[83]

Dexstar's principal interest appears to lie in domestic production rather than importation. Its domestic production far exceeded its volume of subject imports in every year of the POI. Dexstar accounts for the vast majority of domestic production and it is the petitioner in these investigations.[84] Finally, no party has argued that Dexstar should be excluded from the definition of the domestic industry. Accordingly, we find that appropriate circumstances do not exist to exclude Dexstar from the domestic industry.

Carlstar. Carlstar is a small domestic producer and *** the petition.[85] Carlstar is a related party because it imported subject merchandise during the POI.[86] Carlstar imported *** pounds of steel trailer wheels from China in 2016 (the equivalent of *** percent of its domestic production), *** pounds of steel trailer wheels from China in 2017 (the equivalent of *** percent of its domestic production), and *** pounds of steel trailer wheels from China in 2018 (the equivalent of *** percent of its domestic production).[87] Carlstar stated that it imported subject merchandise because of ***.[88] Carlstar's operating income to net sales ratio was *** percent in 2016, *** percent in 2017, and *** percent in 2018.[89]

Carlstar's principal interest appears to lie increasingly in importation rather than domestic production, as it imported a growing volume of steel trailer wheels from China during the POI and its domestic production declined to low levels. By 2018, Carlstar accounted for just *** percent of U.S. production of steel trailer wheels. Additionally, Carlstar *** the petition.

(…Continued)
equivalent of *** percent of Dexstar's domestic production); they imported *** pounds of steel trailer wheels from China in interim 2018 (the equivalent of *** percent of Dexstar's domestic production) and *** pounds of steel trailer wheels from China in interim 2019 (the equivalent of *** percent of Dexstar's domestic production). *Id.*

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

[82] Petitioner's Prehearing Brief at 39-40.

[83] CR/PR at Table VI-5. Dexstar's operating income to net sales ratio was *** percent in interim 2018 and *** percent in interim 2019. *Id.*

[84] CR/PR at Table III-1. Dexstar accounts for *** percent of domestic production. *Id.*

[85] CR/PR at Table III-1. Carlstar accounts for *** percent of domestic production. *Id.*

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

[87] CR/PR at Table III-9. Carlstar imported *** pounds of steel trailer wheels from China in interim 2018 (the equivalent of *** percent of its domestic production) and *** pounds of steel trailer wheels from China in interim 2019 (the equivalent of *** percent of its domestic production). *Id.*

[88] CR/PR at Table III-9. ***. CR/PR at Table III-9 n.1.

[89] CR/PR at Table VI-5. Carlstar's operating income to net sales ratio was *** percent in interim 2018 and *** percent in interim 2019. *Id.*

Accordingly, we find that appropriate circumstances exist to exclude Carlstar from the domestic industry.[90]

We consequently define the domestic industry to include all U.S. producers of steel trailer wheels, except Carlstar.

IV. Material Injury by Reason of Subject Imports[91]

Based on the record in the final phase of this investigation, we find that an industry in the United States is materially injured by reason of imports of steel trailer 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.[92] 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.[93] The statute defines

[90] Commissioner Kearns does not find that appropriate circumstances exist to exclude Carlstar from the domestic industry. While Carlstar's ratio of subject imports to domestic production increased in 2017 and 2018, it was lower in interim 2019 than in interim 2018, suggesting that when subject imports were affected by the pendency of these investigations, its interests shifted back toward domestic production. More importantly, however, excluding Carlstar from the industry would skew the data by masking some of the domestic industry's loss of production, shipments, and market share over the POI. Moreover, while Carlstar's financial performance was better than Dexstar's toward the end of the POI, it also experienced operating income and net income losses.

While Commissioner Kearns therefore analyzed injury to a differently defined domestic industry, the trends in the data he considered do not differ significantly from what the majority considered (due in large part to Carlstar's small size). He therefore joins the majority's views.

[91] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). Subject imports from China accounted for *** percent of total U.S. imports of steel trailer wheels in the 12-month period (August 2017 to July 2018) preceding the filing of the petition. CR/PR at Table IV-6. Accordingly, we find that subject imports are not negligible.

[92] 19 U.S.C. §§ 1671d(b), 1673d(b).

[93] 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).

"material injury" as "harm which is not inconsequential, immaterial, or unimportant."[94] 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.[95] 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."[96]

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,[97] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[98] 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.[99]

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

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[94] 19 U.S.C. § 1677(7)(A).

[95] 19 U.S.C. § 1677(7)(C)(iii).

[96] 19 U.S.C. § 1677(7)(C)(iii).

[97] 19 U.S.C. §§ 1671d(b), 1673d(b).

[98] *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).

[99] 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).

[100] 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-

(Continued...)

the injury caused by other factors from injury caused by unfairly traded imports.[101] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[102] It is clear that the existence of injury caused by other factors does not compel a negative determination.[103]

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."[104] The Commission ensures that it has "evidence in the record" to "show that the

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(…Continued)
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.

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

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

[103] *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.").

[104] *Mittal Steel*, 542 F.3d at 876 &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*.

harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [105] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[106]

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.[107] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[108]

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.

1. Captive Production

These investigations raise the question of the applicability of the statutory captive production provision because Dexstar internally transferred significant production of its steel trailer wheels to its affiliated ADI divisions for use in tire/wheel assemblies.[109] In its preliminary

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[105] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[106] *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.").

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

[108] *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.").

[109] The captive production provision, 19 U.S.C. § 1677(7)(C)(iv), as amended by the Trade Preferences Extension Act of 2015, provides:

> (iv) CAPTIVE PRODUCTION – If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that-
>
> (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product, and
>
> (II) the domestic like product is the predominant material input in the production of that downstream article.

The SAA indicates that where a domestic like product is transferred internally for the production of another article coming within the definition of the domestic like product, such transfers do not (Continued...)

determinations, the Commission determined that the captive production provision was not applicable.[110] Nevertheless, the Commission found that Dexstar's transfers to its affiliates were a pertinent condition of competition.[111]

In the final phase of these investigations, we determine that the threshold criterion for application of the captive production provision has been met. Dexstar internally transferred significant production of steel trailer wheels to its affiliated ADI divisions for the production of tire/wheel assemblies. Dexstar's internal transfers to its affiliated ADI divisions for use in tire/wheel assemblies accounted for between *** percent and *** percent of its U.S. shipments of steel trailer wheels during 2016 to 2018.[112]

In applying the statutory criterion regarding predominant material input, the Commission considers whether the domestic like product is the predominant material input into a downstream product by referring to its share of the raw material cost of the downstream product.[113] Trailer wheels reportedly comprise *** of the finished cost of a fully assembled wheel.[114] *** purchasers and importers reported that steel trailer wheels account for *** of the cost of a tire/wheel assembly, with *** firms reporting that figure as ***.[115] The predominant raw material cost of a tire/wheel assembly is the tire.[116] Thus, we find that the captive production provision is not applicable in these investigations because steel trailer wheels are not the predominant material input in the production of fully assembled wheels.[117]

(…Continued)
constitute internal transfers for the production of a "downstream article" for purposes of the captive production provision. SAA at 853.

Petitioner argues that the captive production provision is inapplicable in this case, but, nevertheless, the Commission should consider captive production as a significant condition of competition. Petitioner's Posthearing Brief at 9. Respondents do not take a position on the applicability of the captive production provision. Jingu's Posthearing Brief at Response to Question #16.

[110] *Steel Trailer Wheels from China*, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary), USITC Pub. 4830 (Oct. 2018) at 16 n.71.

[111] *Steel Trailer Wheels from China*, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary), USITC Pub. 4830 (Oct. 2018) at 16 n.71.

[112] *Derived from* CR/PR at Table III-6 and U.S. Producer Questionnaire Responses of Dexstar at Question II-7a. The ratio was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). *Id.*

[113] *See generally*, *e.g.*, *Polyethylene Terephthalate Film, Sheet and Strip from Brazil, China, Thailand, and the United Arab Emirates*, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 at 17 n.103 (October 2008); *Polyethylene Terephthalate Film, Sheet, and Strip from India and Taiwan*, Inv. Nos. 701-TA-415 and 731-TA-933-934 (Final), USITC Pub. 3518 at 11 & n.51 (June 2002).

[114] CR at III-22, PR at III-9.

[115] CR at III-22, n.19, PR at III-9 n.19.

[116] According to the Petitioner, of a total standard cost of $*** for one of ATW's wheel/tire assemblies, the cost of the material inputs were $*** for the wheel, $*** for the tire, and $*** for the valve. Petitioner's Postconference Brief at Response to Question #6. *See also* TTT's Postconference Brief at 2 ("The most costly component of a Wheel/Tire Assembly, as sold by wheel/tire assemblers to OEMs, is the tire, which when sold separately is *** more expensive than the wheel.").

[117] Dexstar also reported that some of its transfers to affiliated operations were sold on the merchant market as steel trailer wheels, in addition to other transfers being mounted with out-of-scope (Continued...)

We nevertheless find that Dexstar's transfers to its affiliates are a pertinent condition of competition in these investigations.

2. Demand Considerations

There are two segments of the steel trailer wheels market: (1) assembly and OEM, and (2) the aftermarket.[118] In the assembly/OEM market, U.S. demand for trailer wheels is driven mainly by demand for new U.S.-produced towable RV trailers and other towable trailers.[119] In the aftermarket, demand is based on the replacement needs for trailer wheels.[120]

Apparent U.S. consumption increased in the total market from 2016 to 2018, but was lower in interim 2019 compared to interim 2018.[121] Similarly, apparent U.S. consumption increased in both the OEM/assemblers market and aftermarket from 2016 to 2018, but was

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(…Continued)
tires and sold as assemblies. CR at III-21, PR at III-9. We also note that Dexstar's internal transfers do not appear to have insulated the domestic industry from competition by subject imports. A representative for ADI's parent company noted that ***. CR at III-13 to III-14 n.13, PR at III-6 to IIII-7 n.13. In addition, in the preliminary phase of these investigations, a representative for ADI's parent company reported that Dexstar's affiliated divisions ***. *Id.* Thus, these were not guaranteed sales for Dexstar, nor were they insulated from the effects of subject imports.

[118] CR/PR at II-1.

[119] CR at II-14, PR at II-9. Assemblers often serve as a middleman between the wheel producer and the OEM, buying trailer wheels, mounting and inflating tires on the wheels, and then selling the assemblies to OEMs. CR/PR at II-1.

[120] CR at II-14, PR at II-9. Aftermarket trailer wheels are sold to distributors, retailers, and/or online sellers as replacements for fully assembled wheels or unmounted steel trailer wheels. CR/PR at II-1.

[121] Apparent U.S. consumption in the total market increased by *** percent from 2016 to 2018 and was *** percent lower in interim 2019 than in interim 2018. CR/PR at Table C-3. It increased from *** pounds in 2016 to *** pounds in 2017 and *** pounds in 2018; it was lower in interim 2019 (*** pounds) than in interim 2018 (*** pounds). *Id*

While Petitioner urges the Commission to use adjusted official U.S. import data in calculating apparent U.S. consumption, we have relied on data reported in U.S. importer questionnaires because it accounts for more than 100 percent of subject imports from China in 2018 under HTS statistical reporting number 8716.90.5035 and therefore includes imports that were reported in other statistical reporting numbers. CR at I-5, PR at I-4. Petitioner acknowledges that this statistical reporting number matches the dimensions and uses of in-scope trailer wheels, but also includes out-of-scope material, such as chrome coated wheels, and does not include in-scope material, such as trailer wheels with a tire mounted. CR at IV-1 n.2, PR at IV-1 n.2; Conf. Tr. at 54-55 (Stewart).

lower in interim 2019 compared to interim 2018.[122] Most firms reported an increase in U.S. demand for trailer wheels since January 1, 2016.[123]

3. Supply Considerations

The domestic industry consists of Dexstar, which is a division of ADI.[124] Three other divisions of ADI – ATW, Monitor, and Martin – are also involved in the market for trailer wheels, although Dexstar is the only division that produces steel trailer wheels.[125] ADI's parent company is American Kenda Rubber Industrial Co., Ltd., which itself is a subsidiary of Taiwan-based Kenda Rubber Industrial.[126]

The domestic industry was the second largest source of supply in the market. The domestic industry's total U.S. market share declined from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[127] Similarly, the domestic industry was the second largest source of supply in the OEM/assemblers market and aftermarket, where its market shares also declined throughout the POI.[128] A majority of the domestic industry's U.S. commercial shipments went to OEMs/assemblers, with a smaller proportion to the aftermarket.[129] The domestic industry reported *** production capacity and substantial unused capacity throughout the POI.[130]

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[122] *Derived from* CR/PR at Tables IV-9 and IV-10 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8. The OEM/assembly segment accounted for *** percent and the aftermarket segment accounted for *** percent of apparent U.S. consumption in the total market in 2018. *Id.*

[123] CR/PR Table II-5. Most firms reported that the trailer wheels market was subject to seasonal variations, with higher demand in the spring and summer and lower demand during the winter. CR at II-14, PR at II-9; CR/PR at Fig. II-1.

[124] CR at III-3, PR at III-2. As discussed earlier, Commissioner Kearns also includes Carlstar in the domestic industry.

[125] CR at III-3 n.2, PR at III-2 n.2. ATW is an assembler which mounts tires on wheels for the trailer and RV markets. *Id.* Monitor is primarily a manufacturer of lawn and garden wheels, and it has mounted tires for wheels in low-speed applications, *e.g.* golf-carts. *Id.* Martin is a manufacturer and distributor of lawn, garden, and farm implementation equipment. *Id.*

[126] CR at III-3, PR at III-2; CR/PR at Fig. III-1.

[127] CR/PR at Table C-3.

[128] The domestic industry's market share in the OEM/assemblers market declined from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). *Derived from* CR/PR at Table IV-9 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

The domestic industry's market share in the aftermarket declined from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). Derived from CR/PR at Table IV-10 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[129] *Derived from* CR/PR at Table II-2 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8. The domestic industry's U.S. commercial shipments to OEMs/assemblers ranged from *** (Continued...)

Subject imports were the largest source of supply in the market. Subject imports' total U.S. market share increased from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[131] Similarly, subject imports were the largest source of supply in the OEM/assemblers market and aftermarket, where their market shares also increased from 2016 to 2018, but were lower in interim 2019 than in interim 2018.[132] A large majority of U.S. importers' U.S. commercial shipments of subject imports were to OEMs/assemblers.[133]

Nonsubject imports were the smallest source of supply in the market. Nonsubject imports' total U.S. market share increased from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was higher in interim 2019 (*** percent) than in interim 2018 (*** percent).[134] Similarly, nonsubject imports were the smallest source of supply in the OEM/assemblers market and aftermarket, where their market shares

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(…Continued)
percent to *** percent from 2016 to 2018 and its U.S. commercial shipments to the aftermarket ranged from *** percent to *** percent. *Id.*

[130] CR/PR at Table C-3. The domestic industry's production capacity decreased from *** pounds in 2016 to *** pounds in 2018; its capacity was lower in interim 2019 (*** pounds) than in interim 2018 (*** pounds). *Id.* The industry's capacity utilization ranged from *** to *** percent from 2016 to 2018; its capacity utilization was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). *Id.*

*** and four of 17 importers reported that they had refused, declined, or been unable to supply trailer wheels since January 1, 2016, and half of responding purchasers (11 of 22 firms) reported experiencing supply constraints. CR at II-11, PR at II-7. Dexstar testified that a fire damaged a significant piece of equipment on its rim line, temporarily delaying some production and hampering shipments from December 2018 to the first quarter of 2019. CR at II-9 to II-10, PR at II-6. One importer reported that domestic producers did not have enough capacity to supply its demand and another importer reported that Dexstar refused to supply it, forcing it to seek imported trailer wheels. CR at II-11 to II-12, PR at II-7. Of the 11 purchasers that reported experiencing supply constraints, eight specifically named Dexstar as having supply problems. CR at II-12, PR at II-7. Specifically, two purchasers reported that domestic producers do not have additional capacity to produce wheels; three purchasers reported that U.S. producers have refused orders or declined to build requested products; five purchasers reported domestic delivery delays; and three purchasers reported general supply issues such as insufficient order quantities available from domestic producers. *Id.*

[131] CR/PR at Table C-3.

[132] Subject imports' market share in the OEM/assemblers market increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). *Derived from* CR/PR at Table IV-9 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

Subject imports' market share in the aftermarket increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). *Derived from* CR/PR at Table IV-10 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[133] CR/PR at Table II-2. U.S. importers' U.S. commercial shipments to OEMs/assemblers ranged from *** percent to *** percent from 2016 to 2018 and their U.S. commercial shipments to the aftermarket ranged from *** percent to *** percent. *Id.*

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

also increased throughout the POI.[135] The leading source of nonsubject imports in 2018 was Korea.[136]

4. Substitutability and Other Conditions

We find that there is a moderate-to-high degree of substitutability between domestically produced steel trailer wheels and subject imports.[137] U.S. producer Dexstar reported that the domestic like product and subject imports were *** interchangeable and 13 of 16 importers and 19 of 21 purchasers reported that the domestic like product was always or frequently interchangeable with subject imports.[138] Purchasers were asked to rate the importance of 18 factors in their purchasing decisions and to compare the domestic like product and subject imports with respect to each factor.[139] Of the eight factors that most purchasers rated as "very important," the domestic like product was rated as inferior for five of the factors and comparable for the remaining three.[140] Nevertheless, a majority of purchasers reported that the domestic like product and subject imports were comparable with respect to 11 out of the 18 purchasing factors and that the domestic like product was superior with respect to one purchasing factor (location of supplier's warehouse).[141] Furthermore, most responding purchasers reported that trailer wheels produced in the United States and China always met minimum quality specifications.[142]

We also find that price is an important factor in steel trailer wheel purchasing decisions. Price was rated "very important" most by responding purchasers, second only to availability.[143] When asked to list the top three factors considered in their purchasing decisions, price was

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[135] Nonsubject imports' market share in the OEM/assemblers market increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was higher in interim 2019 (*** percent) than in interim 2018 (*** percent). *Derived from* CR/PR at Table IV-9 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

Nonsubject imports' market share in the aftermarket increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was higher in interim 2019 (*** percent) than in interim 2018 (*** percent). *Derived from* CR/PR at Table IV-10 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[136] CR at II-11, PR at II-7.

[137] CR at II-19, PR at II-12.

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

[139] CR/PR at Tables II-8 and II-10.

[140] CR at II-26, PR at II-17.

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

[142] CR/PR at Table II-12. Thirteen of 19 purchasers reported that trailer wheels produced in the United States always met minimum quality specifications and 12 of 20 purchasers reported that trailer wheels produced in China "always" met minimum quality specifications. *Id.*

[143] CR/PR at Table II-8. The factors rated as "very important" by more than half of responding purchasers were availability, price, product consistency, quality meets industry standards, reliability of supply, delivery time, capacity availability, and technical support/service. *Id.*

cited by more purchasers than any other factor.[144] Moreover, 11 of 22 purchasers reported that they usually or always purchase the lowest-priced product.[145] Market participants held differing views on the importance of non-price factors in purchasing decisions.[146]

The primary raw material used to manufacture steel trailer wheels is hot-rolled steel.[147] During 2016 to 2018, raw materials accounted for *** to *** percent of the domestic industry's COGS.[148] The price of hot-rolled steel generally increased between January 2016 and July 2018, and then decreased steadily between July 2018 and May 2019, with the exception of a slight increase in March 2019.[149] Dexstar reported selling ***.[150] U.S. importers reported selling mostly in the spot market.[151] ***.[152] Most responding firms reported that the cost of raw materials and the price of trailer wheels had increased due to the Section 232 investigation and tariffs on imported steel, but that it had no impact on the overall demand for trailer wheels.[153]

Additional duties of ten percent *ad valorem* were placed on steel trailer wheels from China in September 2018 pursuant to Section 301 of the Trade Act. These additional duties increased to 25 percent in May 2019.[154]

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."[155]

The total volume of subject imports increased overall by 31.3 percent from 2016 to 2018; it increased from 108.3 million pounds in 2016 to 126.8 million pounds in 2017 and 142.1

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[144] CR/PR at Table II-7. Price was cited as a top three purchasing factor 19 times, followed by quality (14 times) and availability (13 times). *Id.* Price was the most frequently cited first-most important factor (cited by nine purchasers), availability was the most frequently cited second-most important factor (seven purchasers), and price was the most frequently cited third-most important factor (six purchasers). *Id.*

[145] CR at II-21 to II-22, PR at II-13. Nine of 22 purchasers reported that they sometimes purchase the lowest-priced product and two reported that they never do. CR at II-21 to II-22, PR at II-13.

[146] CR/PR at Table II-13. Differences other than price cited by importers and purchasers included availability, production capacity, quality, supply capability, product size range offerings, and transportation networks. CR at II-29, PR at II-19.

[147] CR/PR at V-1; CR at VI-14, PR at VI-4.

[148] *Derived from* CR/PR at Table VI-1 and U.S. Producer Questionnaire Responses of Dexstar at Question III-9a.

[149] CR/PR at Fig. V-1.

[150] CR at V-6, PR at V-5.

[151] CR/PR at Table V-3. U.S. importers reported selling *** percent of their U.S. commercial shipments by spot sale, *** percent by short-term contracts, and *** percent by annual contracts. *Id.*

[152] CR at V-7, PR at V-5.

[153] CR/PR at Table V-1.

[154] CR at I-6 n.14, PR at I-5 n.14.

[155] 19 U.S.C. § 1677(7)(C)(i).

million pounds in 2018.[156] Subject import volume was 54.3 percent lower in interim 2019 (15.5 million pounds) than in interim 2018 (33.9 million pounds).[157]

Subject imports' total U.S. market share increased from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[158] Subject imports captured market share directly at the expense of the domestic industry. The domestic industry's total U.S. market share decreased from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[159]

Subject imports' market share in the OEM/assemblers sector increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[160] The domestic industry's market share in the OEM/assemblers sector decreased from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[161]

Subject imports' market share in the aftermarket increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[162] The domestic industry's market share in the aftermarket decreased from *** percent of apparent U.S. consumption in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[163]

The ratio of subject imports to the domestic industry's production increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018; it was lower in interim 2019 (*** percent) than in interim 2018 (*** percent).[164]

We find that the volume of subject imports and the increase in volume from 2016 to 2018 are significant in both absolute terms and relative to U.S. production and consumption.

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[156] CR/PR at IV-2; CR/PR at Table IV-2.

[157] CR/PR at IV-2; CR/PR at Table IV-2. The volume of U.S. shipments of subject imports was 11.8 percent lower in interim 2019 (30.9 million pounds) than in interim 2018 (35.0 million pounds). CR/PR at Table C-3.

[158] CR/PR at Table C-3.

[159] CR/PR at Table C-3.

[160] *Derived from* CR/PR at Table IV-9 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[161] *Derived from* CR/PR at Table IV-9 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[162] *Derived from* CR/PR at Table IV-10 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[163] *Derived from* CR/PR at Table IV-10 and U.S. Producer Questionnaire Responses of Dexstar at Question II-8.

[164] *Derived from* CR/PR at Tables IV-2 and C-3.

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.[165]

As addressed in section IV.B.4 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.

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of five pricing products shipped to unrelated U.S. OEM/assemblers and, separately, unrelated aftermarket/distributors during the POI.[166]

We have examined several sources of data in our underselling analysis, including pricing data, import purchase cost data, and data derived from purchaser questionnaire responses. U.S. producer Dexstar and 10 importers provided usable pricing data for sales of the requested products to OEM/assemblers, and Dexstar and four importers provided usable pricing data for sales of the requested products to the aftermarket/distributors, although not all firms reported pricing data for all products for all quarters.[167] Pricing data reported by these firms accounted for *** percent of Dexstar's U.S. shipments of the domestic like product and 3.2 percent of importers' U.S. shipments of subject imports in 2018.[168] These pricing data show that subject imports consisting of 708,415 wheels (or 78.0 percent of the total quantity of subject imports reported in the pricing data) undersold the domestic like product in 62 of 106 quarterly comparisons, at margins ranging from 0.4 percent to 61.2 percent.[169]

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[165] 19 U.S.C. § 1677(7)(C)(ii).

[166] CR at V-9, PR at V-6. Product 1 is 12 inches by 4 inches steel wheels, coated with polyester powder paint. Product 2 is 13 inches by 4.5 inches steel wheels, coated with polyester powder paint. Product 3 is 15 inches by 5 inches steel wheels, coated with polyester powder paint. Product 4 is 16 inches by 6 inches steel wheels, coated with polyester powder paint. Product 5 is 15 inches by 5 inches steel wheels, galvanized. *Id*.

[167] CR at V-9, PR at V-6.

[168] *Derived from* CR/PR at Table C-3 and U.S. Producer Questionnaire Response of Dexstar at Questions IV-2a to IV-2b; CR at V-10 n.13, PR at V-6 n.13.

[169] CR/PR at Tables G-1 and G-2. Subject imports consisting of 199,563 wheels (or 22.0 percent of the total quantity of subject imports reported in the pricing data) oversold the domestic like product in 44 of 106 quarterly comparisons, at margins ranging from 2.0 percent to 68.8 percent. *Id.*

With respect to sales to OEMs/assemblers, subject imports consisting of *** wheels undersold the domestic like product in *** of *** instances, at margins ranging from *** percent to *** percent, (Continued...)

A substantial share of subject imports were imported into the United States directly by assemblers.[170] The Commission collected purchase cost data for the same five pricing products imported from China for internal use or retail sales, and six importers provided usable data for the requested products.[171] The record shows that the purchase costs of subject imports were lower than the prices for the domestic like product in all 54 quarterly comparisons, at cost differentials ranging from *** to *** percent and averaging *** percent.[172] Moreover, on a volume basis, there were subject imports consisting of *** wheels (or *** percent of the total quantity of subject imports reported in the purchase cost data) in quarters in which their purchase costs were lower than the prices for the domestic like product.[173]

We recognize that import purchase cost data may not reflect the total cost of importing and therefore requested that direct importers provide additional estimated costs above landed duty paid value associated with their importing activities.[174] Firms estimated that the margin saved by importing trailer wheels themselves ranged from 13.0 to 19.8 percent (for an average of 17.1 percent).[175] The average differential between import purchase costs and prices for the

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(…Continued)
while subject imports consisting of *** wheels oversold the domestic like product in *** of *** instances, at margins ranging from *** percent to *** percent. *Id.*

With respect to sales to the aftermarket/distributors, subject imports consisting of *** wheels undersold the domestic like product in *** of *** instances, at margins ranging from *** percent to *** percent, while subject imports consisting of *** wheels oversold the domestic like product in *** of *** instances, at margins ranging from *** percent to *** percent. *Id.* We note that the aftermarket segment accounted for only *** of apparent U.S. consumption in the total market in 2018. *Derived from* CR/PR at Tables IV-9 and IV-10 and U.S. Producer Questionnaire Response of Dexstar at Question II-8.

[170] Respondent TTT argues that direct competition between subject imports and the domestic like product is limited, because direct importers/assemblers compete directly with Dexstar's affiliated assembler, ATW, in the downstream market for assembled steel trailer wheels. TTT's Prehearing Brief at 5. We find, however, that subject imports and the domestic like product compete for sales to direct importers/assemblers in the upstream market for unassembled steel trailer wheels (*i.e.*, wheels with no tire/valve attached).

[171] CR at V-26, PR at V-9. Import purchase cost data reported by these firms accounted for approximately 51.8 percent of importers' reported shipments of unassembled trailer wheels and 30.5 percent of importers' U.S. shipments of subject imports in 2018. *Id.*; CR at V-26 n.15, PR at V-9 n.15.

[172] *Derived from* CR/PR at Tables V-9 to V-13 and U.S. Producer Questionnaire Response of Dexstar at Questions IV-2a to IV-2b.

[173] *Derived from* CR/PR at Tables V-9 to V-13 and U.S. Producer Questionnaire Response of Dexstar at Questions IV-2a to IV-2b.

[174] CR at V-26, PR at V-9. Firms reported the following estimates (as a share of landed duty-paid value) for the following factors: inland transportation costs, 1 percent to 25 percent (for an average of 8.1 percent); logistical or supply chain management costs, 0.5 to 4.2 percent (for an average of 1.9 percent); warehousing/inventory carrying costs, 2 to 18 percent (for an average of 7.1 percent); and insurance costs, 0.3 to 1.6 percent (for an average of 0.8 percent). *Id.*

[175] CR at V-37, PR at V-11. In general, firms stated that the benefits of importing trailer wheels for their internal use or retail sales included reasons related to availability and capacity, quality, more direct control over processes and costs, and lower costs. *Id.*

domestic like product is *** percent.[176] The large differential between the import purchase costs and prices for the domestic like product indicates that the subject imports were often priced lower than the domestic like product.

The underselling by the subject imports led to the domestic industry losing significant sales. Staff contacted 92 purchasers and received responses from 22 purchasers that reported purchasing and/or importing $190.1 million of steel trailer wheels during 2016 to 2018.[177] Of the 22 responding purchasers, 18 reported that, since 2016, they had purchased subject imports instead of the domestic like product.[178] Fifteen of these 18 purchasers reported that subject import prices were lower than domestic prices and nine reported that price was a primary reason for the decision to purchase imported trailer wheels rather than the domestic like product.[179] Eight purchasers estimated the value of subject imports purchased instead of the domestic like product; values ranged from $*** to $***, for a total of $15.9 million, equivalent to 5.6 percent of the total value of importers' U.S. shipments of subject imports during the POI (January 2016 to March 2019).[180]

Considering the available pricing data and purchase cost data, the loss of substantial sales due at least in part to price, 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 by the subject imports to be significant. Further, we find the significant underselling by the subject imports led to lost sales, which in turn caused the domestic industry to lose market share to subject imports.

We have also considered price trends for the domestic like product and subject imports over the POI. Prices increased for all five domestically produced pricing products, with increases ranging from *** percent to *** percent.[181] Subject import prices also increased for all five pricing products, with increases ranging from *** percent to *** percent.[182] Subject

[176] *Derived from* CR/PR at Tables V-9 to V-13 and U.S. Producer Questionnaire Response of Dexstar at Questions IV-2a to IV-2b.

[177] CR at V-41, PR at V-14; CR/PR at Table V-16.

[178] CR at V-41, PR at V-14; CR/PR at Table V-17a.

[179] CR at V-41 to V-42, PR at V-14; CR/PR at Table V-17a.

[180] *Derived from* CR/PR at Tables IV-17a and C-2. In the preliminary phase of these investigations, *** reported purchasing $*** worth of subject imports instead of the domestic like product and that lower prices were a primary reason; it did not submit a purchasers' questionnaire response in the final phase. Lost Sales and Lost Revenue Survey Response of *** at Question 5(c). Furthermore, in the preliminary phase, *** reported purchasing $*** worth of subject imports instead of the domestic like product and that lower prices were a primary reason; in the final phase of these investigations, it reported that the reason it purchased subject imports instead of the domestic like product was ***. Lost Sales and Lost Revenue Survey Response of *** at Question 5(c); U.S. Purchaser Questionnaire Response of *** at Question III-30(c).

[181] *Derived from* CR/PR at Table V-14 and U.S. Producer Questionnaire Response of Dexstar at Questions IV-2a to IV-2b.

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

import purchase costs increased for pricing products *** and decreased for pricing products ***.[183]

We have also considered whether subject imports have prevented price increases which otherwise would have occurred to a significant degree. The domestic industry's ratio of COGS to net sales was high throughout the POI.[184] From 2016 to 2018 – at a time when apparent U.S. consumption increased by *** percent but the volume of low-priced subject imports increased by *** percent – the domestic industry's unit COGS increased by *** percent and its net sales unit values increased by only *** percent.[185] This price-cost squeeze was particularly prevalent between 2017 and 2018 (when apparent U.S. consumption increased by *** percent), as the domestic industry's unit COGS increased by *** percent and its net sales unit values increased by only *** percent.[186] Furthermore, the record indicates that, as steel costs increased from January 2016 to July 2018, the domestic producer was unable to raise its prices to cover its costs. A representative for Respondent TTT testified that it tries to pass on raw material cost increases "within days and weeks" and six of 11 responding purchasers reported that raw material costs affected their contracts for trailer wheels.[187] Nevertheless, ***.[188] Based on the foregoing, we find that the low-priced subject imports prevented the domestic industry from increasing prices which otherwise would have occurred to a significant degree.

In conclusion, in light of the significant underselling and substantial lost sales that led to the domestic industry losing market share to the subject imports, and the role of the subject imports in preventing the domestic industry from increasing prices which otherwise would have occurred to a significant degree, we find that the subject imports had significant adverse effects on prices for the domestic like product.

[183] CR/PR at Table V-14. Of 22 responding purchasers, five reported that U.S. producers had reduced prices in order to compete with subject imports, with an average estimated price reduction of 9.3, and nine reported that U.S. producers did not reduce prices. CR at V-45, PR at V-16 to V-17; CR/PR at Table V-18.

[184] CR/PR at Table C-3. The industry's ratio of COGS to net sales declined from *** percent in 2016 to *** percent in 2017 before increasing to *** percent in 2018; it was higher in interim 2019 (*** percent) than in interim 2018 (*** percent). *Id.*

[185] CR/PR at Table C-3.

[186] CR/PR at Table C-3.

[187] CR at V-2, PR at V-1.

[188] CR at V-2, PR at V-1.

E. Impact of the Subject Imports[189]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[190] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. No single 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."[191]

Despite increases in apparent U.S. consumption from 2016 to 2018, most of the domestic industry's production and output-related indicators declined throughout the POI. The domestic industry's capacity decreased by *** percent from 2016 to 2018 and was *** percent lower in interim 2019 than in interim 2018.[192] Its total production decreased by *** percent from 2016 to 2018 and was *** percent lower in interim 2019 than in interim 2018.[193] The domestic industry's capacity utilization rate decreased by *** percentage points from 2016 to 2018 and was *** percentage points lower in interim 2019 than in interim 2018.[194] The domestic industry's total U.S. shipments decreased by *** percent from 2016 to 2018 and were

[189] 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 less value, Commerce found weight-average dumping margins of 38.27 to 44.35 percent. *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 32707, 32709 (July 9, 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 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.

[190] 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.").

[191] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[192] Capacity was *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table C-3. It was *** pounds in interim 2018 and *** pounds in interim 2019. *Id.*

[193] Production was *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table C-3. It was *** pounds in interim 2018 and *** pounds in interim 2019. *Id.*

[194] Capacity utilization was *** percent in 2016, *** percent in 2017, and *** percent in 2018. CR/PR at Table C-3. It was *** percent in interim 2018 and *** percent in interim 2019. *Id.*

*** percent lower in interim 2019 than in interim 2018.[195] The industry's market share decreased by *** percentage points from 2016 to 2018 and was *** percentage points lower in interim 2019 than in interim 2018.[196] The domestic industry's inventories decreased by *** percent from 2016 to 2018, but were *** percent higher in interim 2019 than in interim 2018.[197]

The domestic industry's employment indicators generally declined from 2016 to 2018, but were higher in interim 2019 compared to interim 2018. The number of production and related workers ("PRWs") decreased by *** percent from 2016 to 2018 but was *** percent higher in interim 2019 than in interim 2018.[198] Total hours worked decreased by *** percent from 2016 to 2018 but were *** percent higher in interim 2019 than in interim 2018.[199] Total wages paid decreased *** percent from 2016 to 2018, but were *** percent higher in interim 2019 than in interim 2018.[200] Hourly wages increased by *** percent from 2016 to 2018 and were *** percent higher in interim 2019 than in interim 2018.[201] Productivity decreased by *** percent from 2016 to 2018 and was *** percent lower in interim 2019 than in interim 2018.[202]

The domestic industry's financial performance was generally poor throughout the POI, as the industry experienced *** throughout the period. The domestic industry's total net sales revenues decreased by *** percent from 2016 to 2018 but were *** percent higher in interim 2019 than in interim 2018.[203] *** increased by *** from 2016 to 2018 and were *** higher in

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[195] Total U.S. shipments were *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table C-3. They were *** pounds in interim 2018 and *** pounds in interim 2019. *Id.* While the domestic industry's total U.S. shipments decreased, its transfers to related firms increased overall from 2016 to 2018, but were lower in interim 2019 than in interim 2018. Transfers to related firms were *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. *Derived from* CR/PR at Table III-6 and U.S. Producer Questionnaire Responses of Dexstar at Question II-7a. They were *** pounds in interim 2018 and *** pounds in interim 2019. *Id.*

[196] The domestic industry's market share was *** percent in 2016, *** percent in 2017, and *** percent in 2018. CR/PR at Table C-3. It was *** percent in interim 2018 and *** percent in interim 2019. *Id.*

[197] Inventories were *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table C-3. They were *** pounds in interim 2018 and *** pounds in interim 2019. *Id.*

[198] PRWs were *** in 2016, *** in 2017, and *** in 2018. CR/PR at Table C-3. They were *** in interim 2018 and *** in interim 2019. *Id.*

[199] Total hours worked were *** in 2016, *** in 2017, and *** in 2018. CR/PR at Table C-3. They were *** in interim 2018 and *** in interim 2019. *Id.*

[200] Wages paid were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table C-3. They were $*** in interim 2018 and $*** in interim 2019. *Id.*

[201] Hourly wages were $*** per hour in 2016, $*** per hour in 2017, and $*** per hour in 2018. CR/PR at Table C-3. They were $*** per hour in interim 2018 and $*** per hour in interim 2019. *Id.*

[202] Productivity was *** pounds per hour in 2016, *** pounds per hour in 2017, and *** pounds per hour in 2018. CR/PR at Table C-3. It was *** pounds per hour in interim 2018 and *** pounds per hour in interim 2019. *Id.*

[203] Total net sales revenues were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table C-3. They were $*** in interim 2018 and $*** in interim 2019. *Id.*

interim 2019 than in interim 2018.[204] *** increased by *** percent from 2016 to 2018 and were *** higher in interim 2019 than in interim 2018.[205] *** increased by *** percent from 2016 to 2018 and were *** percent higher in interim 2019 than in interim 2018.[206] The ratio of operating income to net sales decreased by *** percentage points from 2016 to 2018 and was *** percentage points lower in interim 2019 than in interim 2018.[207] The domestic industry's capital expenditures increased from 2016 to 2018 and were higher in interim 2019 than in interim 2018.[208] The domestic industry's total assets and return on assets decreased from 2016 to 2018.[209] Dexstar reported actual and potential negative effects on investment, growth, and development due to the subject imports.[210]

We find that subject imports had a significant adverse impact on the domestic industry. Low-priced subject imports increased significantly in absolute terms and relative to U.S. production and consumption from 2016 to 2018 and significantly undersold the domestic like product, taking market share from the domestic industry. Moreover, the low-priced subject imports limited the domestic industry's ability to increase prices sufficiently to recover increasing costs, especially between 2017 and 2018. As a result, the domestic industry's production, U.S. shipments, employment, revenues, and profits were lower than they otherwise would have been during the full years of the POI. In light of these considerations, we find that subject imports had a significant adverse impact on the domestic industry.[211] [212]

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[204] *** were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table C-3. They were $*** in interim 2018 and $*** in interim 2019. *Id.*

[205] *** were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table C-3. They were $*** in interim 2018 and $*** in interim 2019. *Id.*

[206] *** were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table C-3. They were $*** in interim 2018 and $*** in interim 2019. *Id.*

[207] The ratio of operating income to net sales was *** percent in 2016, *** percent in 2017, and *** percent in 2018. CR/PR at Table C-3. It was *** percent in interim 2018 and *** in interim 2019. *Id.*

[208] Capital expenditures were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table VI-9. They were $*** in interim 2018 and $*** in interim 2019. *Id.* *** in research and development expenses in 2016, $*** in 2017, and $*** in interim 2019. CR/PR at Table IV-9. It incurred *** research and development expenses in 2018 and interim 2018. *Id*.

[209] Total net assets were $*** in 2016, $*** in 2017, and $*** in 2018. CR/PR at Table VI-10. The return on assets was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id.*

[210] CR/PR at Tables VI-11 and VI-12.

[211] We recognize that the domestic industry's production and output-related indicators and financial performance were lower in interim 2019 compared to interim 2018, while the volume of subject imports also was lower. CR/PR at Table C-3. This reflects, at least in part, a fire on one of the domestic industry's production lines and an upgrade of the domestic industry's production equipment that started in the fourth quarter of 2018 and continued through the first quarter of 2019. Petitioner's Posthearing Brief at Response to Question #9; CR at II-9 to II-10, VI-19 n.14, PR at II-6, VI-6.

[212] As discussed earlier, Commissioner Kearns did not exclude Carlstar from the domestic industry. While the industry data he considered was slightly different from that assessed by the majority, the trends for the various indicators were in almost all instances the same. In fact, due to Carlstar's declining production and shipments, most indicators for the industry considered by (Continued...)

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

Respondent TTT argues that any *** condition is attributable to ***, because Dexstar's ***.[213] It claims that ***.[214]

As an initial matter, the domestic industry is defined as the domestic "producers as a whole of a domestic like product."[215] We have defined the domestic like product as a single product consisting of all steel trailer wheels, coextensive with the scope of these investigations. The scope of these investigations, and the corresponding domestic like product definition, include only the steel trailer wheel, not the downstream tire and steel wheel assembly produced by the affiliated firm.[216] Hence, the domestic industry does not include producers of assembled steel trailer wheels and the statute explicitly directs the Commission to evaluate the impact of imports on the production operations of the domestic industry.[217]

Moreover, representatives for Dexstar and its related companies testified that internal transfers were arms-length transactions and that each division of ADI was a "profit and loss center" that had to "stand on its own."[218] We recognize that Dexstar's unit values for its commercial U.S. shipments were generally higher than its internal transfers, but also observe

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(…Continued)
Commissioner Kearns showed greater declines from 2016 to 2018 than was the case for the industry examined by the Commission majority. *Compare* CR/PR at Table C-1 and Table C-3. Thus, Commissioner Kearns joins the analysis of the Commission majority and similarly finds that subject imports had a significant adverse impact on the domestic industry.

[213] TTT's Prehearing Brief at 5-6.

[214] TTT's Prehearing Brief at 9. Respondent TTT claims that the Commission should have collected financial data from domestic assemblers in order to examine whether there has been a possible misallocation of costs or profits. *Id.*

[215] 19 U.S.C. § 1677(4)(A).

[216] "Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem or rims imported as an assembly with a tire mounted on the rim and/or with a valve stem are included in the scope of these investigations. However, if the steel wheels or rims are imported as an assembly with a tire mounted on the wheel or rim and/or with a valve stem attached, *the tire and/or valve stem is not covered by the scope*." *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less-Than-Fair-Value, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 32707, 32709-10 (July 9, 2019); *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 Fed. Reg. 32723, 32725 (July 9, 2019) (emphasis added).

[217] *See* 19 U.S.C. § 1677(7)(C)(iii) ("{T}he Commission shall evaluate all relevant economic factors which have a bearing on the state of the *industry* in the United States") (emphasis added).

[218] CR at III-13 to III-14 n. 13, PR at III-6 to III-7 n.13. As addressed in section IV.B.1 above, the record does not suggest that the domestic industry was insulated from competition from subject imports due to its internal transfers. A representative for ADI's parent company noted that ***. *Id*. In addition, in the preliminary phase of these investigations, a representative for ADI's parent company reported that Dexstar's affiliated divisions ***. *Id.*

that its unit value for internal transfers surpassed that of its commercial U.S. shipments in 2017.[219] A representative for ADI's parent company claimed that the unit values for Dexstar's internal transfers were lower due to various factors, including ***.[220] In addition, Dexstar claims that ***, and that ***.[221]

Furthermore, the record shows that the domestic industry is materially injured by reason of subject imports in the merchant market, regardless of Dexstar's transfers to its downstream affiliates. The volume of subject imports in the merchant market increased from 104.5 million pounds in 2016 to 129.8 million pounds in 2018, for an overall increase of 24.2 percent.[222] Subject imports' share of the merchant market increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018, for an overall increase of *** percentage points, while the domestic industry's share of the merchant market declined by *** percentage points.[223] The domestic industry's commercial U.S. shipments in the merchant market declined by *** percent from 2016 to 2018.[224] The domestic industry's ratio of COGS to net sales was high in the merchant market, declining from *** percent in 2016 to *** percent in 2017 before increasing to *** percent in 2018.[225] From 2016 to 2018 – when apparent U.S. consumption increased by *** percent in the merchant market and the volume of low-priced subject imports increased by *** – the domestic industry's unit COGS increased by *** percent, but its nets sales unit values increased by only *** percent, indicating a price-cost squeeze.[226]

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[219] *Derived from* CR/PR at Table III-6 and U.S. Producer Questionnaire Responses of Dexstar at Question II-7a. Dexstar's unit values for its commercial U.S. shipments were $*** per pound in 2016, $*** per pound in 2017, and $*** per pound in 2018. *Id.* They were $*** per pound in interim 2018 and $*** per pound in interim 2019. *Id.*

Dexstar's unit values for its internal transfers were $*** per pound in 2016, $*** per pound in 2017, and $*** per pound in 2018. *Id.* They were $*** per pound in interim 2018 and $*** per pound in interim 2019. *Id.*

[220] CR at III-13 n.12, PR at III-6 n.12. Dexstar reported that *** percent of its sales of 12-inch diameter wheels (by unit) went to affiliated parties, while only *** percent of its sales of 16-inch diameter wheels (by unit) went to affiliated parties. Petitioner's Posthearing Brief at Response to Question #2.

[221] Petitioner's Prehearing Brief at 104; Petitioner's Posthearing Brief at Response to Questions #2 and #5.

[222] CR/PR at Table C-4. The volume of subject imports was lower in interim 2019 (30.9 million) than in interim 2018 (35.0 million). *Id.*

[223] CR/PR at Table C-4. Subject imports' share of the merchant market was lower in interim 2019 (*** percent) than in interim 2018 (*** percent). *Id.* The domestic industry's share of the merchant market declined from *** percent in 2016 to *** percent in 2017 and *** percent in 2018. *Id.* It was higher in interim 2019 (*** percent) than in interim 2018 (*** percent). *Id.*

[224] Commercial U.S. shipments were *** pounds in 2016, *** pounds in 2017, and *** pounds in 2018. CR/PR at Table C-4. They were *** pounds in interim 2018 and *** in interim 2019. *Id.*

[225] CR/PR at Table C-4. The domestic industry's ratio of COGS to net sales was *** percent in interim 2018 and *** percent in interim 2019. *Id.*

[226] CR/PR at Table C-4. This price-cost squeeze is especially prevalent from 2017 to 2018, when apparent U.S. consumption increased by *** percent, the domestic industry's unit COGS increased by *** percent, and its net sales unit values increased by only *** percent. *Id.* We also note that the (Continued...)

Furthermore, the domestic industry's financial performance in the merchant market showed ***.[227]

Respondents TTT and Tredit further argue that subject imports are purchased for a variety of non-price reasons, including quality and availability.[228] While market participants have differing views on the importance of non-price factors in purchasing decisions,[229] the vast majority of market participants also reported that the domestic like product was always or frequently interchangeable with subject imports.[230] Furthermore, the majority of purchasers reported that the domestic like product and subject imports were comparable with respect to the quality-related purchasing factors of "quality meets industry standards," "quality exceeds industry standards," and "torque performance."[231] Additionally, most responding purchasers reported that trailer wheels produced in the United States and China always met minimum quality specifications.[232] Moreover, as discussed above, multiple purchasers confirmed that they bought subject imports instead of the domestic like product primarily because the subject imports were lower priced.[233]

(…Continued)
pricing data that the Commission collected from U.S. producer Dexstar, which was a factor in our significant underselling finding, excluded internal transfers. CR at V-9, PR at V-6.

[227] Net sales revenues were $*** in 2016, $*** in 2017, and $*** in 2018. *Id.* They were $*** in interim 2018 and $*** million in interim 2019. *Id.*

Gross profits or losses were *** in 2016, $*** in 2017, and *** in 2018. *Id.* They were *** in interim 2018 and *** in interim 2019. *Id*

*** were $*** in 2016, $*** in 2017, and $*** in 2018. *Id.* They were $*** in interim 2018 and $*** in interim 2019. *Id.*

*** were $*** in 2016, $*** in 2017, and $*** in 2018. *Id.* They were $*** in interim 2018 and $*** in interim 2019. *Id.*

The ratio of operating income to net sales was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*. It was *** percent in interim 2018 and *** percent in interim 2019. *Id.*

[228] See TTT's Prehearing Brief at 11-12, TTT's Posthearing Brief at 8; Tredit's Prehearing Brief at 4-5, 8-9.

[229] CR/PR at Table II-13. Differences other than price cited by importers and purchasers included availability, production capacity, quality, supply capability, product size range offerings, and transportation networks. CR at II-29, PR at II-19.

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

[231] CR/PR at Table II-10. In fact, the record indicates that, in 2018, the *** of U.S. producers' U.S. shipments and the *** of U.S. importers' U.S. imports were stud-piloted trailer wheels with improved torque retention. CR at I-19 n.55, PR at I-15 n.55.

[232] CR/PR at Table II-12. In response to claims regarding quality problems, representatives for Dexstar testified that it had a defect rate of below *** percent; that it offers the same features as imported product from China (including torque retention, 360-degree welding, "beveled bolt holes with a 60 degree taper…and masking of the bolt holes"); and that it "has always been viewed as having good quality and our service levels have equaled or been superior to offshore service levels as far as we know." CR at II-13 n.28, PR at II-8 n. 28.

[233] CR at V-41 to V-42, PR at V-14.

Respondent TTT's claims that the domestic industry's capacity is too small to meet the large U.S. demand for steel trailer wheels and that Dexstar is unwilling to supply non-affiliated domestic assemblers are unpersuasive.[234] Such allegations do not explain why the domestic industry lost sales and market share, including in the merchant market, to subject imports throughout 2016 to 2018 when it had excess capacity.[235] It also does not explain why subject imports undersold the domestic like product, rendering the domestic industry unable to raise prices to cover costs at a time of increasing demand. Furthermore, Dexstar stated it has no preference for affiliated entities, but that scheduled orders receive preference over emergency/special need orders.[236] Moreover, the record indicates that a substantial share of the domestic industry's U.S. shipments during the POI were commercial shipments to unaffiliated firms, despite overall declining total U.S. shipments, and that the domestic industry's commercial shipments were higher in interim 2019 after provisional duties took effect.[237]

Finally, we have considered the role of nonsubject imports. The volume of nonsubject imports in the U.S. market was substantially smaller than the volume of subject imports throughout the POI. While the volume of subject imports increased by over 25 million pounds, the volume of nonsubject imports increased by only *** pounds and their market share increased from *** percent in 2016 to *** percent in 2018.[238] Only after provisional duties took effect did nonsubject imports reach a market share of *** percent in interim 2019.[239] Any gains in market share by the nonsubject imports do not negate the larger gains made by subject imports and their consequent impact on the domestic industry. Nonsubject imports, therefore, cannot explain the loss in the domestic industry's market share, output, and revenues or the adverse price effects that we have attributed to the subject imports.

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[234] See TTT's Prehearing Brief at 11-13; TTT's Posthearing Brief at 5-9.

[235] Throughout the POI, the domestic industry operated at a capacity utilization rate of *** percent. CR/PR at Table C-3. Nevertheless, as discussed above, from 2016 to 2018 its total shipments, commercial shipments, and market shares in the overall and merchant market fell.

[236] Petitioner's Posthearing Brief at Response to Question #10. In addition, in response to claims regarding supply problems, representatives for Dexstar testified that, since the fire on one of its production lines in late 2018/early 2019, it has "been working with a number of major unrelated assemblers to provide them volume;" that it sold to *** unrelated assemblers ***; and that it did not stop selling mobile home rims, but "decided to stop matching import prices." CR at II-13 n.28, PR at II-8 n.28.

[237] From 2016 to 2018, the domestic industry's commercial shipments as a share of its total U.S. shipments decreased from *** percent to *** percent; the share was higher in interim 2019 (*** percent) as compared to interim 2018 (*** percent). *Derived from* CR/PR at Table III-6 and U.S. Producer Questionnaire Responses of Dexstar at Question II-7a. The decline in the commercial shipments' share of overall U.S. shipments during the full years of the POI reflects declines in commercial shipments rather than a significant increase in Dexstar's internal transfers to affiliates. *Id.* Thus, there is no evidence that Dexstar prioritized its shipments to its affiliates, particularly in light of Dexstar's growing excess capacity. *See* TTT Posthearing Brief at 5; CR/PR at Table C-3.

[238] CR/PR at Table C-3.

[239] CR/PR at Table C-3.

V. Critical Circumstances

A. Legal Standards and Party Arguments

In its final antidumping and countervailing duty determinations concerning steel trailer 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 orders to be issued."[240] 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."[241] 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}."[242] 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.[243]

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

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[240] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[241] SAA at 877.

[242] *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).

[243] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.[244]

B. Arguments of the Parties

Petitioner argues that the Commission should rely on a five-month comparison period due to the delay of the originally anticipated preliminary determination.[245] According to the Petitioner, import volumes were 10.4 percent higher in the five-month period, which represents effectively a half of an average month of total imports that was added to the U.S. market in order to avoid the effects of the preliminary relief.[246] According to Petitioner, importers also have considerable inventory to use to undermine the remedial effect of any orders.[247]

Respondents TTT and Jingu claim that total U.S. imports from China were only 7.1 percent higher when using a six-month comparison period.[248] They argue that the December 2018 comparative uptick in imports reflected efforts to enter subject imports before the Section 301 tariffs increased from 10 percent to 25 percent and an effort to secure imports before factories closed in observance of the Chinese New Year, occurring in early 2019.[249] Moreover, they contend that U.S. inventories of subject imports decreased in comparison periods before and after the petition filing and that the ratio of U.S. inventories of subject imports to both U.S. shipments of imports and total shipments of imports remained nearly constant between the interim periods.[250] Finally, they argue that there are not any other circumstances indicating that the remedial effect of the antidumping and countervailing duty orders will be seriously undermined as ***.[251] Furthermore, Respondent Tredit argues that apparent U.S. consumption reflects a market that is too big to be undermined by imports over a short period of time and that there are indications that U.S. consumption is poised to rise in the foreseeable future.[252]

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[244] *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).

[245] Petitioner's Prehearing Brief at 91-92.

[246] Petitioner's Prehearing Brief at 92.

[247] Petitioner's Prehearing Brief at 94.

[248] TTT's Prehearing Brief at 30; Jingu's Prehearing Brief at 21; *see also* HiSpec's Prehearing Brief at 6.

[249] TTT's Prehearing Brief at 30-31; Jingu's Prehearing Brief at 21-22; *see also* HiSpec's Prehearing Brief at 7.

[250] TTT's Prehearing Brief at 31; TTT's Posthearing Brief at 14; Jingu's Prehearing Brief at 22-23; *see also* HiSpec's Prehearing Brief at 7-8.

[251] TTT's Prehearing Brief at 31-32; Jingu's Posthearing Brief at 12.

[252] Tredit's Prehearing Brief at 12.

C. Analysis

The petitions in these investigations were filed on August 8, 2018. On July 9, 2019, Commerce issued its final determination in the antidumping duty investigation and found that critical circumstances exist with respect to subject imports from all sources in China (Changzhou Chungang Machinery Co., Ltd., and the China-wide entity).[253] On the same day, Commerce issued its final determination in the countervailing duty investigation and found that critical circumstances exist with respect to exporters Jingu, Xingmin Intelligent Transportation Systems (Group), and all other exporters or producers not individually examined.[254] Thus, Commerce's affirmative critical circumstances determinations in the antidumping and countervailing duty investigations extend to all subject imports.

We first consider the appropriate period for comparison of pre-petition and post-petition levels of subject imports from China. In previous investigations, the Commission has relied on a shorter comparison period when Commerce's preliminary determination applicable to the country at issue fell within the six-month post-petition period the Commission typically considers.[255] That situation would not arise here since the preliminary countervailing duty determination was made on February 25, 2019,[256] which is not within the six-month post-petition period of August 2018 through January 2019.[257] However, the original deadline for the preliminary countervailing duty determination was on January 15, 2019, which was within the six-month period.[258]

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[253] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances,* 84 Fed. Reg. 32707, 32707-08 (July 9, 2019) (finding that critical circumstances exist for the separate rate company, Changzhou Chungang Machinery Co., Ltd., and the China-wide entity, including Xiamen Sunrise Wheel Group Co., Ltd, Xingmin Intelligent Transportation System Co., Ltd., and Zhejiang Jingu Co., Ltd.).

[254] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances,* 84 Fed. Reg. 32723 (July 9, 2019) (finding that critical circumstances exist for separate rate companies, Xingmin Intelligent Transportation Systems (Group) and Zhejiang Jingu Co. Ltd, and all other exporters or producers not individually examined).

[255] Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom, Inv. Nos. 701-TA-545-547, 731-TA-1291-1297 (Final), USITC Pub. 4638 at 49-50 (Sept. 2016); Certain Corrosion-Resistance Steel Products from China, India, Italy, Korea, and Taiwan, Inv. No. 701-TA-534-537 and 731-TA-1274-1278 (Final), USITC Pub. 4630 at 35-40 (July 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 was during the sixth month after the petition).

[256] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination,* 84 Fed. Reg. 5989 (Feb. 25, 2019).

[257] Since petitions in these investigations were filed on August 8, 2018, the six-month comparison periods are February 2018 through July 2018 and August 2018 through January 2019.

[258] Due to the government shutdown, the revised deadline for the preliminary determination was not until February 25, 2019. *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's*
(Continued...)

Under six-month comparison periods, the volume of subject imports increased from 67.6 million pounds to 72.5 million pounds (an increase of 7.2 percent).[259] U.S. importers' end-of-period inventories of subject imports were lower, at 32.2 million pounds, in March 2019 than the 35.2 million pound level in March 2018.[260] We acknowledge the increase in subject imports in the six-month (and 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 and countervailing duty orders, particularly in light of the lower inventories in March 2019 compared to March 2018. There are also no indications of any other circumstances indicating that the remedial effect of the antidumping and countervailing duty orders will be seriously undermined. We thus find that the imports subject to Commerce's antidumping and countervailing duty critical circumstances determinations would not undermine seriously the remedial effect of the antidumping and countervailing duty orders, and we make a negative critical circumstances determination with regard to those imports.

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 trailer wheels from China that are sold in the United States at less than fair value and subsidized by the government of China. We also find that critical circumstances do not exist with respect to imports of steel trailer wheels from China that are subject to Commerce's affirmative critical circumstances determinations.

(…Continued)
Republic of China: Postponement of the Preliminary Determination in the Less Than Fair Value Investigation, 84 Fed. Reg. 2169 (Feb. 6. 2019). The five-month comparison periods are March 2018 through July 2018 and August 2018 through December 2018. It is unclear whether a shorter comparison period is appropriate under these circumstances; nevertheless, even if we examine a five-month comparison period, we reach the same critical circumstances determination.

[259] CR/PR at Table IV-5. Under five-month comparison periods, the volume of subject imports increased from 56.1 million pounds to 61.9 million pounds (an increase of 10.3 percent). *Id.*

[260] CR/PR at Table VII-6. While U.S. importers' end-of-period inventories of subject imports increased from 36.6 million pounds in 2017 to 48.0 million pounds in 2018, inventories were drawn down to 35.2 million pounds in March 2018 before the petition was filed in August 2018. *Id.*

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Dexstar Wheel ("Dexstar"), Elkhart, Indiana, on August 8, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of steel trailer wheels ("trailer wheels")[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
August 8, 2018	Petition filed with Commerce and the Commission; institution of Commission investigations (83 FR 40551, August 15, 2018)
August 28, 2018	Commerce's notices of initiation (AD: 83 FR 45095, September 5, 2018; CVD: 83 FR 45100, September 5, 2018)
September 24, 2018	Commission's preliminary determinations
February 25, 2019	Commerce's preliminary countervailing duty determination (84 FR 5989)
April 15, 2019	Commerce's preliminary antidumping determination (84 FR 16643, April 22, 2019); scheduling of final phase of Commission investigations (84 FR 18862, May 2, 2019)
July 1, 2019	Commerce's final determinations
July 9, 2019	Commission's hearing
August 2, 2019	Commission's vote
August 22, 2019	Commission's views

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

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

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

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

[4] 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—[5]

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

Organization of report

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

MARKET SUMMARY

Trailer wheels are used to provide mobility for trailers, including utility trailers, cargo trailers, horse trailers, boat trailers, and towable recreational trailers (towable RVs). In-scope trailer wheel rims are also used to transport mobile homes (manufactured homes). Currently, three firms are known to produce trailer wheels in the United States. The leading U.S. producers of trailer wheels are Dexstar and The Carlstar Group LLC ("Carlstar").[6] In addition, *** galvanizes a portion of the trailer wheels Dexstar produces and sells on a toll basis.[7] Leading producers of trailer wheels outside the United States include *** of China. The leading U.S. importers of trailer wheels from China are ***. Leading importers of trailer wheels from nonsubject countries in 2018 (primarily ***) include ***.

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

[6] The third known producer, American Wheel Corporation, did not file a response to the Commission's U.S. producers' questionnaire.

[7] Appendix D presents data reported by *** regarding its processing operations. This firm was previously known as *** before being acquired ***.

Apparent U.S. consumption of trailer wheels totaled approximately *** pounds ($***) in 2018.[8] U.S. producers' U.S. shipments of trailer wheels totaled *** pounds ($***) in 2018, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from subject sources totaled 129.8 million pounds ($94.4 million) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from nonsubject sources totaled *** pounds ($***) in 2018 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, Dexstar and Carlstar, that accounted for a vast majority of U.S. production of trailer wheels during 2018.[9] U.S. import data are based on the questionnaire responses of 17 firms[10] that provided usable data to the Commission representing more than 100 percent of U.S. imports from China in 2018 under HTS statistical reporting number 8716.90.5035.[11] The Commission received usable responses to its questionnaires from four producers of subject merchandise in China, accounting for approximately *** percent of U.S. imports of trailer wheels from China in 2018.

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[8] Apparent U.S. consumption of trailer wheels in the merchant market totaled approximately *** pounds ($***) in 2018. U.S. producers' U.S. commercial shipments of trailer wheels totaled *** pounds ($***) in 2018, and accounted for *** percent of apparent U.S. consumption in the merchant market by quantity and *** percent by value.

[9] The only other producer of trailer wheels Dexstar identified in its petition is American Wheel Corporation, which in a letter of support for the petition indicated that it sold *** of towable type trailer wheels in 2017. Petition, exh. I-2. This company was issued a U.S. producer's questionnaire but a response was not submitted. In the preliminary phase of the investigations, the firm sent a letter to the Commission indicating that it could not complete the questionnaire and that it was withdrawing its support of the petition. Applying the reported industry average of *** pounds per whole trailer wheel (i.e., with no further attachments), American Wheel Corporation would be responsible for *** percent of U.S. shipments of trailer wheels in 2017.

Carlstar was not identified as a producer in the petition.

[10] Inadequate questionnaire responses *** are generally not included in this report. Responses *** to comparability questions concerning galvanized and non-galvanized trailer wheels are, however, included in the "Domestic Like Product" section of this part and in Appendix E.

[11] Though this calculation reflects the fact that importers' questionnaire data could include imports entered under different HTS numbers, statistical reporting number 8716.90.5035 matches the dimensions and uses of in-scope trailer wheels (though out-of-scope chrome coated wheels may also be included), according to the petitioner. Conference transcript, pp. 54-55 (Stewart). Trailer wheels with a tire mounted may also enter under statistical reporting number 8716.90.5059, which covers a broader range of products. Conference transcript, p. 55 (Stewart).

PREVIOUS AND RELATED INVESTIGATIONS

Trailer wheels have not been the subject of any prior countervailing or antidumping duty investigations in the United States, although steel wheels of various diameter sizes for passenger vehicles, light trucks, heavier class trucks, or tractors have been the subject of other previous investigations. In May, the Commission issued affirmative determinations in its countervailing and antidumping duty investigations regarding steel wheels with a nominal rim diameter of 22.5 inches and 24.5 inches from China.[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.[14] Trailer wheels under the

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[12] See *Steel Wheels from China, Investigation Nos. 701-TA-602 and 731-TA-1412 (Final)*, USITC Publication 4892, May 2019. Other related investigations are summarized on pages I-4-I-5 of that publication.

[13] 19 U.S.C. § 2411.

[14] On August 18, 2017, USTR initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation. *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. 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. *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. 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. *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. Tranche 2 covered 279 tariff subheadings, with an approximate annual trade value of $16 billion. *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 40823, August 16, 2018.

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. Trailer wheels under relevant HTS subheadings have been subject to these 10 percent duties since

(*continued*...)

relevant HTS subheadings have been subject to the successive Section 301 duties on Tranche-3 products since September 2018 to the present. See the section of this report entitled "Tariff treatment" for further information on HTS numbers applicable to trailer wheels subject to this investigation.

Section 232 proclamations

Section 232 of the Trade Expansion Act of 1962, as amended ("Trade Expansion Act"),[15] 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.[16] As noted in this Part,

(…*continued*)
that time. *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. 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 scheduled to increase to 25 percent on March 2, 2019, but was temporarily postponed until further notice. *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. On May 9, 2019, USTR published a notice in the *Federal Register* modifying its prior action in accordance with the specific direction of the President to escalate this duty rate from 10 percent to 25 percent on May 10, 2019. *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 20459, May 9, 2019. A subsequent modification was provided for subject goods exported from China prior to May 10, 2019, but still in transit, to be subject to the 10 percent duty as long as such goods entered into the United States prior to June 1, 2019. *Implementing Modification to Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 21892, May 15, 2019. On June 10, 2019, USTR provided notice that this June 1, 2019 deadline would be extended to June 15, 2019. *Additional Implementing Modification to Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 26930, June 10, 2019.

On May 17, 2019, USTR published a notice in the *Federal Register* modifying its prior action in accordance with the specific direction of the President proposing further action in the form of additional duties up to 25 percent ad valorem on products of China with an annual trade value of approximately $300 billion included in 3,805 full and partial tariff subheadings (i.e., Tranche 4), while maintaining the prior action. *Request for Comments Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*. 84 Fed. Reg. 22564, May 17, 2019.

[15] 19 U.S.C. § 1862.

[16] 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,
(*continued*...)

as well as parts V and VI, hot-rolled steel is a key raw material input in the production of trailer wheels subject to these investigations, and is subject to section 232 tariffs.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On July 9, 2019, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of trailer wheels from China.[17] Table I-1 presents Commerce's findings of subsidization of trailer wheels in China.

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

Entity	Final countervailable subsidy margin (percent)
Zhejiang Jingu Company Limited	388.31
Xingmin Intelligent Transportation Systems (Group)	386.45
All others	387.38

Source: 84 FR 32723, July 9, 2019.

(…*continued*)
2018. 83 FR 11625, March 15, 2018. The President subsequently issued Proclamations 9711 (on March 22, 2018 - 83 FR 13361, March 28, 2018), 9740 (on April 30, 2018 - 83 FR 20683, May 7, 2018), 9759 (on May 31, 2018 - 83 FR 25857, June 5, 2018), 9772 (on August 10, 2018 - 83 FR 40429, August 15, 2018.), and 9777 (on August 29, 2018) on *Adjusting Imports of Steel Into the United States*. 83 FR 45025, September 4, 2018. Under these Presidential Proclamations, in addition to reporting the regular Chapters 72 and 73 of the Harmonized Tariff Schedule ("HTS" or "HTSUS") classification for the imported steel 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 from all countries of origin except Argentina, Australia, Brazil, and South Korea); and 9902.80.01 (50 percent ad valorem additional duty for steel mill products originating from Turkey). These duty requirements are effective with respect to goods entered, or withdrawn from warehouse for consumption, as of June 1, 2018. 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, April 2, 2019. Subsequent Presidential Proclamations reduced the additional duty on steel mill products originating from Turkey back to the original 25 percent, effective May 21, 2019 - *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9886, May 16, 2019, 84 FR 23421, May 21, 2019; and restored the duty exemptions for steel mill products originating from Canada and Mexico, effective May 20, 2019 - *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9894, May 19, 2019, 84 FR 23987, May 23, 2019.

[17] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 FR 32723, July 9, 2019.

Sales at LTFV

On July 9, 2019, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.[18] Table I-2 presents Commerce's dumping margins with respect to imports of trailer wheels from China.

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

Producer	Exporter	Final dumping margin (percent)
Changzhou Chungang Machinery Co., Ltd	Changzhou Chungang Machinery Co., Ltd	38.27
All others		44.35

Source: 84 FR 32707, July 9, 2019.

THE SUBJECT MERCHANDISE

Commerce's scope

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

> *The scope of this investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires with a nominal wheel diameter of 12 inches to 16.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 12 inches to 16.5 inches within the scope are generally for road and highway trailers and other towable equipment, including, inter alia, utility trailers, cargo trailers, horse trailers, boat trailers, recreational trailers, and towable mobile homes. The standard widths of certain on-the-road steel wheels are 4 inches, 4.5 inches, 5 inches, 5.5 inches, 6 inches, and 6.5 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope.*
>
> *The scope includes rims and discs for certain on-the-road steel wheels, whether imported as an assembly, unassembled, or separately. The scope includes certain on-the-road steel wheels regardless of steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. The scope also includes certain on-the-road steel wheels with discs in either a "hub-piloted" or "stud-piloted"*

[18] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 32707, July 9, 2019.

mounting configuration, though the stud-piloted configuration is most common in the size range covered.

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

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

The scope includes rims, discs, and wheels that have been further processed in a third country, including, but not limited to, the painting of wheels from China and 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 investigations if performed in China.

Excluded from this scope are the following:

(1) Steel wheels for use with tube-type tires; such tires use multi piece rims, which are two-piece and three-piece assemblies and require the use of an inner tube;
(2) aluminum wheels;
(3) certain on-the-road steel wheels that are coated entirely in chrome. This exclusion is limited to chrome wheels coated entirely in chrome and produced through a chromium electroplating process, and does not extend to wheels that have been finished with other processes, including but not limited to Physical Vapor Deposition (PVD); and
(4) steel wheels that do not meet Standard 110 or 120 of the NHTSA's requirements other than the rim marking requirements found in 49 CFR 571.110S4.4.2 and 571.120S5.2;
(5) steel wheels that meet the following specifications: steel wheels with a nominal wheel diameter ranging from 15 inches to 16. 5 inches, with a rim width of 8 inches or greater, and a wheel backspacing ranging from 3.75 inches to 5.5 inches; and

(6) steel wheels with wire spokes.

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

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under statistical reporting number 8716.90.5035 of the Harmonized Tariff Schedule of the United States ("HTS"). This statistical reporting number covers trailer steel wheels measuring 30 to 42 centimeters in diameter (approximately 11.8 to 16.5 inches), whether or not assembled. Wheels entered with a tire mounted on them are imported under HTS statistical reporting number 8716.90.5059. The 2019 general rate of duty is 3.1 percent ad valorem for HTS subheading 8716.90.50. Products of China entered under this subheading are currently subject to an additional duty of 25 percent ad valorem (for a combined duty rate of 28.1 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-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 12 inches to 16.5 inches regardless of width, for use on road and highway trailers and other towable equipment. When imported, these trailer wheels may or may not have tires mounted on the wheel or rim and may or may not be attached to a

valve stem.[19] In-scope trailer wheels are used for a variety of trailers, including utility trailers, cargo trailers, horse trailers, boat trailers, and towable recreational trailers ("towable RVs"), as well as the transport of towable mobile homes (also known as manufactured homes).[20] Trailer wheels are sold to either the assembly/original equipment manufacturing ("OEM") market (approximately 70 percent) or to the aftermarket (approximately 30 percent).[21]

The rim of the trailer wheel is the circular channel onto which the tire is mounted on the wheel. Subject trailer wheels maintain air pressure between the tire and the rim of the wheel without the use of an inner tube.[22] The disc of the trailer wheel is the center portion that allows the wheel to be attached to the axle hub, and hence the axle. The disc of the wheel has a centering hole for mounting on the axle hub, which varies in size to match the hub on the trailer, as well as bolt holes that are used for bolts to fasten the wheel to the axle hub. The disc may also have design holes.[23] Figure I-1 shows different types of trailer wheels and identifies the components and features of the wheels.

[19] If a trailer wheel is imported as an assembly with the tire mounted and/or a valve stem attached, the tire and/or valve stem is not covered by the scope.

[20] Petition, exh. I-5.

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

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

[23] Petition, exh. I-4.

Figure I-1
Trailer wheels: various types of wheels and rims

Source: Dexstar's conference exhibits.

The scope includes both wheels and parts of wheels (i.e., rims and discs). Mobile homes use in-scope rims without a disc. Rims are sold to mobile home OEMs, which attach the rim directly to specialized hubs using axle-mounting bolts.[24] The rims used to transport mobile homes are identical to rims used in production of trailer wheels, but because they are typically single-use items, the final mobile home rim might not be painted or galvanized in order to cut costs.[25]

The scope includes trailer wheels whether finished or not finished, coated or uncoated, and galvanized or non-galvanized. Galvanized trailer wheels offer additional corrosion resistance compared with non-galvanized trailer wheels, and are typically used on trailers used in the marine industry or used in northern locations where snow and salt are common on

[24] Petitioner's postconference brief, exh. 3, pp. 1-2.

[25] Conference transcript, pp. 32 and 62 (Oglesby). One purchaser, ***, reportedly refurbishes single-use rims to be used more than one time. *** response to U.S. purchasers' questionnaire, questions III-4, III-5, and III-10.

roads.[26] Non-galvanized trailer wheels may be finished with coating and paint, which offers both corrosion resistance and aesthetic appeal.[27] Painted trailer wheels are typically black, white, or grey, but may be painted in custom colors or with striping.[28] Dexstar produces some trailer wheels with a Galvstar™ finish, which combines the attributes of both painted and galvanized finishes.[29] According to the petitioner, Galvstar™-finished trailer wheels offer superior corrosion-resistance.[30]

Also included in the scope are trailer wheels finished with physical vapor disposition ("PVD"). PVD coating offers a shiny, "chrome-look" finish.[31] PVD-finished trailer wheels can come in various colors, like other painted trailer wheels.[32] PVD coating is distinct from chrome-coated wheels, which are excluded from the scope, because it is a paint not an electroplated metal.[33]

The width of in-scope trailer wheels may vary, but sizes are standardized and made to the same specifications in both the U.S. and China. Standard widths include 4, 4.5, 5, 5.5, 6, and 6.5 inches for trailer wheels and have a diameter of between 12 and 16.5 inches.[34] While sizes are specified, the weight may vary, even within a given diameter size; there is no standard weighting requirements for trailer wheels, though there are safety standards that they must meet.[35]

All on-road trailer wheels must meet Standard 110 or Standard 120 of the National Highway Traffic Safety Administration's (NHTSA's) Federal Motor Vehicle Safety Standards (off-road trailer wheels do not need to meet these standards). These standards require a rim marking that includes (a) a designation which indicates the source of the rim's published nominal dimensions; (b) the rim size or type designation; (c) the symbol "DOT", constituting a certification by the manufacturer of the rim that the rim complies will all applicable motor

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[26] Hearing transcript, pp. 39 (Starner), 90 (Stewart), and 191 (Kao).

[27] Hearing transcript, pp. 31 (Oglesby), 149 (Walker), and 157 (Haas).

[28] Hearing transcript, p. 30 (Oglesby).

[29] Hearing transcript, p. 31 (Oglesby).

[30] Hearing transcript, p. 31 (Oglesby).

[31] Petitioner's prehearing brief, pp. 16-17.

[32] Petitioner's prehearing brief, p. 17.

[33] The petitioner states there are no U.S. producers of chrome-coated trailer wheels. According to the petition, coating with chrome requires a different manufacturing process as disc and rim need to be coated before being welded. This is due to the highly toxic nature of the chemicals and effects on the welds if applied after the disc and rim are welded together. Chrome-coated trailer wheels are roughly twice as expensive as non-chrome coated trailer wheels. Petition, p. I-13. The petitioner further states that chrome-coated trailer wheels differ from PVD-finished trailer wheels in three key ways: 1) PVD trailer wheels are lighter weight because they use less metal, 2) PVD trailer wheels are more corrosion resistant because the exposed chrome of chrome-coated trailer wheels is highly reactive to road salt, and 3) PVD trailer wheels do not use the same toxic type of hexavalent chromium that is used in chrome electroplating. Petitioner's prehearing brief, p. 17.

[34] Petition, pp. I-3 and I-7.

[35] Conference transcript, p. 93 (Sampson).

vehicle standards; (d) a designation that identifies the manufacturer of the rim by name, trademark, or symbol; (e) and the month, day and year or the month and year of manufacture. The scope includes certain on-the-road trailer wheels imported with or without NHTSA's required markings.[36] Both U.S. producers and U.S. importers of trailer wheels utilize third-party testing facilities to ensure their products meet NHTSA's requirements.[37]

Besides meeting safety requirements, on-road and off-road trailer wheels are distinguishable based on certain production features such as bearings and coating.[38] Subject trailer wheels also differ from on-road wheels of a similar diameter that are used with passenger vehicles and light trucks due to the center-mounting of trailer wheels.[39] Trailer wheels are built to carry loads two-and-a-half to three times heavier than passenger vehicles.[40]

There are two standard mounting configurations to attach a wheel disc to an axle: "hub-piloted," where the torque is applied via the hub, and "stud-piloted," where the torque is applied via the studs.[41] Trailer wheels produced in both the U.S. and China are primarily stud-piloted.[42] In stud-piloted configurations, a circle around the stud holes drives the force to the outer diameters of the wheel.[43] Both stud-piloted and hub-piloted trailer wheels are included in the scope of these investigations.

Torque force or clamping force, the tension in the stud that holds the wheel in place,[44] is a key quality and safety consideration in the trailer wheel market.[45] Trailer wheel producers and assemblers seek to improve the clamp force and eliminate "wheel-offs" (where the wheel falls

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

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

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

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

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

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

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

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

[44] Trans Texas's postconference brief, exh. 10, p. 2 and hearing transcript, p. 200 (Stevens).

[45] Conference transcript, p. 172 (Miller) and hearing transcript, pp. 144 (Courreges), 156 (Haas), and 183 (Pike).

off the axle when the trailer is in motion) through bolt and wheel retention on the axle hub.[46] Technology to improve clamp force is utilized by producers in both the United States and China.[47]

One way producers achieve clamp force is by beveling the bolt holes to secure a tighter hold to the axle. That is, angling the side of the lug hole so that the lug nut, which is also angled, can tighten down on the wheel.[48] Both U.S. producers and Chinese importers report selling beveled bolt holes with a 60-degree taper,[49] and according to the petitioner, beveling is standard in the industry.[50]

Another torque-improving technology is eliminating paint on the back of the wheel and inside the bolt holes so that the wheel remains securely attached to the axle.[51] Dexstar's process to keep paint out of areas where fasteners are used is called "masking," where a plug is placed in the bolt holes during the painting process.[52] A similar process used by producers in China is called "Improved Torque Retention (ITR)" or "Low-Maintenance Torque (LMT)."[53] Respondent parties state they have innovated the process by making the stud holes more adhesive to the bolt, preventing paint chipping and lug hole collapse, and reducing clamp-force loss.[54] According to the petitioner, although the marketing terms differ, the technology is the same.[55]

Manufacturing processes

The manufacturing process of trailer wheels begins with the production of the two components, discs and rims (see figure I-2). The rim and the disc are produced from carbon or high strength low allow ("HSLA") hot-rolled steel.[56] U.S. producer Dexstar uses both carbon and

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[46] Conference transcript, p. 173 (Miller); petitioner's postconference brief, exh. 17, pp. 1-3; and hearing transcript, pp. 155-156 (Haas).

[47] Hearing transcript, pp. 28-30 (Oglesby), 144 (Courreges), 147-148 (Walker), and 155-156 (Haas). The technology is based on techniques used in the automotive industry and was invented in Japan in the 1970s. Conference transcript, p. 180 (Pike).

[48] Hearing transcript, p. 30 (Oglesby).

[49] Conference transcript, p. 171 (Pike) and petitioner's postconference brief, exh. 17, p. 2.

[50] Hearing transcript, p. 30 (Oglesby). Beveling the bolt holes is part of the disc-stamping process, described in further detail in the manufacturing process section below.

[51] Hearing transcript, pp. 155-6 (Haas).

[52] Petitioner's postconference brief, exh. 17, p. 1 and hearing transcript, p. 28 (Oglesby).

[53] Respondent Jingu's postconference brief, p. 27.

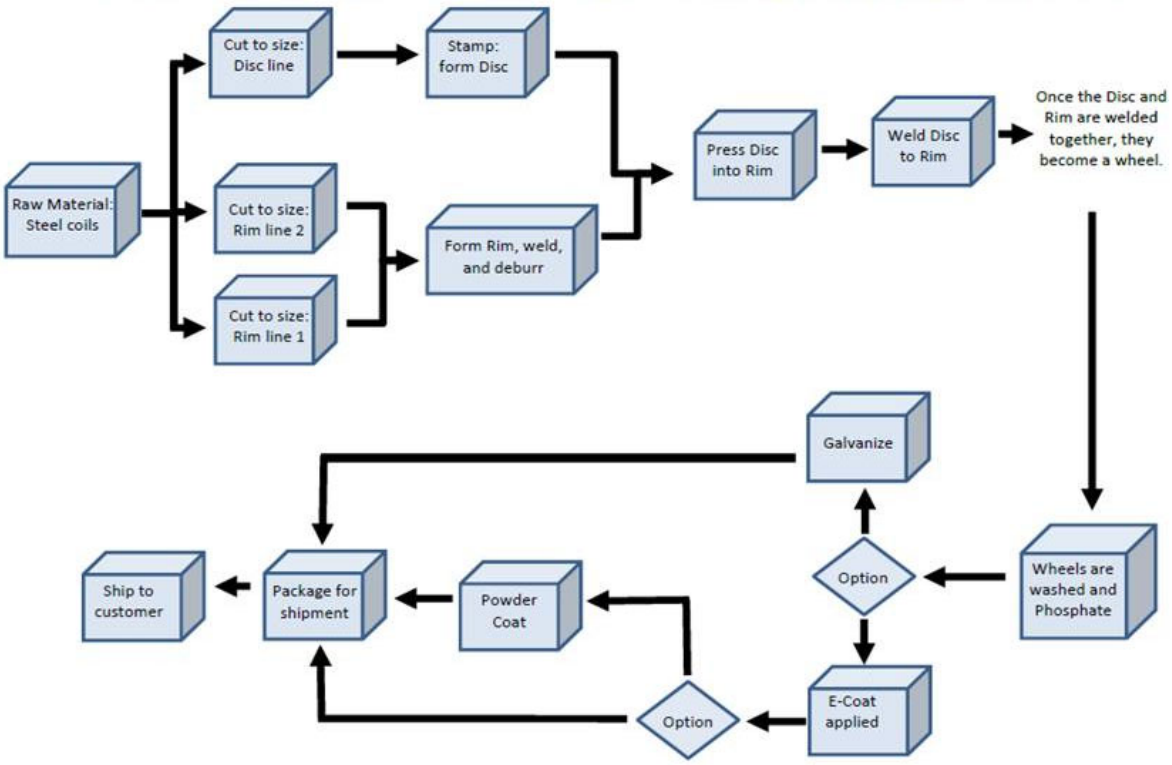
[54] Hearing transcript, pp. 133 (Stevens) and 148 (Walker).

[55] Petitioner's postconference brief, exh. 17, p. 1. In 2018, the *** of U.S. producers' U.S. shipments and the *** of U.S. importers' U.S. imports were stud-piloted trailer wheels with improved torque retention. U.S. producer questionnaire responses, question II-10b and U.S importer questionnaire responses, question II-8f.

[56] Trailer wheels made from aluminum are excluded from the scope. The petitioners contend that aluminum wheels are manufactured from different metal alloys at different production facilities using

(*continued*...)

Figure I-2:
Trailer wheels: Manufacturing process map



Source: Dexstar's hearing testimony and exhibits.

HSLA steel, whereas Chinese producer Jingu uses only HSLA steel.[57] The steel coil used in production is of a predetermined width and thickness based on the specifications of the wheel being made.[58]

For the rim, the coil is unwound and cut to length, then rounded and butt-welded together where the ends of the rounded steel meet. This forms the circular hoop or band of the wheel.[59] Rolling strands are then used to create the final shape of the rim; the geometry of the band profile determines the strength of the wheel and how much load the wheel can carry.[60] To create the disc, producers use a wider, thicker hot-rolled steel coil compared with the coil used for the rim. The disc is stamped and formed with a curved edge that allows it to be attached to

(…*continued*)
different production processes and employees. Aluminum trailer wheels are often as much as three times more expensive than steel wheels. Petition, p. I-13.

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

[58] Conference transcript, p. 86 (Oglesby) and hearing transcript, pp. 27-28 (Oglesby).

[59] Petition, p. I-11.

[60] Conference transcript, p. 29 (Oglesby).

the rim. A press stamps out the center bore, bolt holes, and any design holes.[61] For discs with beveled bolt holes, the bevel is created during this disc-stamping process.[62]

Once both the disc and the rim are completed, the two components are welded together to create the final wheel.[63] For trailer wheels used for transporting mobile homes, only the rim is used. Trailer wheel producers weld the final wheel at their production facilities.[64] Both U.S. and Chinese producers can produce 360 degree welds or weld any section where the disc and rim are joined.[65] Dexstar does not sell individual discs and only sells rims for mobile home use; assemblers in the United States are not known to weld discs to rims.[66] U.S. producers may purchase the disc and rim separately, rather than manufacture each, and weld the components together into the finished wheel. ***.[67]

After the components are attached (or the individual rim is formed, if produced for mobile home use), the wheel is cleaned and producers apply an e-coat, or cationic electro-deposited primer base paint coat, to the wheels. The wheels are then either coated with a polyester powder paint (which allows producers to color the wheels) or galvanized for added corrosion protection.[68] Both U.S. and Chinese producers follow the same e-coating and painting or galvanizing process.[69] Dexstar's extended corrosion-resistance painting process called Galvstar™ includes both e-coat galvanizing and painting steps.[70]

For galvanized wheels, U.S. producer Dexstar has a tolling agreement with a company in Tennessee that applies the galvanizing finish by hot-dipping the wheels in molten zinc then returns the wheel to Dexstar for sale.[71] Dexstar also has a tolling agreement with another company for trailer wheels finished with a PVD coating.[72] PVD-finished trailer wheels have two coats of paint (like other powder-paint finishes) with a fine film of metal, such as chrome, applied between the coats to give the metallic appearance.[73] After painting, the wheels go

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[61] Petition, p. I-11 and hearing transcript, p. 28 (Oglesby).

[62] Petitioner's postconference brief, exh. 17, p. 2.

[63] A carbon steel component can be welded to HSLA steel component but typically the same type of steel is used in both pieces of the wheel. Conference transcript, p. 87 (Oglesby).

[64] American Wheel Company also specifies welding components together on its webpage. American Wheel Corporation, "Company Info," undated, http://www.american-wheel.com/about.htm, retrieved June 3, 2019.

[65] Hearing transcript, pp. 28-29 (Oglesby).

[66] Petitioner's postconference brief, exh. 5, p. 1.

[67] Petitioner's postconference brief, exh. 5, p. 1.

[68] Conference transcript, pp. 91-92 (Sampson). Galvanized trailer wheels are typically used in corrosive environments, such as the marine industry or northern locations where snow-salt is commonly used on roads. Hearing transcript, pp. 39-40 (Starner), 90 (Stewart), and 191 (Kao).

[69] Conference transcript, p. 175 (Jin).

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

[71] Conference transcript, p. 30 (Oglesby).

[72] Hearing transcript, p. 31 (Oglesby).

[73] Petitioner's prehearing brief, p. 17.

through an oven process to cure the paint onto the wheel.[74] The wheels are then ready for shipment or assembly.

The production process at Dexstar is highly automated, including automated equipment, welding, and painting.[75] Trailer wheel production in China, however, relies on manual production lines.[76] Production time for Jingu is approximately 17 days from receiving the raw material through packaging the wheels for shipment.[77]

DOMESTIC LIKE PRODUCT ISSUES

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

The petitioner proposed that the Commission should find a single domestic like product, co-extensive with the scope of the investigations.[78] Following application of a semi-finished product analysis, the Commission in the preliminary phase found a single domestic like product consisting of steel trailer wheels and rims for towable mobile homes, coextensive with the scope.[79] No party contested this semi-finished product analysis in its comments on the draft final phase questionnaires.

Respondent Jingu requested in its comments on the Commission's draft final phase questionnaires that the Commission collect like product data with respect to galvanized trailer wheels, noting that in the preliminary phase several parties submitted information indicating that galvanized steel wheels and other types of subject wheels have different characteristics and uses; different manufacturing processes; different customer and producer perceptions; and different prices.[80]

Table I-3 presents a summary of U.S. producers' and galvanizer's, importers', and purchasers' responses on the comparability of galvanized versus non-galvanized trailer wheels. Appendix E provides U.S. producers' and galvanizer's, importers', and purchasers' full narrative responses to the questions on the comparability of these products.

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[74] Conference transcript, p. 92 (Sampson).

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

[76] Conference transcript, p. 169 (Jin).

[77] Respondent Jingu's postconference brief, p. 21 and exh. 7.

[78] Petitioner's postconference brief, p. 8. The petitioner also proposed a single domestic like product in these final phase investigations. Petitioner's prehearing brief, pp. 20-21.

[79] *Steel Trailer Wheels from China, Inv. Nos. 701-TA-609 and 731-TA-1421 (Preliminary),* USITC Publication 4830, October 2018, p. 9.

[80] Respondent Jingu's Comments on Draft Questionnaires, p. 8. Jingu argues in these final phase investigations that the Commission should find that galvanized trailer wheels are a separate like product. Respondent Jingu's prehearing brief, pp. 1-9.

Table I-3
Trailer wheels: Comparability between galvanized vs. non-galvanized steel wheels, U.S. producers and galvanizers, U.S. importers, and U.S. purchasers

	Count of firms indicating			
Item	**F**	**M**	**S**	**N**
U.S. producers and galvanizers.-- Galvanized vs. Non-Galvanized: Physical characteristics	1	---	1	1
Galvanized vs. Non-Galvanized: Interchangeability	1	1	---	1
Galvanized vs. Non-Galvanized: Manufacturing	1	---	---	1
Galvanized vs. Non-Galvanized: Channels	1	---	---	1
Galvanized vs. Non-Galvanized: Perceptions	1	---	1	1
Galvanized vs. Non-Galvanized: Price	1	---	1	1
U.S. importers.-- Galvanized vs. Non-Galvanized: Physical characteristics	4	4	1	8
Galvanized vs. Non-Galvanized: Interchangeability	6	2	2	7
Galvanized vs. Non-Galvanized: Manufacturing	5	3	4	4
Galvanized vs. Non-Galvanized: Channels	9	---	4	2
Galvanized vs. Non-Galvanized: Perceptions	5	2	1	9
Galvanized vs. Non-Galvanized: Price	6	2	2	7
U.S. purchasers.-- Galvanized vs. Non-Galvanized: Physical characteristics	3	2	3	6
Galvanized vs. Non-Galvanized: Interchangeability	3	1	3	5
Galvanized vs. Non-Galvanized: Manufacturing	4	---	1	2
Galvanized vs. Non-Galvanized: Channels	7	2	3	2
Galvanized vs. Non-Galvanized: Perceptions	4	1	2	5
Galvanized vs. Non-Galvanized: Price	3	---	2	7

[1] Comparability ratings included:

F – Fully comparable or the same, i.e., have no differentiation
M – Mostly comparable or similar
S – Somewhat comparable or similar
N – Never or not-at-all comparable or similar

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

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

U.S. MARKET CHARACTERISTICS

Trailer wheels are used in cargo/utility trailers (including horse, livestock, boat, open, and enclosed trailers), towable recreational vehicle trailers (such as conventional travel trailers, fifth-wheel trailers, and folding camping trailers), and towable mobile homes.[1] Rims without the center disc, which are single-use items used to transport manufactured houses to their final destination, are also included in the scope.[2] There are two segments of the trailer wheels market: assembly and original equipment manufacturing ("OEM"), and the aftermarket.[3] Assemblers mount and inflate a tire on the wheel, and then sell the assembly to OEMs. Aftermarket trailer wheels are also sold to distributors, retailers, and/or online sellers as either assembled wheels or unmounted trailer wheels.[4] The same types of trailer wheels are sold both to OEMs and the aftermarket.[5] Approximately 70 percent of trailer wheels are sold to OEMs/assemblers with the remaining 30 percent sold to the aftermarket.[6]

The domestic market for trailer wheels is comprised of three known U.S. producers (***), *** known U.S. tollers, importers of subject product from China, and nonsubject imports. U.S. producer Dexstar is related to three other firms involved in the trailer wheels market, including importers ***, and ***.[7] Subject imports represented the majority of apparent U.S. consumption during January 2016-March 2019.[8] Apparent U.S. consumption of trailer wheels increased from 2016 to 2018. Overall, apparent U.S. consumption in 2018 was *** percent higher than in 2016, but was *** percent lower during January-March 2019 compared with January-March 2018.

Most firms (*** and 16 of 17 importers) reported that there have not been significant changes with respect to the product range, product mix, or marketing of trailer wheels since January 2016. Among the firms reporting changes, *** reported ***, and *** reported that demand for trailer wheels with higher load capacities has increased and that more raw materials are used to produce such wheels. Most U.S. producers and importers indicated that the section 232 investigation on imported steel products has resulted in an increase in the cost of the raw materials used to produce trailer wheels (hot-rolled steel) as well as the price of trailer wheels.[9]

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[1] Petition, p. 10.

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

[3] Petition, p. 7; Conference transcript, p. 108 (Miller).

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

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

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

[7] For an organizational structure of Dexstar and its related companies, see *Part III*, Figure III-1.

[8] For more on the market shares U.S. producers, subject imports, and nonsubject imports, see *Appendix C*.

[9] For more on the impact of the section 232 steel investigation and tariffs, please see *Parts I and V*.

Impact of Section 301 investigation and tariffs[10]

Firms were also asked if the announcement in March 2018 and initial implementation of tariff remedies in the section 301 investigation on Chinese trade practices had impacted or would impact their firm's trailer wheels business and/or the U.S. trailer wheels market as a whole. ***, 14 of 16 importers, and 18 of 21 purchasers reported that the section 301 investigation and tariffs had impacted their firm or the overall market. U.S. producer *** noted that the 10 percent duty on trailer wheels from China was not implemented until late September 2018.[11] Importer *** stated that the duty increase from 10 to 25 percent (which was slated to go into effect on June 15, 2019) will cause economic harm to the company and its customers. Purchaser *** reported that it had already seen a decline of 30 percent in its sales.

Regarding the specific impact of the 301 investigation and tariffs, most firms reported that it had no impact on the overall demand for trailer wheels in the U.S. market, but that the price of trailer wheels in the U.S. had increased as a result (table II-1).

Table II-1
Impact of the section 301 investigation and tariffs: U.S. producers', importers', and purchasers' responses regarding the impact of the section 301 investigation and tariffs in the U.S. market, by number of responding firms

	Overall demand for trailer wheels				Prices for trailer wheels			
Firm type	Increase	No change	Decrease	Fluctuate	Increase	No change	Decrease	Fluctuate
U.S. producers/ tollers	***	***	***	***	***	***	***	***
Importers	2	8	2	4	11	3	---	2
Purchasers	2	14	3	2	17	2	0	1

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

As shown in table II-1, (***, 8 of 15 importers, and 14 of 21 purchasers) reported that the section 301 investigation and tariffs did not impact overall demand for trailer wheels in the U.S. market.[12] ***, two importers, and two purchasers reported that overall demand had increased due to the 301 investigation. Two importers and three purchasers reported that demand for trailer wheels had decreased due to the 301 investigation and tariffs, with *** reporting that it expects demand to decrease "until a stable source of supply within the United States becomes available," and *** reporting a 15 percent decrease in its business in 2019. Four importers and 2 purchasers indicated that demand had fluctuated. Most firms (***, 11 of

[10] For more on the Section 301 proceeding, please see *Part I*.

[11] Dexstar also argues that while some or all of the effect of the 301 duties may have been passed on to customers, devaluations in the yuan may have offset the effects of these duties.

[12] *** commented that the section 301 duties have not affected demand for trailer wheels because the wheels represent a low percentage of the overall value of trailers. See also "End uses and cost share" later in this chapter.

16 importers, and 17 of 20 purchasers) reported that the price of trailer wheels in the U.S. had increased as a result of the 301 investigation and tariffs.[13] ***, 3 importers, and 2 purchasers reported that the price of trailer wheels did not change as a result of the 301 investigation and tariffs, while 2 importers and 1 purchaser indicated that it fluctuated.

U.S. PURCHASERS

The Commission received 22 usable questionnaire responses from firms that had purchased trailer wheels during January 2016-March 2019.[14] [15] For firms that purchased non-galvanized trailer wheels, 11 responding purchasers are distributors, 10 are assemblers, 6 are original equipment manufacturers ("OEMs"), and 2 are retailers.[16] For firms that purchased galvanized trailer wheels, 9 responding purchasers are distributors, 6 are assemblers, 1 is an OEM, and 1 is a retailer. In general, most responding U.S. purchasers were located in the Midwest region of the United States (13 firms), with 6 located in the Southeast region, and one each located in the Northeast, Central Southwest, and Pacific Coast regions.[17] Responding purchasers represented firms involved in trailer manufacturing, mobile home manufacturing, modular home manufacturing, and original equipment manufacturing ("OEM"), as well as general transportation, distribution, retail, repair, servicing, wholesaling, and dealing (in wheels, assemblies, trailers, and other equipment). The largest purchasers of non-galvanized trailer wheels in 2018 were ***.[18] [19] These firms accounted for, respectively, *** of all reported

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[13] Petitioner Dexstar argues that the devaluation of the Chinese yuan since early 2018 attenuated the effect of the section 301 tariff's on the price of trailer wheels. Petitioner's prehearing brief, pp. 64-65, Exh. 11. See also "Exchange rates" in Part V.

[14] Of the 22 responding purchasers, 15 purchased domestically-produced trailer wheels, 19 purchased imports of the trailer wheels from China, and 6 purchased imports of trailer wheels from nonsubject sources. Three firms also reported purchasing trailer wheels from unknown sources.

[15] Three firms appeared at the hearing that did not submit purchaser questionnaires in time for inclusion in this report. These firms were ***.

[16] Eleven firms reported purchasing both non-galvanized and galvanized trailer wheels. Ten firms reported purchasing non-galvanized trailer wheels exclusively, while no firms reported purchasing galvanized trailer wheels exclusively.

[17] No responding purchasers were located in the Mountain region.

[18] At the hearing, Tredit testified that it is the largest tire and wheel assembler in the United States, "distributing over 3 million units per year {and} eclipsing over $200 million in revenue." Hearing transcript, p. 129 (Pike).

[19] U.S. producer/importer Dexstar and importers/purchasers Americana Tire & Wheel ("Americana"), Martin Wheel ("Martin"), and Monitor Manufacturing ("Monitor") are divisions within Americana Development, Inc. Importers Americana, Martin, and Monitor are assemblers which purchase trailer wheels from Dexstar as well as import trailer wheels from China and other countries. Conference transcript, p. 17 (Pizzola). Please see Part III for further information on these related divisions.
***.

purchases and imports of non-galvanized trailer wheels in 2018.[20] The largest purchasers of galvanized trailer wheels in 2018 were ***, which accounted for *** of reported purchases and imports of galvanized trailer wheels in 2018.

CHANNELS OF DISTRIBUTION

U.S. producers and importers both sold mainly to OEMs/assemblers, as opposed to the aftermarket (table II-2). The share of *** from 2016 to 2018, while the share of importers' sales to OEMs/assemblers decreased during this time. Importers also sold nonsubject product mostly to OEMs/assemblers during 2016-18, and the share of these firms' sales to OEMs/assemblers increased during this time.[21]

Table II-2
Trailer wheels: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2016-March 2019

* * * * * * *

GEOGRAPHIC DISTRIBUTION

*** reported selling trailer wheels to ***, while *** reported selling to *** (table II-3). Most importers reported selling to all regions in the contiguous United States. For U.S. producers/tollers, *** percent of their sales were within 100 miles of their production facilities, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 56.5 percent within 100 miles of their U.S. points of shipment, 35.4 percent between 101 and 1,000 miles, and 8.1 percent over 1,000 miles.

[20] While *** did not submit a completed questionnaire, it did report its total purchases for 2016-18. It reported purchasing ***.

[21] Respondent Trans Texas Tire ("Trans Texas") argues that the separation of channels by OEMs, assemblers, and the aftermarket in the preliminary phase of this investigation shows that Dexstar sold "***" to it domestic assemblers (including Americana, Martin, and Monitor). By combining OEMs and assemblers in the channels of distribution data during this final phase, however, the level of attenuation of competition between Dexstar and importers is obscured. Respondent Trans Texas' prehearing brief, pp. 3-5. At the hearing, Dexstar testified that its major direct customers are tire and wheel assemblers, and that Americana, Martin, and Monitor all buy wheels from Dexstar as well as import wheels. Hearing transcript, pp. 18-19 (Pizzola). While Trans Texas argues that "the locus of competition… is downstream at the assembler stage," the petitioner argues that it competes for assemblers' business along with imports. Hearing transcript, pp. 211-213 (Kahn, Schutzman, Walker); Petitioner's posthearing brief, Answers to Commissioners' Questions, no. 16.

Table II-3
Trailer wheels: Geographic market areas in the United States served by U.S. producers/tollers and importers

Region	U.S. producers/tollers	Importers
Northeast	***	13
Midwest	***	15
Southeast	***	14
Central Southwest	***	16
Mountain	***	14
Pacific Coast	***	14
Other[1]	***	5
All regions (except Other)	***	13
Reporting firms	3	17

[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-4 provides a summary of the supply factors regarding trailer wheels from U.S. producers and from China. Chinese production capacity for trailer wheels is more than three times the production capacity in the United States; Chinese capacity utilization increased during 2016-18, while domestic capacity utilization decreased.

Table II-4
Trailer wheels: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (1000s of pounds)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2018 (percent)		Able to shift to alternate products
Country	2016	2018	2016	2018	2016	2018	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	3 of 4

Note.--Dexstar and Carlstar, the only two firms reporting production data, accounted for virtually all of U.S. production of trailer wheels in 2018. Responding foreign producer/exporter firms accounted for more than 75 percent of U.S. imports of trailer wheels from China during 2018. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, 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 have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced trailer wheels to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of large amounts of unused capacity, some availability of inventories, and the ability to shift production from alternate products. Factors mitigating this degree of supply responsiveness include limited overall capacity and the inability to shift shipments from alternate markets.

U.S. producers' capacity utilization decreased by *** percentage points between 2016 and 2018 as a result of a *** percent decrease in production. This relatively low level of capacity utilization suggests that U.S. producers have substantial ability to increase production of trailer wheels in response to an increase in prices. U.S. producers' inventories ranged from *** of total shipments; *** reported that the majority of its commercial shipments ***. U.S. producers ***. Dexstar stated that ***. Dexstar reported that the factors affecting its ability to shift production include ***. Dexstar reported ***. At the hearing, Dexstar testified that a fire damaged a significant piece of equipment on its rim line sometime between December 2018 and the first quarter of 2019, temporarily delaying some production and hampering shipments.[22]

Subject imports from China

Based on available information, producers of trailer wheels in China have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of trailer wheels to the U.S. market.[23] The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to shift production from alternate products. Factors mitigating this degree of supply responsiveness are the limited availability of inventories and a limited ability to shift shipments from alternate markets.[24]

Chinese producers' capacity utilization increased by *** percentage points from 2016 to 2018 due to a larger reported increase in production (*** percent) than the reported increase

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[22] Hearing transcript, pp. 21-22 (Pizzola), 86-87 (Pickard), and 103 (Oglesby). See also Petitioner's posthearing brief, Answers to Commissioners' Question no. 9.

[23] Petitioner argues that "the responses from foreign producers in {this} final phase do not reflect the size of the full industry in China." Petitioner's prehearing brief, pp. 54-56, Exh. 4.

[24] On February 15, 2019, the European Commission initiated an antidumping investigation on imports of steel road wheels from China, "including steel road wheels designed for trailers." Hearing transcript, p. 207 (Kao); Respondent Jingu's posthearing brief, Att. 1 (Answers to Commissioners' Questions), pp. 17-18, and Exh. 2. According to the European Commission website, "definitive measures" are expected on March 13, 2020. See European Commission Website, Case AD652 – Steel road wheels, available at http://trade.ec.europa.eu/tdi/case_details.cfm?id=2383, retrieved July 16, 2019. See also Part VII for more on AD/CVD orders in third-country markets.

in capacity (*** percent). Chinese producers' inventories as a ratio to total shipments was ***, ranging from *** to ***. Chinese producers reported *** amounts of home market shipments during 2016-18, but increased shipments to non-U.S. export markets by *** percent during this time; non-U.S. market shipments remained *** during 2016-18. Three of the four responding Chinese producers reported that they could switch production from passenger vehicle and truck wheels, agricultural vehicle wheels, off-road vehicle wheels, golf cart wheels, and mini-truck wheels to trailer wheels.

Imports from nonsubject sources

Imports from nonsubject sources accounted for five percent or less of total reported U.S. imports during 2016-2018, but *** of reported imports during January-March 2019. According to official import statistics, Korea was the largest nonsubject import source in 2018. Importers reported their nonsubject sources as Korea, Taiwan, and Thailand (two firms each), and Vietnam (one firm). Tredit and Trans Texas both testified that they have increased their purchases of nonsubject product since the preliminary duties; Tredit increased purchases from Korea, Taiwan, Thailand, and Vietnam, and Trans Texas increased purchases from India, Korea, and Vietnam, and stated that it had "samples inbound from Latin America" at the hearing.[25] Dexstar states that two of the major Chinese producers, Jingu and Sunrise, have operations in Thailand (Jingu) and Vietnam (Sunrise).[26]

Supply constraints

*** and 4 of 17 importers reported that they had refused, declined, or been unable to supply trailer wheels since January 1, 2016, and half of the responding purchasers (11 of the 22 firms) reported experiencing supply constraints. Among importers, one firm (***) reported that domestic producers didn't have enough capacity to supply them and one firm (***) reported that Dexstar refused to supply them, forcing them to seek imported trailer wheels. One importer reported experiencing long lead times and unanticipated sales, one reported slowdowns in the *** port system, and one reported longer lead times and supply limitations due to the preliminary AD/CVD duties that led to imported trailer wheel supply shortages.

Among purchasers, 11 firms reported supply constraints from U.S. producers, with 8 specifically naming Dexstar as having supply problems. Specifically, two firms (***) reported that domestic producers do not have additional capacity to produce wheels; three firms (***) reported that U.S. producers had refused orders or declined to build requested products; five firms (***) reported domestic delivery delays, with *** specifying that "{Dexstar's} on-time

[25] Hearing transcript, pp. 165-166 (Pike, Walker).

[26] Petitioner's posthearing brief, Answers to Commissioners' Question no. 8.

delivery has been 37 percent;" and three firms (***) reported general supply issues such as insufficient order quantities available from domestic producers.[27] [28]

Two purchasers also reported experiencing supply constraints with imported Chinese trailer wheels, with *** stating that *** have struggled to maintain their supply of Chinese product due to the preliminary AD/CVD duties, and *** reporting that Jingu (China) refused to ship to the firm.

New suppliers

Six of the 22 purchasers indicated that new suppliers entered the U.S. market since January 1, 2016. *** stated that its supplier (***) began purchasing from unknown factories in Vietnam and Korea. *** reported that Jingu (Thailand) and Sunrise (Vietnam) had entered the market, and *** reported that "in China this changes and happens frequently." Dexstar testified that it was aware that Americana had "moved to a producer in Korea," and that Jingu (China) has started shipping trail tire and wheels from Thailand, and that it was aware of a manufacturing facility in Vietnam called Sunrise Wheel.[29]

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[27] Respondent Tredit stated that it experienced several instances of quality problems with Dexstar's product, including "split rims, unacceptable butt weldings, multiple instances of incorrect valve hole placement… insufficient or missing wheel marking stampings together with multiple instances of value holes through legally required markings… commercially unacceptable bubbling paint, wheels with non-matching colors and, most alarmingly, wheels shipped which had *no center welds* {emphasis in original}." It also stated that "Dexstar has failed to deliver wheels in a timely and predicable manner," providing examples of correspondence and specific deliveries for which it experienced delays. Respondent Tredit's prehearing brief, pp. 4-5 and 8-9, and Exhs. 1, 2, 5, 6, 9, and 10. See also Respondent Tredit's posthearing brief, pp. 5-8. Trans Texas also testified that it experienced delivery delays, with "order confirmations taking between 22 and 27 days." Hearing transcript, p. 158 (Hilton). See also Trans Texas' posthearing brief, pp. 5-7.

[28] In response to claims regarding supply problems, Dexstar testified that since the fire in late 2018/early 2019 it has "been working with a number of major unrelated assemblers to provide them volume;" that it sold to *** unrelated assemblers ***; that "there is no requirement that a domestic producer be able to supply some level of the market to qualify for relief from unfairly traded imports;" that Dexstar did not stop selling mobile home rims, but "decided to stop matching import prices;" that it has a defect rate of below *** percent; that it offers the same features as imported product from China (including torque retention, 360-degree welding, "beveled bolt holes with a 60 degree taper… and masking of the bolt holes"); and that it "has always been viewed as having good quality and our service levels have equaled or been superior to offshore service levels as far as we know." Hearing transcript, pp. 21-22 (Pizzola), 28-32 (Oglesby), 86-87 (Pickard), and 103 (Oglesby); Petitioner's prehearing brief, pp. 101-112, Exhs. 12, 13, 17, 20, 22, 23, 26, and 27; Petitioner's posthearing brief, Exh. 5, and Answers to Commissioners' Question nos. 9 and 12.

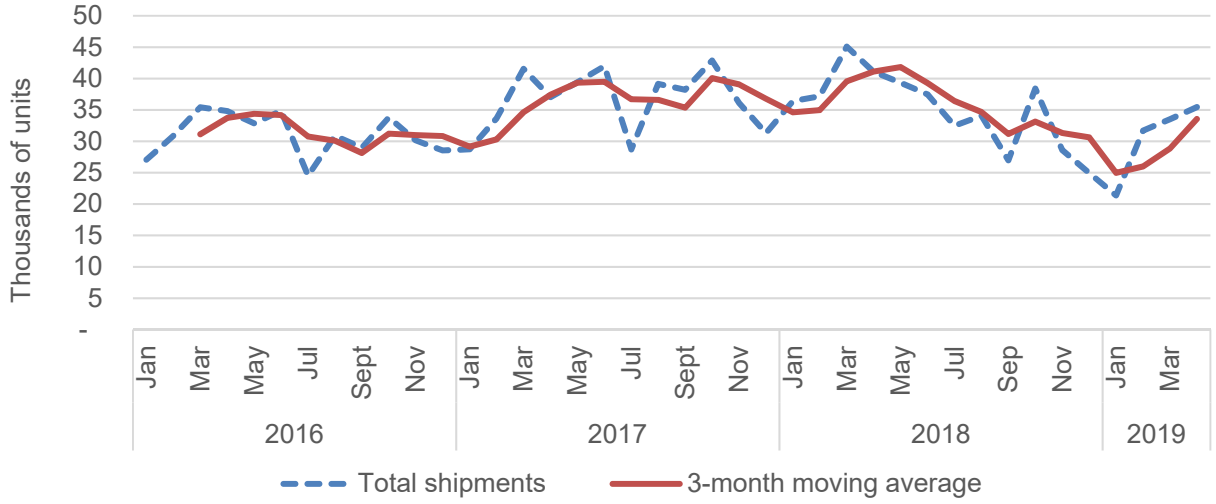
[29] Hearing transcript, p. 100 (Pizzola).

U.S. demand

Based on available information, the overall demand for trailer wheels is likely to experience small changes in response to changes in price. The main contributing factors are the somewhat limited range of substitute products and the small cost share of trailer wheels in most final end-use products. In the OEM market, U.S. demand for trailer wheels is driven mainly by demand for U.S.-produced towable RV trailers and other towable trailers (including horse trailers, boat trailers, recreational trailers and towable mobile homes). In the aftermarket, demand is based on the replacement needs for these types of trailer wheels.[30]

Most firms reported that the trailer wheels market was subject to seasonal variations, with higher demand in the spring and summer and lower during winter. According to the RV Industry Association, the demand trend for towable trailers showed a general increase from the beginning of 2016 to the beginning of 2018, then a decrease between March 2018 and January 2019, followed by an increase since January 2019. Sales of travel trailers, fifth-wheel travel trailers, and folding camping trailers increased from 27,062 units in January 2016 to 33,515 units in March 2019, an increase of 23.8 percent (figure II-1).

Figure II-1
Travel trailers: Shipments of travel trailers, fifth-wheel travel trailers, and folding camping trailers to retailers, monthly, January 2016-April 2019[1]



Note.--Monthly data for 2016 provided in 2017 monthly reports.

[1] April 2019 is the latest month for which data were available.

Source: RV Industry Association, Market Reports, January 2017 to April 2019. Available at https://www.rvia.org/news-insights/rv-shipments-april-2019, accessed July 16, 2019.

[30] In the OEM market segment, trailer wheels are typically sold to assemblers (see table II-2), which then mount and inflate the tires and sell the assembled unit to OEM producers of trailers and towable RVs. Petitioner's prehearing brief, pp. 48-49.

Data gathered by ***[31] show that registrations[32] of *** increased *** from 2016 to 2018 (figure II-2).

Figure II-2
Trailer registrations: *, 2016-18**

* * * * * * *

End uses and cost share

Reported end uses for trailer wheels include various trailers (including multi-purpose trailers, cargo trailers, equipment trailers, recreational trailers, and boat trailers), RVs, mobile homes (also known as "manufactured housing" or "manufactured homes"), and assembled wheels. Trailer wheels typically account for a small share of the cost of a finished RV or mobile home, a moderate to large share of the cost of a trailer wheel assembly, and a large share of the cost of an unassembled trailer wheel. Reported cost shares for various end uses were as follows:

- RVs and mobile homes – 1 percent or less[33]
- Various trailer types – less than 1 percent to 9 percent[34]
- Trailer wheel assemblies – 29 to 45 percent
- Mobile home tire assemblies – 35 to 70 percent[35]
- Loose wheels, with or without stems – 97 to 100 percent

Galvanized wheels are typically used in marine applications, such as in boat trailers, where extended exposure to water or saltwater require rust resistance.

Business cycles

***, 9 of 17 importers, and 15 of 22 purchasers indicated that the market was subject to business cycles. As detailed above, most firms reported that the market was subject to seasonal

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[31] ***.

[32] Registrations include ***. ***.

[33] Petitioner argues that the cost share for trailer wheels in most towable RVs is "less than 1 percent of the cost of the vehicle." Petitioner's prehearing brief, p. 61.

[34] Petitioner argues that the cost share for trailer wheels "for some trailers… may be between 2-3 percent of the cost of the trailer." Petitioner's prehearing brief, p. 61.

[35] As discussed in Part I, mobile home wheels are rims without a disc, and according to Dexstar are generally intended as single-use items. Trans Texas argues, however, that "such rims are used over and over for a period of five to ten years." Trans Texas' posthearing brief, p. 10; hearing transcript, p. 32 (Oglesby).

variations, with higher demand in the spring and summer and lower during winter. One importer and two purchasers reported that there were distinct conditions of competition in the trailer wheels market, with *** highlighting the availability of refurbished vs. new trailer wheels.

***, 2 of 10 importers, and 7 of 18 purchasers reported that there have been changes in the business cycles or conditions of competition for trailer wheels since January 1, 2016. *** reported a reduction in demand compared to previous years, and *** reported that there are limited domestic producers of 14.5 x 6 inch mobile home wheels. Purchaser *** reported an increase in the role of distributors that import themselves, purchaser *** highlighted the unpredictability of weather for agricultural users, and *** cited the Chinese holiday production schedule and volatility in demand for specific sizes as changes in the business cycles or conditions of competition.

Demand trends

Most firms reported an increase in U.S. demand for trailer wheels since January 1, 2016 (table II-5). Most of the firms reporting an increase cited increased demand for trailers, towable RVs, and mobile homes, as well as general economic growth.

Table II-5
Trailer wheels: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers/tollers	***	***	***	***
Importers	11	1	1	3
Purchasers	16	2	1	1
Demand outside the United States				
U.S. producers/tollers	***	***	***	***
Importers	9	1	1	1
Purchasers	5	6	---	1

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

Most responding purchasers reported that demand for their end-use products had increased as well, with 11 firms reporting an increase, and 3 each reporting fluctuating and unchanging demand. No purchaser reported a decrease in demand for its end-use products that utilize trailer wheels.

Among the firms reporting a decrease in U.S. demand, *** reported a decrease in demand for hot-dipped galvanized wheels in 2017 and 2018, importer *** reported a decrease in demand for trailer tires, and purchaser *** reported that demand increased in 2018 but since the implementation of the preliminary AD/CVD duties, the demand for its product has decreased.

Substitute products

Most firms (***, 9 of 12 importers, and 16 of 21 purchasers) reported that there were no substitutes for steel trailer wheels. For the firms that did report possible substitutes, all named aluminum wheels, but several indicated that the price of aluminum wheels is two- to three-times higher than the price of steel trailer wheels and does not impact the price of steel trailer wheels.[36] *** also reported chrome wheels as a possible substitute, but indicated that they are higher priced as well, and therefore not impactful on the price of steel trailer wheels.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported trailer wheels depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is moderate-to-high degree of substitutability between domestically produced trailer wheels and trailer wheels imported from China. While most domestic and Chinese trailer wheels appear to be highly substitutable, several firms reported supply limitations, delivery problems, and quality issues with domestic product, as detailed below.

Lead times

*** most importers reported selling trailer wheels from inventory. U.S. producers/tollers reported that *** percent of their product is produced-to-order with an average lead time of *** days, while the remaining *** percent is sold from inventory with a lead time of *** days. Importers reported that 87.4 percent of their commercial shipments were sold from inventory, with lead times averaging 6 days, while the remaining 12.6 percent of their commercial shipments were produced-to-order, with lead times averaging 14 days. No importer reported selling from a foreign manufacturer's inventory.

Knowledge of country sources

Sixteen purchasers indicated they had marketing/pricing knowledge of domestic trailer wheels, 18 of Chinese trailer wheels, and 5 of trailer wheels from nonsubject countries.[37]

As shown in table II-6, purchasers' responses regarding their purchasing decisions based on producer or country of origin were mixed, though most reported that they either "sometimes" or "never" made purchasing decisions based on the producer or country of origin. Of the eight purchasers that reported that they "always" make decisions based on the

[36] See also hearing transcript, p. 206 (Haas).

[37] Two purchasers each reported having marketing/pricing knowledge of product from Korea and Taiwan, and one reported having knowledge of product from Thailand.

manufacturer, four offered explanations, with two of them referencing quality as a reason, two referencing availability, and one indicating that it "always buy{s} from known suppliers."[38]

All responding purchasers reported that their customers either "sometimes" or "never" make purchasing decisions based on producer or country of origin.

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

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	8	---	7	7
Purchaser's customers make decision based on producer	---	---	9	13
Purchaser makes decision based on country	4	3	6	9
Purchaser's customers make decision based on country	---	---	8	14

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 trailer wheels were price (19 firms), factors related to quality (14 firms), and availability (13 firms) (table II-7). Price was the most frequently cited first-most important factor (cited by 9 firms), followed by quality (8 firms); availability was the most frequently reported second-most important factor (7 firms), followed by on-time delivery (5 firms); and price was the most frequently reported third-most important factor (6 firms).

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

Factor	First	Second	Third	Total
Price	9	4	6	19
Quality	8	3	3	14
Availability	2	7	4	13
On-time delivery	1	5	---	6
Other[1]	5	2	5	12

[1] Other factors included range of suppliers' product line and traditional supplier (2 firms each), as well as ability to deliver to multiple locations, complete product line, credit, current supplier, length of contract, product characteristics, speed of filling orders, testing, warranty, and whether the wheels are shipped in a box or not (1 firm each).

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

A plurality of purchasers (9 of 22) reported that they "sometimes" purchase the lowest-priced product, with 6 reporting that they "usually" do, 5 reporting that they "always" do, and 2 reporting that they "never" do. Reasons reported for not purchasing the lowest-priced product

[38] Among these four purchasers, three purchase both domestic and subject imports, and one purchases exclusively imported product.

included quality (8 firms); availability (3 firms); known and/or trusted supplier, supply capabilities, and domestic refusal to supply (2 firms each); branding, lower price offerings for multiple product sizes, physical appearance, product shipped in boxes, timely delivery, and warranty (1 firm each).

Importance of specified purchase factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-8). The factors rated as very important by more than half of responding purchasers were availability (21 firms); price (20 firms); product consistency, quality meets industry standards, and reliability of supply (19 firms each); delivery time (18 firms); capacity availability (17 firms); and technical support/service (13 firms). The factors listed as not important by more than half of responding purchasers were minimum quantity requirements and packaging (12 firms each).

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

Factor	Very important	Somewhat important	Not important
Availability	21	1	---
Capacity availability	17	1	4
Delivery terms	10	9	3
Delivery time	18	4	---
Discounts offered	5	16	1
Location of supplier's warehouse	2	9	10
Minimum quantity requirements	2	7	12
Packaging	3	6	12
Payment terms	5	13	3
Price	20	2	---
Product consistency	19	3	---
Product range	8	7	7
Quality meets industry standards	19	2	---
Quality exceeds industry standards	9	8	5
Reliability of supply	19	2	1
Technical support/service	13	5	3
Torque performance	10	5	6
U.S. transportation costs	6	9	7

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

Supplier certification

Most responding purchasers (12 of 22 firms) require their suppliers to become certified or qualified to sell trailer wheels to their firm. Three purchasers reported the length of time to qualify a new supplier; one reported 30 days, one reported 30-40 days, and one reported that it "varies." For the firms requiring certification/qualification, the reported processes and factors involved were the following: additional insured status, DOT certification, engineering and quality group approval, inspected/approved samples, meets NHTSA standard, product liability

insurance, reputation/reliability of supplier, signed supplier agreement, and third-party certified test results and/or documentation. Only one purchaser reported that a domestic manufacturer had failed in its attempt to qualify trailer wheels, or had lost its approved status since 2016. *** reported that Dexstar's product did not meet NTHSA's revised threshold.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2016 (table II-9). As shown in the table, a plurality of purchasers reported increasing purchases of domestic product and a majority of purchasers reported increasing purchases of imported trailer wheels from China.

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

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	6	4	7	1	2
China	2	3	10	4	3
Nonsubject sources	6	1	4	1	2
Sources unknown	10	0	1	3	0

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

Reasons reported for increasing domestic purchases included: an increase in demand and sales, shorter domestic lead times, and a supplier of Chinese trailer wheels ceasing shipments due to the preliminary AD/CVD duties. Reasons for increasing purchases of Chinese trailer wheels included: an increase in demand and sales; a lack of availability of domestic product; a limited bolt pattern offering by Dexstar; an inability of Dexstar to meet demand; and a refusal by Dexstar to produce mobile home/manufactured housing wheels.

Some purchasers also indicated reasons for decreasing their purchases. Reasons reported for decreasing domestic purchases included: a need for product types that are not available from domestic producers and a refusal by Dexstar to produce mobile home/manufactured housing wheels. Reasons reported for decreasing purchases of Chinese trailer wheels included diversification of supply and "petitioner manipulation."

Most firms reported that they did not purchase trailer wheels imported from nonsubject sources. For the firms that did purchase nonsubject product, half reported increasing such purchases for reasons related to increased business, better delivery, diversification of foreign suppliers, the cessation of shipments from an unnamed Chinese producer, and the preliminary AD/CVD duties generally.

Twelve of 22 responding purchasers reported that they had changed suppliers since January 1, 2016. Specifically, firms added Aspect, China Wheel, Jingu (China), Henko (China), Chinese imports generally, Korea Wheel and another unnamed Korean producer, and "suppliers outside of China." Firms reported dropping Allied, Jingu (China), and Dexstar.

Importance of purchasing domestic product

All 21 responding purchasers reported that most or all of their purchases did not require purchasing U.S.-produced product (for 99.4 percent of these firms' estimated purchases). One purchaser reported that domestic product was required by law (for 0.1 percent of responding firms' estimated purchases), two reported that it was required by their customers (for 0.1 percent of responding firms' estimated purchases), and three reported other preferences for domestic product (for 0.5 percent of responding firms' estimated purchases). All purchasers which noted a preference for domestic product cited requirements for American-made product because they perceive it to be of higher quality.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing trailer wheels produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 18 factors, for which they were asked to rate the importance (table II-10). Either a majority or a plurality of purchasers reported that U.S. and Chinese trailer wheels were comparable on most factors. At least a plurality of purchasers reported that U.S. trailer wheels were inferior to those from China on availability, capacity availability, delivery terms, delivery time, price, and reliability of supply. A plurality of purchasers reported that the U.S. was superior to China for only one factor: location of the supplier's warehouse. Most purchasers reported that U.S. and nonsubject trailer wheels were comparable on most factors, and most purchasers reported that Chinese and nonsubject trailer wheels were comparable on most factors.

Table II-10
Trailer 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
Availability	3	5	12	3	5	3	5	7	---
Capacity availability	1	8	11	---	9	2	4	8	---
Delivery terms	5	5	8	---	7	3	5	7	---
Delivery time	6	5	9	4	3	4	5	8	---
Discounts offered	---	10	8	---	8	2	3	9	---
Location of supplier's warehouse	8	6	4	5	4	1	2	10	---
Minimum quantity requirements	5	10	4	4	6	---	2	10	---
Packaging	---	14	5	---	8	2	3	10	---
Payment terms	---	14	5	1	8	1	3	9	---
Price[1]	---	2	17	---	1	9	7	5	---
Product consistency	3	12	4	3	7	---	3	8	1
Product range	3	10	7	3	6	2	5	7	---
Quality meets industry standards	---	16	4	---	11	---	3	10	---
Quality exceeds industry standards	---	14	4	---	9	---	3	9	---
Reliability of supply	---	9	11	---	8	3	5	8	---
Technical support/service	5	11	4	4	6	1	3	10	---
Torque performance	3	11	5	---	9	1	3	6	3
U.S. transportation costs[1]	3	8	7	3	4	3	3	9	---

[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.

Of the eight factors that most purchasers rated as "very important," domestic product was rated as inferior for five of the factors and comparable for the remaining three factors. For the sole factor in which the U.S. was rated as superior (location of supplier's warehouse), a plurality of purchasers rated it as "not important," while nine rated it as "somewhat important" and two rated it as "very important."

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

In order to determine whether U.S.-produced trailer wheels can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-11, *** responding U.S. producers and either a majority or a plurality of responding importers and purchasers reported that all trailer wheels were "always" interchangeable, regardless of source.

Table II-11
Trailer wheels: Interchangeability between trailer wheels produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				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	***	***	***	***	8	5	1	2	15	4	2	---
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	7	2	2	1	11	2	1	---
China vs. nonsubject	***	***	***	***	6	1	2	---	11	2	---	---

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

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

In additional comments, importer *** reported that non-galvanized wheels are never interchangeable with galvanized wheels when galvanized wheels are required (such as in marine applications), and Chinese producers offer a "wheel-to-stud attached design {with} improved torque retention," which domestic producers do not offer. *** reported that "none of the wheels produced at Dexstar… have improved torque retention," which limits their interchangeability with product that does.

As can be seen from table II-12, most responding purchasers reported that trailer wheels produced in the United States, China, and other countries always met minimum quality specifications.

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

Source	Always	Usually	Sometimes	Rarely or never
United States	13	4	2	---
China	12	8	---	---
All other sources	7	1	---	1

[1] Purchasers were asked how often domestically produced or imported trailer 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 trailer wheels from the United States, subject, or nonsubject countries. As seen in table II-13, *** at least a plurality of responding importers reported that differences other than price were "never" significant. Nearly as many importers indicated that differences other than price were "always" significant as indicated that they "never" were. Purchasers' responses also reflected this dichotomy, with 7 of 19 firms reporting that differences other than price were "never" significant when comparing U.S. and Chinese trailer wheels, and 7 reporting that they "always" were.

Table II-13
Trailer wheels: Significance of differences other than price between trailer wheels produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				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	3	6	7	3	2	7
Nonsubject countries comparisons:												
U.S. vs. nonsubject	***	***	***	***	1	1	2	5	4	1	2	6
China vs. nonsubject	***	***	***	***	1	---	2	5	3	1	3	6

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

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

Several importers provided additional comments highlighting the availability, production capacity, quality, product size range offerings, and transportation networks of Chinese trailer wheels compared to domestic trailer wheels as significant non-price factors. Among responding purchasers, availability, quality, and supply capability were highlighted as important non-price factors, with three purchasers identifying Chinese trailer wheels as superior to domestic trailer wheels in these factors. One purchaser reported that U.S. producers have an advantage in the availability of technical support "in real time."

ELASTICITY ESTIMATES

U.S. supply elasticity

The domestic supply elasticity[39] for trailer wheels measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of trailer 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 trailer wheels. Analysis of these factors above indicates that the U.S. industry has the ability to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 8 is suggested. While the reported supply capability among U.S. producers appears to be substantial, several firms reported an inability or refusal by U.S. producers to supply them and Dexstar's stated plans to increase its capacity by 50 percent may not be completed in a short time frame.[40]

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

[40] Petitioner agrees that a "high estimate of U.S. supply elasticity {is} reasonable," but argues that claims that Dexstar refused to supply certain importers is without merit. Petitioner's prehearing brief, pp. 60-61, 101-104, Exh. 13.

U.S. demand elasticity

The U.S. demand elasticity for trailer wheels measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of trailer 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 trailer wheels in the production of any downstream products. Based on the available information, the aggregate demand for trailer wheels is likely to be relatively inelastic; a range of -0.2 to -0.4 is suggested.[41]

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[42] 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 most types of U.S.-produced trailer wheels and imported trailer wheels is likely to be in the range of 2 to 5.[43] To the extent that domestic producers do not produce certain types of in-scope product, such as manufactured housing wheels, the degree of substitution elasticity for these products may be more limited.

[41] Petitioner agrees that "the small cost of trailer wheels relative to the vehicles which use such wheels supports a small negative U.S. demand elasticity." Petitioner's prehearing brief, p. 61.

[42] 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.

[43] Petitioners argue that "because the record shows that U.S. and Chinese wheels are seen as highly substitutable, the higher end of the substitution elasticity estimate is reasonable." Petitioner's prehearing brief, p. 61.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in Part I of this report and information on the volume and pricing of imports of the subject merchandise is presented in Part IV and Part V. Information on the other factors specified is presented in this section and/or Part VI and, except as noted, is based on the questionnaire responses of two firms, Dexstar and Carlstar, that accounted for the vast majority of U.S. production of trailer wheels during 2018.

U.S. PRODUCERS

The Commission issued a U.S. producers' questionnaire to three firms based on information contained in the petition and gathered in the preliminary phase. Two firms, Dexstar and Carlstar, provided usable data on their productive operations.[1] Staff believes that these responses represent the vast majority of U.S. production of trailer wheels.

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

Table III-1
Trailer wheels: U.S. producers of trailer wheels, their positions on the petition, production locations, and shares of reported production, 2018

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

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

[1] The only other producer of trailer wheels Dexstar identified in its petition is American Wheel Corporation, which in a letter of support for the petition indicated that it sold *** of towable-type trailer wheels in 2017. Petition, exh. I-2. This company was issued a U.S. producer's questionnaire but a response has not been submitted. In the preliminary phase of the investigations, the firm sent a letter to the Commission indicating that it could not complete the questionnaire and that it was withdrawing its support of the petition. Applying the reported industry average of *** pounds per whole trailer wheel (i.e., with no further attachments), American Wheel Corporation would be responsible for *** percent of U.S. shipments of trailer wheels in 2018.

Carlstar was not identified as a producer in the petition.

U.S. Producers' questionnaires were also sent to ***. However, *** returned a response. *** processing operations are presented separately in this part under the section titled *Production-related activities of the toller* and its trade data are presented in Appendix D.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of trailer wheels. As indicated in table III-2, ***. In addition, as discussed in greater detail below, both producers directly import the subject merchandise. Neither producer reported any purchases of the subject merchandise from U.S. importers.

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

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
Dexstar	American Kenda Rubber Ind. Co. Ltd	100 percent
Related importers/exporters:		
Dexstar	Americana Tire & Wheel	Division of Americana Development, Inc.
Dexstar	Monitor Manufacturing	Division of Americana Development, Inc.
Dexstar	Martin Wheel	Division of Americana Development, Inc.
Related producers:		
***	***	***.

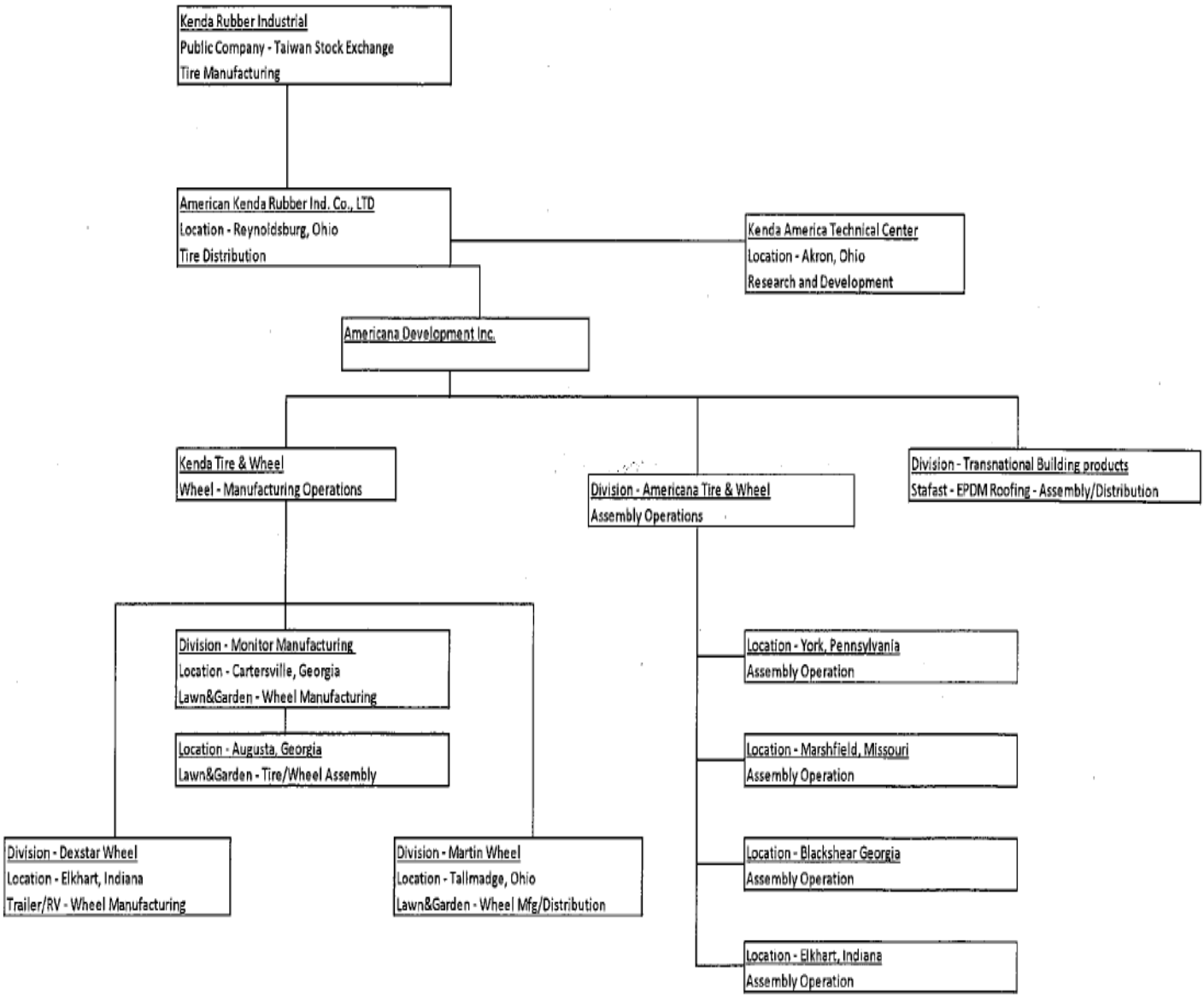
Source: Compiled from data submitted in response to Commission questionnaires.

Dexstar is related to three other firms who are involved in the market for trailer wheels.[2] All four firms are divisions in the same company, Americana Development Inc. ("ADI").[3] The parent company of ADI is American Kenda Rubber Industrial Co. Ltd., which itself is a subsidiary company of Taiwan-based Kenda Rubber International. A full organizational chart of Dexstar's related firms is presented in figure III-1.

[2] Of these four firms, Dexstar is the only firm to produce trailer wheels. Americana is an assembler which mounts tires on wheels for trailer and RV markets. Petitioner's posthearing brief, answer to question #3, p. 2, and hearing transcript, p. 94 (Pizzola). Martin is a manufacturer and distributor of lawn and garden and farm implementation equipment. Monitor is primarily a manufacturer of lawn and garden wheels, and it has mounted tires for wheels in low-speed applications (i.e., golf carts). Petitioner's posthearing brief, answer to question #3, p. 2, and hearing transcript, pp. 74-75 (Starner).

[3] ADI is one legal entity which ultimately houses Dexstar and its related firms (as well as other divisions that are not involved in the trailer wheels market). Hearing transcript, p. 72 (Pickard). Within ADI, Dexstar, Monitor, and Martin are part of Kenda Tire & Wheel, which covers wheel manufacturing. Hearing transcript, p. 73 (Pickard). Americana is an assembler which mounts tires onto trailer wheels, and is not a division under Kenda Tire & Wheel. See figure III-1 for a full organizational chart of Dexstar and its related firms.

Figure III-1
Dexstar and related companies: Organizational structure



Source: Petitioner's posthearing brief, answer to question #3, p. 2.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2016.

Table III-3
Trailer wheels: U.S. producers' reported changes in operations, since January 1, 2016

* * * * * * *

Production-related activities of the toller

Dexstar contracts with *** to galvanize a portion of Dexstar's trailer wheels. According to Dexstar, for trailer wheels which require a galvanized finish, *** applies the finish and returns the wheels back to Dexstar for sale.[4]

In its questionnaire response, the toller provided the following details on the nature and extent of its processing operations under the following six factors the Commission generally considers when deciding whether a firm qualifies as a producer of the domestic like product:

- **Capital investments:** ***.
- **Technical expertise:** ***.
- **Value-added:** ***.[5]
- **Employment:** ***.
- **Quantity, type, and source of parts:** ***.
- **Costs and activities:** ***.

Production-related activities of Carlstar

Carlstar ***.[6] In its questionnaire response, Carlstar provided the following details on the nature and extent of its *** operations under the following six factors the Commission generally considers when deciding whether a firm qualifies as a producer of the domestic like product:

- **Capital investments:** ***.
- **Technical expertise:** ***.
- **Value-added:** ***.
- **Employment:** ***.
- **Quantity, type, and source of parts:** ***.[7]

---

[4] Conference transcript, p. 30 (Oglesby). ***.
[5] In an email to staff, the firm clarified: ***.
[6] Email from ***.
[7] Email from ***.

- **Costs and activities:** ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-2 present U.S. producers' production, capacity, and capacity utilization. Capacity to produce trailer wheels decreased by *** percent from 2016 to 2018 while production decreased by *** percent. Due to these declines, capacity utilization decreased by *** percentage points from 2016 to 2018. Capacity was *** percent lower from January to March ("interim") 2018 to interim 2019, while production was *** percent higher in interim 2019 than in interim 2018.

Dexstar reported its capacity was calculated "***." Dexstar reports it has the ability to go to a third shift with existing equipment.[8]

A representative for Kenda Tire and Wheel (the division which oversees wheel manufacturing within ADI) testified that recent improvements in the market are allowing consideration of a third production line at Dexstar which would increase capacity by 50 percent.[9] This third line would take *** to contribute to Dexstar's operation, would cost ***, and would add ***.[10] A representative from Dexstar, addressing concerns related to Dexstar's ability to supply the market, noted that extra time to hire and train new workers are a factor in Dexstar's ability to meet order requests.[11]

Carlstar reported that ***.

Table III-4
Trailer wheels: U.S. producers' capacity, production, and capacity utilization, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Figure III-2
Trailer wheels: U.S. producers' capacity, production, and capacity utilization, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Alternative products

As shown in table III-5, *** percent of the product produced during 2018 by U.S. producers was subject product. Although *** percent of the products produced by Dexstar in 2018 were in-scope trailer wheels, the same figure for Carlstar was *** percent. Dexstar

[8] Petitioner's posthearing brief, answer to question #10, p. 3.
[9] Hearing transcript, p. 38 (Starner).
[10] Petitioner's posthearing brief, answer to question #10, p. 3.
[11] Hearing transcript, p. 101 (Bowen).

Table III-5
Trailer wheels: U.S. producers' overall capacity and production on the same equipment as subject production, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

reported that its out-of-scope production consisted of *** while Carlstar reported that its out-of-scope production consisted of ***.

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

Table III-6 presents U.S. producers' total U.S. shipments, export shipments, and total shipments. Total U.S. shipments decreased by *** percent by quantity (and decreased by *** percent by value) from 2016 to 2018. Total U.S. shipments were *** percent lower by quantity in interim 2019 than in interim 2018. The unit value of U.S. producers' total U.S. shipments (in dollars per pound) decreased by *** percent from 2016 to 2018. The unit value of total U.S. shipments, however, was *** percent higher in interim 2019 than in interim 2018. U.S. producers did not report ***.

Table III-6
Trailer wheels: U.S. producers' U.S. shipments, export shipments, and total shipments, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Dexstar *** transfers to related firms. In 2018, *** percent of total U.S. shipments were transfers to related firms, a *** percentage point increase from a *** percent share in 2016.[12] Though these transfers increased in absolute terms, the increase in share is mostly due to the decrease in absolute terms of commercial U.S. shipments.

Concerning these transfers, Dexstar reported that, "***."[13]

---

[12] A representative from Dexstar's parent company American Kenda Rubber Industrial Co., Ltd. explained that various factors affect the pricing of its transfers versus its commercial shipments, including ***. Email from ***.

In the prehearing report, the gap between Dexstar's reported transfer AUVs and commercial shipment AUVs was ***. Dexstar updated its quantity data after changing its methodology ***.

Dexstar provided additional data on the product mix between its transfers and commercial shipments in its posthearing brief, providing detail on the sizes of wheels which were sold to each customer type. Comparing the minimum and maximum wheel diameter sizes provided, Dexstar reported that *** percent of sales of 12-inch diameter wheels (by unit) went to related parties, while *** percent of sales of 16-inch diameter wheels (by unit) went to related parties. Petitioner's posthearing brief, answer to question #2, p. 5.

[13] In questionnaires issued for this final phase, U.S. producers were asked "to what extent other affiliated companies (including common parent companies) participated in determining relevant terms and conditions" of transfers to related firms. ***. Email from ***.

(*continued*...)

U.S. producers' U.S. shipments by product type

Table III-7 presents U.S. producers' U.S. shipments by product type (i.e., rims; center discs; assembled wheels without a tire and valve stem; and assembled wheels with a tire and valve stem). *** reported shipments of whole trailer wheels without tires or valve stems, while *** reported shipments of rims alone, and *** reported shipments of fully assembled wheels with a tire and valve stem attached. In 2018, *** percent of U.S. shipments were fully assembled wheels without a tire and valve stem, an increase of *** percentage points from 2016. Shipments of rims as a share of U.S. shipments decreased by *** percentage points from 2016 to 2018,[14] while shipments of fully assembled wheels with a tire and valve stem as a share of U.S. shipments decreased *** percentage points from 2016 to 2018.

Table III-7
Trailer wheels: U.S. producers' U.S. shipments by product type, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to production, U.S. shipments, and total shipments. End-of-period inventories decreased by *** percent from 2016 to 2018. However, as a ratio to U.S. production inventories increased by *** percentage points from 2016 to 2018, and over the same period increased as a ratio to U.S. shipments and total shipments by *** percentage points. Inventories were *** percent higher in interim 2019 than in interim 2018.

Table III-8
Trailer wheels: U.S. producers' inventories, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

U.S. PRODUCERS' IMPORTS

Imports of trailer wheels by U.S. producers are presented in table III-9. *** reported importing from nonsubject sources.

(…*continued*)

In the preliminary phase of these investigations, a company representative noted that "***". Email from ***. A representative for Dexstar and its related companies at the hearing testified that these transfers were arms-length transactions and that each division was a "profit and loss center" that had to "stand on its own". Hearing transcript, pp. 77-78 (Pizzola).

[14] In the preliminary phase, Dexstar informed Commission staff that its shipments ***. Letter from Dexstar responding to Commission staff questions, August 24, 2018.

Carlstar's U.S. production decreased by *** percent from 2016 to 2018, as its subject imports increased by *** percent. Between interim 2018 and interim 2019, its production was *** percent higher and its subject imports were *** percent lower in the latter period. In 2018, Carlstar imported *** pounds of trailer wheels. As a ratio to its production, Carlstar's imports in 2018 were *** percent.

Dexstar increased its subject imports from *** pounds in 2016 to *** pounds in 2018, increasing as a ratio to its production from *** percent to *** percent. Its subject imports were *** percent higher in interim 2019 than in interim 2018. The increase in subject imports by Dexstar was *** decreases in the imports by its affiliates. Across all companies, Dexstar and its affilated firms' subject imports decreased *** percent from 2016 to 2018, decreasing as a ratio to Dexstar's U.S. production by *** percentage points.[15]

Table III-9
Trailer wheels: U.S. producers' imports, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data. The number of production and related workers ("PRWs") decreased by *** percent (*** PRWs) from 2016 to 2018. The number of PRWs was *** percent (*** PRWs) higher in interim 2019 than in interim 2018.[16] Total hours worked, hours worked per PRW, total wages paid, and productivity decreased from 2016 to 2018. Though productivity and hours worked per PRW were lower in interim 2019 than in interim 2018, wages paid and hourly wages were higher in interim 2019 than in interim 2018.

Table III-10
Trailer wheels: U.S. producers' employment related data, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

CAPTIVE CONSUMPTION

Section 771(7)(C)(iv) of the Act states that–[17]

> *If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell*

[15] Dexstar's affiliates imported ***, while Dexstar's imports ***. For further information, see Part IV.
[16] Dexstar reported ***.
[17] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

significant production of the domestic like product in the merchant market, and the Commission finds that–

(I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,

(II) the domestic like product is the predominant material input in the production of that downstream article, and

then the Commission, in determining market share and the factors affecting financial performance . . ., shall focus primarily on the merchant market for the domestic like product.

Transfers and sales

As reported in table III-6 above, company transfers accounted for between *** and *** percent of U.S. producers' U.S. shipments of trailer wheels.

First statutory criterion in captive consumption

The first requirement for application of the captive consumption provision is that the domestic like product that is internally transferred for processing into that downstream article not enter the merchant market for the domestic like product. Dexstar reported that some of its transfers to affiliated operations get sold as just trailer wheels, in addition to being mounted with out-of-scope tires and sold as assemblies.[18]

Second statutory criterion in captive consumption

The second criterion of the captive consumption provision concerns whether the domestic like product is the predominant material input in the production of the downstream article that is captively produced. With respect to the downstream articles resulting from captive production, trailer wheels reportedly comprise *** of the finished cost of a fully assembled wheel.[19]

[18] Petitioner's posthearing brief, answer to question #6, p. 4.

[19] *** purchasers and importers reported that steel trailer wheels account for *** of the cost of a tire/wheel assembly, with *** firms reporting that figure as ***. Petitioner's posthearing brief, answer to question #6, p. 4.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 41 firms believed to be importers of subject trailer wheels, as well as to all U.S. producers of trailer wheels.[1] Usable questionnaire responses were received from 17 companies, representing more than 100 percent of U.S. imports from China in 2018 under HTS subheading 8716.90.5035.[2] Table IV-1 lists all responding U.S. importers of trailer wheels from China and other sources, their locations, and their shares of U.S. imports in 2018.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than 0.5 percent of total imports under HTS statistical reporting number 8716.90.5035 in 2018.

[2] According to the petitioner, this statistical reporting number matches the dimensions and uses of in-scope trailer wheels (though out-of-scope chrome coated wheels may also be included). Conference transcript, pp. 54-55 (Stewart). Trailer wheels with a tire mounted may also enter under statistical reporting number 8716.90.5059, which covers a broader range of products. Conference transcript, p. 55 (Stewart). Importers also reported importing under HTS statistical reporting number 8708.70.4560, which covers "road wheels for tractors, for semi-trailers, vehicles for transporting ten or more persons (buses), and vehicles for the transport of goods."

After the issuance of Commerce's final determinations, importers who reported out-of-scope chrome imports were asked by Commission staff to confirm that data related to subject imports from China included in-scope PVD wheels. *** submitted revised data to include PVD wheels in its reported subject import data. ***.

Table IV-1
Trailer wheels: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm[1]	Headquarters	Share of imports by source (percent)		
		China	Nonsubject sources	All import sources
Ace Tire	Van, TX	***	***	***
American Pacific	Scottsdale, AZ	***	***	***
Americana	Reynoldsburg, OH	***	***	***
Carlstar	Franklin, TN	***	***	***
Dexstar	Reynoldsburg, OH	***	***	***
Greenball	Anaheim, CA	***	***	***
Harbor Freight	Calabasas, CA	***	***	***
HiSpec Wheel	Mishawaka, IN	***	***	***
Jingu	Fuyang, Zhejiang, China	***	***	***
Lionshead	Goshen, IN	***	***	***
Martin	Reynoldsburg, OH	***	***	***
Monitor	Reynoldsburg, OH	***	***	***
Shanghai Yata	Shanghai, China	***	***	***
Sunrise	Irvine, CA	***	***	***
TexTrail	Mount Pleasant, TX	***	***	***
Trailer Mania	Miami Beach, FL	***	***	***
Trans Texas	Mount Pleasant, TX	***	***	***
Tredit	Elkhart, IN	***	***	***
Vision Wheel	Decatur, AL	***	***	***
Total		***	***	***

[1] Partial data submitted by *** not included in this Part.

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 trailer wheels from China and all other sources. Imports from China increased by 31.3 percent by quantity from 2016 to 2018, and increased 34.8 percent by value. Imports from China were 54.3 percent lower in interim 2019 than in interim 2018 by quantity, and were 49.0 percent lower by value. Imports from nonsubject sources increased by *** percent in quantity terms from 2016 to 2018, and by *** percent in value terms. Imports from nonsubject sources were *** percent higher in interim 2019 than in interim 2018 by quantity, and were *** percent higher by value. Imports from China comprised *** percent of total imports by quantity in 2018, and comprised *** percent of total imports in interim 2019. Although nonsubject imports increased by a greater percentage, imports from China increased by a larger quantity overall than nonsubject imports (33.9 million pounds, compared with *** million pounds, respectively).

Table IV-2
Trailer wheels: U.S. imports, by source, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. imports from.-- China[1]	108,250	126,772	142,133	33,884	15,480
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.-- China	54,109	64,455	72,958	17,204	8,779
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. imports from.-- China	0.50	0.51	0.51	0.51	0.57
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Ratio to U.S. production				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-1
Trailer wheels: U.S. import volumes and average unit value, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

U.S. importers' U.S. imports from China by product type

Table IV-3 presents data for U.S. imports from China by product type (i.e., rims; center discs; assembled wheels without a tire and valve stem; and assembled wheels with a tire and valve stem). Assembled wheels without a tire and/or valve stem attached accounted for the majority of imports by quantity in 2018 (*** percent), followed by assembled wheels with a tire

Table IV-3
Trailer wheels: U.S. imports by product type, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

and/or valve stem (*** percent), rims (*** percent) and center discs (*** percent). By quantity, from 2016 to 2018, imports of rims from China increased by *** percent, while imports of center discs from China increased by *** percent. By quantity in pounds, imports of assembled trailer wheels (wheels with rims and center discs) without tires and/or valve stems attached increased by *** percent from 2016 to 2018, while imports of assembled trailer wheels with tires and/or valve stems attached increased by *** percent. Imports of assembled trailer wheels still accounted for more than *** percent of trailer wheel imports from China in 2018.

Table IV-4 presents data on the subject and nonsubject imports of Dexstar and its related companies. Dexstar and its affilated firms' subject imports decreased *** percent from 2016 to 2018, and were *** percent lower in interim 2019 than in interim 2018. Nonsubject imports reported by these firms increased *** percent from 2016 to 2018, and were *** percent higher in interim 2019 than in interim 2018. Though Dexstar *** imports from nonsubject sources, Dexstar's related firms were responsible for *** nonsubject imports from 2016 through interim 2018. This share decreased to *** percent in interim 2019, as unrelated firms *** from nonsubject countries.

Table IV-4
Trailer wheels: Dexstar's imports with related purchasers, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

CRITICAL CIRCUMSTANCES

On July 9, 2019, Commerce issued its final determination that "critical circumstances" exist with regard to imports of trailer wheels from Changzhou Chungang Machinery Co., Ltd., and the China-wide Entity found to be sold at less than fair value; and for Jingu, Xingmin, and all other exporters or producers found to have been provided countervailable subsidies.[3] In this

[3] *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*, 84 FR 32723, July 9, 2019; *Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*, 84 FR 32707, July 9, 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

(*continued*...)

investigation, if both Commerce and the Commission make affirmative final critical circumstances determinations, certain subject imports may be subject to duties retroactive by 90 days from July 9, 2019, the effective date of Commerce's final affirmative determinations. Table IV-5 and figure IV-2 present these data.

Table IV-5
Trailer wheels: U.S. imports subject to Commerce's final critical circumstance determinations, February 2018 through January 2019

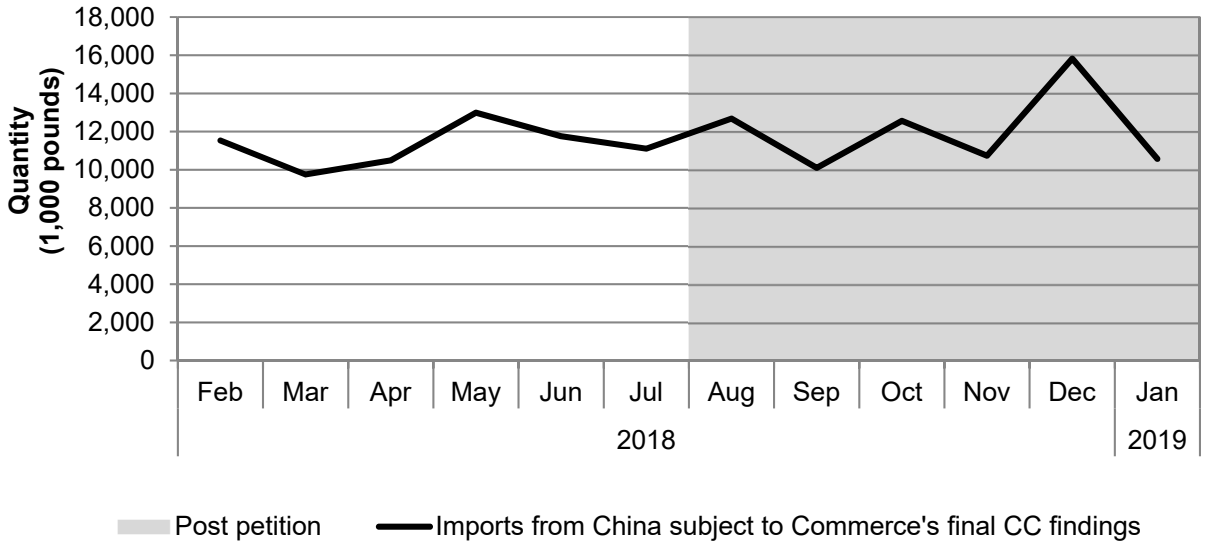
Period	Actual monthly quantity (1,000 pounds)	Outwardly cumulative subtotals (1,000 pounds)	Percentage change from comparable period (percent)[1]
2018.--			
February	11,534	67,631	
March	9,750	56,097	
April	10,491	46,348	
May	12,995	35,857	
June	11,756	22,863	
July	11,107	11,107	
Petition file date: August 8, 2018.			
August	12,681	12,681	14.2
September	10,098	22,779	(0.4)
October	12,565	35,344	(1.4)
November	10,732	46,076	(0.6)
December	15,825	61,901	10.3
2019.--			
January	10,568	72,470	7.2

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

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

(…*continued*)
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.

Figure IV-2
Trailer wheels: U.S. imports subject to Commerce's final critical circumstance determinations, February 2018 through January 2019



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

NEGLIGIBILITY

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

As reported in table IV-6, imports from China accounted for *** percent of total imports of trailer wheels by quantity during August 2017 through July 2018.[6]

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

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

[6] Imports of galvanized trailer wheels from China accounted for *** percent of total imports of galvanized trailer wheels by quantity during June 2017 through May 2018.

Table IV-6
Trailer wheels: U.S. imports in the twelve-month period preceding the filing of the petition, August 2017 through July 2018

Item	August 2017 through July 2018	
	Quantity (1,000 pounds)	Share quantity (percent)
China	129,152	***
Nonsubject sources	***	***
All sources	***	100.0

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

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-7 and figure IV-3 present data on apparent U.S. consumption and U.S. market shares in the total market for trailer wheels. In the total market, U.S. producers accounted for *** percent of the market for trailer wheels by quantity in 2018, a decrease of *** percentage points from 2016. U.S. producers accounted for *** percent of the total market in interim 2019, compared with *** percent in interim 2018. Subject imports from China held *** percent of the market by quantity in 2018, a *** percentage point increase from 2016. Subject imports from China accounted for *** percent of the market in interim 2019, compared with *** percent in interim 2018. The market share held by nonsubject imports was *** percent by quantity in 2018, a *** percentage point increase from 2016. Nonsubject imports accounted for *** percent of the market in interim 2019, compared with *** percent in interim 2018.

Table IV-7
Trailer wheels: Apparent U.S. total market consumption and market shares, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	104,488	123,566	129,793	35,042	30,892
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 of imports from.--					
China	76,928	89,038	94,368	26,101	22,812
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

Table continued on next page.

Table IV-7--Continued
Trailer wheels: Apparent U.S. total market consumption and market shares, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-3
Trailer wheels: Apparent U.S. total market consumption, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Apparent U.S. consumption and U.S. market shares for the merchant market

Table IV-8 and figure IV-4 present data on apparent U.S. consumption and U.S. market shares limited to the merchant market for trailer wheels (i.e., excluding internal consumption and transfers to related firms). In the merchant market, U.S. producers accounted for *** percent of the market for trailer wheels by quantity in 2018, a decrease of *** percentage points from 2016. U.S. producers accounted for *** percent of the market in interim 2019, which was *** percentage points higher than in interim 2018. Subject imports from China held *** percent of the merchant market by quantity in 2018, a *** percentage point increase from 2016. Subject imports from China accounted for *** percent of the market in interim 2019. The market share of subject imports from China was *** percentage points lower in interim 2019 than in interim 2018. The market share held by nonsubject imports was *** percent by quantity in 2018, a *** percentage point increase from 2016. Nonsubject imports accounted for *** percent of the market in interim 2019, which was *** percentage points higher in interim 2019 than in interim 2018.

Table IV-8
Trailer wheels: Apparent U.S. merchant market consumption and market shares, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	104,488	123,566	129,793	35,042	30,892
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	76,928	89,038	94,368	26,101	22,812
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' commercial U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments of imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-4
Trailer wheels: Apparent U.S. merchant market consumption, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Apparent U.S. consumption and U.S. market shares in the total market by end user

Tables IV-9 and IV-10 present apparent U.S. consumption and U.S. market shares in the total market by end user (i.e., OEMs/assemblers and the aftermarket).

U.S. producers accounted for *** percent of shipments to OEMs/assemblers by quantity in 2018, while shipments of subject imports from China accounted for *** percent. U.S. producer's U.S. shipments decreased *** percent from 2016 to 2018, and were *** percent lower in interim 2019 than in interim 2018. Shipments of subject imports increased *** percent from 2016 to 2018, and were *** percent lower in interim 2019 than in interim 2018. Overall, the OEM/assembly sector accounted for *** percent of U.S. producers' and U.S. importers' combined steel wheels shipments in 2018, an increase of *** percentage points from 2016.

U.S. producers accounted for *** percent of shipments to the aftermarket by quantity in 2018, while shipments of subject imports from China accounted for *** percent. U.S. producer's U.S. shipments to the aftermarket decreased *** percent from 2016 to 2018, and were *** percent lower in interim 2019 than in interim 2018. Shipments of subject imports increased *** percent from 2016 to 2018, and were *** percent lower in interim 2019 than in interim 2018. Overall, the aftermarket accounted for *** percent of U.S. producers' and U.S. importers' combined steel wheels shipments in 2018, a decrease of *** percentage points from 2016.

Table IV-9
Trailer wheels: Apparent U.S. consumption and market shares in the total market: OEM/assemblers, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Table IV-10
Trailer wheels: Apparent U.S. consumption and market shares in the total market: Aftermarket, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

PART V: PRICING DATA[1]

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material used in the production of trailer wheels is hot-rolled steel. Raw material costs as a share of U.S. producers' total costs of goods sold (COGS) increased *** from *** percent in 2016 to *** percent in 2018. These costs were *** lower in January-March 2019 compared with January-March 2018, at *** percent. *** reported that steel accounted for *** percent of their total raw material costs in 2018.[2]

The price of hot-rolled steel fluctuated during January 2016-March 2019, but showed an overall increase of *** percent during this time (figure V-1).[3] Hot-rolled steel prices generally increased between January 2016 and July 2018, and then decreased steadily between July 2018 and May 2019, with the exception of a slight increase in March 2019.

Figure V-1
Hot-rolled steel: Average price indices for hot-rolled coil, monthly, January 2016-May 2019

* * * * * * *

Most firms, including *** 14 of 16 importers, reported that raw material prices have increased since January 1, 2016. *** two importers reported that they fluctuated. ***. A representative of Trans Texas testified that it tries to pass on raw material cost increases "within days and weeks."[4] Nine of the 22 responding purchasers indicated that they were familiar with the raw material costs for trailer wheels, and 6 of 11 reported that raw material costs affected their contracts for trailer wheels. Purchaser *** reported that the price of trailer wheels goes up when the price of steel goes up, and *** reported that domestic steel prices "have been volatile" during January 2016-March 2019, and that it would change suppliers depending on which supplier was competitively priced.

[1] ***.

[2] ***.

[3] ***.

[4] "We are definitely going to pass it on to the consumer into the OE manufacturer. We can't absorb it." Hearing transcript, pp. 168-169 (Walker).

Impact of section 232 steel investigation and tariffs[5]

Firms were also asked about the impact of the announcement and subsequent implementation of remedies in the section 232 investigation on imported steel products, including its effect on raw material costs, overall demand for trailer wheels in the U.S. market, and prices for trailer wheels in the U.S. market. Most responding firms reported that the cost of raw materials and the price of trailer wheels had increased due to the section 232 investigation and tariffs, but that it had no impact on the overall demand for trailer wheels (table V-1). The remaining firms reported that the section 232 investigation and tariffs either did not change the price of raw materials, the price of trailer wheels, or overall demand for trailer wheels, or that it caused them to fluctuate. No firm reported that the section 232 investigation and tariffs resulted in a decrease in the cost of raw materials, a decrease in overall demand for trailer wheels, or a decrease in the price of trailer wheels.

Petitioner Dexstar noted that because the section 232 steel tariffs only apply to domestic consumers of hot-rolled steel (and not importers of trailer wheels, a downstream product), "these tariffs do not increase the cost of steel in the rest of the world and in particular China… and hence would not be relevant to imported steel trailer wheels."[6]

Table V-1
Impact of the section 232 steel investigation and tariffs: U.S. producers' and importers' responses regarding the impact of the section 232 steel investigation and tariffs in the U.S. market, by number of responding firms

Type of impact	U.S. producers				U.S. importers			
	Increase	No change	Decrease	Fluctuate	Increase	No change	Decrease	Fluctuate
Cost of raw materials	***	***	***	***	9	3	---	2
Overall demand for trailer wheels	***	***	***	***	3	8	---	3
Prices of trailer wheels	***	***	***	***	8	3	---	4

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

[5] On March 8, 2018, the President announced a 25 percent ad valorem rate of duty with respect to steel articles defined at the Harmonized Tariff Schedule 6-digit level as 7206.10 through 7216.50, 7216.99 through 7301.10, 7302.10, 7302.40 through 7302.90, and 7304.10 through 7306.90, would apply to imports of steel articles from all countries except Canada and Mexico. On March 23, 2018, these tariffs went into effect. Between March and May 2018, exemptions to these tariffs were announced for Argentina, Australia, Brazil, Canada, Mexico, member countries of the European Union, and South Korea, and import quotas were agreed to by Argentina, Brazil, and South Korea. As of May 20, 2019, the 232 tariff on imported steel is in effect for all countries except Argentina, Australia, Brazil, Canada, Mexico, and South Korea. For more information, see https://www.cbp.gov/trade/remedies/232-tariffs-aluminum-and-steel, retrieved June 11, 2019.

[6] Petitioner's prehearing brief, p. 62. See also hearing transcript, p. 51 (Stewart).

Transportation costs to the U.S. market

Transportation costs for trailer wheels shipped from China to the United States averaged 15.4 percent during 2018. These estimates were derived from official import data and represent the transportation and other charges on imports.[7]

U.S. inland transportation costs

*** and all 17 responding importers reported that they typically arrange transportation to their customers. *** reported that its U.S. inland transportation costs were *** percent, *** reported inland transportation costs of *** percent, and most importers (11 firms) reported costs of 2 to 10 percent.[8]

Exchange rates

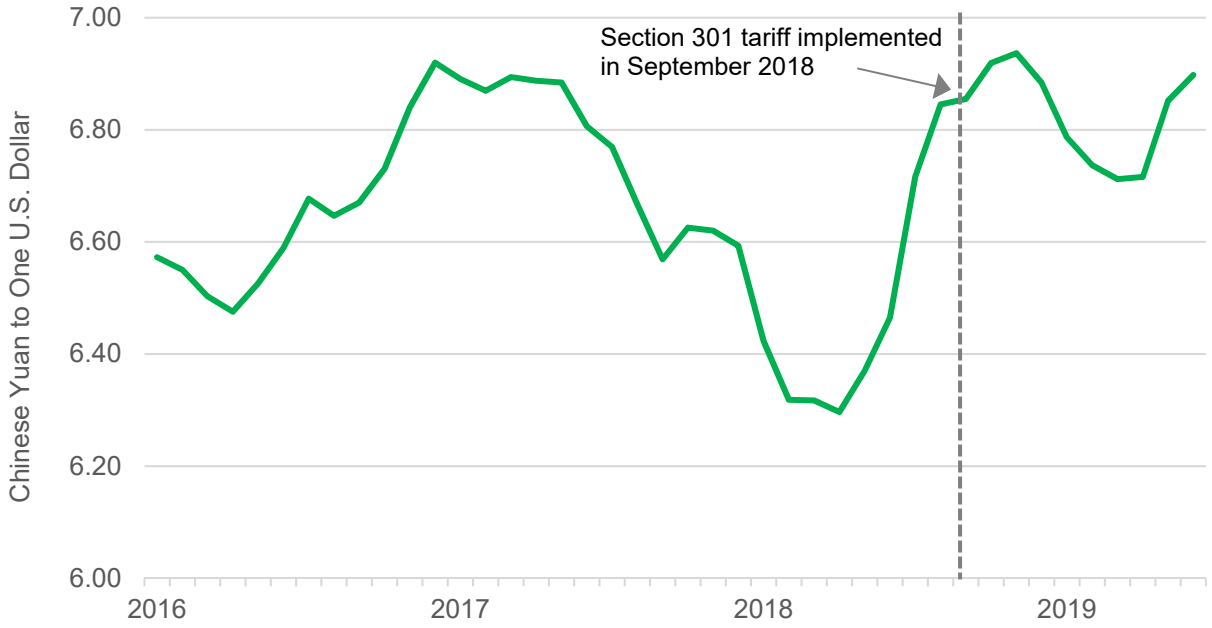
The value of the Chinese yuan has fluctuated since January 2016, but was higher (meaning the exchange rate to the U.S. dollar was lower) in the beginning of 2018 and lower (meaning the exchange rate was higher) at the end of 2018 through the first half of 2019 (figure V-2).[9]

[7] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2018 and then dividing by the customs value based on the HTS subheading 8716.90.5035.

[8] One importer reported an inland transportation cost of 15 percent, and another reported a cost of 25 percent.

[9] The exchange rate of the yuan increased by 4.7 percent from January 2016 to December 2018 and by 4.9 percent from January 2016 to June 2019. From its period low in April 2018 to June 2019, the exchange rate increased by 9.5 percent. At the time of the implementation of the section 301 tariff in September 2018, the exchange rate was 6.86 yuan to one U.S. dollar.

Figure V-2
Exchange rate: Chinese yuan to U.S. dollar exchange rate, monthly, January 2016 to June 2019



Source: St. Louis FRED, accessed July 9, 2019.

PRICING PRACTICES

Pricing methods

*** most responding importers reported using price lists to set prices (table V-2). Six of 16 importers also reported selling on a transaction-by-transaction basis. *** reported using contracts to set prices. Two importers also reported that they set prices based on the specific customer, with one adding that it sets prices based on volume quotations. Another importer reported using "retail pricing."

Table V-2
Trailer wheels: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers/tollers	Importers
Transaction-by-transaction	***	6
Contract	***	1
Set price list	***	12
Other	***	3
Responding firms	3	16

[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.

Dexstar reported selling ***, while *** reported selling *** (table V-3). Importers reported selling mostly in the spot market.

Table V-3
Trailer wheels: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2018

* * * * * * *

***. All seven responding importers that reported selling through short-term contracts reported that the prices were not indexed to raw material prices. Six importers reported that the short-term contracts fixed price, and six reported that the prices could be renegotiated during the contract period. For the sole importer that reported selling through annual contracts, it indicated that the prices were not indexed to raw material prices, that price was fixed, and that price could not be renegotiated.

Five purchasers reported that they purchase product daily, 8 purchase weekly, 6 purchase monthly, 2 purchase quarterly, and 1 reported purchasing "as needed." Most responding purchasers (17 of 22 firms) reported that their purchasing frequency had not changed since 2016, although five reported that it had changed. Among the firms reporting a change in purchase frequency, two reported purchasing more frequently, and one reported increasing its frequency in 2018 but that it "has slowed to almost zero." A plurality of purchasers (9 of 22 firms) reported contacting up to three suppliers before making a purchase. Two reported contacting up to four suppliers, 5 reported contacting up to five suppliers, and 1 reported contacting up to six suppliers. Three firms also reported contacting between one and two suppliers, and two reported contacting only one supplier.

Sales terms and discounts

*** a minority of importers (6 of 17 firms) reported typically quoting prices on an f.o.b. basis, while most importers typically quote prices on a delivered basis. *** three importers offer discounts on a total volume basis, while one importer offers quantity discounts, and *** eight importers offer other types of discounts, including early payment discounts (***), quarterly volume-based discounts (***), transaction-by-transaction discounts (***), and customer specific discounts (***). *** eight importers reported having no specific discount policies.

Price leadership

Four purchasers named Dexstar as a price leader in the trailer wheels market, three named Tredit (***), and *** named Jingu (China). One firm also named Lionshead as a price leader, and another named Taskmaster Components (Trans Texas). In describing how these firms exhibited price leadership, *** reported that Dexstar had competitive prices, *** reported that Dexstar had lower prices than China Wheels, *** reported that Dexstar raised

prices after the announcement of the preliminary AD/CVD duties, and *** reported that "Dexstar gets to pick and choose who they sell to." *** reported that Tredit was quick to lower prices but slow to raise them, while *** reported that Tredit had low prices generally. *** reported that Jingu led the market by typically offering the lowest prices.

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 unmounted trailer wheels products shipped during January 2016-March 2019 to unrelated U.S. OEM/assemblers, and, separately, to unrelated aftermarket/distributors:

Product 1.--12 inches by 4 inches steel wheels, coated with polyester powder paint
Product 2.--13 inches by 4.5 inches steel wheels, coated with polyester powder paint
Product 3.--15 inches by 5 inches steel wheels, coated with polyester powder paint
Product 4.--16 inches by 6 inches steel wheels, coated with polyester powder paint
Product 5.--15 inches by 5 inches steel wheels, galvanized

Both U.S. producers Dexstar and Carlstar and 10 importers provided usable pricing data for sales of the requested products to OEM/assemblers, and both U.S. producers and 4 importers provided usable pricing data for sales of the requested products to the aftermarket/ distributors, although not all firms reported pricing for all products for all quarters.[10] [11] Pricing data reported by the U.S. producers for sale to OEM/assemblers accounted for *** percent of U.S. producers' shipments of unmounted trailer wheels (i.e., assembled wheels with no tire/valve) in 2018. Pricing data reported by the U.S. producers for sale to the aftermarket/distributors accounted for *** percent of U.S. producers' shipments of unmounted trailer wheels in 2018.[12] Pricing data reported by importers for sale to OEM/assemblers accounted for 5.0 percent of subject imports of unmounted trailer wheels from China in 2018. Pricing data reported by importers for sale to the aftermarket/distributors accounted for 0.5 percent of subject imports of unmounted trailer wheels from China in 2018.[13]

Price data for products 1-5 sold to OEMs/assemblers and to the aftermarket/distributors are presented in tables V-4 to V-8 and in figures V-3 to V-12.

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[10] 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.

[11] ***.

[12] U.S. producers' combined pricing data for products 1-5 to OEMs/assemblers and to the aftermarket/distributors accounted for *** percent of U.S. producers' U.S. shipments of all product types in 2018.

[13] Importers' combined pricing data for products 1-5 to OEMs/assemblers and to the aftermarket/distributors accounted for 3.2 percent of importers' U.S. shipments of subject imports of all product types in 2018.

Table V-4
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to OEMs/assemblers and to the aftermarket/distributors, and margins of underselling/(overselling), by quarter, January 2016-March 2019

* * * * * * *

Table V-5
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to OEMs/assemblers and to the aftermarket/distributors, and margins of underselling/(overselling), by quarter, January 2016-March 2019

* * * * * * *

Table V-6
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to OEMs/assemblers and to the aftermarket/distributors, and margins of underselling/(overselling), by quarter, January 2016-March 2019

* * * * * * *

Table V-7
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to OEMs/assemblers and to the aftermarket/distributors, and margins of underselling/(overselling), by quarter, January 2016-March 2019

* * * * * * *

Table V-8
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 sold to OEMs/assemblers and to the aftermarket/distributors, and margins of underselling/(overselling), by quarter, January 2016-March 2019

* * * * * * *

Figure V-3
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 1 sold to OEMs/assemblers, by quarter, January 2016-March 2019

* * * * * * *

Figure V-4
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 1 sold to the aftermarket/distributors, by quarter, January 2016-March 2019

* * * * * * *

Figure V-5
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 2 sold to OEMs/assemblers, by quarter, January 2016-March 2019

* * * * * * *

Figure V-6
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 2 sold to the aftermarket/distributors, by quarter, January 2016-March 2019

* * * * * * *

Figure V-7
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 3 sold to OEMs/assemblers, by quarter, January 2016-March 2019

* * * * * * *

Figure V-8
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 3 sold to the aftermarket/distributors, by quarter, January 2016-March 2019

* * * * * * *

Figure V-9
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 4 sold to OEMs/assemblers, by quarter, January 2016-March 2019

* * * * * * *

Figure V-10
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 4 sold to the aftermarket/distributors, by quarter, January 2016-March 2019

* * * * * * *

Figure V-11
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 5 sold to OEMs/assemblers, by quarter, January 2016-March 2019

* * * * * * *

Figure V-12
Trailer wheels: Weighted-average prices and quantities of domestic and imported product 5 sold to the aftermarket/distributors, by quarter, January 2016-March 2019

* * * * * * *

Import purchase cost data

Six importers provided usable purchase cost data for products 1-5 imported from China for their internal use or retail sales, although not all firms reported cost data for all products for all quarters.[14] Import purchase cost data for products 1-5 reported by these six firms accounted for approximately 51.8 percent of importers' reported shipments of unmounted trailer wheels in 2018.[15] Import purchase cost data are presented in tables V-9 to V-13 and figures V-13 to V-17.

In addition to the import purchase cost data, firms were asked to estimate a variety of costs associated with their imports for internal use or retail sales of trailer wheels, including inland transportation costs, logistical or supply chain management costs, warehousing/ inventory carrying costs, and insurance costs. Firms reported the following estimates (as a share of landed duty-paid value) for the following factors: inland transportation costs, 1 percent to 25 percent (for an average of 8.1 percent); logistical or supply chain management costs, 0.5 to 4.2 percent (for an average of 1.9 percent); warehousing/inventory carrying costs, 2 to 18 percent (for an average of 7.1 percent);[16] and insurance costs, 0.3 to 1.6 percent (for an average of 0.8 percent).

When asked to which source(s) they compare costs in determining their additional transaction costs of directly importing trailer wheels, two importers (***) reported that they compare their import purchase costs to both U.S. producers' and other importers' prices, and eight firms do not compare to either. When firms were asked whether they also purchase trailer wheels from a U.S. producer, all six responding firms reported that they do not.

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[14] ***. The import purchase cost data is presented with U.S. producers' price data for products 1-5 sold to OEMs/assemblers.

[15] Importers' reported purchase cost data for products 1-5 accounted for 30.5 percent of importers' U.S. shipments of all product types in 2018. The total value of importers' reported purchase cost data for products 1-5 in 2018 accounted for 32.7 percent of the total reported value of imports from China in 2018.

[16] One importer also reported warehousing/inventory carrying costs of $*** per wheel.

Table V-9
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 1, by quarter, January 2016-March 2019

* * * * * * *

Table V-10
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 2, by quarter, January 2016-March 2019

* * * * * * *

Table V-11
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 3, by quarter, January 2016-March 2019

* * * * * * *

Table V-12
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 4, by quarter, January 2016-March 2019

* * * * * * *

Table V-13
Trailer wheels: Weighted-average f.o.b. prices and quantities of domestic and landed duty paid costs of imported product 5, by quarter, January 2016-March 2019

* * * * * * *

Figure V-13
Trailer wheels: Weighted-average quantities, domestic prices, and landed duty paid costs of imported product 1, by quarter, January 2016-March 2019

* * * * * * *

Figure V-14
Trailer wheels: Weighted-average quantities, domestic prices, and landed duty paid costs of imported product 2, by quarter, January 2016-March 2019

* * * * * * *

Figure V-15
Trailer wheels: Weighted-average quantities, domestic prices, and landed duty paid costs of imported product 3, by quarter, January 2016-March 2019

* * * * * * *

Figure V-16
Trailer wheels: Weighted-average quantities, domestic prices, and landed duty paid costs of imported product 4, by quarter, January 2016-March 2019

* * * * * * *

Figure V-17
Trailer wheels: Weighted-average quantities, domestic prices, and landed duty paid costs of imported product 5, by quarter, January 2016-March 2019

* * * * * * *

In general, firms stated that the benefits of importing trailer wheels for their internal use or retail sales included reasons related to availability and capacity, quality, more direct control over processes and costs, and lower costs. Specifically, firms reported the following reasons for importing for internal use or retail sales: better quality from Chinese producers; quality issues with domestic producers; more production capacity, direct communication with suppliers for new product development and current product enhancements, ability to manage production schedules in order to meet demand, better cost control through factory direct negotiations, wider product selection and availability, better supply chain management, and flexible lead times; lower costs, consistent delivery, consistent quality, and breadth of product offerings; control over design, price and quality; obtaining the lowest price for a product of acceptable quality; limited overall supply availability from domestic producers; and no domestic availability of some product types (including improved torque retention wheels and 14.5 x 6 inch manufactured housing wheels). Firms estimated that the margin saved by importing trailer wheels themselves ranged from 13 to 19.8 percent (for an average of 17.1 percent).

Price trends

Table V-14 summarizes the price trends, by country and by product. In general, prices for most products to most channels increased between the first quarter of 2016 and the first quarter of 2019. As shown in the table, domestic prices for *** sold to OEMs/assemblers increased by *** to *** percent, while import prices for all five products sold to OEMs/assemblers increased by *** to *** percent. Domestic prices for *** sold to the aftermarket/distributors increased by *** to *** percent, while import prices for *** sold to the aftermarket/distributors increased by *** to *** percent. The only price decline was for *** from ***, which decreased by *** percent between the first quarter of 2016 and the first quarter of 2019.

Table V-14
Trailer wheels: Summary of weighted-average f.o.b. prices and LDP purchase costs for products 1-5 from the United States and China

* * * * * * *

Import purchase costs for products *** from China decreased between the first quarter of 2016 and the first quarter of 2019, by between *** and *** percent. Import purchase costs for products *** from China increased by between *** and *** percent during this time.

Price comparisons

As shown in table V-15a, prices for trailer wheels imported from China were below those for U.S.-produced product in 70 of 108 instances (727,901 wheels); 47 of the 70 instances were with respect to sales to OEMs/assemblers, and the other 23 instances were with respect to sales to the aftermarket/distributors. Margins of underselling ranged from 2.1 to 69.3 percent for sales to OEMs/assemblers and from 1.8 to 45.7 percent for sales to the aftermarket/distributors.

Table V-15a
Trailer wheels: Instances of underselling by Chinese product and the range and average of margins, by pricing product, January 2016-March 2019

Product	Number of quarters	Quantity[1] (wheels)	Average margin (percent)	Margin range (percent)	
				Min	Max
To OEMs/assemblers					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Subtotal, underselling (OEMs/assemblers)	47	692,634	29.2	2.1	69.3
To the aftermarket/distributors					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Subtotal, underselling (aftermarkets/distributors)	23	35,267	19.2	1.8	45.7
Total, underselling (all)	70	727,901	25.9	1.8	69.3

[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.

As shown in table V-15b, prices for trailer wheels imported from China were above those for U.S.-produced product in 38 of 108 instances (189,345 wheels); 8 of the 38 instances were with respect to sales to OEMs/assemblers, and 30 instances were with respect to sales to the aftermarket/distributors. Margins of overselling ranged from 1.6 to 19.1 percent for sales to OEMs/assemblers and from 1.3 to 68.6 percent for sales to the aftermarket/distributors.

Table V-15b
Trailer wheels: Instances of overselling by Chinese product and the range and average of margins, by pricing product, January 2016-March 2019

Product	Number of quarters	Quantity[1] wheels)	Average margin (percent)	Margin range (percent)	
				Min	Max
To OEMs/assemblers					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Total, overselling (OEMs/assemblers)	8	113,010	(10.1)	(1.6)	(19.1)
To the aftermarket/distributors					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Total, overselling (aftermarkets/distributors)	30	76,335	(23.0)	(1.3)	(68.6)
Total, overselling (all)	38	189,345	(20.3)	(1.3)	(68.6)

[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.

When examining sales prices to OEMs/assemblers only, prices for trailer wheels imported from China were below those for U.S.-produced product in 47 of 55 instances (692,634 wheels); prices for trailer wheels imported from China were above those for U.S.-produced product in the other 8 instances (113,010 wheels). When examining sales prices to the aftermarket/distributors only, prices for trailer wheels imported from China were below those for U.S.-produced product in 23 of 53 instances (35,267 wheels); prices for trailer wheels imported from China were above those for U.S.-produced product in the other 30 instances (76,335 wheels).

LOST SALES AND LOST REVENUE

In the preliminary phase of the investigation, the Commission requested that U.S. producers of trailer wheels report purchasers where they experienced instances of lost sales or revenue due to competition from imports of trailer wheels from China during January 2015-June 2018. ***. ***. ***. In the final phase of these investigations, *** reported having to reduce prices and roll back announced price increases, and *** reported losing sales.

Staff contacted 92 purchasers and received responses from 22 purchasers.[17] Responding purchasers reported purchasing and/or importing $190.1 million of trailer wheels during 2016-18 (table V-16). Of the 22 responding purchasers, 18 reported that they had purchased imported trailer wheels from China instead of U.S.-produced product since 2016. Fifteen of these purchasers reported that subject import prices were lower than U.S.-produced product, and nine of them reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Eight purchasers estimated the value of trailer wheels from China purchased instead of domestic product; values ranged from $*** to $*** for a total of $15.9 million (table V-17a and V-17b).[18] Several purchasers identified non-price reasons for purchasing imported rather than U.S.-produced product. Of the eight firms that reported non-price reasons, seven of them highlighted a lack of availability, delivery problems, or a "refusal" to supply a particular product type (manufactured housing wheels).

[17] Three purchasers (***) submitted lost sales lost revenue survey responses in the preliminary phase, but did not submit purchaser questionnaire responses in the final phase. *** did submit importer questionnaires, however.

[18] Respondent Trans Texas argues that ***, "{a}ny *** indicators over the POI is attributable to *** – not subject imports." Respondent Trans Texas' prehearing brief, pp. 5-8.

Table V-16
Trailer wheels: Purchasers' responses to purchasing patterns

Purchaser	Purchases and imports during 2016-18 (dollars)			Change in domestic share[2] (pp, 2016-18)	Change in subject country share[2] (pp, 2016-18)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Totals	44,354,471	135,502,325	10,257,176	(3.2)	(0.3)
(Of which galvanized)	265,224	13,969,928	5,318,328	(0.9)	(19.1)
(Of which nongalvanized)	44,089,247	121,532,397	4,938,848	(3.7)	1.9

[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-17a
Trailer wheels: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Purchased /imported from China instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased and/or imported Chinese product instead of domestic, was price a primary reason: Y/N	If Yes, value purchased and/or imported instead of domestic (dollars)	If No, non-price reason
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Totals	Yes--18; No--4	Yes--15; No--3	Yes--9; No--8	$15,851,434	

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

Table V-17b
Trailer wheels: Purchasers' responses to purchasing subject imports instead of domestic product

Type	Count of purchasers reporting subject instead of domestic	Count of purchasers reporting that imports were priced lower	Count of purchasers reporting that price was a primary reason for shift	Value of subject product purchased (dollars)
Non-galvanized	18	15	9	$12,834,908
Galvanized	9	9	4	$3,016,526

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

Of the 22 responding purchasers, 5 reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China; 9 reported that U.S. producers did not reduce prices in order to compete with lower-priced imports from China, and 8 reported that they did not know (table V-18). The reported estimated average price reductions ranged from

Table V-18
Trailer 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
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Totals	Yes--5; No--9; Don't Know--8	9.3	

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

4.0 percent to 15.3 percent. In describing these price reductions, *** reported that *** reduced its prices by between 2 and 9 percent in order to follow price reductions by "import countries." *** reported using prices from *** in order to negotiate lower prices from ***.

Some purchasers provided additional information on purchases and market dynamics. *** stated that Dexstar would not produce one million manufactured housing wheels for the firm, even when *** offered to stockpile the raw materials and pay Dexstar cash on delivery, with Dexstar "stating that they made more money on RV wheels." *** reported that Dexstar "will not make open face wheels {or} mobile home wheels." *** reported that it had quality and production issues with Dexstar. *** expressed concern that an AD/CVD duty against imported trailer wheels from China would hurt smaller competitors and the consumer.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

*** U.S. producers provided usable financial data. ***. Total net sales of trailer wheels was comprised of commercial sales and transfers to related firms. During the period examined, transfers to related firms accounted for *** percent of net sales. U.S. producers reported their financial data based on U.S. generally accepted accounting principles (U.S. GAAP) and on a calendar year basis.[1] [2]

Staff verified the results of *** with its company records. The verification adjustments were incorporated into this report. ***.[3] ***.

OPERATIONS ON TRAILER WHEELS

Tables VI-1 and VI-3 present aggregated data on the U.S. producer's operations in relation to trailer wheels over the annual periods of 2016 through 2018, January-March 2018 ("interim 2018"), and January-March 2019 ("interim 2019") for total markets and merchant markets, respectively. Tables VI-2 and VI-4 present changes in the average unit values of selected financial data for total markets and merchant markets, respectively. Table VI-5 presents selected company-specific financial data.

Table VI-1
Trailer wheels: Results of total market operations of U.S. producers, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

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

[2] *** provided a U.S. producer questionnaire, however, its trailer wheels operations are limited to galvanizing trailer wheels on a toll basis for U.S. producers. For this reason, it has not been included in this section of the report. The company reported a ***.

[3] The changes affected ***.

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

* * * * * * *

Table VI-3
Trailer wheels: Results of merchant market operations of U.S. producers, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Table VI-4
Trailer wheels: Changes in AUVs for merchant market operations, between calendar years and between partial year periods

* * * * * * *

Table VI-5
Trailer wheels: Select results of total market operations of U.S. producers, by company, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Net sales

As shown in table VI-1, the quantity and value of total net sales decreased from 2016 to 2018. Interim 2019 net sales quantity was lower compared with interim 2018,[4] and interim 2019 net sales value was higher compared with interim 2018. The average unit value ("AUV") of net sales decreased from 2016 to 2017, then slightly increased in 2018, and was higher in interim 2019 than in interim 2018. *** reported both commercial sales and transfers to related firms. The transfers to related firms are included in net sales for total market operations.[5] The decreases in net sales quantity and value from 2016 to 2018 are attributable to ***. During the same period, transfers to related firms ***. Net sales value was higher in interim 2019 compared with interim 2018, attributable to ***. In the merchant market (which excludes transfers to related firms), as shown in table VI-3, the quantity and value of commercial sales decreased from 2016 to 2018, however, interim 2019 commercial sales were higher compared with interim 2018. The AUV of commercial sales decreased from 2016 to 2018, but was higher in interim 2019 than in interim 2018.

[4] Dexstar experienced a fire in its plant on December 15, 2018 which damaged a piece of equipment on one of its production lines. The line did not restart until March 15, 2019, and led to decreased production in the first quarter of 2019. Hearing transcript, pp. 86-87 (Pickard).

[5] The share of net sales quantity accounted for by transfers to related firms increased from *** percent in 2016 to *** percent in 2018. However, they accounted for *** percent of net sales in interim 2019, compared to *** percent in the same period in 2018.

Cost of goods sold and gross profit or (loss)

As shown in table VI-1, the ratio of COGS to net sales for total market operations decreased from *** percent in 2016 to *** percent in 2017 but increased to *** percent in 2018. In interim 2019, this ratio was higher (*** percent) compared with interim 2018 (*** percent). With respect to merchant market operations, as shown on table VI-3, the ratio of COGS to net sales decreased from *** percent in 2016 to *** percent in 2017 but increased to *** percent in 2018. In interim 2019, this ratio was higher (*** percent) than in interim 2018 (*** percent).

Total COGS consists of raw materials, direct labor, and other factory costs ("OFC"). Raw materials represented the largest component of COGS, accounting for between *** percent (in 2017) and *** percent (in 2016) of total COGS for total market operations. On a per-pound basis, raw material costs fell irregularly from $*** per pound in 2016 to $*** per pound in 2018. In the partial year periods, raw material costs were higher in interim 2019 ($*** per pound) than in interim 2018 ($*** per pound). With respect to merchant market operations, as shown in table VI-3, raw materials accounted for between *** percent (in interim 2019) and *** percent (in 2016) of total COGS. On a per-pound basis, raw material costs decreased irregularly from $*** per pound in 2016 to $*** per pound in 2018. In the partial year periods, raw materials were higher in interim 2019 ($*** per pound) than in interim 2018 ($*** per pound). Table VI-6 presents the major components of raw materials, their AUVs, and their share of total raw material costs for 2018 for total market operations.

Table VI-6
Trailer wheels: U.S. producers' raw materials costs for total market operations, 2018

* * * * * * *

Steel accounted for the vast majority of total raw material costs, approximately *** percent in 2018.[6]

[6] The input to make steel trailer wheels is generally hot-rolled steel in coils, a steel mill product. The effect of certain steel trade actions has been to raise the price of imported and domestically produced steel and increase the cost of downstream products produced from steel. Hot-rolled steel prices were affected by Commerce's affirmative countervailing duty determinations in March 2016 and its antidumping orders in October of that year. More recently, the President exercised his authority under Section 232 (the national security provision) of the Trade Expansion Act of 1962 on March 8, 2018, to impose 25 percent ad valorem duties on all steel mill products from all countries except those exempted; reportedly, exemptions have been granted to Argentina, Australia, Brazil, Canada, Mexico and South Korea, although Argentina, Brazil, and South Korea are covered by section 232 absolute quotas. See https://www.cbp.gov/trade/programs-administration/entry-summary/232-tariffs-aluminum-and-steel, retrieved June 12, 2019. On March 23, 2018, the Section 232 tariffs became effective and U.S. Customs and Border Protection began collecting them. *See*, https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states; see also, The Effect of Steel on National Security ("Commerce 232 Steel Report") January 11, 2018, pp. 9-10. For further information, see Part 1 of this report.

*** explained ***.[7] Other raw material costs include *** ***.[8] Dexstar does not galvanize its wheels but sends them to an independent firm to be galvanized at a cost of approximately $*** per wheel.[9]

Direct labor is the smallest of the three categories, and increased from *** percent of COGS in 2016 to *** percent in 2018 for total market operations (*** percent and *** percent, respectively, for merchant market operations). Its share of COGS was *** percent in both the merchant market and the total market in January-March 2019. Similar to raw material costs, direct labor costs tend to vary with product and sales.

Other factory costs (OFC), the last category of costs in COGS, decreased from *** percent in 2016 to *** percent in 2018 as a share of total COGS for total market operations, and was lower at *** percent in interim 2019 when compared with interim 2018 (*** percent). For merchant market operations, OFC decreased from *** percent in 2016 to *** percent in 2018, and was lower at *** percent in interim 2019 when compared with interim 2018 (*** percent).

The industry's gross loss for total market operations increased irregularly from *** in 2016 to *** in 2018, as net sales value declined more than COGS. The gross loss was $*** in interim 2019 which was higher than the gross loss of $*** in interim 2018. For the merchant market, the gross loss increased irregularly from $*** in 2016 to $*** in 2018, as net sales value declined more than COGS. The gross loss in interim 2019 of $*** was higher than the gross loss in interim 2018 of $***.

SG&A expenses and operating income or (loss)

As shown in table VI-1, SG&A expenses fell from $*** to $*** from 2016 to 2018, but were higher in interim 2019 ($***) than in interim 2018 ($*** percent in 2016 to *** percent in 2018. The ratio was higher in interim 2019 (*** percent) than in 2018 (*** percent). With respect to the merchant market, as shown in VI-3, SG&A expenses fell from $*** to $*** from 2016 to 2018, and were higher in interim 2019 ($***) than in interim 2018 ($***).[10] The ratio of total SG&A expenses to total net sales value decreased from *** percent in 2016 to *** percent in 2018. The ratio was higher in interim 2019 (*** percent) than in 2018 (*** percent).

The operating income for total market operations improved *** in 2016 to *** in 2018 as ***. The operating ***. For the merchant market, the operating income improved *** in 2018. The operating ***.[11]

---

[7] Email from ***.

[8] *** reported ***, and *** reported *** as other material inputs. U.S. producers' questionnaire response, section III-9d.

[9] Email from ***.

[10] ***.

[11] Total market company-specific data shows ***. Its interim 2019 operating ***. ***. Its interim 2019 operating ***.

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. ***.

Variance analyses

Variance analyses for the operations on trailer wheels are presented in tables VI-7 and VI-8.[12] The information for these variance analyses is derived from tables VI-1 and VI-3. For both total market and merchant market operations, the analyses show that the decrease in the operating losses between 2016 and 2018 is attributable to favorable net cost/expense variances despite unfavorable price variances (in other words, costs and expenses declined more than prices).[13] For the interim periods, the analyses show that the increase in the operating losses between interim 2018 and interim 2019 is attributable to unfavorable net cost/expense variances despite favorable price variance (in other words, costs and expenses increased more than prices).

Table VI-7
Trailer wheels: Variance analysis for total market operations of U.S. producers, between calendar years and between partial year periods

* * * * * * *

Table VI-8
Trailer wheels: Variance analysis for merchant market operations of U.S. producers, between calendar years and between partial year periods

* * * * * * *

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

[13] The relatively large favorable volume variance for merchant market operations between 2016 and 2018 reflect the "positive" effect of lower volume on per-unit operating losses.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-9 presents capital expenditures and research and development ("R&D") expenses for U.S. producers. Capital expenditures increased irregularly from $*** in 2016 to $*** in 2018 and were greater in interim 2019 ($***) than in interim 2018 ($***).[14] ***

***.[15]

Table VI-9
Trailer wheels: Capital expenditures and research and development expenses for U.S. producers, by firm, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

A witness for Dexstar stated that the industry making trailer wheels is capital intensive.[16] Moreover, Dexstar believes ***.[17]

ASSETS AND RETURN ON ASSETS

Table VI-10 presents data on U.S. producers' total assets and the return on assets ("ROA"). Total assets decreased from $*** in 2016 to $*** in 2018. The ROA improved from *** percent in 2016 to *** percent in 2018.

[14] ***.

[15] ***.

[16] Conference transcript, p. 81 (Pizzola).

[17] Dexstar's postconference brief, answers to staff questions, answer 9. ***. Email from ***. Updated with information provided during staff verification.

Table VI-10
Trailer wheels: Value of assets used in production, warehousing, and sales, and return on investment for U.S. producers by firm, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of trailer wheels to describe any actual or potential negative effects of imports of trailer wheels from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-11 presents U.S. producers responses in a tabulated format and table VI-12 provides the narrative responses. These tables include ***.

Table VI-11
Trailer wheels: Actual and anticipated negative effects of imports on investment and growth and development

* * * * * * *

Table VI-12
Trailer wheels: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016

* * * * * * *

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 41 firms believed to produce and/or export trailer wheels from China.[3] Usable responses to the Commission's questionnaire were received from four firms. These firms' exports to the United States accounted for approximately *** percent of U.S. imports of trailer wheels from China in 2018. According to estimates requested of the responding Chinese producers, the production of trailer wheels in China reported in questionnaires accounts for approximately *** percent of overall production of trailer wheels in China. Table VII-1 presents information on the trailer wheels operations of the responding producers and exporters in China.

Table VII-1
Trailer wheels: Summary data for producers in China, 2018

* * * * * * *

Changes in operations

As presented in table VII-2, producers in China reported several operational and organizational changes since January 1, 2016.

Table VII-2
Trailer wheels: Reported changes in operations by producers in China, since January 1, 2016

* * * * * * *

Operations on trailer wheels

Table VII-3 presents information on the trailer wheel operations of the responding producers and exporters in China.[4] Chinese producers' production capacity decreased by 7.3 percent from 2016 to 2018, and is projected to decrease by a further 17.3 percent from 2018 to 2020. Chinese producers' production increased by *** percent from 2016 to 2018, but is projected to decrease by *** percent from 2018 to 2020. Capacity utilization increased from *** percent in 2016 to *** percent in 2018. Capacity utilization was *** percentage points

[3] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

[4] The data provided by *** in its final phase foreign producers' questionnaire varied considerably from the data provided in its preliminary phase questionnaire. Staff reached out to the firm to confirm the accuracy of its most recent submission, but have not received a response as of the time of the issuance of this report.

lower in interim 2019 than in interim 2018. However, capacity utilization is projected to be *** percent in 2019 and *** percent in 2020.[5]

Home market shipments accounted for between *** percent and *** percent of total shipments during 2016-18. Chinese producers' home market shipments increased *** percent from 2016 to 2018, and are projected to increase by nearly *** percent from 2018 to 2020.[6]

The vast majority of Chinese export shipments were destined for the U.S. market. Overall, these shipments accounted for between *** and *** percent of total shipments from 2016-18. Chinese producers' export shipments of trailer wheels to the United States increased by *** percent from 2016 to 2018, but *** reported projected export shipments to the U.S. in 2020.

Chinese export shipments of trailer wheels to non-U.S. markets increased from *** percent to *** percent of their total shipments in 2016-18. Overall, export shipments to non-U.S. markets increased by *** percent from 2016 to 2018 but are expected to decrease by *** percent from 2018 to 2020.

Chinese respondent Jingu states that four companies—itself, Sunrise, Xingmin, and Zhejiang Ningbo (which did not file a questionnaire response)—are the only producers of the subject merchandise in China which export to the United States, and that the other companies listed in the petition are either small producers of the subject merchandise or do not produce or export the subject merchandise.[7] [8] *** of the export shipments to the United States from China is attributed to ***, which accounted for between *** percent and *** percent of total exports to the U.S. in 2016-18.

[5] While *** projected an increase in production, *** projected steep reductions in production. *** reported that the basis for its projections was "***." *** reported that the basis for its projections was "***." ***.

[6] This increase in projection is ***. Email from ***.

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

[8] Jingu is leading a joint venture to establish a trailer wheel manufacturer, Indiana Wheel Corporation, in Plymouth, Indiana. The company is investing $23 million to purchase and equip a facility in Plymouth, and is aiming to hire 60 employees by the end of 2019. Petitioner's posthearing brief, answer to question #10, exh. 2.

Table VII-3
Trailer wheels: Data on industry in China, 2016-18, January to March 2018, and January to March 2019 and projected calendar years 2019 and 2020

Item	Actual experience					Projected	
	Calendar year			January to March		Calendar year	
	2016	2017	2018	2018	2019	2019	2020
	Quantity (1,000 pounds)						
Capacity	226,308	221,484	209,840	58,975	44,978	173,601	173,601
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

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

Alternative products

As shown in table VII-4, responding Chinese producers produced other products on the same equipment and machinery used to produce trailer wheels. Trailer wheels' share of Chinese producers' total production on the same machinery decreased from *** percent in 2016 to *** percent in 2018, and was *** percent in interim 2019. Chinese producers' overall capacity decreased irregularly by 2.3 percent from 2016 to 2018. Overall capacity utilization increased from 69.0 percent in 2016 to 80.8 percent in 2018. However, capacity utilization was 43.6 percentage points lower in interim 2019 than interim 2018.

Table VII-4
Trailer wheels: Overall capacity and production on the same equipment as in-scope production by producers in China, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
Overall capacity	239,306	228,790	233,750	57,644	43,308
Production:					
Steel trailer wheels: non-galvanized	***	***	***	***	***
Steel trailer wheels: galvanized	***	***	***	***	***
Steel trailer wheels: total	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	165,130	175,645	188,799	42,491	13,032
	Ratios and shares (percent)				
Overall capacity utilization	69.0	76.8	80.8	73.7	30.1
Share of production:					
Steel trailer wheels: non-galvanized	***	***	***	***	***
Steel trailer wheels: galvanized	***	***	***	***	***
Steel trailer wheels: total	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

Exports

According to Global Trade Atlas data, China's leading export markets in 2018 for trailer parts, which includes in-scope trailer wheels, were the United States, Germany, and Australia (table VII-5). Specifically, the United States was the top export market for trailer parts from China, accounting for 34.1 percent of China's trailer parts exports, followed by the Germany, accounting for 5.7 percent. Table VII-5 presents data on Chinese exports of trailer parts.

Table VII-5
Trailer parts: Exports from China by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Quantity (1,000 pounds)		
Exports from China to the United States	431,626	465,944	571,162
Exports from China to other major destination markets.--			
Germany	80,643	89,494	95,817
Australia	61,273	70,706	76,229
Netherlands	56,021	61,476	73,882
United Kingdom	67,800	69,727	65,940
Russia	41,962	50,356	55,361
South Korea	52,551	56,037	54,112
Japan	33,715	37,344	40,472
Mexico	34,309	43,257	46,145
All other destination markets	590,832	566,322	596,454
Total exports from China	1,450,733	1,510,662	1,675,574
	Value (1,000 dollars)		
Exports from China to the United States	439,462	458,478	594,674
Exports from China to other major destination markets.--			
Germany	80,309	89,127	108,851
Australia	53,540	63,095	72,170
Netherlands	55,598	61,617	78,785
United Kingdom	57,389	61,793	58,359
Russia	32,573	40,651	50,709
South Korea	39,530	42,723	45,388
Japan	39,954	41,782	43,259
Mexico	26,591	32,510	36,994
All other destination markets	486,998	470,456	523,837
Total exports from China	1,311,943	1,362,231	1,613,026

Table continued on next page.

Table VII-5—Continued
Trailer parts: Exports from China by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Unit value (dollars per pound)		
Exports from China to the United States	1.02	0.98	1.04
Exports from China to other major destination markets.-- Germany	1.00	1.00	1.14
Australia	0.87	0.89	0.95
Netherlands	0.99	1.00	1.07
United Kingdom	0.85	0.89	0.89
Russia	0.78	0.81	0.92
South Korea	0.75	0.76	0.84
Japan	1.19	1.12	1.07
Mexico	0.78	0.75	0.80
All other destination markets	0.82	0.83	0.88
Total exports from China	0.90	0.90	0.96
	Share of quantity (percent)		
Exports from China to the United States	29.8	30.8	34.1
Exports from China to other major destination markets.-- Germany	5.6	5.9	5.7
Australia	4.2	4.7	4.5
Netherlands	3.9	4.1	4.4
United Kingdom	4.7	4.6	3.9
Russia	2.9	3.3	3.3
South Korea	3.6	3.7	3.2
Japan	2.3	2.5	2.4
Mexico	2.4	2.9	2.8
All other destination markets	40.7	37.5	35.6
Total exports from China	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8716.90 as reported by China Customs in the Global Trade Atlas database, accessed May 16, 2019.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of trailer wheels. Inventories from China increased by 41.8 percent from 2016 to 2018, and were 8.3 percent lower in interim 2019 than in interim 2018. Inventories from nonsubject sources increased by *** percent from 2016 to 2018, and were *** percent higher in interim 2019 than in interim 2018, but were still less than *** of the inventories of subject trailer wheels imported from China.

Table VII-6
Trailer wheels: U.S. importers' end-of-period inventories of imports by source, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Inventories (1,000 pounds); Ratios (percent)				
Imports from China					
Inventories	33,875	36,584	48,020	35,153	32,231
Ratio to U.S. imports	31.3	28.9	33.8	25.9	52.1
Ratio to U.S. shipments of imports	32.4	29.6	37.0	25.1	26.1
Ratio to total shipments of imports	32.4	29.5	36.9	25.0	26.0
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 importers to indicate whether they imported or arranged for the importation of trailer wheels from China after March 31, 2019. *** of U.S. importers' total arranged imports are from nonsubject sources (*** percent). Table VII-7 presents data for shipments of trailer wheels arranged for U.S. importation after March 31, 2019.

Table VII-7
Trailer wheels: Arranged imports, April 2019 through March 2020

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, there have not been any countervailing duty investigations outside the United States on the subject merchandise and there is one ongoing antidumping investigation outside the United States that includes trailer wheels.[9] On February 15, 2019, the European Union initiated an antidumping investigation concerning imports of

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

steel road wheels from China.[10] The European Union defined steel road wheels to include "trailers, semi-trailers, caravans, and similar vehicles not mechanically propelled," which contains products within the scope of these investigations.[11] The European Union is scheduled to conclude its investigation within one year of the initiation date and the investigation may not exceed 14 months, or no later than April 15, 2020. Provisional duties may be imposed by the European Union on imports from China no later than 8 months after publication of the public notice, or by October 15, 2019.

INFORMATION ON NONSUBJECT COUNTRIES

According to Global Trade Atlas data, Germany was the largest nonsubject export source for trailer parts (including trailer wheels), accounting for 23.5 percent, or $2.1 billion, of global exports in 2018. The second largest global exporter of trailer parts in 2018 was China, accounting for 18.4 percent of global exports, or $1.6 billion. The United States exported $1.0 billion of trailer parts in 2018 and was the third largest exporter, accounting for 11.4 percent of global trailer part exports, followed by the Netherlands with 5.2 percent and Hungary with 5.0 percent.

At the staff conference, respondents testified that "Korea Wheel is the only third-country manufacturer of note, but this company is still smaller than the main Chinese manufacturers."[12] At the hearing, the petitioner testified that "there's been significant increase in capacity in Korea."[13] Korea was not listed among the 10 top trailer part export sources in 2018.

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[10] *Notice of initiation of an anti-dumping proceeding concerning imports of steel road wheels originating in the People's Republic of China*, Official Journal of the European Union, 2019/C 60/07, February 2, 2019, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC_2019_060_R_0007&from=EN, retrieved June 3, 2019.

[11] On March 25, 2019, the European Union clarified exclusions to the investigation. The exclusions did not affect trailer wheels, which are still under investigation. *Notice amending the notice of initiation of an anti-dumping proceeding concerning imports of steel road wheels originating in the People's Republic of China*, Official Journal of the European Union, 2019/C 111/13, March 25, 2019, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC_2019_111_R_0013&from=EN, retrieved June 3, 2019.

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

[13] Hearing transcript, p. 88 (Stewart).

Table VII-9
Trailer parts: Global exports by country, 2016-18

Exporter	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
United States	680,440	827,952	1,003,665
China	1,311,943	1,362,231	1,613,026
All other major reporting exporters.-- Germany	1,668,868	1,887,357	2,058,306
Netherlands	350,555	398,869	458,123
Hungary	355,507	391,000	434,466
Poland	301,334	347,109	393,910
Italy	295,537	334,996	367,747
Austria	203,585	214,708	242,554
Czech Republic	165,239	183,915	216,949
France	179,588	193,315	213,341
Belgium	165,771	190,518	197,401
Canada	120,999	118,774	149,789
All other exporters	1,021,439	1,165,650	1,426,403
Total global exports	6,820,806	7,616,393	8,775,679
	Share of value (percent)		
United States	10.0	10.9	11.4
China	19.2	17.9	18.4
All other major reporting exporters.-- Germany	24.5	24.8	23.5
Netherlands	5.1	5.2	5.2
Hungary	5.2	5.1	5.0
Poland	4.4	4.6	4.5
Italy	4.3	4.4	4.2
Austria	3.0	2.8	2.8
Czech Republic	2.4	2.4	2.5
France	2.6	2.5	2.4
Belgium	2.4	2.5	2.2
Canada	1.8	1.6	1.7
All other exporters	15.0	15.3	16.3
Total global exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8716.60 reported by various national statistical authorities in the Global Trade Atlas database, accessed June 12, 2019.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
83 FR 40551 August 15, 2018	*Steel Trailer Wheels From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-08-15/pdf/2018-17471.pdf
83 FR 45095 September 5, 2018	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-05/pdf/2018-19206.pdf
83 FR 45100 September 5, 2018	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-09-05/pdf/2018-19205.pdf
83 FR 49124 September 29, 2018	*Steel Trailer Wheels From China*	https://www.govinfo.gov/content/pkg/FR-2018-09-28/pdf/2018-21130.pdf
83 FR 51926 October 15, 2018	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2018-10-15/pdf/2018-22365.pdf
84 FR 2169 February 6, 2019	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Postponement of the Preliminary Determination in the Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-02-06/pdf/2019-01268.pdf

Citation	Title	Link
84 FR 5989 February 25, 2019	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*	https://www.govinfo.gov/content/pkg/FR-2019-02-25/pdf/2019-03131.pdf
84 FR 16643 April 22, 2019	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, and Preliminary Affirmative Determination of Critical Circumstances*	https://www.govinfo.gov/content/pkg/FR-2019-04-22/pdf/2019-08005.pdf
84 FR 18862 May 2, 2019	*Steel Trailer Wheels From China; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-05-02/pdf/2019-08899.pdf
84 FR 32707 July 9, 2019	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances*	https://www.govinfo.gov/content/pkg/FR-2019-07-09/pdf/2019-14559.pdf
84 FR 32723 July 9, 2019	*Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances*	https://www.govinfo.gov/content/pkg/FR-2019-07-09/pdf/2019-14558.pdf
84 FR 35422 July 23, 2019	*Steel Trailer Wheels From China; Revised Schedule for the Subject Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-07-23/pdf/2019-15631.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 Trailer Wheels from China

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

Date and Time: July 9, 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:

Petitioner (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Max F. Schutzman**, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, LLP)

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

Stewart and Stewart
Washington, DC
on behalf of

Dexstar Wheel Division of Americana Development, Inc.

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

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

Paul Starner, President, Kenda Tire and Wheel

Ray Oglesby, General Manager, Dexstar Wheel Division

Patricia Bowen, Sales/Customer Service, Dexstar Wheel Division

David Craig, General Manager, American Tire and Wheel, a Division of American Development Inc.

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

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

Otis Howell, Corporate Project Analyst, Americana Development Inc.

Bo Adams, Executive Vice President, C. E. Smith Company

Anthony Mountain, President, Homesteader Inc.

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

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

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

Trans Texas Tire LLC ("TTT")

Amanda Walker, Chief Operating Officer, TTT

Richard Walker, Vice President, TTT

Bryan Haas, Vice President of Sales, TTT

Brandy Hilton, Vice President of Supply Chain, TTT

Steve Courreges, President, Big Tex Trailers

Bryan Ricketts, Vice President, The Wheel Source, Inc.

Max F. Schutzman)
) – OF COUNSEL
Jordan C. Kahn)

White & Case LLP
Washington, DC
on behalf of

Zhejiang Jingu, Co. Ltd. ("Zhejiang Jingu")

Ting-Ting Kao) – OF COUNSEL

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

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

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

Ronald A. Pike, President and CEO, Tredit

Jeffrey Stevens, Quality and Compliance Manager, Tredit

Brian F. Walsh) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioner (**Terence P. Stewart**, Stewart and Stewart)
Respondents (**Max F. Schutzman**, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, LLP)

-END-

APPENDIX C

SUMMARY DATA

Total market

Table C-1
Trailer wheels: Summary data concerning the U.S. market, 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. total market consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. total market consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	104,488	123,566	129,793	35,042	30,892	24.2	18.3	5.0	(11.8)
Value	76,928	89,038	94,368	26,101	22,812	22.7	15.7	6.0	(12.6)
Unit value	$ 0.74	$ 0.72	$ 0.73	$ 0.74	$ 0.74	(1.2)	(2.1)	0.9	(0.9)
Ending inventory quantity	33,875	36,584	48,020	35,153	32,231	41.8	8.0	31.3	(8.3)
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 (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Trailer wheels: Summary data concerning the U.S. market, 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. producers':									
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

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

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

Merchant market

Table C-2
Trailer wheels: Summary data concerning the U.S. merchant market, 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. merchant market consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. merchant market consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	104,488	123,566	129,793	35,042	30,892	24.2	18.3	5.0	(11.8)
Value	76,928	89,038	94,368	26,101	22,812	22.7	15.7	6.0	(12.6)
Unit value	$ 0.74	$ 0.72	$ 0.73	$ 0.74	$ 0.74	(1.2)	(2.1)	0.9	(0.9)
Ending inventory quantity	33,875	36,584	48,020	35,153	32,231	41.8	8.0	31.3	(8.3)
Nonsubject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-2--Continued
Trailer wheels: Summary data concerning the U.S. merchant market, 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. producers':									
Commercial U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Commercial 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)	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

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

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

Related party exclusion: Total market

Table C-3
Trailer wheels: Summary data concerning the U.S. total market excluding one related party (***), 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. total market consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers'	***	***	***	***	***	***	***	***	***
Excluded producers'	***	***	***	***	***	***	***	***	***
All US producers'	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. total market consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers'	***	***	***	***	***	***	***	***	***
Excluded producers'	***	***	***	***	***	***	***	***	***
All US producers'	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	104,488	123,566	129,793	35,042	30,892	24.2	18.3	5.0	(11.8)
Value	76,928	89,038	94,368	26,101	22,812	22.7	15.7	6.0	(12.6)
Unit value	$0.74	$0.72	$0.73	$0.74	$0.74	(1.2)	(2.1)	0.9	(0.9)
Ending inventory quantity	33,875	36,584	48,020	35,153	32,231	41.8	8.0	31.3	(8.3)
Nonsubject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Included U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-3--Continued
Trailer wheels: Summary data concerning the U.S. total market excluding one related party (***), 2016-18, January to March 2018, and January to March 2019

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
Included U.S. producers':									
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

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

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

Related party exclusion: Merchant market

Table C-4
Trailer wheels: Summary data concerning the U.S. merchant market excluding one related party (***), 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers'	***	***	***	***	***	***	***	***	***
Excluded producers'	***	***	***	***	***	***	***	***	***
All US producers'	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1):									
Included producers'	***	***	***	***	***	***	***	***	***
Excluded producers'	***	***	***	***	***	***	***	***	***
All US producers'	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	104,488	123,566	129,793	35,042	30,892	24.2	18.3	5.0	(11.8)
Value	76,928	89,038	94,368	26,101	22,812	22.7	15.7	6.0	(12.6)
Unit value	$0.74	$0.72	$0.73	$0.74	$0.74	(1.2)	(2.1)	0.9	(0.9)
Ending inventory quantity	33,875	36,584	48,020	35,153	32,231	41.8	8.0	31.3	(8.3)
Nonsubject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Included U.S. producers':									
Commercial U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

Table C-4--Continued
Trailer wheels: Summary data concerning the U.S. merchant market excluding one related party (***), 2016-18, January to March 2018, and January to March 2019
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Calendar year			Jan-Mar
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
Included U.S. producers':									
Commercial 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)	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

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

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

APPENDIX D

SELECTED DATA REGARDING TOLL PROCESSING

Table D-1
Trailer wheels: Summary data regarding the toller, 2016-18, January to March 2018, and January to March 2019

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APPENDIX E

COMPARISONS OF GALVANIZED AND NON-GALVANIZED TRAILER WHEELS BY THE LIKE PRODUCT FACTORS

Table E-1
Trailer wheels: U.S. producers' and galvanizer's comparisons of galvanized and non-galvanized trailer wheels by the like product factors

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Table E-2
Trailer wheels: U.S. importers' comparisons of galvanized and non-galvanized trailer wheels by the like product factors

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Table E-3
Trailer wheels: U.S. purchasers' comparisons of galvanized and non-galvanized trailer wheels by the like product factors

* * * * * * *

APPENDIX F

DATA CONCERNING GALVANIZED AND NON-GALVANIZED TRAILER WHEELS

Table F-1
Trailer wheels: U.S. producers' galvanized and non-galvanized total U.S. shipments, by channels of distribution, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Table F-2
Trailer wheels: U.S. importers' galvanized and non-galvanized total U.S. shipments from China, by channels of distribution, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
OEM galvanized	***	***	***	***	***
Aftermarket galvanized	***	***	***	***	***
OEM non-galvanized	***	***	***	***	***
Aftermarket non-galvanized	***	***	***	***	***
Subtotal, galvanized	9,588	9,180	8,175	2,864	2,022
Subtotal, non-galvanized	94,899	114,386	121,619	32,177	28,870
Total	104,488	123,566	129,793	35,042	30,892
	Value (1,000 dollars)				
OEM galvanized	***	***	***	***	***
Aftermarket galvanized	***	***	***	***	***
OEM non-galvanized	***	***	***	***	***
Aftermarket non-galvanized	***	***	***	***	***
Subtotal, galvanized	7,500	7,049	6,484	2,298	1,579
Subtotal, non-galvanized	69,428	81,989	87,884	23,803	21,233
Total	76,928	89,038	94,368	26,101	22,812
	Unit value (dollars per pound)				
OEM galvanized	***	***	***	***	***
Aftermarket galvanized	***	***	***	***	***
OEM non-galvanized	***	***	***	***	***
Aftermarket non-galvanized	***	***	***	***	***
Subtotal, galvanized	0.78	0.77	0.79	0.80	0.78
Subtotal, non-galvanized	0.73	0.72	0.72	0.74	0.74
Total	0.74	0.72	0.73	0.74	0.74

Table continued on next page.

Table F-2--Continued
Trailer wheels: U.S. importers' galvanized and non-galvanized total U.S. shipments from China, by channels of distribution, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Share of subtotal quantity galvanized (percent)				
OEM galvanized	***	***	***	***	***
Aftermarket galvanized	***	***	***	***	***
	Share of subtotal quantity non-galvanized (percent)				
OEM non-galvanized	***	***	***	***	***
Aftermarket non-galvanized	***	***	***	***	***
	Share of total quantity (percent)				
OEM galvanized	***	***	***	***	***
OEM non-galvanized	***	***	***	***	***
Subtotal, OEM	***	***	***	***	***
Aftermarket galvanized	***	***	***	***	***
Aftermarket non-galvanized	***	***	***	***	***
Subtotal, aftermarket	***	***	***	***	***

Note.--Due to rounding, percentages may not add up to total shown.

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

Table F-3
Trailer wheels: U.S. importers' galvanized and non-galvanized total U.S. shipments from nonsubject sources, by channels of distribution, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Table F-4
Trailer wheels: U.S. importers' galvanized and non-galvanized total U.S. shipments from all sources, by channels of distribution, 2016-18, January to March 2018, and January to March 2019

* * * * * * *

Table F-5
Trailer wheels: U.S. producers' and importers' galvanized and non-galvanized total U.S. shipments, by channels of distribution, 2016-18, January to March 2018, and January to March 2019

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Table F-6
Steel trailer wheels: Data on the non-galvanized trailer wheel industry in China, 2016-18, January to March 2018, and January to March 2019 and projected calendar years 2019 and 2020

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Table F-7
Trailer wheels: Data on the galvanized trailer wheel industry in China, 2016-18, January to March 2018, and January to March 2019 and projected calendar years 2019 and 2020

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Table F-8
Trailer wheels: Apparent U.S. consumption and market shares: total galvanized market, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	9,588	9,180	8,175	2,864	2,022
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	7,500	7,049	6,484	2,298	1,579
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***
	Ratio to overall apparent consumption quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***

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 F-9
Trailer wheels: Apparent U.S. consumption and market shares: total non-galvanized market, 2016-18, January to March 2018, and January to March 2019

Item	Calendar year			January to March	
	2016	2017	2018	2018	2019
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	94,899	114,386	121,619	32,177	28,870
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	69,428	81,989	87,884	23,803	21,233
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***
	Ratio to overall apparent consumption quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Producers and Importers combined	***	***	***	***	***

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

APPENDIX G

PRICE COMPARISON TABLES AND ANALYSES ***

Price comparisons

As shown in table G-1, prices for trailer wheels imported from China were below those for product manufactured by *** in 62 of 106 instances (708,415 wheels); *** of the 62 instances were with respect to sales to OEMs/assemblers, and the other *** instances were with respect to sales to the aftermarket/distributors. Margins of underselling ranged from *** to *** percent for sales to OEMs/assemblers and from *** to *** percent for sales to the aftermarket/distributors, for a combined underselling range of 0.4 to 61.2 percent.

Table G-1
Trailer wheels: Instances of underselling by Chinese product and the range and average of margins, by pricing product, excluding *, January 2016-March 2019**

Product	Number of quarters	Quantity[1] (wheels)	Average margin (percent)	Margin range (percent)	
				Min	Max
To OEMs/assemblers					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Subtotal, underselling (OEMs/assemblers)	***	***	***	***	***
To the aftermarket/distributors					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Subtotal, underselling (aftermarkets/distributors)	***	***	***	***	***
Total, underselling (all)	62	708,415	25.0	0.4	61.2

[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.

As shown in table G-2, prices for trailer wheels imported from China were above those for product manufactured by *** in 44 of 106 instances (199,563 wheels); *** of the 44 instances were with respect to sales to OEMs/assemblers, and *** instances were with respect to sales to the aftermarket/distributors. Margins of overselling ranged from *** to *** percent for sales to OEMs/assemblers and from *** to *** percent for sales to the aftermarket/distributors, for a combined overselling range of 2.0 to 68.8 percent.

Table G-2
Trailer wheels: Instances of overselling by Chinese product and the range and average of margins, by pricing product, excluding *, January 2016-March 2019**

Product	Number of quarters	Quantity[1] wheels)	Average margin (percent)	Margin range (percent)	
				Min	Max
To OEMs/assemblers					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Total, overselling (OEMs/assemblers)	***	***	***	***	***
To the aftermarket/distributors					
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Product 5	***	***	***	***	***
Total, overselling (aftermarkets/distributors)	***	***	***	***	***
Total, overselling (all)	44	199,563	(23.0)	(2.0)	(68.8)

[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.

When examining sales prices to OEMs/assemblers only, prices for trailer wheels imported from China were below those for product manufactured by *** in *** of *** instances (*** wheels); prices for trailer wheels imported from China were above those for product manufactured by *** in the other *** instances (*** wheels). When examining sales prices to the aftermarket/distributors only, prices for trailer wheels imported from China were below those for product manufactured by *** in *** of *** instances (*** wheels); prices for trailer wheels imported from China were above those for product manufactured by *** in the other *** instances (*** wheels).