Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam

Investigation Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary)

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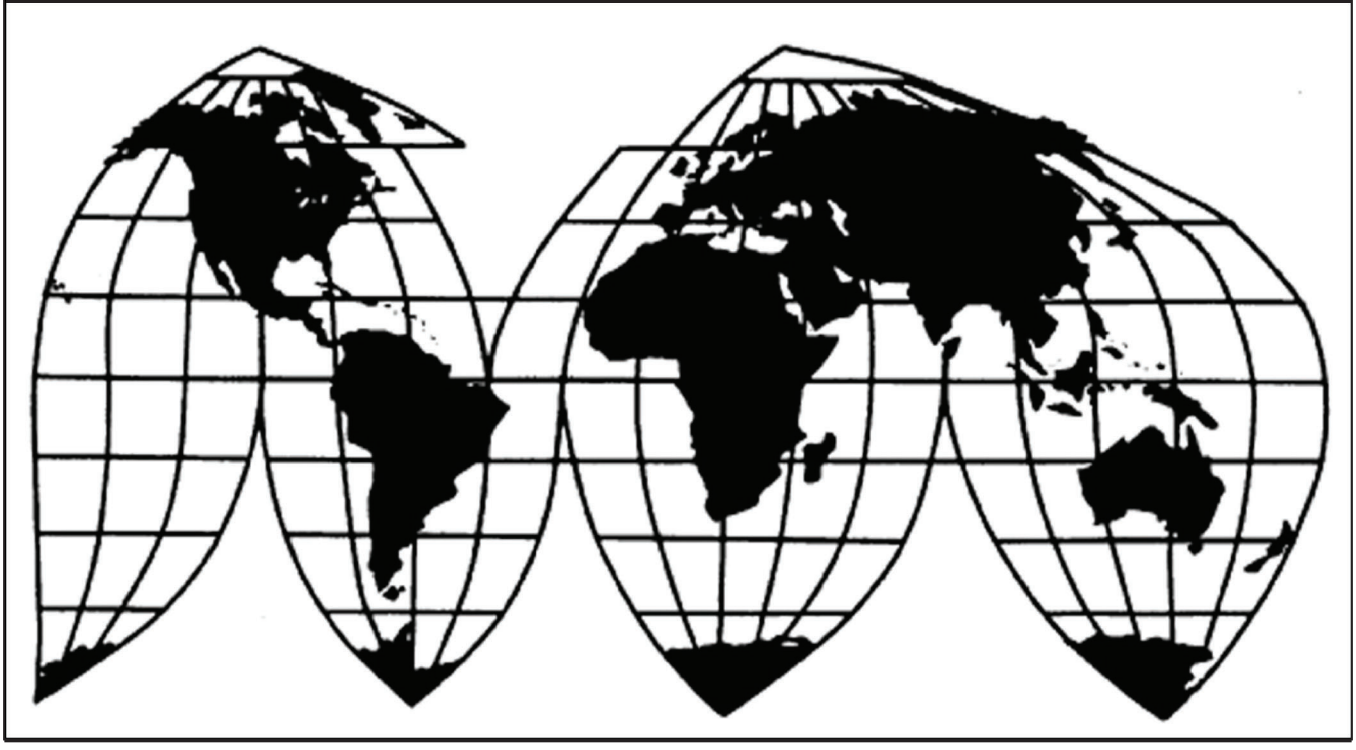
U.S. International Trade Commission



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Note.—Information that would reveal confidential operations of individual concerns may not be published.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-647 and 731-TA-1517-1520 (Preliminary)

Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of passenger vehicle and light truck tires from Korea, Taiwan, Thailand, and Vietnam, provided for in subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of Vietnam.[2]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

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

[2] 85 FR 38850 and 85 FR 38854 (June 29, 2020).

BACKGROUND

On May 13, 2020, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"), Pittsburgh, Pennsylvania, filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of passenger vehicle and light truck tires from Vietnam and LTFV imports of passenger vehicle and light truck tires from Korea, Taiwan, Thailand, and Vietnam. Accordingly, effective May 13, 2020, the Commission instituted countervailing duty investigation No. 701-TA-647 and antidumping duty investigation Nos. 731-TA-1517-1520 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 19, 2020 (85 FR 29972). In light of the restrictions on access to the Commission building due to the COVID–19 pandemic, the Commission conducted its conference through written questions, submissions of opening remarks and written testimony, written responses to questions, and postconference briefs. All persons who requested the opportunity were permitted to participate.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of passenger vehicle and light truck tires ("PVLT tires") that are allegedly sold in the United States at less than fair value from Korea, Taiwan, Thailand, and Vietnam and imports of the subject merchandise that are allegedly subsidized by the government of Vietnam.

I. The Legal Standard for Preliminary Determinations

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

II. Background

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO, CLC, ("petitioner" or "USW") filed the petitions in

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

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

these investigations on May 13, 2020.[3] USW submitted a written opening statement, written witness testimony, written responses to questions, and a post-conference brief.[4]

Several respondent entities participated in these investigations. They include U.S. importers of PVLT tires: American Omni Trading LLC ("American Omni"); American Tire Distributors and its wholly owned subsidiary The Hercules Tire & Rubber Company (collectively "ATD"); Atturo Tire Corp. ("Atturo"); Deestone Corporation Limited ("Deestone"); ITG Voma Corporation ("ITG Voma"); and Les Schwab Warehouse Center, Inc. ("Les Schwab"). Participating foreign producers/exporters include: Federal Corporation and Federal Tire North America LLC, (collectively "Federal"), a producer and exporter of PVLT tires in Taiwan and its affiliated importer; Hankook Tire & Technology Co., Ltd., Hankook Tire America Corp., and Hankook Tire Manufacturing Tennessee, LP (collectively "Hankook"), a producer and exporter of PVLT tires in Korea, an affiliated importer, and an affiliated domestic producer; Cheng Shin Rubber USA INC., dba Maxxis International – USA, Cheng Shin Rubber Ind. Co. Ltd. and Maxxis International (Thailand) Co., Ltd. (collectively "Maxxis"), an importer and its affiliated producers of PVLT tires in Taiwan and Thailand; Nankang Rubber Tire Corp. Ltd. ("Nankang"), a producer and exporter of PVLT tires from Taiwan; Nexen Tire Corporation ("Nexen"), a producer and exporter of PVLT tires from Korea; Sumitomo Rubber North America, Inc., Sumitomo Rubber USA, LLC, and Sumitomo Rubber (Thailand), Ltd. (collectively "Sumitomo"), a domestic producer with its affiliated importer, and affiliated producer of PVLT tires in Thailand; Vee Tyre and Rubber Co., Ltd. ("Vee Tyre"), a producer and exporter of PVLT tires from Thailand; and Vogue Tyre & Rubber Co. and S.R. Tyres Co., Ltd. (collectively "Vogue"), an importer and its affiliated producer and exporter of PVLT tires from Thailand. American Omni, Atturo, Deestone, Federal, Hankook, ITG Voma, Les Schwab, Maxxis, Nexen, Sumitomo, and Vee Tyre submitted witness testimony and post-conference briefs. ATD, Nankang, and Vogue submitted post-conference briefs. The government of Thailand also submitted a letter in support of the Thai respondents'

[3] On May 21, 2020, the Department of Commerce extended its deadline for determining the adequacy of the petitions by 20 days to poll the domestic industry pursuant to sections 702(c)(4)(D) and 732(c)(4)(D) of the Tariff Act of 1930, as amended. *Notice of Extension of the Deadline for Determining the Adequacy of the Antidumping and Countervailing Duty Petitions: Passenger Vehicle and Light Truck Tires From Korea, Taiwan, Thailand, and Vietnam*, 85 Fed. Reg. 32013 (May 28, 2020). Accordingly, the Commission revised its schedule in these investigations. *Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam; Revised Schedule for the Subject Investigations*, 85 Fed. Reg. 35442 (June 10, 2020).

[4] In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference in these investigations through written opening statements, submissions of written testimony, written questions, written responses to questions, and post-conference briefs as set forth in procedures provided to the parties.

submissions.[5] The government of Vietnam also submitted a letter urging the Commission to find no reasonable indication of material injury or threat of material injury by reason of imports from Vietnam.[6]

Data Coverage. Except as noted, U.S. industry data are based on the questionnaire responses of 14 firms that accounted for all U.S. production of PVLT tires in 2019.[7] U.S. import data are based on official Commerce import statistics and questionnaire responses from 53 U.S. importers, accounting for 97.9 percent of U.S. imports from Korea, 52.6 percent of U.S. imports from Taiwan, 88.5 percent of U.S. imports from Thailand, and 103.7 percent of U.S. imports from Vietnam under HTS subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50.[8] The Commission received responses to its questionnaires from 28 foreign producers of subject merchandise: three producers/exporters in Korea, whose exports accounted for approximately *** percent of imports of subject merchandise from Korea in 2019; six producers/exporters in Taiwan, whose exports accounted for approximately *** percent of imports of subject merchandise from Taiwan in 2019; 13 producers/exporters in Thailand, whose exports accounted for approximately *** percent of imports of subject merchandise from Thailand in 2019; and six producers/exporters in Vietnam, whose exports accounted for approximately *** percent of imports of subject merchandise from Vietnam in 2019.[9]

III. Domestic Like Product

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

[5] June 3, 2020 Letter from Jurin Laksanawisit, Minister of Commerce, Royal Thai Government, EDIS Doc. 714038.

[6] June 8, 2020 Submission on behalf of Ministry of Industry and Trade, Trade Remedies Authority of Vietnam, EDIS Doc. 712193.

[7] Confidential Report ("CR"), Memorandum INV-SS-079 (July 7, 2020), Public Report ("PR") at I-4.

[8] CR/PR at I-4 & IV-1. Coverage for subject imports from Vietnam exceeds 100 percent because the quantity of imports reported by U.S. importers responding to the Commission's questionnaires exceeds the volume reported in official Commerce import statistics.

[9] CR/PR at VII-3, VII-10, VII-17 & VII-26.

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(4)(A).

"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."[12]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by Commerce.[13] Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is "necessarily the starting point of the Commission's like product analysis."[14] The Commission then defines the domestic like product in light of the imported articles Commerce has identified.[15] The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[16] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[17] The Commission looks for clear dividing lines among possible like products and disregards minor

[12] 19 U.S.C. § 1677(10).

[13] 19 U.S.C. § 1677(10). The Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value. *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[14] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v. United States*, Case No. 19-1289, slip op. at 8-9 (Fed. Cir. Feb. 7, 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[15] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *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); *Torrington*, 747 F. Supp. at 748–52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[16] *See*, *e.g.*, *Cleo*, 501 F.3d at 1299; *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).

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

variations.[18] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[19]

A. Product Description

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

> The scope of these investigations is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by these investigations may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.
>
> Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:
>
> Prefix designations:
> P – Identifies a tire intended primarily for service on passenger cars.
> LT – Identifies a tire intended primarily for service on light trucks.
>
> Suffix letter designations:
> LT – Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

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

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

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by these investigations regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that fits passenger cars or light trucks. Sizes that fit passenger cars and light trucks include, but are not limited to, the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually. The scope includes all tires that are of a size that fits passenger cars or light trucks, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:
(1) Racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;
(2) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
(3) non-pneumatic tires, such as solid rubber tires;
(4) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) The size designation and load index combination molded on the tire’s sidewall are listed in Table PCT–1B (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) or PCT-1B (“T” Type Diagonal (Bias) Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,

(b) the designation “T” is molded into the tire’s sidewall as part of the size designation, and,

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;

(5) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) The size designation molded on the tire's sidewall is listed in the ST sections of the Tire and Rim Association Year Book,

(b) the designation "ST" is molded into the tire's sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",

(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(6) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) The size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and (d) the tire features a recognizable off-road tread design.[20]

Passenger vehicle tires are designed for use on standard-type passenger cars and associated vehicles such as sport utility vehicles, cross over vehicles, and other multipurpose passenger vehicles including light trucks, whereas light truck tires are those usually used specifically on light trucks or multipurpose passenger vehicles.[21] All PVLT tires sold in the U.S. market must meet the same National Highway Traffic Safety Administration ("NHTSA") standards and comply with NHTSA and United States Department of Transportation ("DOT") marking requirements.[22] PVLT tires, whether used by original equipment manufacturers ("OEMs") for new vehicles or used by consumers as replacements on used vehicles, are each subject to the same motor vehicle standards for safety, performance, quality, grade, and marking.[23] In the U.S. market, PVLT tires typically range from 13 to 26 inches in rim diameter and are principally of tubeless, steel-belted, radial-ply design.[24]

[20] *Passenger Vehicle and Light Truck Tires From Vietnam: Initiation of Countervailing Duty Investigation*, 85 Fed. Reg. 38850 (June 29, 2020); *Passenger Vehicle and Light Truck Tires From Korea, Taiwan, Thailand, and Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 85 Fed. Reg. 38854 (June 29, 2020).

[21] CR/PR at I-11.

[22] CR/PR I-11 – I-14.

[23] CR/PR at I-11.

[24] CR/PR at I-11.

B. Analysis

Based on the record, we define a single domestic like product consisting of PVLT tires.[25]

Physical Characteristics and Uses. The record in these investigations indicates that all PVLT tires have similar physical characteristics and uses. PVLT tires are produced largely from the same basic raw materials (*e.g.*, natural and synthetic rubber, carbon black reinforcement, reinforcing fabric body ply, and steel (belts and bead wire)) and have the same basic components (*e.g.*, inner liner, body ply, sidewall beads, belt package, and tread). All PVLT tires have the same end use: mounting on wheels of passenger vehicles and light trucks.[26]

Manufacturing Facilities, Production Processes, and Employees. The record indicates that PVLT tires are produced in the United States using common manufacturing facilities, employees, and production processes. PVLT tires are produced using a five-step process that begins with the mixing of natural rubber, synthetic rubber, carbon black, and other chemicals to form various rubber compounds. In the second stage, several types of equipment process three types of rubber compounds into separate PVLT tire components: the tread, the carcass, and the sidewalls. In the tire-building stage, the components are then combined with steel cord and textiles, when appropriate, and the whole is formed into a specific shape, an uncured "green" tire. The green tire is then placed into a mold and cured (or vulcanized) at elevated temperature and pressure, which causes the tire to take on the configuration of the mold and leads to a non-reversible chemical change in the compound to form the resilient type of rubber found in a finished tire. Finished tires are inspected and then coded to track their whereabouts and to identify the plant of manufacture and the individual tire builder.[27]

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[25] USW argues that the Commission should define a single domestic like product coextensive with the scope, observing that the Commission did so in *Certain Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 and 731-TA-1258 (Final), USITC Pub. 4545 (Aug. 2015) ("*PVLT tires from China*"). USW Postconference Br. at 2-5.

No respondent party challenges USW's proposed definition of the domestic like product. American Omni (China), Atturo, Maxxis Group, Deestone, Federal, Les Schwab, and Vogue indicated that they do not oppose the proposed definition of the domestic like product for purposes of the preliminary phase of these investigations. American Omni Postconference Br., Exh. A at 3; Atturo Postconference Br. at 5; Maxxis Group Postconference Br., Exh. 1 at 1; Deestone Postconference Br. at 2; Federal Postconference Br. at 4; Les Schwab Postconference Br., Exh. 1 at 1; Vogue Postconference Br. at 9. The remaining respondent parties did not address the proposed definition of the domestic like product.

[26] CR/PR at I-11 – I-16.

[27] CR/PR at I-17 – I-21.

A domestic producer will generally use common production facilities, production equipment, and production-related workers to manufacture a range of PVLT tires, including both passenger vehicle and light truck tires.[28]

Channels of Distribution. During the January 2017 through March 2020 period of investigation, U.S. shipments of PVLT tires to the replacement market accounted for the majority of U.S. producers' total shipments, ranging from *** to *** percent of total U.S. shipments, with most of the remainder going to the OEM market, ranging from *** to *** percent of total U.S. shipments.[29]

Interchangeability. PVLT tires are manufactured in a variety of dimensions and rim diameters, design configurations (*e.g.*, radial or non-radial plies), traction grades, tube constructions (with or without tubes), load-bearing capacities, and speed ratings.[30] While PVLT tires must be of a specific size to fit an individual passenger vehicle or light truck, the record in the preliminary phase of these investigations indicates that tires of the same size with different features can generally be used interchangeably.[31]

Producer and Customer Perceptions. USW asserts that customers and producers view PVLT tires as a single product category, and this claim is not contradicted by available evidence on the record in the preliminary phase of these investigations.[32]

Price. Prices of PVLT tires vary somewhat according to size and other features.[33]

Conclusion. All PVLT tires are produced using the same basic raw materials, have the same basic components, and have the same end uses. Although PVLT tires can vary in size and other features, there do not appear to be any clear dividing lines among PVLT tires. Moreover, no party has asserted a contrary argument. Consequently, we define a single domestic like product consisting of PVLT tires, coextensive with the scope of these investigations.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[34] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all

[28] Petitions, Vol. I at 4 & Exhibit I-3.
[29] CR/PR at Table II-1. The remaining shipments went to other end users. *Id.*
[30] CR/PR at I-11 – I-22.
[31] Petitions, Vol. I at 5.
[32] Petitions, Vol. I at 5.
[33] Petitions, Vol. I at 5; CR/PR at Tables V-3 – V-10.
[34] 19 U.S.C. § 1677(4)(A).

domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In these investigations, we must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[35] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[36]

A. Parties Arguments.

Petitioner's Argument. USW argues that the Commission should define the domestic industry as all domestic producers of PVLT tires. However, USW also states that, the data collected by the Commission *** whether or not *** are excluded, but, to ensure that it has the most accurate picture of the negative impact of subject imports on the domestic industry, the Commission ***.[37]

Respondents' Arguments. American Omni and Vogue assert that all domestic producers should be included in the domestic industry.[38] Deestone contends that appropriate circumstances do not exist to exclude any U.S. producer as a related party.[39] Hankook argues that it should not be excluded from the domestic industry as a related party. It claims that, although it is related to a foreign producer/exporter and U.S. importer of subject merchandise,

[35] *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).

[36] 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.

[37] USW Postconference Br. at 5 & Responses to Staff Questions at 18-20.

[38] American Omni Postconference Br., Responses to Staff Questions at 3; Vogue Postconference Br. at 9-10.

[39] Deestone Postconference Br. at 2.

it does not itself import PVLT tires from Korea, and the imports from its parent company are intended only to supplement its domestically produced PVLT tire product offerings. Hankook maintains that its interest lies in domestic production, asserting that its U.S. production operations are significant, growing, and reflect very large investments.[40]

B. Analysis

Several domestic producers are subject to possible exclusion from the domestic industry under the related party provision in the preliminary phase of these investigations. Six U.S. producers – *** – directly imported subject merchandise[41]; eight U.S. producers are related to foreign producers of the subject merchandise (***), and three U.S. producers are related to U.S. importers of the subject merchandise (***).[42]

*** is subject to possible exclusion under the related party provision because it imported subject merchandise during the period of investigation and is related to a foreign producer of subject PVLT tires. *** was the *** largest domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[43] During the period of investigation, *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019, *** tires in interim 2019, and *** tires in interim 2020.[44] *** also imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019, *** tires in interim 2019, and *** tires in interim 2020.[45] The ratio of these combined subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[46] *** explained that it imported subject merchandise ***.[47] *** on the petitions.[48] *** operating income to net sales ratios were *** as the domestic industry average in 2017 and 2018, *** in 2019 and interim 2019, and *** in interim 2020.[49]

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[40] Hankook Postconference Br., Responses to Staff Questions at 3-7.
[41] CR/PR at III-15.
[42] CR/PR at III-7 & Table III-2.
[43] CR/PR at Table III-1.
[44] CR/PR at Table III-8.
[45] CR/PR at Table III-8.
[46] CR/PR at Table III-8.
[47] CR/PR at Table III-8.
[48] CR/PR at Table III-1.
[49] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. It is a large U.S. producer with a relatively low ratio of subject imports to domestic production throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

*** is subject to possible exclusion under the related party provision because it imported subject merchandise during the period of investigation and is related to a foreign producer of subject PVLT tires. *** was the *** domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[50] During the period of investigation, *** imported *** tires in each full and interim year period covered in these investigations from ***. It imported *** from *** in 2018 and 2019 (and did not import from these subject countries in 2017). It imported *** tires from *** in 2017, *** in 2018, 2019, and interim 2019, and *** tires in interim 2020.[51] In total, *** imported *** subject PVLT tires in 2017, *** tires in 2018, 2019, and interim 2019, and *** tires in interim 2020 from the subject countries, combined.[52] The ratio of these combined subject imports to *** domestic production was *** percent in 2017, and *** percent in 2018, 2019, interim 2019, and interim 2020.[53] *** explained that it imported subject merchandise ***.[54] *** on the petitions.[55] *** operating income to net sales ratios were *** the domestic industry average during the period of investigation.[56]

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. Its ratio of subject imports to domestic production remained low throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

*** is subject to possible exclusion under the related party provision because it imported subject merchandise during the period of investigation and is related to a foreign producer of subject PVLT tires. *** was the *** largest domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[57] During the period of investigation, ***

[50] CR/PR at Table III-1.
[51] CR/PR at Table III-8.
[52] CR/PR at Table III-8.
[53] CR/PR at Table III-8.
[54] CR/PR at Table III-8.
[55] CR/PR at Table III-1.
[56] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*
[57] CR/PR at Table III-1.

imported *** tires from *** in 2017, 2019, interim 2019, and interim 2020.[58] *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[59] The ratio of these combined subject imports to *** domestic production was *** percent in 2017 and 2018 and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[60] *** explained that it imported subject merchandise ***.[61] *** on the petitions.[62] *** operating income to net sales ratios were *** the domestic industry average in 2017 and 2018, *** in 2019 and interim 2020, and *** in interim 2019.[63]

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. It is a large U.S. producer and its ratio of subject imports to domestic production remained low throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

*** meets the statutory definition of a related party because it is related to a foreign producer and importer of subject PVLT tires. *** was the *** largest domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[64] During the period of investigation, *** imported *** tires from *** in 2017 and 2018 and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[65] The ratio of these subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[66] *** explained that it relied on subject merchandise imported by its affiliated importer ***.[67] ***

[58] CR/PR at Table III-8.
[59] CR/PR at Table III-8.
[60] CR/PR at Table III-8.
[61] CR/PR at Table III-8.
[62] CR/PR at Table III-1.
[63] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*
[64] CR/PR at Table III-1.
[65] CR/PR at Table III-8.
[66] CR/PR at Table III-8.
[67] CR/PR at Table III-8.

on the other petitions.[68] *** operating income to net sales ratios were *** the domestic industry average during the period of investigation.[69]

The record in these investigations indicates that *** primary interest during the period of investigation was in importation rather than domestic production. We recognize that it increased domestic production and reported considerable capital expenditures,[70] but the ratio of its affiliated importer's subject imports to its domestic production remained high throughout the period of investigation, with a full year period of investigation low of *** percent in 2019. Therefore, we find that appropriate circumstances exist to exclude *** from the domestic industry as a related party for purposes of the preliminary phase of these investigations.[71]

*** meets the statutory definition of a related party because it is related to a foreign producer and importer of subject PVLT tires. *** was the *** largest domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[72] During the period of investigation, *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[73] *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[74] The ratio of these combined subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[75] *** explained that it relied on subject merchandise imported by its affiliated importer ***.[76] ***

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

[69] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[70] CR/PR at Tables III-1 & IV-8.

[71] Commissioner Johanson does not join this paragraph and instead finds that the record in these investigations indicates that *** primary interest during the period of investigation was domestic production rather than importation. ***. In 2019, *** the number of tires it domestically produced in 2017, reaching *** percent capacity utilization in 2019. In interim 2020, *** produced more tires than it did in interim 2019, leading to *** lowest ratio of subject imports to domestic production of the period, at *** percent. CR/PR at Tables III-3 and III-8; *** Postconference Br. at 1. This rapid increase in production, *** large investment in plant and equipment, and its embarkation on a *** (*** Responses to Staff Questions at 6), combine to indicate that *** primary interest is in domestic production.

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

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

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

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

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

the petitions.[77] *** operating income to net sales ratios were *** the domestic industry average during the period of investigation.[78]

The record in these investigations indicates that *** primary interest during the period of investigation was in importation rather than domestic production. Although it did not itself import subject merchandise, the ratio of its affiliated importer's subject imports to its domestic production remained high throughout the period of investigation. Therefore, we find that appropriate circumstances exist to exclude *** from the domestic industry as a related party for purposes of the preliminary phase of these investigations.[79]

*** is subject to possible exclusion under the related party provision because it imported subject merchandise during the period of investigation and is related to a foreign producer of subject PVLT tires. *** was the *** domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[80] During the period of investigation, *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[81] *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[82] The ratio of these combined subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[83] *** explained that it imported

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

[78] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[79] Commissioner Johanson does not join this paragraph and instead finds that the record in these investigations indicates that *** primary interest during the period of investigation was domestic production rather than importation. *** From 2017 to 2019, domestic production by *** steadily increased by *** percent. Capacity utilization increased steadily by *** percentage points to *** percent in 2019. Both production and capacity utilization were higher in interim 2020 than in interim 2019. CR/PR at Tables III-4 & III-8. *** subject imports also declined steadily by *** percent from 2017 to 2019 and were lower in interim 2020 than in interim 2019. CR/PR at Table III-8. These trends led to *** ratio of subject imports to domestic production dipping to its lowest point in interim 2020, at *** percent.

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

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

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

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

subject merchandise ***.[84] *** on the petitions.[85] *** operating income to net sales ratios were *** the domestic industry average during the period of investigation.[86]

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. It is a large U.S. producer and its ratio of subject imports to domestic production remained relatively low throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

*** is subject to possible exclusion under the related party provision because it imported subject merchandise during the period of investigation. *** was the *** percent of domestic production of PVLT tires.[87] During the period of investigation, *** imported *** tires from *** in 2017 and 2018; and it imported *** tires from *** in 2019.[88] The ratio of these combined subject imports to *** domestic production was *** percent for each year.[89] *** explained that it imported subject merchandise ***.[90] *** on the petitions.[91] *** operating income to net sales ratios were *** the domestic industry average during the period of investigation.[92]

The record in these investigations indicates that *** primary interest is in domestic production rather than the importation of subject merchandise. It imported only a small volume of subject merchandise, and its ratio of subject imports to domestic production was low throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

*** meets the statutory definition of a related party because it is related to an importer of subject merchandise and foreign producer of subject PVLT tires. *** was the *** largest domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[93]

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

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

[86] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

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

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

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

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

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

[92] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

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

During the period of investigation, *** imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[94] The ratio of these subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[95] *** explained that it imported subject merchandise ***.[96] *** on the other petitions.[97] *** operating income to net sales ratios were *** the domestic industry average during the period of investigation.[98]

The record in these investigations indicates that *** primary interest during the period of investigation was in importation rather than domestic production. Its ratio of subject imports to U.S. production remained high throughout the period of investigation. For these reasons, we find that appropriate circumstances exist to exclude *** from the domestic industry as a related party for purposes of the preliminary phase of these investigations.

*** is subject to possible exclusion under the related party provision because it imported subject merchandise during the period of investigation. *** was the *** domestic producer in 2019, accounting for *** percent of domestic production of PVLT tires.[99] During the period of investigation, *** imported *** tires from *** in 2018 and 2019.[100] It imported *** tires from *** in 2017, *** tires in 2018, and *** tires in 2019; it imported *** tires from *** in interim 2019 and *** tires in interim 2020.[101] The ratio of these combined subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[102] *** explained that it imported subject merchandise ***.[103] *** on the other petitions.[104] *** operating

[94] CR/PR at Table III-8.
[95] CR/PR at Table III-8.
[96] CR/PR at Table III-8.
[97] CR/PR at Table III-1.
[98] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*
[99] CR/PR at Table III-1.
[100] CR/PR at Table III-8.
[101] CR/PR at Table III-8.
[102] CR/PR at Table III-8.
[103] CR/PR at Table III-8.
[104] CR/PR at Table III-1.

income to net sales ratios were *** the domestic industry average during the period of investigation.[105]

The record in these investigations indicates that *** primary interest is in domestic production rather than the importation of subject merchandise. The volume of subject merchandise that it imported declined during the period of investigation, as did its ratio of subject imports to domestic production. Further, its ratio of subject imports to domestic production was relatively low throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

In sum, we define the domestic industry to include all domestic producers of PVLT tires, except for ***.[106] [107]

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[108] USW argues that subject imports are not negligible because imports from each subject source each exceeded the negligibility threshold.[109] Federal argues that subject imports from Taiwan are negligible.[110]

During the most recent 12-month period preceding the filing of the petitions in these investigations (May 2019 through April 2020), imports from Korea accounted for 10.3 percent of total imports, imports from Taiwan accounted for 5.2 percent of total imports, imports from Thailand accounted for 25.4 percent of total imports, and imports from Vietnam accounted for

[105] CR/PR at Table VI-3. *** ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[106] We intend to consider further the exclusion of any domestic producer pursuant to the related party provision in any final phase of these investigations.

[107] Commissioner Johanson defines the domestic industry as including all domestic producers of PVLT tires, except for ***.

[108] 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)).

[109] USW Postconference Br. at 5.

[110] Federal Postconference Br. at 2-4. Contrary to Federal's assertion, import data is available through April 2020. CR/PR at Table IV-4; *see also* EDIS Doc 714512.

7.1 percent of total imports.[111] Because imports from each subject country are above the statutory threshold, we find that subject imports from each country are not negligible.

VI. Cumulation

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

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

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

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

(4) whether the subject imports are simultaneously present in the market.[112]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[113] Only a "reasonable overlap" of competition is required.[114]

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[111] CR/PR at Table IV-4.

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

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

[114] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-

A. Arguments of the Parties

Petitioner's Argument. USW argues that the Commission should cumulate imports from all subject sources for purposes of its material injury analysis because the petitions were filed on the same day, and each of the factors that the Commission typically considers supports a finding that PVLT tires from each of the four subject countries compete with each other and the domestic like product.[115]

Respondents' Argument. Hankook argues that the Commission should not cumulate imports from Korea with other subject imports for purposes of material injury. It claims that imports from Korea are not fungible with imports from other subject sources due to significant differences in quality and customer requirements. Hankook also argues that Korean imports are sold through different channels of distribution than other imports, with a larger proportion of subject imports from Korea being sold in the OEM channel compared to imports from the other subject sources.[116]

B. Analysis

We consider subject imports from Korea, Taiwan, Thailand, and Vietnam on a cumulated basis, because the statutory criteria for cumulation appear to be satisfied. As an initial matter, petitioner filed the antidumping and countervailing duty petitions with respect to all four countries on the same day, May 13, 2020.[117] There is also a reasonable overlap of competition between subject imports from Korea, Taiwan, Thailand, and Vietnam, and between subject imports from each source and the domestic like product, as indicated below.

Fungibility. As discussed above, all PVLT tires regardless of source have similar physical characteristics in that they are made from the same basic raw materials, have the same basic components, and have the same basic end use as wheels for passenger vehicles and light trucks. In addition, as discussed above, all PVLT tires sold in the U.S. market must meet NHTSA performance standards and must be marked in accordance with NHTSA and DOT requirements. During the period of investigation, U.S. shipments of both the domestic like product and imports from each subject country consisted of branded and private label tires, with branded

316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[115] USW Postconference Br. at 6-9.

[116] Hankook Postconference Br. at 8-11.

[117] None of the statutory exceptions to cumulation apply.

tires accounting for the majority of shipments from each source.[118] PVLT tires are produced in a variety of sizes, with differing features, and in varying degrees of quality. The record in the preliminary phase of these investigations indicates that the domestic like product and PVLT tires from each subject source are sold in overlapping sizes.[119] In addition, the record does not indicate a clear distinction between domestically produced PVLT tires and subject imports in terms of quality and performance characteristics. To the contrary, USW, as well a number of respondents, indicated that U.S. producers offer a range of PVLT tires with variations in terms of quality and features.[120] In addition, a number of producers and importers of subject merchandise emphasized the quality and performance features of their respective imported products.[121] Indeed, the majority of U.S. producers and importers reported that PVLT tires from each subject source are always or frequently interchangeable with each other as well as the domestic like product.[122]

Channels of Distribution. During the period of investigation, the domestic like product and subject imports were sold in overlapping channels of distribution. Specifically, domestically produced PVLT tires and subject imports from Korea, Taiwan, Thailand, and Vietnam were sold predominantly to the replacement market and, to a lesser degree, the OEM market.[123]

Geographic Overlap. The record indicates that PVLT tires from all sources served all geographic areas of the U.S. market during the period of investigation.[124]

Simultaneous Presence in Market. PVLT tires from all sources were simultaneously present in the U.S. market, with responding domestic producers and importers reporting sales of domestically produced PVLT tires and subject imports from Korea, Taiwan, Thailand, and Vietnam in every quarter of the period of investigation.[125]

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

[119] Petitions, Vol. 1, Exhibit 9; USW Postconference Br., Responses to Staff Questions at 30, 36-37.

[120] USW Postconference Br., Responses to Staff Questions at 26-27; Hankook Postconference Br. at 13-14; Nexen Postconference Br. at 25 & Responses to Staff Questions at 5; Sumitomo Postconference Br. at 20-22.

[121] USW Postconference Br., Responses to Staff Questions at 26-27; Federal Witness Testimony (Kao) at 1-2; Hankook Witness Testimony (Jung) at 1; Les Schwab Witness Testimony (Cuniff) at 1; Maxxis Witness Testimony (Lee) at 1-2; Nexen Witness Testimony (Hagan) at 2; Sumitomo Witness Testimony (Smallwood) at 1.

[122] CR/PR at Table II-5.

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

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

[125] CR/PR at Tables V-3 – V-10; *see also* CR/PR at Table IV-7.

Due to the foregoing, we analyze subject imports from Korea, Taiwan, Thailand, and Vietnam on a cumulated basis for our analysis of material injury by reason of subject imports.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[126] 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.[127] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[128] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[129] 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."[130]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[131] 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.[132] 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

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[126] 19 U.S.C. §§ 1671b(a), 1673b(a).

[127] 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).

[128] 19 U.S.C. § 1677(7)(A).

[129] 19 U.S.C. § 1677(7)(C)(iii).

[130] 19 U.S.C. § 1677(7)(C)(iii).

[131] 19 U.S.C. §§ 1671b(a), 1673b(a).

[132] *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).

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.[133]

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.[134] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[135] Nor does

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[133] 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).

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

[135] 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.

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.[136] It is clear that the existence of injury caused by other factors does not compel a negative determination.[137]

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."[138] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the less than fair value ("LTFV") imports," and that it is "not attributing injury from other sources to the subject imports." [139] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[140]

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

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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.").

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

[137] *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.").

[138] *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*.

[139] *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.

[140] *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.").

evidence standard.[141] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[142]

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

U.S. demand for PVLT tires is derived from demand for new passenger vehicles and light trucks and the need to replace tires on existing vehicles.[143] Demand for PVLT tires generally tracks overall economic activity in the United States.[144] Most market participants reported that demand for PVLT tires in the U.S. market increased or did not change during the period of investigation, although some reported that demand for PVLT tires declined recently due to the COVID-19 pandemic.[145] The record indicates general agreement that there was demand for a greater variety of types of PVLT tires during the period of investigation, and in particular, demand increased for larger, higher-value tires.[146]

Apparent U.S. consumption increased 2.6 percent from 306.6 million tires to 314.4 million tires between 2017 and 2018, and further increased by 2.0 percent between 2018 and 2019, to 320.8 million tires in 2019, for an overall increase of 4.6 percent from 2017 to 2019. Apparent U.S. consumption was 8.0 percent lower at 71.9 million tires in interim 2020 compared to 78.1 million tires in interim 2019.[147]

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

[142] *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.").

[143] USW Postconference Br., Responses to Staff Questions at 21-22; Deestone Postconference Br. at 3-5; Hankook Postconference Br. at 5-6, Responses to Staff Questions at 7-8; Nexen Postconference Br. at 4-5; Sumitomo Postconference Br. at 7-8, 18-19.

[144] USW Postconference Br., Responses to Staff Questions at 21; Sumitomo Postconference Br. at 7-8, 18-19.

[145] CR/PR at II-7 – II-8 & Table II-4; USW Postconference Br. at 22.

[146] *See, e.g.*, USW Postconference Br., Responses to Staff Questions at 13-14, 36-37; American Omni Postconference Br. at 5-6, 20-21 & Responses to Staff Questions at 7; Les Schwab Postconference Br. at 2-3.

[147] Staff Worksheets, EDIS Doc. No. 714850.

2. Supply Conditions

The domestic industry accounted for the largest share of the U.S. PVLT tires market, followed by nonsubject imports and subject imports during the period of investigation. The domestic industry's share of apparent U.S. consumption, however, declined over the period of investigation. It was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[148] Fourteen firms are believed to account for all U.S. production of PVLT tires during the period of investigation,[149] most of which are part of multinational corporations with PVLT tire production operations spanning the globe.[150] During the period of investigation, several new firms began production of PVLT tires in the United States,[151] several firms reported expansions,[152] and one firm closed a plant located in Gadsden, Alabama.[153] The domestic industry as a whole increased capacity during the period of investigation. Its capacity was *** tires in 2017, *** tires in 2018, and *** tires in 2019; it was *** tires in interim 2019 and interim 2020.[154]

Although cumulated subject imports accounted for the smallest share of the U.S. PVLT tires market during the period of investigation, that share increased steadily throughout the period. Their share of the market increased from 23.2 percent in 2017 to 25.1 percent in 2018 and 26.6 percent in 2019; it was 27.1 percent in interim 2019 and 28.9 percent in interim 2020.[155]

While nonsubject imports accounted for the second largest share of the U.S. PVLT tires market, their share declined from 2017 to 2019. Nonsubject imports' market share was 32.7 percent in 2017, 30.2 percent in 2018, and 30.1 percent in 2019; it was 29.9 percent in interim

[148] Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's share was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[149] CR/PR at III-1 & Table III-1.

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

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

[152] CR/PR at Table III-3.

[153] USW Postconference Br. at 18, 55. ***. CR/PR at Table III-3. A number of firms also reported ***. *Id.*

[154] Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's capacity was *** tires in 2017, *** tires in 2018, and *** tires in 2019; it was *** tires in interim 2019 and *** tires in interim 2020. *Id.*

[155] Staff Worksheets, EDIS Doc. No. 714850.

2019 and 30.6 percent in interim 2020.[156] The largest sources of these nonsubject imports were Canada and Mexico.[157]

3. Substitutability and Other Conditions

We find that there is a moderate-to-high degree of substitutability between subject imports and the domestic like product, for tires of similar sizes and characteristics.[158] As discussed above, the majority of U.S. producers and importers reported that PVLT tires from each subject source are always or frequently interchangeable with each other and the domestic like product.[159] All PVLT tires have similar physical characteristics, are made from the same basic raw materials, have the same basic components, have the same basic end use of being mounted on passenger vehicles and light trucks, and must meet the same NHTSA and DOT requirements. In addition, U.S. shipments of both the domestic like product and imports from each subject source consisted of branded and private label tires, and PVLT tires from domestic and subject sources were sold in both the OEM and replacement markets.[160] PVLT tires are produced in a variety of sizes, with differing features, and in varying degrees of quality. The record in the preliminary phase of these investigations does not indicate a clear distinction between domestically produced PVLT tires and subject imports in terms of sizes offered, quality, and performance characteristics.

We find price to be an important factor in purchasing decisions for PVLT tires, although other factors (*i.e.*, quality, availability, and brand) are important as well. The majority of U.S. producers reported that factors other than price are only sometimes or never significant.[161] Responses from importers were mixed: a plurality of importers reported that factors other than price are only sometimes significant in comparing the domestic like product with PVLT tires from Korea and Vietnam, while a plurality of importers reported that factors other than price are always significant in comparing the domestic like product with PVLT tires from Taiwan and Thailand.[162] Factors other than price reported to be important include brand, quality, product range, availability, technical support, and availability.[163] Six of 12 purchasers responding to lost sales/lost revenue allegations reported that both price and quality were

[156] Staff Worksheets, EDIS Doc. No. 714850.
[157] CR/PR at II-7.
[158] CR/PR at II-9.
[159] CR/PR at Table II-5.
[160] CR/PR at Table IV-5.
[161] CR/PR at Table II-6.
[162] CR/PR at Table II-6.
[163] CR/PR at II-11 – II-12.

important factors in their purchasing decisions, while four firms listed availability as an important purchasing factor and three listed brand.[164]

The parties disagree regarding the role and significance of branding and private label PVLT tires in the U.S. PVLT tire market.[165] We will further explore these issues in any final phase of these investigations.

The parties also disagree whether the replacement market is divided into categories or "tiers," with each tier differentiated by brand, quality, and selling price.[166] According to one industry publication, there is "no standardized industry definition of what a tier actually is nor consistent, universally accepted details on what a specific tier ranking might take into account."[167] In any final phase of these investigations, we intend to further explore any

[164] CR/PR at II-10.

[165] USW emphasizes that the domestic industry produces both private label and branded tires. It contends that, although branded tires are generally priced higher, largely as a function of the value of the perceived quality characteristics communicated by brand, branded and private label tires are identical for practical purposes and therefore compete with each other. USW Postconference Br., Responses to Staff Questions at 29-30, 32-33.

Several respondent parties argue that branding and private label PVLT tires play significant roles in the U.S. market and affect how PVLT tires compete. American Omni Postconference Br., Responses to Staff Questions at 6; ATD Postconference Br. at 4-5; Deestone Postconference Br. at 8-9; Hankook Postconference Br. at 9-10; ITG Voma Postconference Br. at 6-7; Nexen Postconference Br., Responses to Staff Questions at 3-4; Vee Tyre Postconference Br. at 3-5; Vogue Postconference Br. at 3-5.

[166] USW argues that, consistent with the Commission's findings in the investigations regarding PVLT tires from China, the record does not warrant a finding of clear dividing lines between different tiers of tires or the share of domestic or imported tires in each category. USW maintains that U.S. producers serve the entire market, including both the OEM and replacement segments, and produce the full spectrum of tires, including branded and private label, in a range of sizes, quality specifications, and price points, thereby competing with subject imports across all categories or tiers, however defined. USW Postconference Br. at 9-10, Responses to Staff Questions at 26-27. In contrast, several respondents argue that the U.S. PVLT tire market is divided into categories or tiers. However, they offer disparate views as to how those tiers are defined, as well as how any such categories affect competition in the U.S. market. American Omni Postconference Br. at 12-14, Responses to Staff Questions at 8; ATD Postconference Br. at 6-7; Deestone Postconference Br. at 9-10; Hankook Postconference Br., Responses to Staff Questions at 2; Les Schwab Postconference Br. at 5-6; Nexen Postconference Br. 6-8, 10-11, Responses to Staff Questions at 1-3; Sumitomo Postconference Br., Exhibit 1; Vee Tyre Postconference Br. at 3-5.

[167] *See, e.g.,* USW Postconference Br. at Exhibit 14, *Tire Review*, *The Tier Study: Exploring Tire Industry Rankings*. In past investigations concerning PVLT tires, we have observed "no consensus among producers, importers, and purchasers about how to define the tiers in the U.S. market." *PVLT tires from China*, USITC Pub. 4545 at 20 (citing *Certain Passenger Vehicle and Light Truck Tires from China*, Inv. No. TA-421-7, USITC Pub. 4085 at 21 (July 2009) ("*PVLT tires from China Safeguard*")).

differentiation in the U.S. market among PVLT tires based on factors that include product features, brand, quality, and price.

PVLT tires are made of natural rubber, synthetic rubber, carbon black, fabric, and steel. Raw materials are the largest component of the total cost of goods sold ("COGS") for PVLT tires and made up over *** of the total COGS throughout the period of investigation. The majority of responding U.S. producers and importers reported that raw material costs fluctuated or decreased since January 1, 2017.[168]

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."[169]

The volume of cumulated subject imports increased from 71.1 million tires in 2017 to 79.0 million tires in 2018 and 85.3 million tires in 2019, for an overall increase of 19.9 percent; cumulated subject import volume was 1.9 percent lower at 21.2 million tires in interim 2019 than 20.8 million tires in interim 2020.[170] The share of apparent U.S. consumption held by cumulated subject imports also increased during the period of investigation, increasing from 23.2 percent in 2017 to 25.1 percent in 2018, and 26.6 percent in 2019; it was 27.1 percent in interim 2019 and 28.9 percent in interim 2020.[171] The increase in cumulated subject import market share came in part at the expense of the domestic industry.

As a ratio to U.S. production, subject imports increased from *** percent in 2017 to *** percent in 2018, and to *** percent in 2019; this ratio was lower at *** percent in interim 2019 compared to *** percent in interim 2020.[172]

USW also points out that the *Tire Review* article describes domestic and imported PVLT tires competing within and across tiers. In particular, USW observes that the article stated that so-called "tier 2" was growing the fastest, even at the cost of higher-quality "tier 1" products, and that the increasing quality and value of "tier 2" and "tier 3" products were expected to put increasing pressure on "tier 1" brands. USW Postconference Br. at Exhibit 14, p. 29.

[168] CR/PR at V-1.

[169] 19 U.S.C. § 1677(7)(C)(i).

[170] Staff Worksheets, EDIS Doc. No. 714850.

[171] Staff Worksheets, EDIS Doc. No. 714850.

[172] *Calculated from* Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's ratio of subject imports to U.S. production, increased from *** percent in 2017 to *** percent in 2018, and to *** percent in 2019; this ratio was lower at *** percent in interim 2019 compared to *** percent in interim 2020. *Id.*

Thus, for the purposes of the preliminary phase of these investigations, we find the volume of cumulated subject imports and its increase during the period of investigation to be significant in absolute terms and relative to domestic production and apparent U.S. consumption in the United States.

D. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[173]

As discussed in section VII.B.3 above, we find a moderate-to-high degree of substitutability between subject imports and the domestic like product, and that price is an important purchasing factor.

We have examined several sources of data in our underselling analysis, including pricing data, import purchase cost data, responses by purchasers to the Commission's lost sales/lost revenue questionnaire survey, and other data on the record. The Commission collected quarterly f.o.b. pricing data on sales of four PVLT tire products shipped to unrelated U.S. customers during the period of investigation.[174] Nine U.S. producers and 37 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. The reported pricing data accounted for 6.8 percent of U.S.

[173] 19 U.S.C. § 1677(7)(C)(ii).

[174] CR/PR at V-4. The four pricing products are: **Product 1.**—PVLT tires, tire size 225/65R17, 100-105 load index, H speed rating; **Product 2.**—PVLT tires, tire size 205/55R16, 89-94 load index, H speed rating; **Product 3.**—PVLT tires, tire size P215/55R17, 93-98 load index, T speed rating; and **Product 4.**—PVLT tires, tire size LT245/75R16, 111-116 load index, R speed rating. *Id*.

producers' U.S. shipments of PVLT tires, and 7.3 percent of U.S. shipments of cumulated subject imports.[175] [176]

These data show that subject imports undersold the domestic like product in *** out of *** quarterly comparisons (or *** percent), at margins ranging between *** and *** percent, at an average underselling margin of *** percent. Subject imports oversold the domestic like product in the remaining *** quarterly comparisons (or *** percent) at margins ranging between *** and *** percent, and an average overselling margin of *** percent. The available data also reflect predominant underselling, by volume, with *** subject tires associated with instances of underselling, as compared to *** subject tires associated with instances of overselling. Thus, approximately *** percent of the quantity of subject imports covered by the Commission's pricing data was sold at an average price that was less than that of the comparable domestic product.[177]

The Commission also collected import purchase cost data for the same four pricing products from firms that imported subject merchandise for their own use or for retail sales, and obtained usable purchase cost data from 16 importers. Purchase cost data accounted for approximately 8.9 percent of cumulated subject imports.[178] Based on this purchase cost data, landed duty-paid ("LDP") costs for subject imports were below the sales price for U.S. produced PVLT tires in *** out of *** quarterly comparisons involving *** subject tires, at price-cost differentials ranging from *** to *** percent, with an average price-cost differential of *** percent. LDP costs for subject imports were above the sales price for U.S. produced PVLT tires in the remaining *** quarterly comparisons involving *** subject tires, at price-cost

[175] CR/PR at V-4. Pricing data reported by importers accounted for *** percent of U.S. shipments of subject imports from Korea, *** percent of U.S. shipments of subject imports from Taiwan, *** percent of U.S. shipments of subject imports from Thailand, and *** percent of U.S. shipments of subject imports from Vietnam. *Id.* Pricing data from U.S. producers *** and *** and importers *** and *** were not included because their reported prices appeared aberrational, and the firms were unable to confirm the accuracy of their data or adjust the prices to account for refunds, rebates, or discounts. CR/PR at V-4 n.3.

[176] Several respondents challenge the probative value of the pricing data, arguing that the pricing products are flawed and/or not sufficiently representative to provide meaningful coverage of PVLT tire products in the U.S. market. *See, e.g.,* American Omni Postconference Br. at 8-12; Deestone Postconference Br. at 17-19; Hankook Postconference Br. at 13-14; Les Schwab Postconference Br. at 5; Nexen Postconference Br. at 23; Sumitomo Postconference Br. at 20-22. We invite the parties to comment on proposed pricing products in comments on the draft questionnaires in any final phase of these investigations.

[177] Staff Worksheets, EDIS Doc. No. 714850.

[178] CR/PR at V-13.

differentials ranging from *** to *** percent, with an average price-cost differential of *** percent.[179]

We recognize that the import purchase cost data may not reflect the total cost of importing and therefore requested that purchasers that directly imported PVLT tires for their own use or retail sale ("direct importers") provide additional information regarding the costs and benefits of directly importing PVLT tires. Eleven of 26 direct importers reported that they compare costs of importing to the cost of purchasing from a U.S. producer in determining whether to import PVLT tires. Six out of 26 direct importers reported that they incurred additional costs beyond landed duty-paid costs by importing PVLT tires directly rather than purchasing from a U.S. producer or U.S. importer, and three of these importers estimated that the total additional costs incurred ranged from 20 to 30 percent compared to landed duty-paid value.[180] Six responding direct importers reported that the cost of importing themselves was less than the cost of purchasing from a U.S. producer or importer without including the additional costs.[181] Five responding direct importers reported that the cost of directly importing themselves was less than the cost of purchasing from a U.S. producer when including the additional costs associated with importing directly, and four direct importers reported that they saved between *** percent by importing PVLT tires themselves instead of purchasing from a U.S. producer.[182]

We have also considered purchaser responses to lost sales allegations. Five purchasers reported that they purchased subject imports instead of the domestic like product. Of these, three purchasers reported that subject imports were priced lower than domestically produced PVLT tires, and one reported that price was a primary reason for purchasing subject PVLT tires instead of the domestic like product.[183]

Based on the foregoing, we find that the record in the preliminary phase of these investigations indicates that subject imports significantly undersold the domestic like product.

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[179] Staff Worksheets, EDIS Doc. No. 714850.

[180] CR/PR at V-13. Reported additional costs included additional freight and transportation costs, warehouse expenses, insurance, container costs, and port expenses. *Id.*

[181] CR/PR at V-13 – V-14.

[182] CR/PR at V-14. Five responding direct importers reported that the cost of directly importing themselves was less than the cost of purchasing from an importer when including the additional costs associated with importing directly, and these importers reported that directly importing was between *** percent less than the cost of purchasing from an importer. *Id.*

[183] CR/PR at V-32 & Table V-17.

We have also examined available data on price trends. Domestic prices for pricing products 1 and 4 increased overall from the first quarter of 2017 through the first quarter of 2020.[184] Domestic prices for pricing products 2 and 3 decreased overall during that time.[185] Cumulated subject import prices for pricing product 2 decreased overall from the first quarter of 2017 through the first quarter of 2020, while cumulated subject import prices increased overall for pricing product 4.[186] Prices for pricing product 1 from Korea and Thailand decreased overall from the first quarter of 2017 through the first quarter of 2020, while prices for pricing product 1 from Taiwan and Vietnam increased overall during that time.[187] Prices for pricing product 3 from Korea and Taiwan increased overall from the first quarter of 2017 through the first quarter of 2020, while prices for pricing product 3 from Thailand and Vietnam decreased overall during that time.[188]

We also have considered whether the domestic industry's prices were suppressed during the period of investigation. The industry's ratio of COGS to net sales were *** percent in 2017, *** percent in 2018 and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[189] As apparent U.S. consumption increased from 2017 to 2019, the domestic industry's unit COGS increased over the period of investigation, while its unit net sales value was relatively constant. Unit COGS increased from $*** in 2017 to $*** in 2018 and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020.[190] Unit net sales value was

[184] CR/PR at Tables V-11.

[185] CR/PR at Table V-11.

[186] CR/PR at Tables V-3, V-6, V-11.

[187] CR/PR at Tables V-3, V-6, V-11.

[188] CR/PR at Tables V-3, V-6, V-11.

[189] Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's ratio of COGS to net sales were *** percent in 2017, *** percent in 2018 and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[190] Staff Worksheets, EDIS Doc. No. 714850. The record in the preliminary phase of these investigations indicates that ***. Unit raw material costs were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Unit direct labor costs were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Unit other factory costs were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.* We will further examine the reasons for these increased costs and the ability of the domestic industry to effect price increases in response to rising costs in any final phase of these investigations. Commissioner Johanson notes that despite the domestic industry as defined by him having slightly different unit values and costs, the trends are the same as related above and he concurs with this and the following footnote.

$*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020.[191]

In conclusion, based on the record in the preliminary phase of these investigations, we find that subject imports significantly undersold the domestic like product. Given that the domestic like product and subject imports are moderately-to-highly substitutable and that price is an important factor in purchasing decisions, the record also indicates that this underselling resulted in a market share shift from the domestic industry to subject imports.[192] Consequently, for purposes of the preliminary phase of these investigations we find that cumulated subject imports have had significant adverse price effects.

E. Impact of the Subject Imports[193]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[194]

[191] Staff Worksheets, EDIS Doc. No. 714850. We also observe that no purchaser responding to lost revenue allegations reported that domestic producers had reduced prices to compete with lower-price subject imports. CR/PR at V-35.

[192] Subject import market share increased by 3.4 percentage points from 2017 to 2019 and was 1.8 percentage points higher in interim 2020 than in interim 2019, while domestic producers' market share declined by *** percentage points from 2017 to 2019 and was *** percentage points lower in interim 2020 than in interim 2019. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, domestic producers' market share declined by *** percentage points from 2017 to 2019 and was *** percentage points lower in interim 2020 than in interim 2019. *Id.*

[193] In its notice initiating the antidumping duty investigations on PVLT tires from Korea, Taiwan, Thailand, and Vietnam, Commerce reported estimated antidumping duty margins of 42.95 to 195.20 percent for imports from Korea, 20.57 to 116.14 percent for imports from Taiwan, 106.36 to 217.50 percent for imports from Thailand, and 5.48 to 22.30 percent for imports from Vietnam. *Passenger Vehicle and Light Truck Tires From Korea, Taiwan, Thailand, and Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 85 Fed. Reg. 38854 (June 29, 2020).

[194] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

As discussed above, the domestic industry's capacity increased during the period of investigation.[195] Production initially increased from 2017 to 2018, but then decreased from 2018 to 2019, for an overall decrease of *** percent between 2017 and 2019; it was lower in interim 2020 compared to interim 2019.[196] The domestic industry's capacity utilization rate decreased during the period of investigation.[197] Its U.S. shipments increased overall from 2017 to 2019, initially increasing from 2017 to 2018 before decreasing from 2018 to 2019; U.S. shipments were lower in interim 2020 than in interim 2019.[198] As discussed above, the domestic industry lost market share to subject imports throughout the period of investigation.[199]

The domestic industry's employment indicia were mixed during the period of investigation. The number of production related workers ("PRWs") decreased overall from

[195] Capacity was *** tires in 2017, *** tires in 2018, and *** tires in 2019; it was *** tires in interim 2019 and interim 2020. Staff Worksheets, EDIS Doc. No. 714850. Capacity for the domestic industry as defined by Commissioner Johanson was *** tires in 2017, *** tires in 2018, and *** tires in 2019; it was *** tires in interim 2019 and *** tires in interim 2020. *Id.*

[196] Production was *** tires in 2017, *** tires in 2018, and *** tires in 2019; it was *** tires in interim 2019 and *** tires in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. Production for the domestic industry as defined by Commissioner Johanson was *** tires in 2017, *** tires in 2018, and *** tires in 2019; it was *** tires in interim 2019 and *** tires in interim 2020. *Id.*

[197] Its capacity utilization rate was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. The capacity utilization rate for the domestic industry as defined by Commissioner Johanson was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[198] The domestic industry's U.S. shipments were *** tires in 2017, *** tires in 2018, and *** tires in 2019; they were *** tires in interim 2019 and *** tires in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's U.S. shipments were *** tires in 2017, *** tires in 2018, and *** tires in 2019; they were *** tires in interim 2019 and *** tires in interim 2020. *Id.*

The domestic industry's inventories also decreased during the period of investigation. Ending inventories were *** tires in 2017, *** tires in 2018, and *** tires in 2019; they were *** tires in interim 2019 and *** tires in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's inventories also decreased during the period of investigation. Ending inventories were *** tires in 2017, *** tires in 2018, and *** tires in 2019; they were *** tires in interim 2019 and *** tires in interim 2020. *Id.*

[199] The domestic industry's market share was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's market share was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

2017 to 2019 and was lower in interim 2020 than in interim 2019.[200] Hours worked increased overall from 2017 to 2019 but were lower in interim 2020 than in interim 2019.[201] Productivity remained relatively constant.[202] Wages paid increased from 2017 to 2019 but were lower in interim 2020 than in interim 2019[203]; hourly wages increased throughout the period of investigation,[204] and unit labor costs increased overall.[205]

Total net sales value declined overall from 2017 to 2019 and was lower in interim 2020 than interim 2019.[206] Total COGS increased overall from 2017 to 2019 but was lower in interim 2020 than in interim 2019.[207] The industry's ratio of COGS to net sales increased throughout

[200] The number of PRWs was *** in 2017, *** in 2018, and *** in 2019; it was *** in interim 2019 and *** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the number of PRWs was *** in 2017, *** in 2018, and *** in 2019; it was *** in interim 2019 and *** in interim 2020. *Id.*

[201] Hours worked were *** in 2017, *** in 2018, and *** in 2019; they were *** in interim 2019 and *** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, hours worked were *** in 2017, *** in 2018, and *** in 2019; they were *** in interim 2019 and *** in interim 2020. *Id.*

[202] Productivity was *** tires per hour in 2017, 2018, 2019, and interim 2020; it was *** tires per hour in interim 2019. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the industry's productivity was *** tires per hour in 2017 and 2019; it was *** tires per hour in 2018, interim 2019, and interim 2020. *Id.*

[203] Wages paid were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, wages paid were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.*

[204] Hourly wages were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, hourly wages were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.*

[205] Unit labor costs were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. Unit labor costs for the domestic industry as defined by Commissioner Johanson were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.*

[206] Total net sales value was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the total net sales value was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. *Id.*

[207] Total COGS was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. Total COGS for Commissioner Johanson's domestic industry was $*** in 2017, $*** in 2018 and 2019; it was $*** in interim 2019 and $*** in interim 2020. *Id*

the period of investigation.[208] Although the domestic industry was profitable, its profitability declined by every measure: gross profits,[209] operating income,[210] and net income[211] all decreased over the period of investigation. The ratio of operating income to net sales declined,[212] as did the ratio of net income to net sales.[213] Capital expenditures decreased overall,[214] while research and development expenses increased.[215]

During the period of investigation, the volume of low-priced subject imports, which were moderately-to-highly substitutable for the domestic like product, was significant and increasing. These subject imports significantly undersold the domestic like product, which

[208] The ratio of COGS to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's ratio of COGS to net sales were *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[209] Gross profits were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, gross profits were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.*

[210] Operating income was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, operating income was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. *Id.*

[211] Net income was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, net income was $*** in 2017, $*** in 2018, and $*** in 2019; it was $*** in interim 2019 and $*** in interim 2020. *Id.*

[212] The domestic industry's ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's ratio of operating income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[213] The domestic industry's ratio of net income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, the domestic industry's ratio of net income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[214] Capital expenditures were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, capital expenditures were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.*

[215] R&D expenses were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. Staff Worksheets, EDIS Doc. No. 714850. For Commissioner Johanson, R&D expenses were $*** in 2017, $*** in 2018, and $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. *Id.*

resulted in subject imports taking market share from the domestic industry. As a result, although it remained profitable, the domestic industry's gross profits, net income, and operating income declined. We therefore find that, due to competition from subject imports alleged to be subsidized and/or sold at less than fair value in the U.S. market, the domestic industry lost sales and market share during the period of investigation, resulting in lower revenue than it would have realized otherwise in an expanding market, which was a factor in its declining financial performance.

We have also considered the role of factors other than subject imports to ensure that we are not attributing injury from other factors to the subject imports. Although nonsubject imports accounted for the second largest share of the U.S. PVLT tire market after the domestic industry, they also lost market share from 2017 to 2019, while subject imports gained market share. Accordingly, both the domestic industry and nonsubject imports lost market share to the increasing volume of subject imports. In addition, the evidence available in the preliminary phase of these investigations indicates that nonsubject imports appear to have been priced higher than cumulated subject imports.[216]

Certain respondents argue that factors other than subject imports were the cause of injury to the domestic industry. Specifically, they argue that the domestic industry ceded parts of the U.S. market to subject imports because U.S. producers do not provide certain PVLT tires, particularly in certain sizes and under certain private labels, and as a result, competition between the domestic like product and subject imports is attenuated.[217] In addition, there are different views regarding the closure of Goodyear's Gadsden plant, with USW alleging the closure was due at least in part to subject imports,[218] while respondents contend it reflects a business decision to no longer produce certain PVLT tires.[219] As discussed above, the record in the preliminary phase of these investigations indicates that the domestic like product competes for sales with subject imports across the U.S. market, offering tires in a variety of sizes as well as both branded and private label tires. We note that some importers and purchasers reported

[216] CR/PR at Tables C-1, C-2 (showing higher AUVs for nonsubject imports compared to cumulated subject imports).

[217] ATD Postconference Br. at 2-4, Responses to Staff Questions at 3; Atturo Postconference Br. 6-9, Responses to Staff Questions at 1-2; Les Schwab Postconference Br. at 2-4; Nexen Postconference Br. at 15-17, Responses to Staff Questions at 1-2, 7; Sumitomo Postconference Br. 4, 12-13, Exhibit 1; Vee Tyre Postconference Br. at 5; Vogue Postconference Br. at 2, 5.

[218] USW Postconference Br., Responses to Staff Questions at 12, 55.

[219] American Omni Postconference Br. at 24-25; ITG Voma Postconference Br. at 5-6.

that U.S. producers do not satisfy certain product needs,[220] and we recognize that certain domestic producers ***, as discussed above in Section IV. Accordingly, we will further explore these issues in any final phase of these investigations, as well as the reasons for the closure of the Gadsden plant.

Several respondent parties also argued that the domestic industry lacked sufficient capacity to supply additional PVLT tires to the U.S. market.[221] While we recognize, as discussed above in Section IV, that certain U.S. producers ***, we note above, that the domestic industry's capacity utilization rate declined during the period of investigation. In addition, as USW notes, the domestic industry's capacity utilization rates are below the levels that have been observed for this industry in prior investigations.[222] USW also notes that industry witnesses testified that U.S. producers have idled equipment as well as reduced shifts and worker hours due to competition from subject imports.[223] We intend to explore this issue further in any final phase of these investigations.

Several respondents also argue that any loss in the domestic industry's market share is due to declining demand in the OEM market, citing in particular the strike at automaker General Motors ("GM") in 2019.[224] These assertions are belied by the evidence submitted by USW: (1) USW asserts that, ***; (2) ***; and (3) as the strike appeared increasingly likely, GM increased production prior to the strike to build up inventories, which USW claims offset the shutdown, at least in part.[225]

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[220] CR/PR at Table V-18; *see also* ATD Postconference Br. at 2-4, Responses at 3; Atturo Postconference Br. 6-9, Responses to Staff Questions at 1-2; Les Schwab Postconference Br. at 2-4; Sumitomo Postconference Br. at 4, 12-13, Exhibit 1; Vee Tyre Postconference Br. at 5; Vogue Postconference Br. at 2-5.

[221] ATD Postconference Br. at 2-4, Responses to Staff Questions at 3; Atturo Postconference Br. 6-7, Responses to Staff Questions at 1-2; Deestone Postconference Br. at 6-8; Les Schwab Postconference Br. at 2-4; Nexen Postconference Br. at 11-15; Sumitomo Postconference Br. at 4.

[222] USW Postconference Br., Responses to Staff Questions at 1-4. Specifically, USW emphasizes that, in the investigations on PVLT tires from China, U.S. producers' capacity utilization rates ranged from 91.2 to 87.2 percent, and in the safeguard investigations the Commission found that capacity utilization ranged from 96.3 percent to 86.0 percent. *Id.*; *see also PVLT tires from China*, USITC Pub. 4545 at Table III-5; *PVLT tires from China Safeguard*, USITC Pub. 4085 at 16.

[223] USW Postconference Br., Responses to Staff Questions at 1-4.

[224] American Omni Postconference Br. 24-25; Atturo Postconference Br. at 9-10; Federal Postconference Br. at 6-7; Hankook Postconference Br. at 24-25; Sumitomo Postconference Br. 17-18, 26.

[225] USW Postconference Br., Responses to Staff Questions at 9-10.

Finally, some respondents argue that any injury to the domestic industry is due to increased competition among domestic producers as new entrants increased production.[226] We find this argument to be unpersuasive. Even if the entry into the U.S. market by additional domestic producers increased competition among U.S. producers, this does not explain the domestic industry's loss of market share to subject imports.

Accordingly, for purposes of these preliminary determinations, we conclude that cumulated subject imports had a significant adverse impact on the domestic industry.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of cumulated subject imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam that are allegedly sold in the United States at less than fair value and subsidized by the government of Vietnam.

[226] Hankook Postconference Br. at 24-25. U.S. producers that entered the U.S. market during the period of investigation include: ***. CR/PR at Table III-3. In 2019, *** accounted for *** percent of domestic production of PVLT tires, respectively. CR/PR at Table III-1.

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 the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"), Pittsburgh, Pennsylvania, on May 13, 2020, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of passenger vehicle and light trucks tires ("PVLT tires")[1] from Vietnam and less-than-fair-value ("LTFV") imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
May 13, 2020	Petitions filed with Commerce and the Commission; institution of Commission investigations (85 FR 29972, May 19, 2020)
May 20, 2020	Commerce's extension of initiation (85 FR 32013, May 28, 2020)
June 3, 2020	Commission's conference (conducted through written statements, testimony, questions, and responses, June 1-June 8, 2020)
June 4, 2020	Commission's notice of revised schedule (85 FR 35442, June 10, 2020)
June 22, 2020	Commerce's notice of initiation of antidumping and countervailing duty investigations (85 FR 38854 and 85 FR 38850, June 29, 2020)
July 14, 2020	Scheduled date for the Commission's vote
July 17, 2020	Scheduled date for the Commission's determinations
July 24, 2020	Scheduled date for the 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 participating in the conference via written submission is presented in appendix B of this report.

Statutory criteria

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

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

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

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

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

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

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

Organization of report

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

Market summary

PVLT tires generally are mounted onto the wheels of passenger cars, sport utility vehicles, vans, and light trucks. The leading U.S. producers of PVLT tires, in alphabetical order, are Bridgestone, Cooper, Goodyear, and Michelin, while leading producers of PVLT tires outside the United States include *** of Korea and *** of Thailand. The leading U.S. importers of PVLT tires from subject sources are ***, while the leading importers of PVLT tires from nonsubject countries (primarily Mexico, Canada, and Indonesia) include ***. U.S. purchasers of PVLT tires are firms that manufacture cars and trucks or retail tires into the replacement market; leading purchasers include ***.

Apparent U.S. consumption of PVLT tires totaled approximately 320.8 million tires ($23.4 billion) in 2019. Currently, 14 firms are known to produce PVLT tires in the United States. U.S. producers' U.S. shipments of PVLT tires totaled 138.9 million tires ($12.6 billion) in 2019 and accounted for 43.3 percent of apparent U.S. consumption by quantity and 53.8 percent by

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

value. U.S. imports from subject sources totaled 85.3 million tires ($4.4 billion) in 2019 and accounted for 26.6 percent of apparent U.S. consumption by quantity and 18.8 percent by value. U.S. imports from nonsubject sources totaled 96.6 million tires ($6.4 billion) in 2019 and accounted for 30.1 percent of apparent U.S. consumption by quantity and 27.4 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 14 firms that accounted for all U.S. production of PVLT tires during 2019. U.S. imports are based on official Commerce statistics and the questionnaire responses of 53 firms that accounted for 88.8 percent of U.S. imports from Korea, Taiwan, Thailand, and Vietnam and 89.6 percent of total U.S. imports in 2019 under HTS subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50.

Previous and related investigations

PVLT tires have been the subject of prior countervailing and antidumping duty investigations in the United States. In 2014, petitions were filed by USW alleging material injury and threat of material injury by reason of subsidized and LTFV imports of PVLT tires from China. On June 18, 2015, Commerce published affirmative final determinations of sales at LTFV and countervailable subsidies with respect to imports of PVLT tires from China.[6] On August 3, 2015, the Commission determined that an industry in the United States was materially injured by reason of subject imports.[7] Effective August 10, 2015, Commerce issued its antidumping and countervailing duty orders with the final weighted-average dumping margins ranging from 14.35 to 87.99 percent and countervailing duty cash deposit rates ranging from 20.73 to 116.33 percent.[8]

In addition, following receipt of a petition filed on April 20, 2009, on behalf of the USW, the Commission instituted investigation No. TA–421–7 under section 421(b) of the Trade Act of 1974 (19 U.S.C. 2451(b)) to determine whether new pneumatic tires, of rubber, from China, of a kind used on motor cars (except racing cars) and on-the-highway light trucks, vans, and sport

[6] 80 FR 34893 and 80 FR 34888, June 18, 2015.

[7] Certain Passenger Vehicle and Light Truck Tires from China, Investigation Nos. 701-522 and 731-TA-1258 (Final), USITC Publication 4545, August 2015, p. 1; and 80 FR 47000, August 6, 2015.

[8] 80 FR 47902, August 10, 2015.

utility vehicles, provided for in subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50 of the Harmonized Tariff Schedule of the United States (HTS), were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products.[9]

On the basis of information developed in that investigation, the Commission determined, pursuant to section 421(b)(1) of the Trade Act of 1974, that certain passenger vehicle and light truck tires from China were being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products.[10]

With regard to the Commission's recommendation on proposed remedy, Chairman Shara L. Aranoff and Commissioners Charlotte R. Lane, Irving A. Williamson, and Dean A. Pinkert proposed that the President, for a three-year period, impose a duty, in addition to the current rate of duty, on imports of certain passenger vehicle and light truck tires from China as follows: 55 percent *ad valorem* in the first year, 45 percent *ad valorem* in the second year, and 35 percent *ad valorem* in the third year. They further proposed that, if applications were filed, the President should direct the U.S. Department of Labor and the U.S. Department of Commerce to provide expedited consideration of Trade Adjustment Assistance for firms and/or workers that are affected by subject imports.[11]

Effective September 26, 2009, President Obama determined to provide import relief in the form of a 35 percent *ad valorem* duty above the column 1 general rate of duty in the first year; a 30 percent *ad valorem* duty above the column 1 general rate of duty for the second year; and a 25 percent *ad valorem* duty above the column 1 general rate of duty in the third year. In order to assist workers, firms, and their communities that have been or are affected by the market disruption, President Obama directed the Secretary of Commerce and the Secretary of Labor to expedite consideration of any Trade Adjustment Assistance applications received from domestic passenger vehicle and light truck tire producers, their workers, or communities

[9] *Certain Passenger Vehicle and Light Truck Tires From China*, 74 FR 19593, April 29, 2009.

[10] C*ertain Passenger Vehicle and Light Truck Tires From the People's Republic of China*, 74 FR 34363, July 15, 2009. Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun made a negative determination.

[11] C*ertain Passenger Vehicle and Light Truck Tires From the People's Republic of China*, 74 FR 34363, July 15, 2009. Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun, having made a negative determination regarding market disruption, were not eligible to vote on a proposed remedy.

and to provide such other requested assistance or relief as they deem appropriate, consistent with their statutory mandates.[12]

On September 14, 2009, China requested consultations with the United States under the World Trade Organization ("WTO") Understanding on Rules and Procedures Governing the Settlement of Disputes concerning the import relief measures imposed on certain passenger vehicle and light truck tires from China. In its panel report issued on December 13, 2010, the WTO Dispute Settlement Body ("DSB") ruled that the measures were not in violation of WTO rules. On May 24, 2011, China notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation covered in the panel report. On September 5, 2011, the Appellate Body upheld the Panel's findings and at its meeting on October 5, 2011, the Dispute Settlement Body adopted the Panel and Appellate Body reports.[13]

Under the statute, the USW had the right to request an extension of the relief up to six months in advance of its expiration. In March 2012, in advance of the six-month renewal request deadline, the USW indicated to the Administration that such a request would not be made.[14]

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On June 29, 2020, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on PVLT tires from Vietnam.[15] Commerce identified the following government programs in Vietnam:

- Tax Programs:
  - Income Tax Preferences for Companies in Special Zones (Decree No. 124/2008/ND-CP)
  - Income Tax Preferences for Exporters

[12] *Presidential Proclamation No. 8414*, 74 FR 47861, September 17, 2009. *Imports of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, Presidential Determination No. 2009-28, Memorandum for the Secretary of Commerce, the Secretary of Labor, the United States Trade Representative,* 74 FR 47433, September 16, 2009.

[13] http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds399_e.htm and http://www.wto.org/english/news_e/news11_e/dsb_05oct11_e.htm.

[14] "USW Acclaim Success of Trade Relief for Tire Sector; Extension Not Requested," September 24, 2012. http://www.usw.org/news/media-center/releases/2012/usw-acclaim-success-of-trade-relief-for-tire-sector-extension-not-requested, retrieved July 7, 2014.

[15] 85 FR 38850, June 29, 2020; and Countervailing Duty Initiation Checklist, Passenger Vehicle and Light Truck Tires from the Socialist Republic of Vietnam, C-552-829, Commerce, June 22, 2020, pp. 6-25.

    - Tax Benefits for New Investments
    - Exemptions of Import Duties for Imports Used to Produce Exported Goods
    - Exemption of Import Duties for Imports into Industrial Zones
    - Exemption of Import Duties for Foreign-Invested Enterprises (FIEs)
- Preferential Rent Programs:
    - Exemptions or Reductions of Rent for Encouraged Enterprises
    - Exemption or Reduction of Rent for Exporters
    - Exemption or Reduction of Rent for FIEs
    - Preferential Rent for Enterprises Located in Special Zones
- Grant Program:
    - Export Promotion
- Preferential Lending:
    - Export Credits from the Vietnam Development Bank
    - Interest Rate Support from the Vietnam Development Bank
    - Export Factoring by State-Owned Commercial Banks (SOCB)
    - Guarantees for Export Activities
    - Preferential Lending to Exporters by SOCB
    - Investment Support (Decree 51, Article 30)
- Less Than Adequate Remuneration (LTAR):
    - Natural Rubber for LTAR
    - Land Use Rights for LTAR for Encouraged Industries
- Currency:
    - Currency Undervaluation

Alleged sales at LTFV

On June 29, 2020, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on PVLT tires from Korea, Taiwan, Thailand, and Vietnam.[16] Commerce has initiated antidumping duty investigations based on the following estimated dumping margins: (1) Korea: 42.95 through 195.20 percent; (2) Taiwan: 20.57 through 116.14 percent; (3) Thailand: 106.36 through 217.50 percent; and (4) Vietnam: 5.48 through 22.30 percent.

[16] 85 FR 38854, June 29, 2020.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[17]

> *The scope of these investigations is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by these investigations may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.*
>
> *Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:*
>
> *Prefix designations:*
> *P – Identifies a tire intended primarily for service on passenger cars.*
> *LT – Identifies a tire intended primarily for service on light trucks.*
>
> *Suffix letter designations:*
> *LT – Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.*
>
> *All tires with a "P" or "LT" prefix, and all tires with an "LT" suffix in their sidewall markings are covered by these investigations regardless of their intended use.*
>
> *In addition, all tires that lack a "P" or "LT" prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that fits passenger cars or light trucks. Sizes that fit passenger cars and light trucks include, but are not limited to, the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually. The scope includes all tires that are of a size that fits passenger cars or light trucks, unless the tire falls within one of the specific exclusions set out below.*

[17] 85 FR 38850 and 85 FR 38854, June 29, 2020.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:
(1) Racing car tires; such tires do not bear the symbol "DOT" on the sidewall and may be marked with "ZR" in size designation;
(2) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
(3) non-pneumatic tires, such as solid rubber tires;
(4) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:

(a) The size designation and load index combination molded on the tire's sidewall are listed in Table PCT–1B ("T" Type Spare Tires for Temporary Use on Passenger Vehicles) or PCT-1B ("T" Type Diagonal (Bias) Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,

(b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;
(5) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:

(a) The size designation molded on the tire's sidewall is listed in the ST sections of the Tire and Rim Association Year Book,

(b) the designation "ST" is molded into the tire's sidewall as part of the size designation,

(c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",

(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i*) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or*

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

(6) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

(a) The size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and

(d) the tire features a recognizable off-road tread design.

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations are imported under the following provisions of the Harmonized Tariff Schedule of the United States ("HTSUS"): 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005, and 4011.20.5010. The 2020 general rate of duty is 4 percent for HTS subheadings 4011.10.10 and 4011.20.10, and 3.4 percent ad valorem for HTS subheadings 4011.10.50, and 4011.20.50. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.90.1010, 4011.90.1050, 4011.90.2010, 4011.90.2050, 4011.90.8010, 4011.90.8050, 8708.70.4530, 8708.70.4546, 8708.70.4548, 8708.70.4580, 8708.70.6030, 8708.70.6045, and 8708.70.6060.[18] Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

[18] The chapter 87 provisions represent tires incorporated into motor vehicle components or subassemblies.

The product

Description and applications

Subject new pneumatic (air pressurized) passenger vehicle (PV) and light truck (LT) tires (PVLT tires) are strategic to the operation and safe driving characteristics of on-the-road motor vehicles, providing the only contact footprint or interface between a given vehicle and the road. Passenger vehicle (PV) tires are designed for use on standard-type passenger cars and associated vehicles such as sport utility vehicles (SUVs) and other multipurpose passenger vehicles, including light trucks, while light truck (LT) tires are those usually used specifically on light trucks or multipurpose passenger vehicles.[19] PVLT tires of varying sizes and design configurations, radial or non-radial, tube-type or tubeless, are produced domestically or imported into the United States for fitment to original equipment (OE) vehicles or for the replacement requirements on used vehicles, each subject to the same U.S. Department of Transportation (DOT) motor vehicle safety, quality, and marking standards. Today's PVLT tires typically range from 13 to 26 inches in rim diameter and are principally of tubeless steel belted radial ply.[20] Both the domestic and global tire industries are predominately multinational in structure.

PVLT tire compositions are reported to consist for example of 43 percent rubber (24 percent synthetic—butadiene, styrene butadiene, and butyl rubbers--and 19 percent natural rubber), 24 percent carbon black and silica performance additives, 18 percent reinforcing fabric cord ply and other additives (polyester, rayon, nylon, and aramid cord, antioxidants and sulfur curing agents), together with 12 percent steel (belts and bead wire). Heavier load bearing PVLT tires may contain more natural rubber and steel than shown.[21]

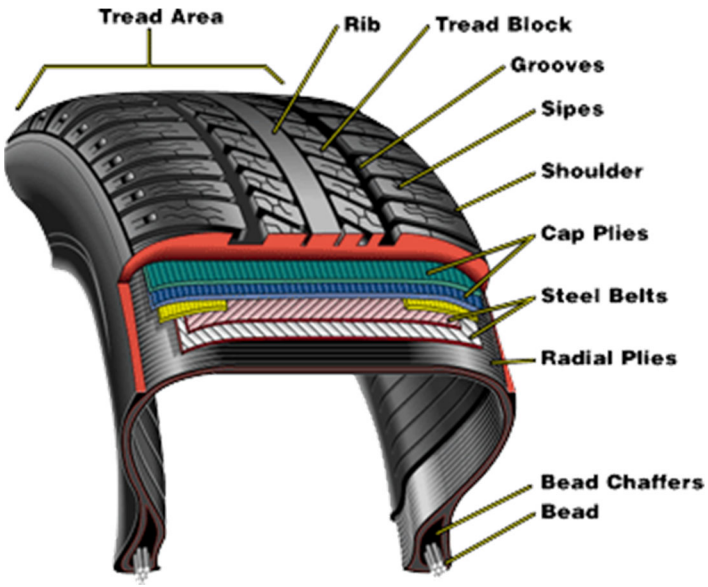
The construction design features of a tubeless steel belted radial PVLT tire, today's predominant tire design, are shown in figure I-1.

[19] Federal Motor Vehicle Safety Standard No. 139 (49 CFR 571.139).

[20] *Tire and Rim Association Year Book, 2019*, Preliminary Petition, Volume I, Exhibit I-7, May 13, 2020.

[21] *What's in a Tire*, U.S. Tire Manufacturers Association, https://www.ustires.org/whats-tire-0, retrieved June 13, 2020. Rubber properties and additives determine overall tire performance (rolling resistance, wear, temperature and traction). Carbon black and silica contribute to enhanced handling, treadwear, traction, fuel mileage, temperature and abrasion resistance. Carbon black additive is also responsible for the black color of tires.

Figure I-1
PVLT tires: Tubeless steel belted radial tire construction design



Source: http://www.abbsrytire.com/diagramtire.htm, retrieved June 21, 2020.

Radial tire design began to replace the bias ply design in the United States in the early-1970s, and by the mid-1990s dominated both the replacement and OE markets.[22] Radial tires provide superior strength, handling, ride quality, wear resistance and improved mileage, fuel economy, and resistance to heat buildup. The tire casing is the load bearing component of the radial tire consisting of a rubber innerliner impervious to air migration and rubberized reinforcing plies (tire cord) that run parallel across the tire to the rubberized steel bead on each side. The beads form the inner circular rim diameter of a finished tire which is fitted in an airtight manner to a given steel, aluminum, or composite wheel to form a complete tire assembly ready for mounting. Bead chaffers are a key component of the tire that provide the direct contact points between the tire and the wheel, designed to withstand forces (chafing) that the wheel puts on the tire during mounting as well as the dynamic forces of driving and braking.

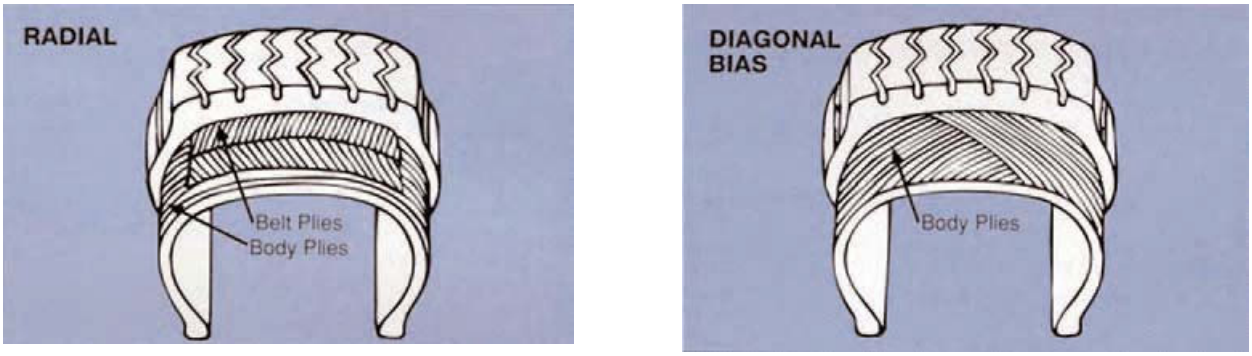
Above the tire casing are steel belts which provide a stable foundation for better tread wear and traction and protect the casing against impacts and punctures. Other components include cap plies usually built into performance tires to enhance cornering and stability at higher speeds. Tread designs are multiple in nature consistent with their intended end use. The tread block provides traction at its leading and trailing edge. Within the block, sipes are often

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

molded or cut to provide additional traction. Grooves are built into tread design for channeling away water and promoting wet traction. Shoulder designs provide protection as well as additional traction during hard cornering.

The diagram of Figure I-2 compares today's dominant steel belted radial body ply construction (left) to that of the bias ply tire standard that dominated the U.S. tire manufacturing sector up to the mid-1970s (right).

Figure I-2
PVLT tires: Radial and bias ply construction



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

Bias plies, unlike radial plies, run at alternating angles from bead to bead to the direction of tire travel, and may be topped by belts, usually of fabric or other materials. Although bias ply tires may be produced by more fundamental processes than radial tires, its plies twist more as the tire rolls, creating heat buildup, rolling resistance increase and fuel economy decrease. These factors lead to reduced mileage, accelerated tire wear, and the increased risk of over-the-highway PVLT tire failure.[23] Steel-belted radial tires provide superior performance characteristics to bias ply tires, including strength, lower rolling resistance and superior fuel economy, superior resistance to heat buildup at highway speeds, and vastly increased mileage capabilities.[24]

PVLT tire definitions and standards are articulated under Title 49 of the Code of Federal Regulations (CFR), Federal Motor Vehicle Safety Standards, Part 571, Standard No. 139.[25] These standards apply to new pneumatic radial tires for use on light motor vehicles that have a gross vehicle weight rating (GVWR) of 10,000 pounds or less and that were manufactured after 1975.

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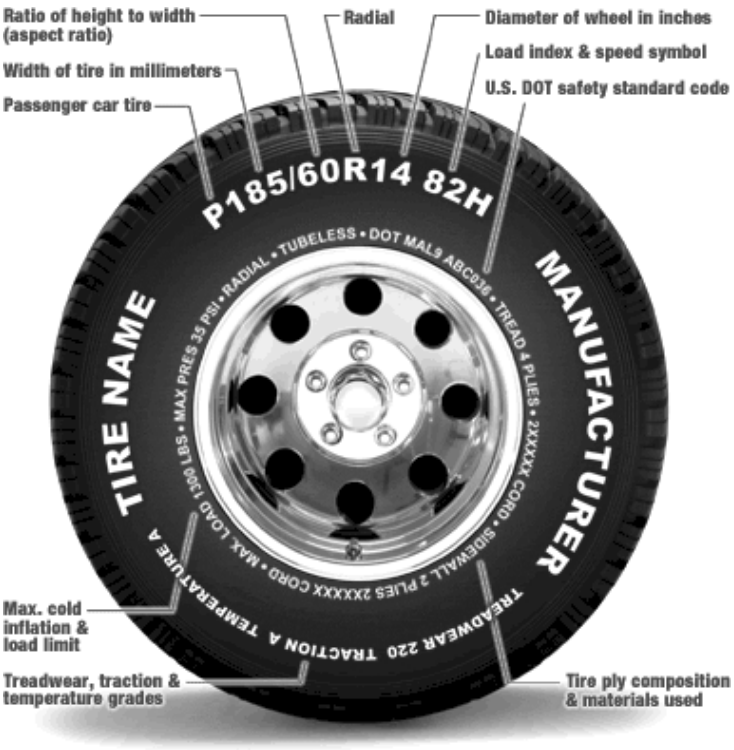
[23] National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005.
[24] Love, Steve and David Giffels, "Wheels of Fortune, The Radial Invasion," 1999, pp. 143-154.
[25] Electronic code of federal regulations, https://gov.ecfr.io/cgi-bin/text-idx?SID=66f5119a8c1eb92e1946c943b565593d&mc=true&node=se49.6.571_1139&rgn=div8, retrieved June 13, 2020.

A passenger car tire is defined as intended for use on passenger cars, multipurpose passenger vehicles, and trucks that have a GVWR of 10,000 pounds or less. LT tires are defined as a tire designated by its manufacturer as primarily intended for use on lightweight trucks or multipurpose passenger vehicles. Bias ply tires are included in the definitions; rules and regulations and testing procedures are promulgated under the authority of the National Highway Traffic Safety Administration (NHTSA), U.S. Department of Transportation (DOT). Additional standards, 49 CFR 571.119 (S3), apply to new pneumatic tires for motor vehicles with a GVWR of more than 10,000 pounds manufactured after 1948.[26] The maximum upper load limit per tire of the LT tires reported by the Tire and Rim Association in its LT tire chapter is about 4,190 pounds at 65 pounds per square inch (psi) air pressure.

NHTSA regulations cited above require multiple markings on PVLT tire sidewalls certified for use in the United States as shown in the passenger tire diagram of Figure I-3.

Figure I-3
PVLT tires: PVLT tire designations



Source: TBC Corp. (formerly Del-Nat Tire Corp).

[26] Electronic code of federal regulations, https://gov.ecfr.io/cgi-bin/text-idx?SID=6798cf5859539a315047dbc411651bc5&mc=true&node=se49.6.571_1119&rgn=div8, retrieved June 13, 2020.

The specifications molded into the tire sidewall provide a wealth of information, including the tire brand name and manufacturer; the PVLT tire type, passenger "P"; tire dimensions and construction; rim diameter in inches and tire width in millimeters (mm); tube or tubeless; load index, and speed symbol; and the U.S. DOT identification number indicating that the tire meets all federal standards. Within the DOT designation is also the plant code where the tire was manufactured, and the year and date produced.

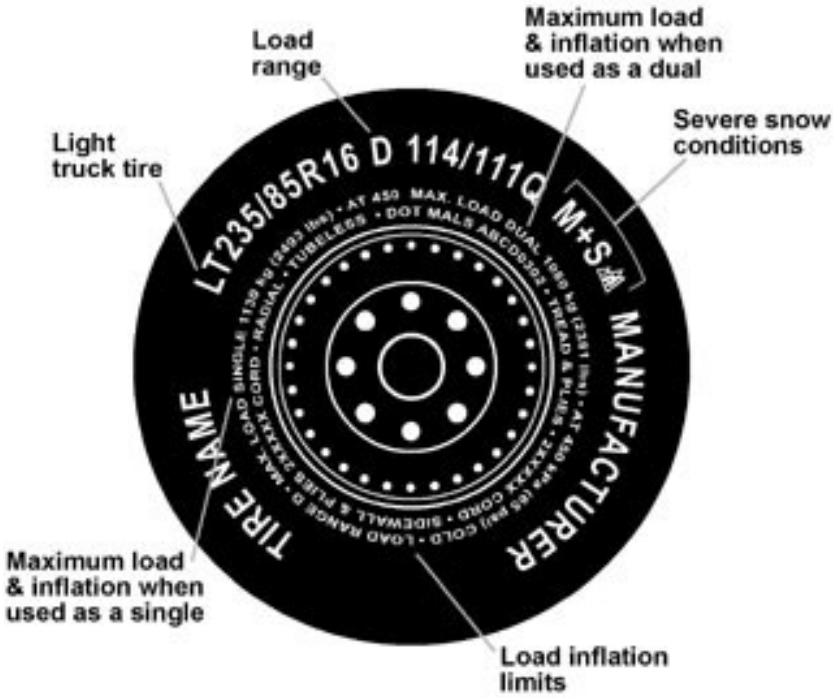
Other designations include treadwear, traction, and temperature grades which provide a consumer with comparative producer and brand performance indicators for tires through NHTSA's Uniform Tire Quality Grading System (UTQGS) wherein NHTSA has rated more than 5,000 tire lines, including most used on passenger cars, minivans, SUVs and light pickup trucks.[27] Other designations include the tire load limits in pounds and maximum tire pressure limits in pounds per square inch (psi).

Speed symbol indicators range from a low of N (87 mph) to midrange H (130 mph) to Y (186 mph), with ZR indicating anything above 186 mph. Load index designations for consumer passenger vehicles and light trucks having a GVWR of 10,000 pounds or less, run from a low of about 75 (853 pounds per tire @ 35 psi) to an average high of around 112 (2,469 pounds per tire). Additionally, placards found on the inside passenger door panels of vehicles purchased in the United States detail original equipment tire size and the vehicle weight rating (passengers and goods) for guidance in purchasing replacement tires.

Tires designed for multiple use on PVLT vehicles carry the "P" designation, known as "P-metric," or the "P" may be omitted altogether on "metric" tires having basically the same sidewall designations and tire sizes. In addition to the above PVLT designations shown in figure I-3, tires specifically marked "LT" for light truck are also required to carry added designations as shown in the diagram of figure I-4.

[27] National Highway Traffic Safety Administration (NHTSA), https://nhtsa.gov/equipment/tires, retrieved June 26, 2020.

Figure I-4
PVLT tires: Additional LT tire designations



Source: National Highway Traffic Safety Administration (NHTSA).

As indicated, the symbol "LT" designates the tire is for use on light trucks; the "Load Range" symbol is a gauge of the tire's load-carrying capabilities at a given pressure and speed. For example, the above tire as shown has a "load range" of D that is equivalent to a "ply rating" of 8, or a "load index" maximum of 114 (2,600 pounds at 65 psi) at speed Q (99 mph). Load range designations for light trucks typically run from C (ply rating of 6) to E (ply rating of 10), and load indices from 100 (1,765 pounds) up to around 128 (3,970 pounds). "Maximum Load & Inflation, Dual," indicates the maximum weight bearing capacity of a light truck tire at the stated pressure when the tire is used as a dual; that is, when four tires are installed on each rear axle (a total of six or more tires on the vehicle). The above tire as shown has a dual load index rating of 111 (2,405 pounds).[28]

[28] *Tire and Rim Association Year Book, 2019*, Preliminary Petition, Volume I, Exhibit I-7, May 13, 2020.

Manufacturing processes

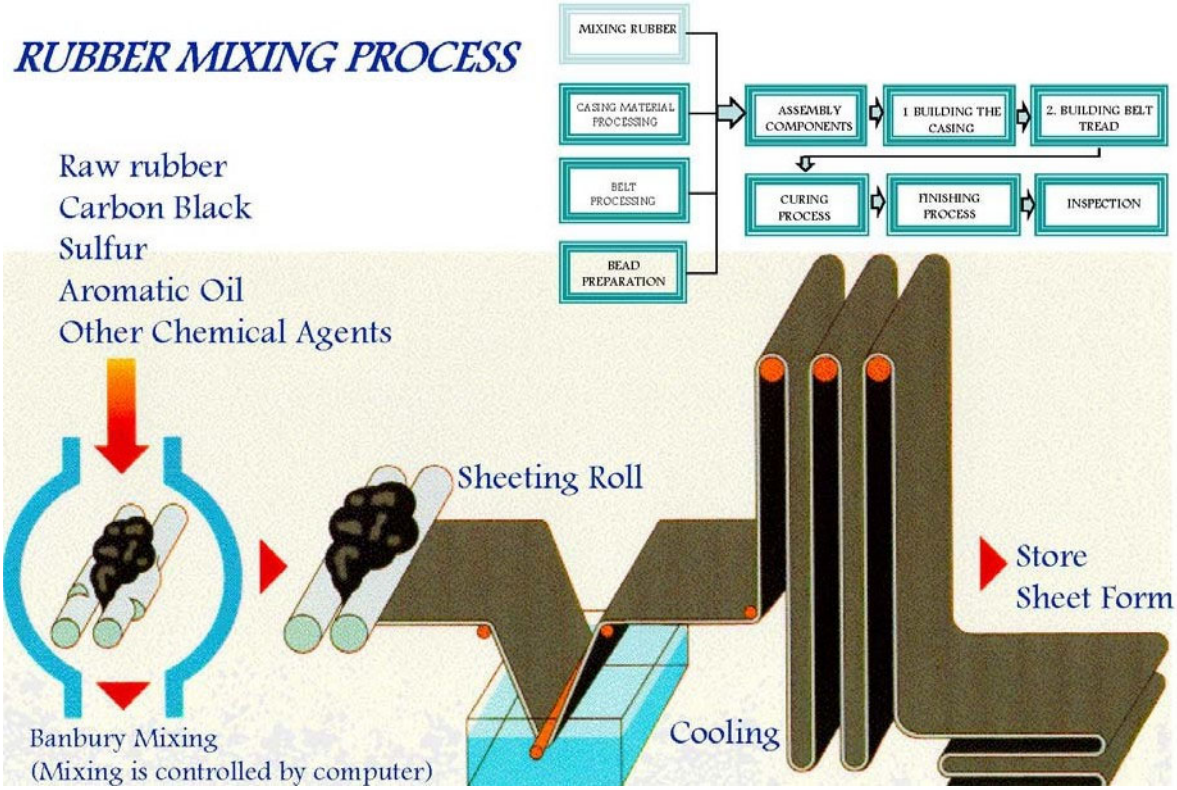
PVLT tire production technology in U.S. plants has continued to evolve since the introduction of the tubeless steel belted radial tire in the 1970s, accompanied by rising consumer demand for multiple types of tires to fit the large array of today's passenger car and light truck vehicles. Higher levels of automation and other efficiency measures have followed these trends. Each producer typically employs variable types of proprietary processes in the production of its particular lines of tires utilizing a large variety of rubberized tire component compounds produced from natural and synthetic rubber, textile and steel reinforcement plies and belts, and rubberized steel bundles that form the tire's rim.[29]

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

Several basic operations are required in the production of PVLT tires as shown in the process flow diagrams presented in figure I-5. The major categories are (1) base rubber batch formulation and mixing, (2) tire component processing, (3) tire component assembly (tire building), (4) tire curing (molding and vulcanization), and (5) finishing and inspection.

[29] National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005. Tire building machines can make a wide variety of PVLT tires depending on programming and components.

Figure I-5
PVLT tires: PVLT process flow diagrams and rubber mixing process



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

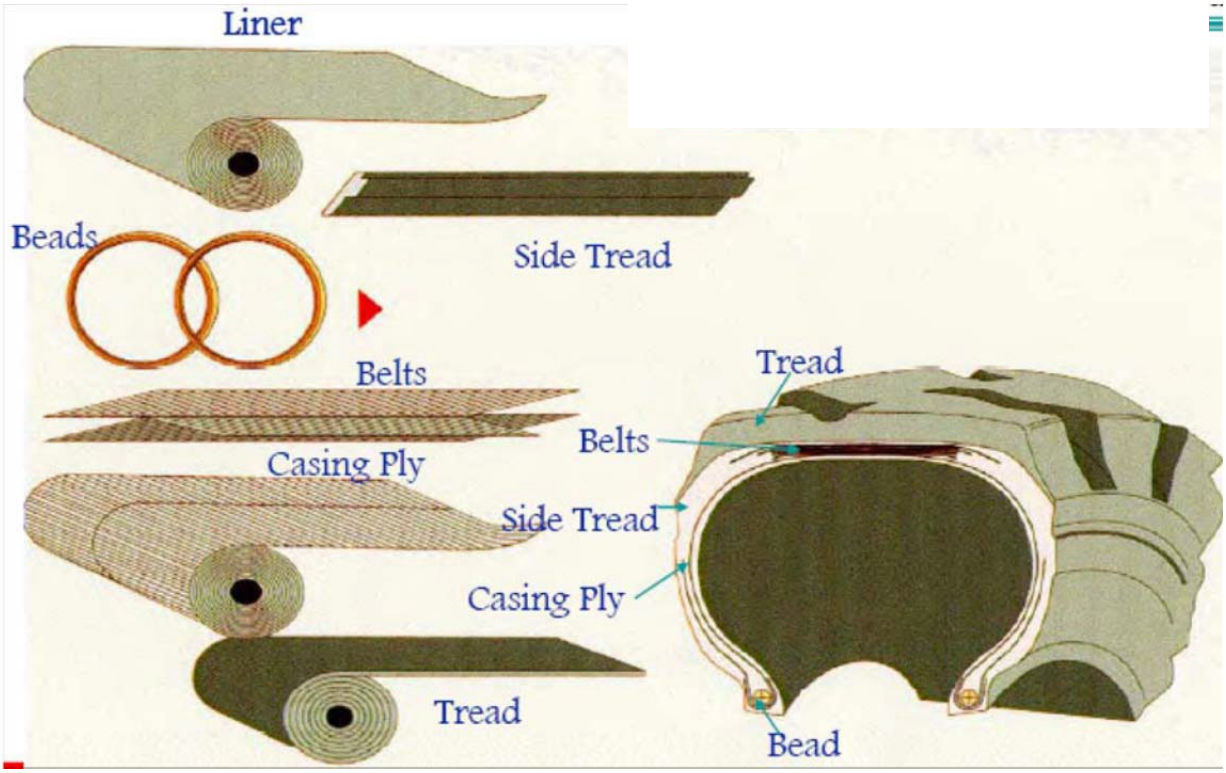
The base rubber batch formulation preparation stage involves the mixing of the various rubbers and selected raw materials into several different types of compounds or recipes designed for specific downstream process end uses, as shown in Figure I-5. Each batch is placed into a Banbury mixer where the rubber is heated, softened, and thoroughly mixed with the other ingredients under conditions of mixer blade shear and ram pressure. Following the discharge of a given rubber compound batch from the mixer, the mass is cooled, and sulfur curing agents added. Subsequent Banbury mixing is usually required to complete this step.

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

Wire winder machinery is used to apply a given rubber batch coating to the bead wire and wrap it into an exact circular dimension needed to hold the tubeless tire securely to a given steel wheel. The smooth rubber pieces that will eventually become treads and sidewalls are produced with extruder equipment which force various softened rubber compounds of synthetic rubbers and natural rubber through a die to produce the desired configurations. The tread and sidewall rubbers typically consist of mixtures of the synthetic rubbers styrene-butadiene (SBR) and butadiene rubber (BR) in combination with natural rubber (NR).[30]

Figure I-6 details the tire components used in the tire building process.

Figure I-6
PVLT tires: PVLT tire assembly components

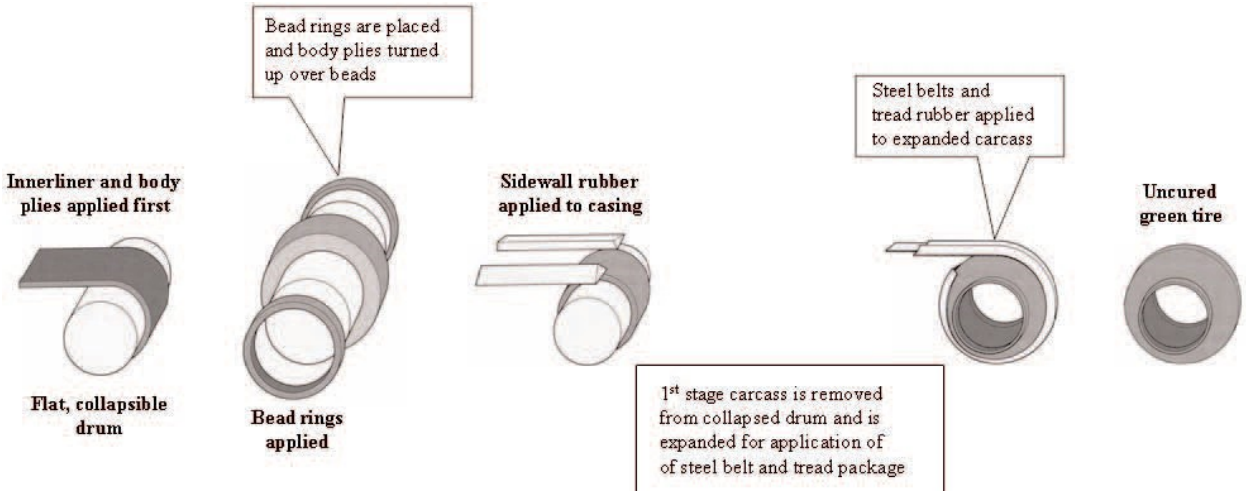


Source: Bridgestone Firestone North America (BFNA); staff field trip, BFNA, July 19, 2007.

[30] Staff field trip, BFNA, July 19, 2007.

Tire building is the process in which all of the above individual components that make up the tire are assembled in a circular fashion to create a green (uncured) tire structure in one or more processes. The fundamentals of radial tire assembly often proceed in two stages, as shown in figure I-7. In the first stage, the body casing consisting of the innerliner, reinforcing plies, rim beads and sidewall rubber is assembled on a rotating, collapsible drum that is slightly larger than the bead diameter, while the steel belts and tread are assembled on another rotating, inflatable drum to a diameter that is close to that of the final tire. Several tire manufacturers and equipment vendors, however, have devised automated tire assembly equipment that combines several assembly steps or links them into a continuous process.[31]

Figure I-7
PVLT tires: PVLT tire assembly process



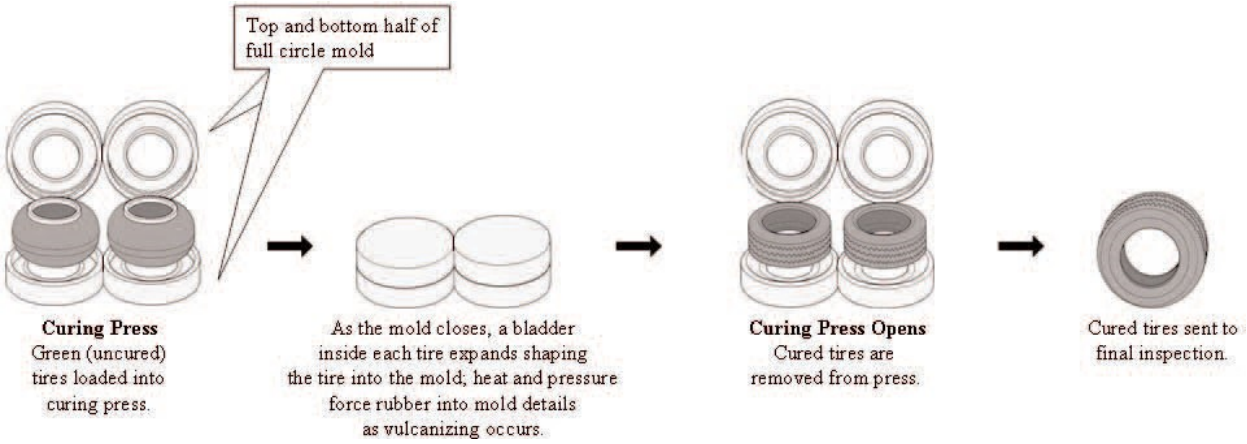
Source: National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005.
Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015

As illustrated in the diagram of Figure I-7, radial ply construction involves placing innerliner around the drum circumference together with steel or fabric plies that run "radially" from bead to bead at right angles to the direction of tire travel. In bias ply tire building, the tire cord reinforcement plies are placed at alternating angles around the drum circumference as the assembly proceeds so its configuration in the finished tire will result in a crisscross herringbone reinforcement pattern running from bead to bead at angles to the direction of travel. The green (uncured) tire assembly is removed from the drum and positioned for transfer to the final molding and curing process.

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

The final molding and curing process involves the placement of the green tire assembly about a bladder sleeve in a circular curing press tire mold of the appropriate configuration as shown in Figure I-8. After the curing press is closed, the bladder is injected with steam and expanded to force the green tire assembly out against the mold walls. The green tire thus takes on the configuration of the tire mold, including that of the sidewall and tread, together with multiple sidewall designations. Vulcanization or curing of the green tire takes place in the mold at elevated temperature and pressure. Curing times vary depending upon the size and particular design of the tire; each tire model requires its own mold. During vulcanization, the original weak green tire rubber becomes strong (thermoset), and will not again soften with heat due to molecular cross-linking or bonding of the rubber with the sulfur chemical additives.[32] [33]

Figure I-8
PVLT tires: PVLT tire curing (vulcanization) process



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

Following the molding and curing process, the finished tire is moved to the quality control area for a final visual and x-ray inspection. The tires that pass inspection are then moved to a warehouse for storage and shipping. Finished tires are coded to track their whereabouts, and to identify the plant of manufacture and that of the individual tire builders.[34]

[32] Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

[33] Thailand and Vietnam PVLT tire producers generally use Asian technology where available, and often Western technology if operations are publicly traded. Response to staff conference questions, American Omni Trading LLC post-conference brief, June 8, 2020.

[34] Staff field trip, BFNA, July 19, 2007.

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes a single domestic like product consisting of PVLT tires, coextensive with the scope in these investigations.[35] Respondents Atturo, Maxxis, and Federal take no position with respect to the domestic like product definition; Maxxis reserves the right to address the definition of the domestic like product and any related issues in any final phase. Respondents Deestone and Les Schwab do not dispute/oppose the domestic like product definition.[36] Respondents Vogue and S.R. Tyres agree with the proposed domestic like product definition.[37] Respondents American Omni, ATD, Hankook, ITG Voma, Nankang, Nexen, Sumitomo, and Vee Tyre did not comment on the definition of the domestic like product.[38]

[35] Petitioner's postconference brief, p. 2.

[36] Atturo's postconference brief, p. 5; Maxxis' postconference brief, exh. 1 at 1; Federal's postconference brief, p. 4; Deestone's postconference brief, p. 2; and Les Schwab's postconference brief, exh. 1, p. 1.

[37] Vogue and S.R. Tyre's postconference brief, p. 9.

[38] *See generally* American Omni, ATD, Hankook, ITG Voma, Nankang, Nexen, Sumitomo, and Vee Tyre's postconference briefs. American Omni stated that as a legal matter, the proposed definition of the domestic like product is generally coextensive with the domestic like product from the China PVLT tires investigation. American Omni's postconference brief, exh. A at 3.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

All PVLT tires sold in the U.S. market must meet the National Highway Traffic Safety Administration ("NHTSA") standards and be marked in accordance with NHTSA and United States Department of Transportation ("DOT") requirements. The demand for PVLT tires in the OEM market is derived from the number of new passenger vehicles and light trucks produced in the United States, while demand for PVLT tires in the replacement market depends on the condition of tires on existing vehicles, which is a function of the number of miles driven, road conditions, the age of the vehicle and other factors.

Apparent U.S. consumption of PVLT tires increased during 2017-19. Overall, apparent U.S. consumption in 2019 was 4.6 percent higher than in 2017.

Channels of distribution

U.S. producers and importers sold mainly to the replacement market, as shown in table II-1. Approximately *** percent of U.S. shipments of PVLT tires, by quantity, from all sources were sold to the replacement market in 2019, with the majority of the remainder going to the OEM market.

Table II-1
PVLT tires: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2017-19, January to March 2019, and January to March 2020

* * * * * * *

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

Geographic distribution

U.S. producers and importers reported selling PVLT tires to all regions in the United States (table II-2). For U.S. producers, 9.8 percent of sales were within 100 miles of their production facility, 72.4 percent were between 101 and 1,000 miles, and 17.7 percent were over 1,000 miles. Importers sold 37.9 percent within 100 miles of their U.S. point of shipment, 44.4 percent between 101 and 1,000 miles, and 17.7 percent over 1,000 miles.

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

Region	U.S. producers	Korea	Taiwan	Thailand	Vietnam	Subject U.S. importers
Northeast	12	6	11	26	12	36
Midwest	12	6	10	26	11	36
Southeast	14	6	11	26	11	36
Central Southwest	12	6	14	26	11	38
Mountains	11	5	11	26	11	36
Pacific Coast	12	6	13	27	13	38
Other[1]	10	5	7	24	6	29
All regions (except Other)	11	5	10	25	11	35
Reporting firms	14	7	16	29	13	42

Note: All other U.S. markets, including AK, HI, PR, and VI.

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

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding PVLT tires from U.S. producers and from subject countries. U.S. producers' production capacity is approximately 100 million more PVLT tires than the largest subject country source. Thai producers have the largest PVLT tire production capacity of the subject countries. With the exception of Korea, production capacity has increased in each of the subject countries and the United States since 2017.

Table II-3
PVLT tires: U.S. and foreign industry factors that affect ability to increase shipments to the United States

* * * * * * *

Note: Responding U.S. producers accounted for 100 percent of U.S. production of PVLT tires in 2019. Responding foreign producer/exporter firms accounted for over 75 percent of U.S. imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam during 2019. 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 IV and VII.

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

Domestic production

Based on available information, U.S. producers of PVLT tires have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced PVLT tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, moderate inventory levels, and the ability to shift shipments from alternate markets. The main limiting factor mitigating responsiveness of supply is limited ability to shift production to or from alternate products.

Domestic capacity to produce PVLT tires increased more than U.S. production of PVLT tires, leading capacity utilization to decline from 2017 to 2019. U.S. producers' inventories decreased from 2017 to 2019. The majority of responding U.S. producers (13 of 14) reported that they could not switch production from other products to PVLT tires because the machinery they use is not suited to produce anything other than PVLT tires. One U.S. producer, ***, reported that they were able to produce non-PVLT tires on the same equipment used to produce PVLT tires.

Subject imports from Korea

Based on available information, producers of PVLT tires from Korea have the ability to respond to changes in demand with moderate changes in the quantity of shipments of PVLT tires to the U.S. market. The main contributing factors to this degree of responsiveness of

supply are the availability of unused capacity, an ability to shift shipments from alternate markets, and low-to-moderate inventory levels. The main limiting factor mitigating responsiveness of supply is an inability to shift production to or from alternate products.

Korean production capacity and capacity utilization fell from 2017 to 2019. Inventories remained largely unchanged. No Korean PVLT tire producers reported they could produce other products on the equipment used to produce PVLT tires. Korean producers reported shipping slightly over a *** of their production to their home market and shipping slightly less than *** of their production to non-U.S. markets in 2019. Korean producers could shift a large percentage of tires from their home market or non-U.S. markets in response to a change in prices in the U.S. market.

Subject imports from Taiwan

Based on available information, producers of PVLT tires from Taiwan have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of PVLT tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, ability to shift shipments from alternate markets, and low-to-moderate inventory levels. The main limiting factors mitigating responsiveness of supply are the limited ability to shift production to or from alternate products and small production capacity relative to the United States.

Taiwan's production capacity was *** percent of U.S. production capacity and Taiwan's unused capacity was *** percent of U.S. production capacity in 2019. The size of Taiwan's capacity to produce PVLT tires and low levels of available unused capacity relative to the United States limits Taiwan's ability to respond to price changes in the U.S. PVLT tire market. Taiwan increased its production capacity, which caused the level of capacity utilization to fall from 2017 to 2019. Inventory levels decreased throughout the same period. The majority of PVLT tire producers in Taiwan (5 of 6) reported they could not produce other products on the equipment used to produce PVLT tires. The one producer in Taiwan, ***, that reported that it had the ability to shift production from other products to PVLT tires reported that it could produce trailer tires. Time and labor cost to reconfigure machines were the factors that producers in Taiwan report as impacting their ability to switch between alternate products. Producer *** reported that the cost of reconfiguring machinery is so great that switching between alternative products is not a practical option. Producers from Taiwan reported shipping slightly over a *** of their production to their home market and shipping slightly more than a *** of their production to non-U.S. markets in 2019. Producers in Taiwan could

shift quantities of tires from their home market or non-U.S. markets in response to a change in prices in the U.S. market.

Subject imports from Thailand

Based on available information, producers of PVLT tires from Thailand have the ability to respond to changes in demand with moderate changes in the quantity of shipments of PVLT tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, ability to shift shipments from alternate markets, low-to-moderate inventory levels, and some ability to shift production to or from alternate products.

Thai producers increased their production capacity but did not increase production at the same rate, which caused the level of capacity utilization to fall from 2017 to 2019. Inventory levels decreased throughout the same period. The majority of PVLT tire producers in Thailand (8 of 13) reported they could not produce other products on the equipment used to produce PVLT tires. Thai producers who reported that they had the ability to switch between PVLT tires and alternative products reported that they could produce truck tires, bus tires, and tires for agricultural and industrial equipment. Factors affecting their ability to shift production from alternate products included a loss of production time and the cost of labor of reconfiguring machinery. *** reported that some of the machinery used in preparing raw materials and other components of PVLT tires can be used in the production of other goods but that there was also specialized equipment such as PVLT tire molds that could not be integrated into the production of alternate goods. Thai producers reported shipping slightly less than a *** of their production to their home market and shipping slightly less than *** of their production to non-U.S. markets in 2019. Producers in Thailand could shift large quantities of tires from their home market or non-U.S. markets in response to a change in prices in the U.S. market.

Subject imports from Vietnam

Based on available information, producers of PVLT tires from Vietnam have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of PVLT tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, ability to shift shipments from alternate markets, and low-to-moderate inventory levels. The main limiting factors mitigating responsiveness of supply are lower production capacity relative to the United States and limited ability to shift production to or from alternate products.

Vietnamese producers' production capacity was *** percent of U.S. production capacity and Vietnamese unused production capacity was *** percent of U.S. production capacity in 2019. The size of Vietnam's capacity to produce PVLT tires and low levels of available unused capacity relative to the United States limits Vietnam's ability to respond to price changes in the U.S. PVLT tire market.

Vietnam increased its production capacity but did not increase production at the same rate, which caused the level of capacity utilization to fall from 2017 to 2019. Inventory levels decreased throughout the same period. The majority of PVLT tire producers in Vietnam (4 of 6) reported they could not produce other products on the equipment used to produce PVLT tires. Vietnamese producers who reported that they had the ability to switch between PVLT tires and alternative products reported that they could produce truck tires, bus tires, and tires for agricultural and industrial equipment. Time and labor cost to reconfigure machines were the factors that producers in Vietnam reported as impacting their ability to switch between alternate products. Vietnamese producers reported shipping approximately a *** of their production to non-U.S. markets in 2019 and could shift tires from non-U.S. markets to the U.S. market in response to a change in prices in the U.S. market.

Imports from nonsubject sources

Nonsubject imports accounted for 60.2 percent of total U.S. imports in 2019. The largest sources of nonsubject imports during 2017 to 2019 were Canada and Mexico. Combined, these countries accounted for 34.5 percent of nonsubject imports in 2019.

Supply constraints

The majority of U.S. producers (12 of 14) and importers (35 of 49) reported no supply constraints. U.S. producer *** reported that U.S. producers had temporarily been unable to deliver the quantities they had originally promised. U.S. producer *** reported that although it generally has the capacity to supply the PVLT tires demanded by the U.S. market, they were unable to supply all orders of high value tires during rare peak cycles.

U.S. demand

Based on available information, the overall demand for PVLT tires is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products, the low cost share of PVLT tires as a component of a new car, and the importance of PVLT tires as an essential and regularly-replaced component of a car or truck, which is the primary means of transportation for many households throughout the United States.

End uses and cost share

PVLT tires can be used as a component for a new car or truck and as such account for a small share of the end-use product. PVLT tires can also be used as a replacement part for cars and trucks, in which case they are not considered to be part of an end-use product.

Business cycles

Nine of 14 U.S. producers indicated that the market was not subject to business cycles. Four U.S. producers that reported that the market was subject to business cycles, reported that tire sales were seasonal. U.S. producer *** reported that the northern part of the United States was more seasonal due to the sale of winter tires. U.S. producers *** and *** reported that sales increased in the second half of the year. Three of seven responding U.S. producers reported that there had been changes to business cycles or the conditions of competition since January 1, 2017. U.S. producer *** reported that demand for PVLT tires had decreased recently as a result of COVID-19. U.S. producer *** reported that there had been an oversupply of PVLT tires in the U.S. market that had reduced the price, while *** reported that there had been increased imports since January 1, 2017.

Twenty of 49 importers indicated that the market was subject to business cycles. Of the importers indicating that the market was subject to business cycles, all 20 reported that the PVLT tire market was seasonal. Forty of 49 importers indicated that the market was not subject to distinct conditions of competition. Importer *** reported that domestic suppliers are unable to meet demand in the United States with respect to certain sizes, tiers, or private label products and that these products can only be obtained from foreign suppliers. Importer *** also reported that consumers are keeping their cars longer which has increased the demand for replacement tires in the sizes or tiers that can only be sourced from foreign producers. Ten of 27 responding importers reported that there had been changes to business cycles or the conditions of competition since January 1, 2017. Importers *** and *** reported that COVID-19 had caused reduced U.S. demand and therefore sales of PVLT tires. Three importers, ***, ***, and *** reported that section 301 tariffs had impacted the market for PVLT tires since January 1, 2017.

Demand trends

Most firms reported that U.S. demand for PVLT tires had increased or remained constant since January 1, 2017 (table II-4).

Table II-4
PVLT tires: Firms' perceptions regarding demand in the United States and outside of the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	6	3	3	2
Importers	30	7	1	10
Demand outside the United States				
U.S. producers	2	4	1	2
Importers	8	8	1	7

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

Substitute products

None of the responding U.S. producers or importers reported that there were substitutes for PVLT tires.

Substitutability issues

The degree of substitution between domestic and imported PVLT tires 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 the degree of substitutability ranges from moderate to moderate-to-high between domestically produced PVLT tires and PVLT tires imported from subject sources. Several firms indicated that there are factors in addition to price that are considered in sales of PVLT tires, including quality. In addition, other record evidence leads staff to believe that there is some product differentiation in the market for PVLT tires.

Lead times

PVLT tires are primarily sold from inventory. U.S. producers reported that *** percent of their commercial shipments came from inventories, with lead times averaging *** days, while importers reported that *** percent of commercial shipments came from inventories with lead times averaging *** days. The remaining *** percent of U.S. producers' commercial shipments were produced-to-order, with lead times averaging *** days. Importers reported that *** percent of commercial shipments were produced-to-order, with lead times averaging *** days.

Factors affecting purchasing decisions

Petitioner was unable to supply lost sales/lost revenue allegations. Questionnaires were sent to purchasers identified in a prior investigation on PVLT tires. Purchasers responding

to lost sales lost revenue allegations were asked to identify the main purchasing factors their firm considered in their purchasing decisions for PVLT tires. Six of 12 responding purchasers reported that both price and quality were important factors in their purchasing decision. Additionally, four firms listed availability as an important purchasing factor and three listed brand.

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

In order to determine whether U.S.-produced PVLT tires can generally be used in the same applications as imports from Korea, Taiwan, Thailand and Vietnam, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-5, the majority of U.S. producers and importers reported that PVLT tires from the United States, subject countries, and nonsubject countries are “always” or “frequently” interchangeable. However, a plurality of importers reported that PVLT tires are “sometimes” interchangeable. Importer *** reported that there are various factors such as price, brand, appearance, mileage, expectancy, dry stopping distance, wet stopping distance, and handling limit the interchangeability of tires. Importer *** also reported that tires have different attributes and that even though various PVLT tires are the same size and are physically interchangeable different tires would appeal to different consumers based on the desired performance of the car or truck.

Table II-5
PVLT tires: Interchangeability between PVLT tires produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Korea	6	1	2	---	11	2	9	---
United States vs. Taiwan	6	2	---	---	11	7	7	1
United States vs. Thailand	6	3	---	---	12	11	11	2
United States vs. Vietnam	6	1	1	---	10	7	7	3
Korea vs. Taiwan	5	1	1	---	10	2	3	---
Korea vs. Thailand	5	1	1	---	11	5	6	---
Korea vs. Vietnam	5	1	1	---	10	3	4	---
Taiwan vs. Thailand	5	2	---	---	11	7	5	1
Taiwan vs. Vietnam	5	1	1	---	10	4	3	1
Thailand vs. Vietnam	5	1	1	---	10	5	6	---
United States vs. Other	6	4	1	---	9	13	7	---
Korea vs. Other	5	1	2	---	8	4	6	---
Taiwan vs. Other	5	2	---	---	8	6	3	---
Thailand vs. Other	5	3	---	---	8	8	5	---

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

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

The majority of U.S. producers reported that factors other than price are “sometimes” or “never” significant when comparing PVLT tires produced in Korea, Taiwan, Thailand, and Vietnam to PVLT tires produced in the United States. The majority of U.S producers reported that factors other than price are “always” or “frequently” significant when comparing PVLT tires produced in Korea, Taiwan, Thailand, and Vietnam to each other, with the exception of tires produced in Taiwan and Thailand, where half of responding U.S. producers reported that factors other than price are “always” or “frequently” significant and half reported that they are “sometimes” or “never” significant. The majority of U.S. producers reported that differences other than price are “sometimes” significant when comparing PVLT tires produced in the United States and nonsubject countries. The majority of U.S. producers reported that differences other than price are “frequently” or “sometimes” significant when comparing PVLT tires from subject and nonsubject countries on factors other than price.

The majority of importers reported that differences other than price are “always” or “frequently” significant when comparing PVLT tires produced in the United States, subject countries, and nonsubject countries. Importers ***, ***, ***, ***, and *** each reported that brand and product that upholds the qualities of a brand are important factors other than price. Importer *** reported that quality, product range, availability and technical support were essential for its image and brand name. Importer *** reported that its reputation and brand name depended on the quality of its tires. Importers *** and

*** reported that the long-standing relationship that they held with foreign producers ensured that they would receive a steady supply of high-quality tires.

Table II-6
PVLT tires: Perceived importance of factors other than price between product produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Korea	2	2	5	1	7	6	9	---
United States vs. Taiwan	2	1	4	1	9	7	8	1
United States vs. Thailand	2	1	6	1	16	7	13	1
United States vs. Vietnam	2	2	3	1	7	8	9	2
Korea vs. Taiwan	2	2	1	1	5	3	2	---
Korea vs. Thailand	2	2	1	1	7	6	5	---
Korea vs. Vietnam	2	2	1	1	7	2	3	---
Taiwan vs. Thailand	2	1	2	1	7	3	6	4
Taiwan vs. Vietnam	2	2	1	1	6	4	2	2
Thailand vs. Vietnam	2	2	1	1	6	4	5	1
United States vs. Other	1	2	7	1	7	7	13	---
Korea vs. Other	1	3	2	1	7	3	4	---
Taiwan vs. Other	1	2	2	1	6	4	4	---
Thailand vs. Other	1	2	3	1	6	5	8	---

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

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

Part III: U.S. producers' production, shipments, and employment

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 14 firms that accounted for all of U.S. production of PVLT tires during 2019.

U.S. producers

The Commission issued a U.S. producer questionnaire to 14 firms based on information contained in the petition. All 14 firms provided usable data on their operations. Staff believes that these responses represent all of U.S. production of PVLT tires.

Table III-1 lists U.S. producers of PVLT tires, their production locations, positions on the petitions, and shares of total production.

Table III-1
PVLT tires: U.S. producers of PVLT tires, their positions on the petitions, production locations, and shares of reported production, 2019

Firm	Position on petition	Production location(s)	Share of production (percent)
Bridgestone	***	LaVergne, TN Wilson, NC Warren, TN Aiken, SC	***
Continental	***	Fort Mill, SC Mt. Vernon, IL Sumter, SC	***
Cooper	***	Findlay, OH Tupelo, MS Texarkana, AR Clarksdale, MS	***
Giti	***	Richburg, SC	***
Goodyear	***	Akron, OH Fayetteville, NC Gadsden, AL Lawton, OK Topeka, KS	***
Hankook	***	Clarksville, TN	***
Kumho	***	Macon, GA	***
Michelin	***	Greenville, SC Lexington, SC Dothan, AL Tuscaloosa, AL Ardmore, OK Ft. Wayne, IN	***
Nokian	***	Dayton, TN	***
Pirelli	***	Rome, GA	***
Specialty	***	Indiana, PA Unicoi, TN	***
Sumitomo	***	Tonawanda, NY	***
Toyo	***	White, GA	***
Yokohama	***	Salem, VA	***
Total			***

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 III-2 presents information on U.S. producers' ownership, related and/or affiliated firms.

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

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
Related importers/exporters:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

Table continued on next page.

Table III-2--Continued
PVLT tires: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
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***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

Table continued on next page.

Table III-2--Continued
PVLT tires: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
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***	***	***
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***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

Table continued on next page.

Table III-2--Continued
PVLT tires: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
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***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

Table continued on next page.

Table III-2--Continued
PVLT tires: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***

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

As indicated in table III-2, eight U.S. producers are related to foreign producers of the subject merchandise (***) and two U.S. producers are related to U.S. importers of the subject merchandise (***). In addition, as discussed in greater detail below, seven U.S. producers directly import the subject merchandise and none purchase the subject merchandise from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2017. Eleven of 14 responding firms reported changes in their operations. Six firms reported plant openings or expansions. ***. Six firms reported production shutdowns and/or curtailments in the latter part of the period for which data were collected, citing the market conditions due to the COVID-19 pandemic. Petitioner asserts that losses in 2020 were not due solely to the COVID-19 pandemic. With respect to Goodyear, petitioner noted that "while the final decision to shut down the {Gadsden} plant came shortly after the coronavirus hit, the wheels had already been in motion long before then. Our production was already being cut, hours taken out of schedule, and the first round of layoffs took place in late 2019." Goodyear laid off 740 workers at the Gadsden, Alabama plant in November 2019 and announced further layoffs in January 2020 before permanently shutting down the plant in April 2020.[1]

[1] Written testimony of Mickey Ray Williams, pp. 2-3; and petitioner's postconference brief, p. 18.

Table III-3
PVLT tires: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changes in operations
Plant openings:	
***	***
***	***
***	***
Plant closings:	
***	***
Relocations:	
***	***
Expansions:	
***	***
***	***
***	***
Prolonged shutdowns or curtailments:	
***	***
***	***
***	***
***	***
***	***
***	***

Table continued on next page.

Table III-3--Continued
PVLT tires: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changes in operations
Revised labor agreements:	
***	***
***	***
***	***
***	***
***	***

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

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' PVLT tires capacity increased during 2017-19, by 4.1 percent and was 0.4 percent higher in January-March 2020 than in January-March 2019. Seven of 14 firms reported capacity increases during 2017-19, with ***, which reported plant openings in 2017, accounting for the majority of the increase. Production fluctuated during the period, increasing overall by 1.5 percent during 2017-19, and was 9.8 percent lower in January-March 2020 than in January-March 2019. Eight of 14 firms reported increased production during 2017-19, with *** accounting for the majority of the increase. The lower production in interim 2020 when compared to interim 2019, as mentioned previously, is mostly due to several firms that reported plant shutdowns and production curtailments in the first quarter of 2020 due to the COVID-19 pandemic. Capacity utilization was over 80 percent during each full year and was 8.5 percentage points lower in January-March 2020 than in January-March 2019.

Responding firms reported constraints in the manufacturing process that include available equipment, curing capacity, product mix requiring retooling of machinery, a skilled workforce, and market demand.

Table III-4
PVLT tires: U.S. producers' production, capacity, and capacity utilization, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity (1,000 tires)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	182,758	188,745	190,167	48,354	48,524
	Production (1,000 tires)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	150,751	155,275	152,980	40,481	36,498

Table continued on next page.

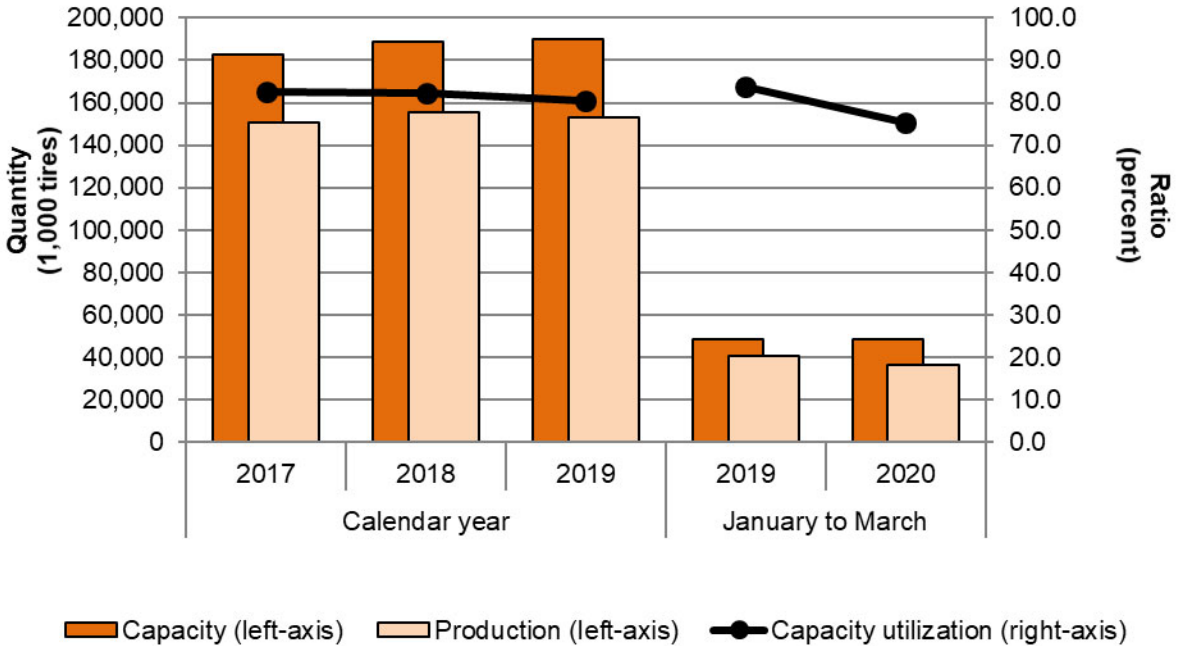
Table III-4--Continued
PVLT tires: U.S. producers' production, capacity, and capacity utilization, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity utilization (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	82.5	82.3	80.4	83.7	75.2
	Share of production (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	100.0	100.0	100.0	100.0	100.0

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

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

Figure III-1
PVLT tires: U.S. producers' production, capacity, and capacity utilization, 2017-19, January-March 2019, and January-March 2020



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

Alternative products

As shown in table III-5, the vast majority of the product produced during 2017-March 2020 by U.S. producers was PVLT tires. Two firms (***) reported producing alternative products (***).

Firms were asked about their ability to switch production from PVLT tires to other products. Thirteen of 14 responding firms reported that they are unable to switch production, citing that tire building machinery is specific to the type of tire and cannot be used for anything other than PVLT tires. Petitioner reports that there is limited ability for producers to switch between producing PVLT tires and other products because the machinery is limited to a particular size range.[2] Respondent American Omni similarly reports that shifting a tire plant to make a different type of tire is a major, time-consuming operation.[3] Respondent Nexen also

[2] Petitioner's postconference brief, Answers to Staff Questions, p. 4.
[3] American Omni's postconference brief, exh. A, p. 1.

notes that key facilities are not interoperable and would require additional significant capital investments and redesign of overall manufacturing process.[4]

Table III-5
PVLT tires: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Overall capacity	***	***	***	***	***
Production:					
PLVT tires	150,751	155,275	152,980	40,481	36,498
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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

U.S. producers' U.S. shipments and exports

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments by quantity and value fluctuated but increased overall during 2017-19, by 2.7 percent and 1.0 percent respectively. U.S. shipments were 13.4 percent lower (by quantity) in January-March 2020 than in January-March 2019**.** Unit values decreased in each year of the period, by 1.7 percent overall between 2017 and 2019, from $92.22 to $90.68 per tire. Individual firms' unit values varied widely due to product mix and ranged from $*** to $*** in 2019.

U.S. producers' U.S. shipments accounted for the vast majority of total shipments (*** percent in 2019). Seven of 14 firms reported export shipments, with *** accounting for over 50 percent in each period. Exports decreased by 7.7 percent between 2017 and 2019, and were 10.6 percent lower in January-March 2020 than in January-March 2019. Three firms reported small quantities of internal consumption. Eight firms reported transfers to related firms, with *** accounting for the majority.

[4] Nexen's postconference brief, att. 1, Responses to Commission Staff Questions, p. 1.

Table III-6
PVLT tires: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	135,220	140,308	138,899	33,610	29,117
Export shipments	16,113	15,397	14,869	3,955	3,535
Total shipments	151,333	155,705	153,768	37,565	32,652
	Value (1,000 dollars)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	12,469,624	12,749,837	12,595,979	3,043,660	2,669,058
Export shipments	1,298,370	1,262,763	1,201,629	317,231	284,222
Total shipments	13,767,994	14,012,600	13,797,608	3,360,890	2,953,280
	Unit value (dollars per tire)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	92.22	90.87	90.68	90.56	91.67
Export shipments	80.58	82.01	80.81	80.21	80.40
Total shipments	90.98	89.99	89.73	89.47	90.45
	Share of quantity (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	89.4	90.1	90.3	89.5	89.2
Export shipments	10.6	9.9	9.7	10.5	10.8
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	90.6	91.0	91.3	90.6	90.4
Export shipments	9.4	9.0	8.7	9.4	9.6
Total shipments	100.0	100.0	100.0	100.0	100.0

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

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

U.S. producers' inventories

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** U.S. producers' inventories of PVLT tires decreased by 6.4 percent during 2017-19 and were lower in January-March 2020 than in January-March 2019. The ratio of inventories to production between 2017 and 2019 was relatively stable, ranging between 11.8 and 12.8 percent. Similarly, the ratio of inventories to U.S. shipments ranged between 13.0 and 14.3 percent during the same period. The ratio of inventories to production and shipments were each higher in January-March 2020 than in January-March 2019.

Table III-7
PVLT tires: U.S. producers' inventories, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
U.S. producers' end-of-period inventories	19,269	18,831	18,043	21,733	21,467
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	12.8	12.1	11.8	13.4	14.7
U.S. shipments	14.3	13.4	13.0	16.2	18.4
Total shipments	12.7	12.1	11.7	14.5	16.4

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

U.S. producers' imports and purchases

U.S. producers' imports and purchases of PVLT tires are presented in table III-8. All U.S. producers, with the exception of ***, reported imports of PVLT tires. Nine of 13 U.S. producers either directly imported or are related to firms that directly imported subject merchandise, and the remaining four firms imported PVLT tires from nonsubject sources.[5] Two firms (***) reported purchasing small quantities of PVLT tires from domestic producers and sources other than imports. U.S. producers' reasons for imported included

[5] U.S. producer Giti Tire Manufacturing (USA) Ltd. is affiliated with U.S. importer Giti Tire (USA) Ltd. U.S. producer Hankook Tire Manufacturing Tennessee, LP is affiliated with U.S. importer Hankook Tire America Corp. U.S. producer Kumho Tire Georgia, Inc. is affiliated with U.S. importer Kumho Tire U.S.A., Inc. Kumho Tire U.S.A., Inc. U.S. producer Nokian Tyres US Operations LLC is affiliated with U.S. importer Nokian Tyres, Inc. U.S. producer Sumitomo Rubber USA, LLC is affiliated with U.S. importer Sumitomo Rubber North America Inc. U.S. producer Toyo Tire North America Manufacturing Inc. is affiliated with U.S. importer Toyo Tire U.S.A. Corp.

insufficient capacity in the U.S. to meet demand and product mix, including lack of U.S. production for certain PVLT tires. Respondent Les Schwab noted that U.S. domestic producers import tires due to global efficiencies with tire sizes, compounds, and construction, and to achieve economies of scale.[6]

Table III-8
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

[6] Les Schwab's postconference brief, pp. 1-2.

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Table III-8--Continued
PVLT tires: U.S. producers' U.S. production, imports and purchases, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

U.S. employment, wages, and productivity

Table III-9 shows U.S. producers' employment-related data. All employment-related indicators were higher in 2019 than in 2017, with the exception of the number of production and related workers ("PRWs") and productivity, and were lower in in January-March 2020 than in January-March 2019, with the exception of hourly wages and unit labor costs. The number of PRWs fluctuated between 2017 and 2019, decreasing overall by 0.5 percent, and was 5.9 percent lower in January-March 2020 than in January-March 2019. Hours worked and wages paid increased overall during 2017-19, by 1.0 percent and 3.4 percent respectively, and were lower in interim 2020 than in interim 2019. Productivity and unit labor costs increased during 2017-19, by 0.4 percent and 1.9 percent respectively, and were higher in interim 2020 than in interim 2019.

Table III-9
PVLT tires: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
Production and related workers (PRWs) (number)	46,634	45,900	46,386	46,291	43,544
Total hours worked (1,000 hours)	93,752	93,384	94,728	24,034	22,033
Hours worked per PRW (hours)	2,010	2,035	2,042	519	506
Wages paid ($1,000)	2,332,916	2,362,972	2,413,172	600,638	567,407
Hourly wages (dollars per hour)	$24.88	$25.30	$25.47	$24.99	$25.75
Productivity (tires per hour)	1.6	1.7	1.6	1.7	1.7
Unit labor costs (dollars per tire)	$15.48	$15.22	$15.77	$14.84	$15.55

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

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 167 firms believed to be importers of subject PVLT tires, as well as to all U.S. producers of PVLT tires.[1] Usable questionnaire responses were received from 53 companies, representing 88.8 percent of U.S. imports from Korea, Taiwan, Thailand, and Vietnam and 89.6 percent of total U.S. imports in 2019 under HTS subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50. Firms responding to the Commission's questionnaire accounted for the following shares of imports of PVLT tires by source during 2019, based on official Commerce statistics—Korea, 97.9 percent; Taiwan, 52.6 percent; Thailand, 88.5 percent; Vietnam, 103.7 percent; and all other, 90.3 percent. In light of the questionnaire coverage (particularly for imports from Taiwan), import data presented in this report are based on official Commerce statistics.[2]

Table IV-1 lists all responding U.S. importers of PVLT tires from Korea, Taiwan, Thailand, Vietnam, and other sources, their locations, and their shares of U.S. imports, in 2019.

[1] The Commission issued questionnaires to 57 firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010 in 2019. In addition, the Commission issued questionnaires to 110 additional firms identified in the petition for which a useable email address was provided.

[2] Petitioner notes that official Commerce statistics may include out-of-scope spare and racing tires and asserts that the volume of such tires is likely extremely low. Petitioner's postconference brief, Answers to Staff Questions, p. 52. Respondent Nankang asserts that Taiwan exports to the United States included a greater volume of out-of-scope spare tires than other countries. Nankang's postconference brief, p. 1. Thus, official Commerce statistics may be overstated.

Table IV-1
PVLT tires: U.S. importers by source, 2019

Firm	Headquarters	Share of imports by source (percent)						
		Korea	Taiwan	Thailand	Vietnam	Subject sources	Non-subject sources	All import sources
American Omni	Katy, TX	***	***	***	***	***	***	***
American Tire	Huntersville, NC	***	***	***	***	***	***	***
American Wheel	Irving, TX	***	***	***	***	***	***	***
Americana	Reynoldsburg, OH	***	***	***	***	***	***	***
Atturo	Waukegan, IL	***	***	***	***	***	***	***
Brand	Manassas, VA	***	***	***	***	***	***	***
Bridgestone	Nashville, TN	***	***	***	***	***	***	***
Continental	Fort Mill, SC	***	***	***	***	***	***	***
Cooper	Findlay, OH	***	***	***	***	***	***	***
Duro	Covington, GA	***	***	***	***	***	***	***
Economy	Dallas, TX	***	***	***	***	***	***	***
Federal	Torrance, CA	***	***	***	***	***	***	***
Foreign Tire	Union, NJ	***	***	***	***	***	***	***
Giti	Rancho Cucamonga, CA	***	***	***	***	***	***	***
Goodyear	Akron, OH	***	***	***	***	***	***	***
Greenball	Anaheim, CA	***	***	***	***	***	***	***
Hankook	Nashville, TN	***	***	***	***	***	***	***
Horizon Rubber	West Covina, CA	***	***	***	***	***	***	***
Horizon Tire	Irwindale, CA	***	***	***	***	***	***	***
ITG	Las Vegas, NV	***	***	***	***	***	***	***
ITOCHU	New York, NY	***	***	***	***	***	***	***
Katana	Vernon, CA	***	***	***	***	***	***	***
Kenda	Reynoldsburg, OH	***	***	***	***	***	***	***
Kumho	Atlanta, GA	***	***	***	***	***	***	***
Les Schwab	Bend, OR	***	***	***	***	***	***	***
Linglong	Medina, OH	***	***	***	***	***	***	***
Maxxis	Suwanee, GA	***	***	***	***	***	***	***
Mascaro-Porter	San Juan, PR	***	***	***	***	***	***	***
MGA	Burlington, WI	***	***	***	***	***	***	***
Michelin	Greenville, SC	***	***	***	***	***	***	***

Table continued on next page.

Table IV-1--Continued
PVLT tires: U.S. importers by source, 2019

Firm	Headquarters	Share of imports by source (percent)						
		Korea	Taiwan	Thailand	Vietnam	Subject sources	Non-subject sources	All import sources
MOA	Toa Baja, PR	***	***	***	***	***	***	***
Nexen	Diamond Bar, CA	***	***	***	***	***	***	***
Nitto	Cypress, CA	***	***	***	***	***	***	***
Nokian	Nashville, TN	***	***	***	***	***	***	***
Omni	Singapore	***	***	***	***	***	***	***
Pacific	Scottsdale, AZ	***	***	***	***	***	***	***
Pirelli	Rome, GA	***	***	***	***	***	***	***
Priority	Allentown, PA	***	***	***	***	***	***	***
Sailun	Brampton, ON	***	***	***	***	***	***	***
Sentury	Hialeah, FL	***	***	***	***	***	***	***
Sumitomo	Rancho Cucamonga, CA	***	***	***	***	***	***	***
TBC	Palm Beach Gardens, FL	***	***	***	***	***	***	***
Tire Group	Miami, FL	***	***	***	***	***	***	***
Tireco	Gardena, CA	***	***	***	***	***	***	***
Toyo	Cypress, CA	***	***	***	***	***	***	***
Triangle	Franklin, TN	***	***	***	***	***	***	***
Trimax	Brea, CA	***	***	***	***	***	***	***
Turbo	Irwindale, CA	***	***	***	***	***	***	***
Unicorn	Memphis, TN	***	***	***	***	***	***	***
Vee	Bangkok, Thailand	***	***	***	***	***	***	***
Vogue	Mount Prospect, IL	***	***	***	***	***	***	***
Wheel Group	Ontario, CA	***	***	***	***	***	***	***
Yokohama	Santa Ana, CA	***	***	***	***	***	***	***
Total		***	***	***	***	***	***	***

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

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

U.S. imports

Tables IV-2 and IV-3 and figure IV-1 present data for U.S. imports of PVLT tires from Korea, Taiwan, Thailand, Vietnam, and all other sources. During 2017-19, total U.S. imports increased overall by 6.2 percent and were 3.9 percent lower during January-March 2020 than in January-March 2019, based on quantity. Similarly, subject U.S. imports increased by 19.9 percent during the same period and were 1.9 percent lower in January-March 2020 than in January-March 2019. Specifically, imports from Korea, Thailand, and Vietnam increased by 3.0, 29.6, and 38.7 percent between 2017 and 2019, respectively, while imports from Taiwan decreased by 1.3 percent. Imports from Korea and Thailand were 17.9 percent and 1.2 percent lower in interim 2019 than in interim 2018, respectively, while imports from Taiwan and Vietnam were higher during the same period, by 16.5 and 11.9 percent respectively. Subject imports accounted for 46.9 percent of total U.S. imports in 2019, with Thailand accounting for the largest share (24.9 percent). The ratio of subject imports to U.S. production increased by 8.6 percentage points during 2017-19, and subject imports were equivalent to 55.8 percent of U.S. production in 2019.

Imports from nonsubject sources decreased by 3.6 percent during 2017-19 and were 5.7 percent lower in January-March 2019 than in January-March 2018. Imports from nonsubject sources accounted for 53.1 percent of total U.S. imports in 2019. Leading nonsubject sources of imports include Canada and Mexico, each accounting for 8.7 percent of total U.S. imports in 2019, and Indonesia, accounting for 8.0 percent. Average unit values from subject and nonsubject sources increased during 2017-19, and were lower in January-March 2020 than in January-March 2019. Average unit values from subject sources were consistently lower than the average unit values from nonsubject sources.

Table IV-2
PVLT tires: U.S. imports by source, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
U.S. imports from.--					
Korea	18,572	19,376	19,129	5,248	4,308
Taiwan	8,930	8,352	8,810	2,087	2,432
Thailand	34,905	40,637	45,245	11,041	10,913
Vietnam	8,742	10,669	12,122	2,784	3,115
Subject sources	71,149	79,034	85,306	21,160	20,767
Nonsubject sources	100,185	95,077	96,587	23,309	21,975
All import sources	171,334	174,111	181,893	44,469	42,742
	Value (1,000 dollars)				
U.S. imports from.--					
Korea	1,248,267	1,293,011	1,278,041	355,066	273,703
Taiwan	387,798	375,793	410,789	94,794	112,789
Thailand	1,562,623	1,906,918	2,177,046	524,339	549,487
Vietnam	397,425	463,101	525,187	122,660	135,263
Subject sources	3,596,113	4,038,824	4,391,063	1,096,858	1,071,241
Nonsubject sources	6,116,507	6,181,923	6,421,953	1,573,653	1,442,444
All import sources	9,712,620	10,220,747	10,813,016	2,670,512	2,513,685
	Unit value (dollars per tire)				
U.S. imports from.--					
Korea	67.21	66.73	66.81	67.65	63.54
Taiwan	43.43	45.00	46.63	45.42	46.38
Thailand	44.77	46.93	48.12	47.49	50.35
Vietnam	45.46	43.41	43.33	44.06	43.42
Subject sources	50.54	51.10	51.47	51.84	51.58
Nonsubject sources	61.05	65.02	66.49	67.51	65.64
All import sources	56.69	58.70	59.45	60.05	58.81
	Share of quantity (percent)				
U.S. imports from.--					
Korea	10.8	11.1	10.5	11.8	10.1
Taiwan	5.2	4.8	4.8	4.7	5.7
Thailand	20.4	23.3	24.9	24.8	25.5
Vietnam	5.1	6.1	6.7	6.3	7.3
Subject sources	41.5	45.4	46.9	47.6	48.6
Nonsubject sources	58.5	54.6	53.1	52.4	51.4
All import sources	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

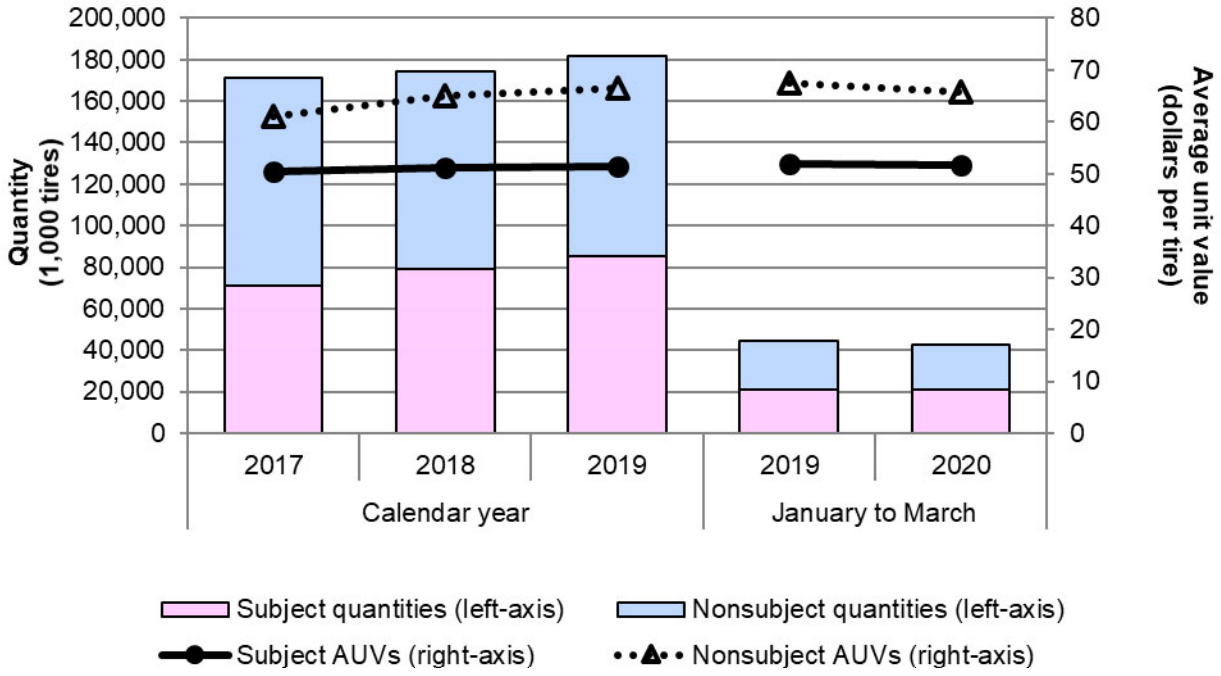
Table IV-2--Continued
PVLT tires: U.S. imports by source, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Share of value (percent)				
U.S. imports from.--					
Korea	12.9	12.7	11.8	13.3	10.9
Taiwan	4.0	3.7	3.8	3.5	4.5
Thailand	16.1	18.7	20.1	19.6	21.9
Vietnam	4.1	4.5	4.9	4.6	5.4
Subject sources	37.0	39.5	40.6	41.1	42.6
Nonsubject sources	63.0	60.5	59.4	58.9	57.4
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports from.--					
Korea	12.3	12.5	12.5	13.0	11.8
Taiwan	5.9	5.4	5.8	5.2	6.7
Thailand	23.2	26.2	29.6	27.3	29.9
Vietnam	5.8	6.9	7.9	6.9	8.5
Subject sources	47.2	50.9	55.8	52.3	56.9
Nonsubject sources	66.5	61.2	63.1	57.6	60.2
All import sources	113.7	112.1	118.9	109.9	117.1

Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Figure IV-1

PVLT tires: U.S. import quantities and average unit values, 2017-19, January-March 2019, and January-March 2020



Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Table IV-3
PVLT tires: U.S. imports, by nonsubject sources, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
U.S. imports from nonsubject sources.--Canada	16,130	16,169	15,878	4,014	3,855
Indonesia	17,112	14,995	14,583	3,886	3,233
Japan	8,310	9,170	10,854	2,346	1,990
Mexico	12,827	13,252	15,799	3,341	4,228
All other sources	45,805	41,491	39,473	9,721	8,670
Nonsubject sources	100,185	95,077	96,587	23,309	21,975
	Value (1,000 dollars)				
U.S. imports from nonsubject sources.--Canada	1,074,027	1,088,855	1,045,495	267,635	261,901
Indonesia	787,814	720,362	701,100	191,734	153,001
Japan	635,754	719,364	831,853	184,665	154,506
Mexico	799,169	881,775	1,054,963	220,792	282,018
All other sources	2,819,743	2,771,567	2,788,541	708,827	591,018
Nonsubject sources	6,116,507	6,181,923	6,421,953	1,573,653	1,442,444
	Unit value (dollars per tire)				
U.S. imports from nonsubject sources.--Canada	66.59	67.34	65.85	66.67	67.94
Indonesia	46.04	48.04	48.08	49.34	47.33
Japan	76.50	78.45	76.64	78.71	77.65
Mexico	62.30	66.54	66.78	66.09	66.70
All other sources	61.56	66.80	70.64	72.92	68.17
Nonsubject sources	61.05	65.02	66.49	67.51	65.64
	Share of quantity (percent)				
U.S. imports from nonsubject sources.--Canada	9.4	9.3	8.7	9.0	9.0
Indonesia	10.0	8.6	8.0	8.7	7.6
Japan	4.9	5.3	6.0	5.3	4.7
Mexico	7.5	7.6	8.7	7.5	9.9
All other sources	26.7	23.8	21.7	21.9	20.3
Nonsubject sources	58.5	54.6	53.1	52.4	51.4

Table continued on next page.

Table IV-3--Continued
PVLT tires: U.S. imports, by nonsubject sources, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Share of value (percent)				
U.S. imports from nonsubject sources.--Canada	11.1	10.7	9.7	10.0	10.4
Indonesia	8.1	7.0	6.5	7.2	6.1
Japan	6.5	7.0	7.7	6.9	6.1
Mexico	8.2	8.6	9.8	8.3	11.2
All other sources	29.0	27.1	25.8	26.5	23.5
Nonsubject sources	63.0	60.5	59.4	58.9	57.4
	Ratio to U.S. production				
U.S. imports from nonsubject sources.--Canada	10.7	10.4	10.4	9.9	10.6
Indonesia	11.4	9.7	9.5	9.6	8.9
Japan	5.5	5.9	7.1	5.8	5.5
Mexico	8.5	8.5	10.3	8.3	11.6
All other sources	30.4	26.7	25.8	24.0	23.8
Nonsubject sources	66.5	61.2	63.1	57.6	60.2

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

Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[3] 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

[3] 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)).

imports from such countries are deemed not to be negligible.[4] Based on official Commerce statistics, table IV-4 presents the individual shares of total imports accounted by subject countries, by quantity, during May 2019 through April 2020 , the most recent 12-month period for which data are available.

Table IV-4
PVLT tires: U.S. imports in the twelve-month period preceding the filing of the petitions, May 2019 through April 2020

Item	May 2019 through April 2020	
	Quantity (1,000 tires)	Share quantity (percent)
U.S. imports from.--		
Korea	18,180	10.3
Taiwan	9,164	5.2
Thailand	44,848	25.4
Vietnam	12,535	7.1
Subject sources	84,727	48.0
Nonsubject sources	91,931	52.0
All import sources	176,658	100.0

Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Cumulation considerations

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Information regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

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

Fungibility

Table IV-5 and figure IV-2 present U.S. producers' and U.S. importers' U.S. shipments by type (branded or private label). PVLT tires, whether branded or private label, were sold by both producers and importers in the United States. The majority of PVLT tires sold in the U.S. market in 2019 were branded tires, accounting for *** percent of U.S. producers' shipments and *** percent of importers' shipments.[5]

Table IV-5
PVLT tires: U.S. producers' and U.S. importers' U.S. shipments by type, 2019

Source	Branded	Private label	All items
	Quantity (1,000 tires)		
U.S. producers' U.S. shipments	***	***	138,899
U.S. importers' U.S. shipments.--Korea	***	***	18,056
Taiwan	***	***	4,797
Thailand	***	***	40,561
Vietnam	***	***	12,793
Subject sources	***	***	76,207
Nonsubject sources	***	***	84,918
All import sources	***	***	161,125
Total U.S. shipments	***	***	300,023
	Ratio across (percent)		
U.S. producers' U.S. shipments	***	***	100.0
U.S. importers' U.S. shipments.--Korea	***	***	100.0
Taiwan	***	***	100.0
Thailand	***	***	100.0
Vietnam	***	***	100.0
Subject sources	***	***	100.0
Nonsubject sources	***	***	100.0
All import sources	***	***	100.0
	Ratio down (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments.--Korea	***	***	***
Taiwan	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

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

[5] Appendix D presents additional information on branded and private label tires, including the names of such tires reported by firms.

Figure IV-2
PVLT tires: U.S. producers' and U.S. importers' U.S. shipments by type, 2019

* * * * * * *

Geographical markets

PVLT tires produced in the United States are shipped nationwide (see Part II for more information on geographic markets). U.S. imports of subject merchandise from Korea, Taiwan, Thailand, and Vietnam entered multiple U.S. ports of entry across the nation. Table IV-6 presents U.S. imports of PVLT tires, by source and border of entry in 2019, based on official import statistics. The majority of PVLT tires from each subject country entered through eastern and western borders of entry.

Table IV-6
PVLT tires: U.S. imports by border of entry, 2019

Item	Border of entry				
	East	North	South	West	All borders
	Quantity (1,000 tires)				
U.S. imports from.--					
Korea	7,770	2,221	2,374	6,764	19,129
Taiwan	2,291	1,746	473	4,299	8,810
Thailand	14,690	1,557	8,491	20,507	45,245
Vietnam	5,045	553	2,575	3,949	12,122
Subject sources	29,797	6,077	13,913	35,519	85,306
Nonsubject sources	32,903	16,524	23,826	23,335	96,587
All import sources	62,699	22,600	37,739	58,854	181,893
	Share across (percent)				
U.S. imports from.--					
Korea	40.6	11.6	12.4	35.4	100.0
Taiwan	26.0	19.8	5.4	48.8	100.0
Thailand	32.5	3.4	18.8	45.3	100.0
Vietnam	41.6	4.6	21.2	32.6	100.0
Subject sources	34.9	7.1	16.3	41.6	100.0
Nonsubject sources	34.1	17.1	24.7	24.2	100.0
All import sources	34.5	12.4	20.7	32.4	100.0
	Share down (percent)				
U.S. imports from.--					
Korea	12.4	9.8	6.3	11.5	10.5
Taiwan	3.7	7.7	1.3	7.3	4.8
Thailand	23.4	6.9	22.5	34.8	24.9
Vietnam	8.0	2.4	6.8	6.7	6.7
Subject sources	47.5	26.9	36.9	60.4	46.9
Nonsubject sources	52.5	73.1	63.1	39.6	53.1
All import sources	100.0	100.0	100.0	100.0	100.0

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

Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Presence in the market

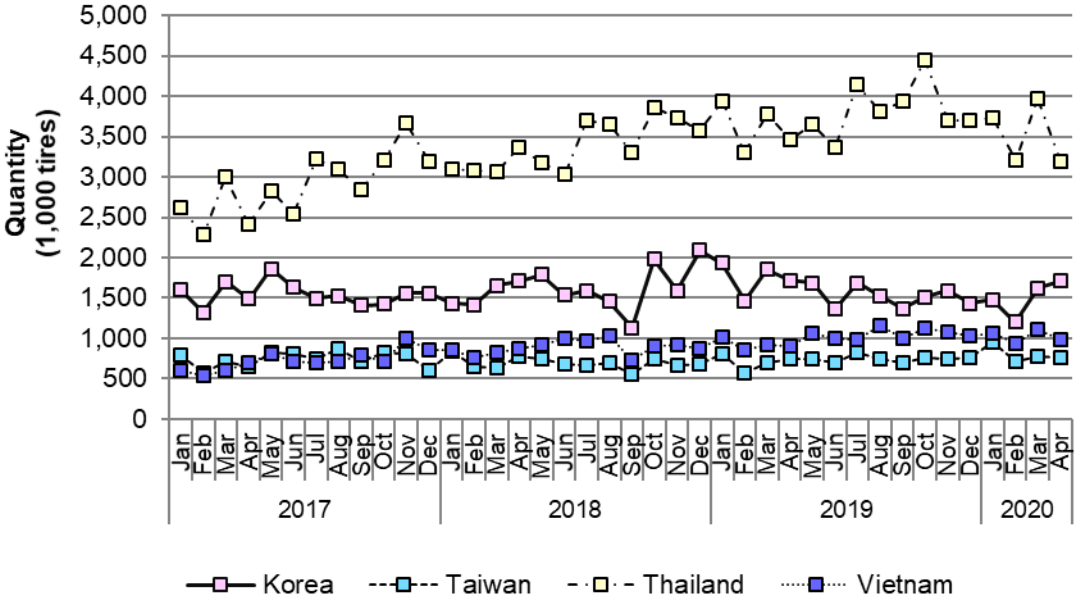
PVLT tires produced in the United States were present in the market throughout the period for which data were collected. Table IV-7 and figures IV-3 and IV-4 present monthly data for U.S. imports of PVLT tires from subject and nonsubject sources between January 2017 and April 2020. Subject U.S. imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam were present in each month during 2017-April 2020.

Table IV-7
PVLT tires: U.S. imports by month, January 2017 through April 2020

U.S. imports	Korea	Taiwan	Thailand	Vietnam	Subject sources	Nonsubject sources	All import sources
	Quantity (1,000 tires)						
2017.--							
January	1,599	793	2,613	607	5,611	8,712	14,323
February	1,318	566	2,290	546	4,719	7,924	12,643
March	1,699	720	3,006	605	6,029	9,588	15,617
April	1,487	657	2,416	697	5,257	8,086	13,343
May	1,861	826	2,820	812	6,319	8,763	15,082
June	1,634	807	2,547	708	5,696	8,754	14,449
July	1,494	739	3,216	702	6,151	8,020	14,171
August	1,525	873	3,089	711	6,198	8,299	14,497
September	1,409	717	2,839	786	5,752	7,902	13,653
October	1,428	818	3,211	720	6,177	8,290	14,467
November	1,561	817	3,662	995	7,035	8,081	15,116
December	1,559	597	3,195	854	6,204	7,767	13,971
2018.--							
January	1,431	845	3,103	858	6,237	7,277	13,514
February	1,417	648	3,080	768	5,914	7,098	13,012
March	1,656	642	3,068	832	6,198	7,671	13,870
April	1,710	772	3,362	881	6,725	7,809	14,534
May	1,789	747	3,170	922	6,627	7,978	14,605
June	1,535	685	3,028	993	6,241	7,669	13,910
July	1,589	668	3,704	970	6,930	7,719	14,649
August	1,454	698	3,659	1,027	6,838	8,489	15,327
September	1,128	561	3,304	731	5,724	7,843	13,567
October	1,982	746	3,852	898	7,478	8,860	16,339
November	1,595	661	3,731	914	6,901	8,432	15,333
December	2,091	679	3,575	875	7,221	8,231	15,452
2019.--							
January	1,935	813	3,945	1,008	7,700	7,663	15,363
February	1,464	573	3,310	853	6,199	7,052	13,251
March	1,849	701	3,786	924	7,260	8,594	15,854
April	1,722	746	3,458	903	6,828	8,045	14,873
May	1,686	751	3,648	1,056	7,141	8,534	15,675
June	1,362	696	3,367	992	6,417	7,956	14,374
July	1,684	821	4,150	985	7,641	8,382	16,023
August	1,527	748	3,805	1,165	7,245	8,258	15,503
September	1,370	692	3,941	993	6,997	7,566	14,563
October	1,513	764	4,443	1,125	7,844	8,748	16,591
November	1,588	747	3,695	1,080	7,110	7,863	14,974
December	1,429	759	3,697	1,039	6,923	7,926	14,849
2020.--							
January	1,483	944	3,735	1,065	7,228	7,356	14,584
February	1,200	713	3,204	932	6,049	6,759	12,807
March	1,625	775	3,974	1,118	7,491	7,860	15,351
April	1,714	754	3,189	985	6,642	4,722	11,364

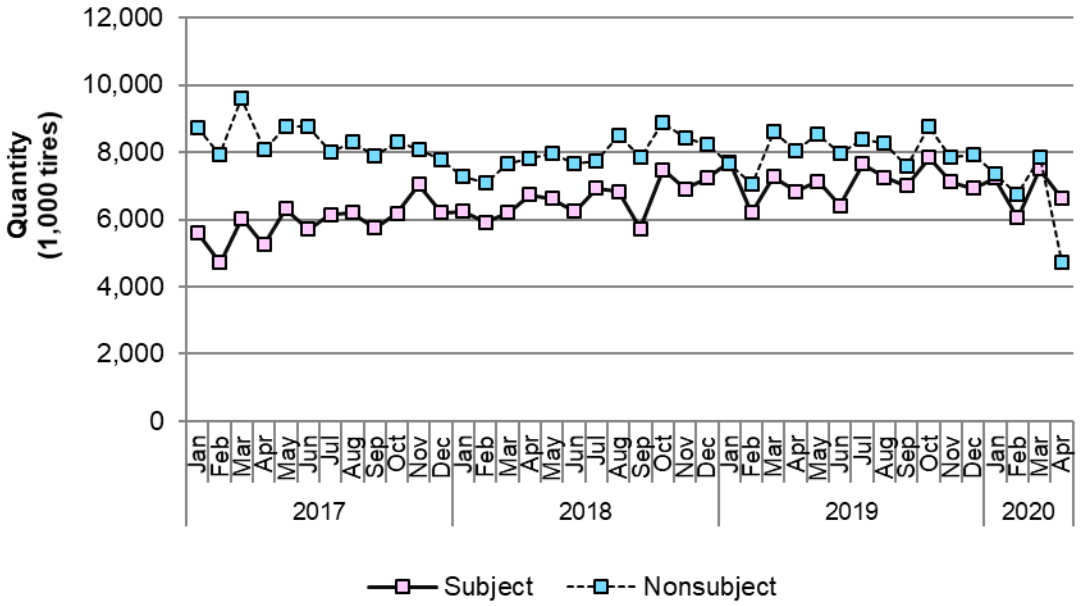
Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Figure IV-3
PVLT tires: U.S. imports from individual subject sources, by month, January 2017 through April 2020



Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Figure IV-4
PVLT tires: U.S. imports from aggregated subject and nonsubject sources, by month, January 2017 through April 2020



Source: Official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Apparent U.S. consumption

Table IV-8 presents data on apparent U.S. consumption and U.S. market shares for PVLT tires. Apparent U.S. consumption increased by 4.6 percent and 5.5 percent from 2017 to 2019 based on quantity and value, respectively. Apparent U.S. consumption was 8.0 and 9.3 percentage points lower in January-March 2020 than in January-March 2019, based on quantity and value, respectively.

Table IV-8
PVLT tires: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
U.S. producers' U.S. shipments	135,220	140,308	138,899	33,610	29,117
U.S. imports from.--					
Korea	18,572	19,376	19,129	5,248	4,308
Taiwan	8,930	8,352	8,810	2,087	2,432
Thailand	34,905	40,637	45,245	11,041	10,913
Vietnam	8,742	10,669	12,122	2,784	3,115
Subject sources	71,149	79,034	85,306	21,160	20,767
Nonsubject sources	100,185	95,077	96,587	23,309	21,975
All import sources	171,334	174,111	181,893	44,469	42,742
Apparent U.S. consumption	306,554	314,419	320,791	78,078	71,860
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	12,469,624	12,749,837	12,595,979	3,043,660	2,669,058
U.S. imports from.--					
Korea	1,248,267	1,293,011	1,278,041	355,066	273,703
Taiwan	387,798	375,793	410,789	94,794	112,789
Thailand	1,562,623	1,906,918	2,177,046	524,339	549,487
Vietnam	397,425	463,101	525,187	122,660	135,263
Subject sources	3,596,113	4,038,824	4,391,063	1,096,858	1,071,241
Nonsubject sources	6,116,507	6,181,923	6,421,953	1,573,653	1,442,444
All import sources	9,712,620	10,220,747	10,813,016	2,670,512	2,513,685
Apparent U.S. consumption	22,182,244	22,970,585	23,408,995	5,714,171	5,182,743

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 and official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

U.S. market shares

U.S. market share data are presented in table IV-9 and figure IV-5. U.S. producers' market share decreased by 0.7 percentage points between 2017 and 2019. Subject import market share increased by 2.7 percentage points during the same period.

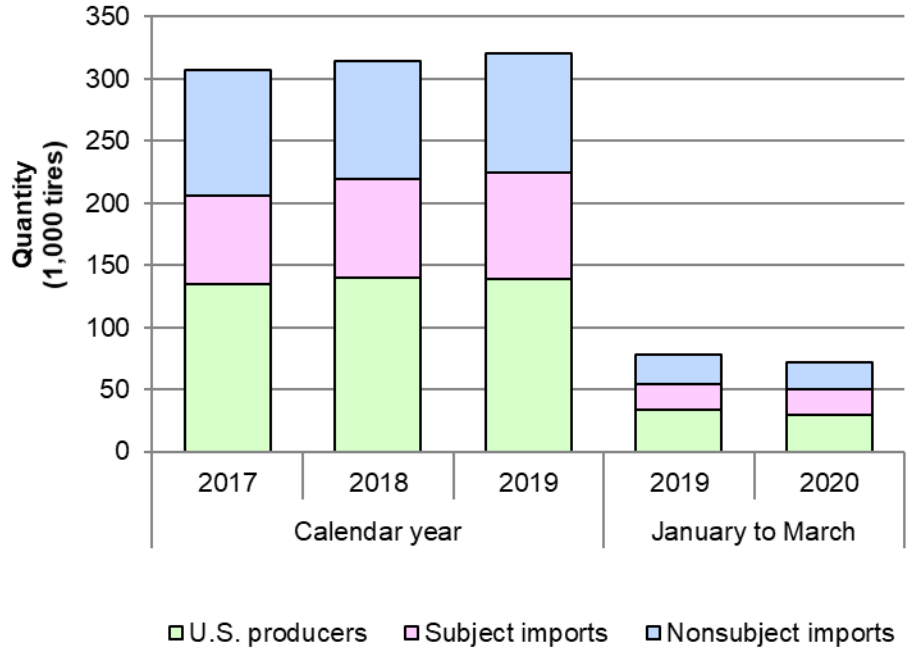
Table IV-9
PVLT tires: U.S. consumption and market shares, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Apparent U.S. consumption	306,554	314,419	320,791	78,078	71,860
	Share of quantity (percent)				
U.S. producers' U.S. shipments	44.1	44.6	43.3	43.0	40.5
U.S. imports from.--					
Korea	6.1	6.2	6.0	6.7	6.0
Taiwan	2.9	2.7	2.7	2.7	3.4
Thailand	11.4	12.9	14.1	14.1	15.2
Vietnam	2.9	3.4	3.8	3.6	4.3
Subject sources	23.2	25.1	26.6	27.1	28.9
Nonsubject sources	32.7	30.2	30.1	29.9	30.6
All import sources	55.9	55.4	56.7	57.0	59.5
	Value (1,000 dollars)				
Apparent U.S. consumption	22,182,244	22,970,585	23,408,995	5,714,171	5,182,743
	Share of value (percent)				
U.S. producers' U.S. shipments	56.2	55.5	53.8	53.3	51.5
U.S. imports from.--					
Korea	5.6	5.6	5.5	6.2	5.3
Taiwan	1.7	1.6	1.8	1.7	2.2
Thailand	7.0	8.3	9.3	9.2	10.6
Vietnam	1.8	2.0	2.2	2.1	2.6
Subject sources	16.2	17.6	18.8	19.2	20.7
Nonsubject sources	27.6	26.9	27.4	27.5	27.8
All import sources	43.8	44.5	46.2	46.7	48.5

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 and official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Figure IV-5
PVLT tires: Apparent U.S. consumption, 2017-19, January-March 2019, and January-March 2020



Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Part V: Pricing data

Factors affecting prices

Raw material costs

PVLT tires are made of natural rubber, synthetic rubber, carbon black, fabric, and steel. Raw materials are the largest component of the total cost of goods sold ("COGS") for PVLT tires and made up over *** of the total COGS throughout the period.

The majority of U.S. producers (8 of 14) reported that raw material costs had fluctuated or decreased (5 of 14) since January 1, 2017. U.S. producers *** and *** reported that the prices of raw materials were strongly related to oil prices.

The majority of importers reported that raw material costs had fluctuated (20 of 45) or decreased (14 of 45) since January 1, 2017. Importer *** reported that raw material prices had generally increased from 2017-18 and then decreased from 2018-20, with the exception of carbon black which increased throughout the period. Several importers reported that the sales price of PVLT tires were linked to raw material costs.

Transportation costs to the U.S. market

Transportation costs for PVLT tires shipped from subject countries to the United States ranged from 5.6 to 8.4 percent during 2019. These estimates were derived from official import data and represent the transportation and other charges on imports.[1]

U.S. inland transportation costs

Eleven responding U.S. producers and 48 importers reported that they typically arrange transportation for their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 2.0 to 10.4 percent while most importers reported costs of less than 1 percent to 15 percent.[2]

[1] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2019 and then dividing by the customs value based on the HTS subheading 4011.10.10.

[2] Importer *** reported inland transportation cost of 20 percent and importer *** reported inland transportation cost of 30 percent.

Pricing practices

Pricing methods

U.S. producers and importers reported using price lists, contracts, and transaction-by-transaction negotiations to set prices for PVLT tires (table V-1). Of the three U.S. producers who reported using other price setting methods, two reported using transfer pricing agreements and one reported using a special sales program periodically. Importer *** reported setting prices based on set margin requirements.

Table V-1
PVLT tires: U.S. producers' and importers' reported price setting methods, by number of responding firms

Method	U.S. producers	Importers
Transaction-by-transaction	6	17
Contract	6	9
Set price list	8	35
Other	3	8
Responding firms	14	51

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

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

U.S. producers and importers reported selling most of their PVLT tires in the spot market (table V-2). U.S. producer *** reported that short-term contracts generally lasted 90 days, while long-term contracts generally lasted between 3-5 years. Importers reported that short-term contracts generally lasted 30-90 days and that long-term contracts last between 2-5 years.

Table V-2
PVLT tires: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2019

Type of sale	U.S. producers	Importers
Long-term contracts	31.0	36.9
Annual contracts	16.0	---
Short-term contracts	1.8	0.1
Spot sales	51.2	63.1

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

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

The majority of U.S. producers reported that they did not renegotiate prices or index prices to raw material costs in short-term or annual contracts. One U.S. producer, ***, reported fixing prices and quantities for short-term and annual contracts and indexing prices to raw material costs for annual contracts. The majority of responding U.S.

producers reported that they did not renegotiate prices during long-term contracts and half of responding U.S. producers reported that they did index prices to raw material costs in long-term contracts. U.S. producers reported using the IHS chemical index, the rubber pricing index, and producer price index (PPI) to index prices to raw material costs.

The majority of responding importers report that they did not renegotiate prices, fix prices or quantities, or index prices to raw material costs in short-term or long-term contracts.

Sales terms and discounts

U.S. producers and importers typically quote prices on a delivered basis. U.S. producers and importers had mixed responses regarding their discount policy. A plurality of U.S. producers and importers offer a variety of discounts including quantity discounts, total volume discounts, and "other" discounts. A plurality of U.S. producers and importers also reported that they did not have discount policies. Importers who reported offering "other" discounts reported offering marketing discounts and early payment discounts.

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 PVLT tire products shipped to unrelated U.S. customers during January 2017-March 2020.[3]

Product 1.-- PVLT tires, tire size 225/65R17, 100-105 load index, H speed rating

Product 2.-- PVLT tires, tire size 205/55R16, 89-94 load index, H speed rating

Product 3.-- PVLT tires, tire size P215/55R17, 93-98 load index, T speed rating

Product 4.-- PVLT tires, tire size LT245/75R16, 111-116 load index, R speed rating

Nine U.S. producers and 37 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[4] Pricing data reported by these firms accounted for approximately 6.8 percent of U.S. producers' shipments of PVLT tires and 7.3 percent of U.S. shipments of subject imports from Korea, Taiwan, Thailand, and Vietnam in 2019. Pricing data reported by importers accounted for *** percent of imports from Korea, *** percent of imports from Taiwan, *** percent of imports from Thailand, and *** percent of imports from Vietnam.

Price data for products 1-4 are presented in tables V-3 to V6 and figures V-1 to V-4.

[3] Staff did not include certain pricing data from U.S. producers *** and ***, and importers *** and *** because their reported prices fell outside the normal range of prices reported by the firms. These firms were either unable to confirm their reported prices and quantities were accurate or unable to distribute refunds, rebates, or discounts into the periods where the sales occurred.

[4] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Table V-3
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, and margins of underselling/(overselling), by quarter, January 2017 through March 2020

Period	United States		Korea			Taiwan		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017:								
Jan.-Mar.	72.58	275,547	***	***	***	***	***	***
Apr.-Jun.	72.06	313,207	***	***	***	***	***	***
Jul.-Sep.	80.11	414,005	***	***	***	***	***	***
Oct.-Dec.	80.66	547,266	***	***	***	***	***	***
2018:								
Jan.-Mar.	78.63	509,946	***	***	***	***	***	***
Apr.-Jun.	78.51	583,758	***	***	***	***	***	***
Jul.-Sep.	78.92	624,979	70.58	170,918	10.6	***	***	***
Oct.-Dec.	79.23	764,908	67.87	119,175	14.3	***	***	***
2019:								
Jan.-Mar.	75.30	682,685	69.90	117,728	7.2	***	***	***
Apr.-Jun.	77.29	737,943	67.55	112,361	12.6	***	***	***
Jul.-Sep.	78.77	727,965	70.30	107,853	10.8	***	***	***
Oct.-Dec.	78.70	881,095	67.97	97,559	13.6	***	***	***
2020:								
Jan.-Mar.	76.72	618,192	***	***	***	***	***	***

Period	Thailand			Vietnam		
	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017:						
Jan.-Mar.	58.50	74,426	19.4	***	***	***
Apr.-Jun.	58.37	77,403	19.0	***	***	***
Jul.-Sep.	59.20	107,642	26.1	***	***	***
Oct.-Dec.	57.17	113,013	29.1	***	***	***
2018:						
Jan.-Mar.	55.92	117,817	28.9	***	***	***
Apr.-Jun.	60.84	141,300	22.5	***	***	***
Jul.-Sep.	57.65	153,221	26.9	***	***	***
Oct.-Dec.	56.07	162,907	29.2	***	***	***
2019:						
Jan.-Mar.	50.01	140,624	33.6	***	***	***
Apr.-Jun.	51.65	185,453	33.2	50.36	21,918	34.8
Jul.-Sep.	55.36	218,920	29.7	50.04	26,947	36.5
Oct.-Dec.	52.01	244,119	33.9	50.10	35,048	36.3
2020:						
Jan.-Mar.	51.89	201,166	32.4	49.65	32,772	35.3

Note: Product 1: PVLT tires, tire size 225/65R17, 100-105 load index, H speed rating

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

Table V-4
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, and margins of underselling/(overselling), by quarter, January 2017 through March 2020

Period	United States		Korea			Taiwan		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017:								
Jan.-Mar.	58.21	783,159	56.97	210,599	2.1	***	***	***
Apr.-Jun.	57.62	835,617	51.76	269,454	10.2	61.22	65,717	(6.2)
Jul.-Sep.	56.37	777,436	51.76	207,578	8.2	***	***	***
Oct.-Dec.	56.85	948,108	51.65	219,233	9.1	61.79	72,361	(8.7)
2018:								
Jan.-Mar.	54.23	808,547	51.87	251,043	4.3	60.22	61,267	(11.0)
Apr.-Jun.	56.56	853,857	51.63	261,000	8.7	58.38	64,774	(3.2)
Jul.-Sep.	53.86	907,442	50.80	182,977	5.7	59.52	74,802	(10.5)
Oct.-Dec.	55.65	986,225	49.61	240,085	10.9	59.82	74,457	(7.5)
2019:								
Jan.-Mar.	55.90	813,999	50.84	197,743	9.1	67.11	59,015	(20.0)
Apr.-Jun.	54.92	802,068	48.50	152,109	11.7	***	***	***
Jul.-Sep.	54.93	823,739	50.98	151,723	7.2	***	***	***
Oct.-Dec.	54.41	951,482	48.15	173,414	11.5	***	***	***
2020:								
Jan.-Mar.	55.58	613,379	44.32	148,501	20.2	***	***	***

Period	Thailand			Vietnam		
	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017:						
Jan.-Mar.	34.76	146,019	40.3	40.56	21,068	30.3
Apr.-Jun.	33.82	193,813	41.3	43.06	47,655	25.3
Jul.-Sep.	34.08	190,650	39.5	44.27	40,227	21.5
Oct.-Dec.	34.17	170,749	39.9	45.52	47,011	19.9
2018:						
Jan.-Mar.	32.75	192,425	39.6	42.33	41,265	21.9
Apr.-Jun.	32.97	188,400	41.7	42.63	34,286	24.6
Jul.-Sep.	31.88	243,463	40.8	43.40	45,192	19.4
Oct.-Dec.	32.12	223,055	42.3	43.13	50,158	22.5
2019:						
Jan.-Mar.	30.20	284,234	46.0	37.87	39,027	32.3
Apr.-Jun.	30.70	296,782	44.1	37.40	48,626	31.9
Jul.-Sep.	31.34	272,113	42.9	36.25	57,370	34.0
Oct.-Dec.	30.59	291,520	43.8	37.12	76,680	31.8
2020:						
Jan.-Mar.	31.62	243,731	43.1	35.53	56,235	36.1

Note: Product 2: PVLT tires, tire size 205/55R16, 89-94 load index, H speed rating

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

Table V-5
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, and margins of underselling/(overselling), by quarter, January 2017 through March 2020

Period	United States		Korea			Taiwan		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017: Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	62.53	16,930	***	***	***	49.68	8,973	20.5
Jul.-Sep.	66.09	30,454	***	***	***	54.60	8,091	17.4
Oct.-Dec.	***	***	***	***	***	***	***	***
2018: Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	58.35	15,750	***	***	***	***	***	***
Jul.-Sep.	65.90	21,825	***	***	***	***	***	***
Oct.-Dec.	73.17	18,160	***	***	***	***	***	***
2019: Jan.-Mar.	74.63	9,145	***	***	***	***	***	***
Apr.-Jun.	71.10	15,809	***	***	***	52.40	3,143	26.3
Jul.-Sep.	70.49	21,307	***	***	***	51.05	3,313	27.6
Oct.-Dec.	72.97	52,391	***	***	***	42.41	2,547	41.9
2020: Jan.-Mar.	69.99	67,180	***	***	***	***	***	***

Period	Thailand			Vietnam		
	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017: Jan.-Mar.	56.65	60,592	***	***	***	***
Apr.-Jun.	45.51	57,734	27.2	***	***	***
Jul.-Sep.	47.75	66,127	27.7	***	***	***
Oct.-Dec.	47.11	58,674	***	***	***	***
2018: Jan.-Mar.	45.70	68,675	***	***	***	***
Apr.-Jun.	45.57	80,487	21.9	***	***	***
Jul.-Sep.	41.75	102,126	36.7	***	***	***
Oct.-Dec.	41.52	89,357	43.2	***	***	***
2019: Jan.-Mar.	43.44	107,731	41.8	***	***	***
Apr.-Jun.	41.78	123,824	41.2	***	***	***
Jul.-Sep.	43.67	130,983	38.1	***	***	***
Oct.-Dec.	41.53	118,575	43.1	***	***	***
2020: Jan.-Mar.	42.26	136,442	39.6	***	***	***

Note: Product 3: PVLT tires, tire size P215/55R17, 93-98 load index, T speed rating

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

Table V-6
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, and margins of underselling/(overselling), by quarter, January 2017 through March 2020

Period	United States		Korea			Taiwan		
	Price (dollars per tire)	Quantity (tires)	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017:								
Jan.-Mar.	94.11	210,743	***	***	***	***	***	***
Apr.-Jun.	92.99	249,057	91.24	18,552	1.9	***	***	***
Jul.-Sep.	92.24	255,007	***	***	***	82.37	7,777	10.7
Oct.-Dec.	94.90	312,222	***	***	***	***	***	***
2018:						***	***	
Jan.-Mar.	87.96	191,034	86.79	14,747	1.3			***
Apr.-Jun.	87.46	216,106	***	***	***	48.76	1,103	44.2
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2019:						***	***	***
Jan.-Mar.	90.57	183,113	86.13	19,600	4.9			
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	93.57	176,705	***	***	***	72.31	2,942	22.7
Oct.-Dec.	95.57	259,207	***	***	***	***	***	***
2020:						***	***	
Jan.-Mar.	96.59	133,817	83.23	17,533	13.8			***

Period	Thailand			Vietnam		
	Price (dollars per tire)	Quantity (tires)	Margin (percent)	Price (dollars per tire)	Quantity (tires)	Margin (percent)
2017:				***	***	***
Jan.-Mar.	74.42	25,500	20.9			
Apr.-Jun.	76.11	20,836	18.2	***	***	***
Jul.-Sep.	74.13	31,703	19.6	***	***	***
Oct.-Dec.	72.56	40,931	23.5	***	***	***
2018:				***	***	***
Jan.-Mar.	75.21	38,230	14.5			
Apr.-Jun.	72.00	45,022	17.7	***	***	***
Jul.-Sep.	74.54	48,957	***	***	***	***
Oct.-Dec.	75.84	46,020	***	***	***	***
2019:				***	***	***
Jan.-Mar.	72.80	59,428	19.6			
Apr.-Jun.	73.18	54,014	***	***	***	***
Jul.-Sep.	71.61	62,677	23.5	***	***	***
Oct.-Dec.	69.94	60,812	26.8	***	***	***
2020:				***	***	***
Jan.-Mar.	71.04	45,228	26.5			

Note: Product 4: PVLT tires, tire size LT245/75R16, 111-116 load index, R speed rating

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

Figure V-1
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarter, January 2017 through March 2020

* * * * * * *

Product 1: PVLT tires, tire size 225/65R17, 100-105 load index, H speed rating

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

Figure V-2
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarter, January 2017 through March 2020

* * * * * * *

Product 2: PVLT tires, tire size 205/55R16, 89-94 load index, H speed rating

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

Figure V-3
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarter, January 2017 through March 2020

* * * * * * *

Product 3: PVLT tires, tire size P215/55R17, 93-98 load index, T speed rating

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

Figure V-4
PVLT tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by quarter, January 2017 through March 2020

* * * * * * *

Product 4: PVLT tires, tire size LT245/75R16, 111-116 load index, R speed rating

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

Import purchase cost data

The Commission also requested that importers provide quarterly purchase cost data for their own use or for retail sale. Sixteen importers provided usable purchase cost data of the requested products, although not all firms reported purchase costs for all products for all quarters.[5] Purchase cost data reported by these firms accounted for approximately 8.9 percent of U.S. shipments of subject imports from Korea, Taiwan, Thailand, and Vietnam in 2019.

Landed duty paid purchase cost data for products 1-4 are presented in tables V-7 to V-10 and figures V-5 to V-8, along with U.S. producers' sales price[6].

Importers reporting import purchase cost data were asked to provide additional information regarding the costs and benefits of importing PVLT tires directly**.** Eleven of 26 importers reported that they compared costs of importing to the cost of purchasing from a U.S. producer in determining whether to import PVLT tires, and 15 importers compare costs to purchasing from an importer.

Six of 26 importers reported that they incurred additional costs beyond landed duty-paid costs by importing PVLT tires directly rather than purchasing from a U.S. producer or U.S. importer. Of these, three importers estimated the total additional cost incurred; estimates ranged from 20 to 30 percent compared to the landed-duty paid value. Firms were also asked to identify specific additional costs they incurred as a result of importing PVLT tires.[7] Reported costs include additional freight and transportation costs, warehouse expenses, insurance, container costs, and port expenses.

Importers reported that the benefits of importing PVLT tires directly were increased availability of sizes, consistent supply, and the ability to produce private brand with foreign producers. Importers *** and *** reported that they had been unable to source their private brand through a U.S. producer and that they were "forced" to source them with foreign producers.

Six of 20 responding importers reported that the cost of importing themselves was less than the cost of purchasing from a U.S. producer or importer without including the additional

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[5] 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.

[6] LDP import value does not include any potential additional costs that a purchaser may incur by importing rather than purchasing from another importer or U.S. producer. Price-cost differentials are based on LDP import values whereas margins of underselling/overselling are based on importer sales prices.

[7] Importer *** reported additional costs beyond landed duty-paid costs of 1 percent.

costs associated with importing directly. Five of 19 responding importers reported that the cost of direct purchasing themselves was less than the cost of purchasing from a U.S. producer or importer when including the additional costs associated with importing directly. Four importers estimated that they saved between *** percent by importing PVLT tires themselves instead of purchasing from a U.S. producer and five importers estimated that they saved between *** percent instead of purchasing them from importers. Six responding importers reported that they based these saving estimates on previous transactions, nine reported that they based them on market research, and one reported they estimated savings based on other methods.

Table V-7
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 1, and price-cost differentials, by quarter, January 2017 through March 2020

Period	United States		Korea			Taiwan		
	Price (dollars per tire)	Quantity (tires)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017:								
Jan.-Mar.	72.58	275,547	***	***	***	***	***	***
Apr.-Jun.	72.06	313,207	***	***	***	***	***	***
Jul.-Sep.	80.11	414,005	***	***	***	***	***	***
Oct.-Dec.	80.66	547,266	***	***	***	***	***	***
2018:			***	***	***	***	***	***
Jan.-Mar.	78.63	509,946						
Apr.-Jun.	78.51	583,758	***	***	***	***	***	***
Jul.-Sep.	78.92	624,979	***	***	***	***	***	***
Oct.-Dec.	79.23	764,908	***	***	***	***	***	***
2019:			***	***	***	***	***	***
Jan.-Mar.	75.30	682,685						
Apr.-Jun.	77.29	737,943	***	***	***	***	***	***
Jul.-Sep.	78.77	727,965	***	***	***	***	***	***
Oct.-Dec.	78.70	881,095	***	***	***	***	***	***
2020:			***	***	***	***	***	***
Jan.-Mar.	76.72	618,192						

Period	Thailand			Vietnam		
	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017:				***	***	***
Jan.-Mar.	56.92	25,287	21.6			
Apr.-Jun.	60.69	15,803	15.8	***	***	***
Jul.-Sep.	59.55	36,435	25.7	***	***	***
Oct.-Dec.	51.74	35,620	35.9	***	***	***
2018:				***	***	***
Jan.-Mar.	51.72	36,172	34.2			
Apr.-Jun.	59.09	52,870	24.7	***	***	***
Jul.-Sep.	54.23	62,840	31.3	***	***	***
Oct.-Dec.	52.54	65,754	33.7	***	***	***
2019:				***	***	***
Jan.-Mar.	48.39	40,757	35.7			
Apr.-Jun.	49.95	65,500	35.4	***	***	***
Jul.-Sep.	52.23	86,624	33.7	***	***	***
Oct.-Dec.	55.43	82,121	29.6	***	***	***
2020:				***	***	***
Jan.-Mar.	52.97	86,303	31.0			

Product 1: PVLT tires, tire size 225/65R17, 100-105 load index, H speed rating

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

Table V-8
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 2, and price-cost differentials, by quarter, January 2017 through March 2020

	United States		Korea			Taiwan		
Period	Price (dollars per tire)	Quantity (tires)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017:								
Jan.-Mar.	58.21	783,159	***	***	***	***	***	***
Apr.-Jun.	57.62	835,617	***	***	***	***	***	***
Jul.-Sep.	56.37	777,436	***	***	***	***	***	***
Oct.-Dec.	56.85	948,108	***	***	***	***	***	***
2018:			***	***	***	***	***	***
Jan.-Mar.	54.23	808,547						
Apr.-Jun.	56.56	853,857	***	***	***	***	***	***
Jul.-Sep.	53.86	907,442	***	***	***	***	***	***
Oct.-Dec.	55.65	986,225	***	***	***	***	***	***
2019:			***	***	***	***	***	***
Jan.-Mar.	55.90	813,999						
Apr.-Jun.	54.92	802,068	***	***	***	36.34	3,191	33.8
Jul.-Sep.	54.93	823,739	***	***	***	***	***	***
Oct.-Dec.	54.41	951,482	***	***	***	***	***	***
2020:			***	***	***	***	***	***
Jan.-Mar.	55.58	613,379						

	Thailand			Vietnam		
Period	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017:				***	***	***
Jan.-Mar.	28.69	74,833	50.7			
Apr.-Jun.	29.75	93,765	48.4	***	***	***
Jul.-Sep.	31.21	129,779	44.6	***	***	***
Oct.-Dec.	30.72	97,807	46.0	***	***	***
2018:				***	***	***
Jan.-Mar.	29.35	104,547	45.9			
Apr.-Jun.	30.30	116,616	46.4	***	***	***
Jul.-Sep.	29.55	146,549	45.1	***	***	***
Oct.-Dec.	30.02	153,915	46.1	***	***	***
2019:				***	***	***
Jan.-Mar.	29.90	179,245	46.5			
Apr.-Jun.	29.30	176,803	46.6	***	***	***
Jul.-Sep.	30.33	145,771	44.8	***	***	***
Oct.-Dec.	30.15	160,913	44.6	33.59	26,853	38.3
2020:				***	***	***
Jan.-Mar.	30.21	174,844	45.6			

Product 2: PVLT tires, tire size 205/55R16, 89-94 load index, H speed rating

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

Table V-9
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 3, and price-cost differentials, by quarter, January 2017 through March 2020

Period	United States		Korea			Taiwan		
	Price (dollars per tire)	Quantity (tires)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017: Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	62.53	16,930	***	***	***	***	***	***
Jul.-Sep.	66.09	30,454	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2018: Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	58.35	15,750	***	***	***	***	***	***
Jul.-Sep.	65.90	21,825	***	***	***	***	***	***
Oct.-Dec.	73.17	18,160	***	***	***	***	***	***
2019: Jan.-Mar.	74.63	9,145	***	***	***	***	***	***
Apr.-Jun.	71.10	15,809	***	***	***	***	***	***
Jul.-Sep.	70.49	21,307	***	***	***	***	***	***
Oct.-Dec.	72.97	52,391	***	***	***	***	***	***
2020: Jan.-Mar.	69.99	67,180	***	***	***	***	***	***

Period	Thailand			Vietnam		
	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017: Jan.-Mar.	45.05	43,413	***	***	***	***
Apr.-Jun.	42.18	36,868	32.5	***	***	***
Jul.-Sep.	42.51	51,645	35.7	***	***	***
Oct.-Dec.	40.66	48,346	***	***	***	***
2018: Jan.-Mar.	42.29	55,510	***	***	***	***
Apr.-Jun.	43.64	65,197	25.2	***	***	***
Jul.-Sep.	40.41	70,588	38.7	***	***	***
Oct.-Dec.	40.85	72,251	44.2	***	***	***
2019: Jan.-Mar.	42.26	87,676	43.4	***	***	***
Apr.-Jun.	39.69	95,492	44.2	***	***	***
Jul.-Sep.	39.13	87,354	44.5	***	***	***
Oct.-Dec.	40.48	81,492	44.5	***	***	***
2020: Jan.-Mar.	44.00	105,165	37.1	***	***	***

Product 3: PVLT tires, tire size P215/55R17, 93-98 load index, T speed rating

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

Table V-10
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 4, and price-cost differentials, by quarter, January 2017 through March 2020

	United States		Korea			Taiwan		
Period	Price (dollars per tire)	Quantity (tires)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017:								
Jan.-Mar.	94.11	210,743	***	***	***	***	***	***
Apr.-Jun.	92.99	249,057	***	***	***	***	***	***
Jul.-Sep.	92.24	255,007	***	***	***	***	***	***
Oct.-Dec.	94.90	312,222	***	***	***	***	***	***
2018:			***	***	***	***	***	***
Jan.-Mar.	87.96	191,034						
Apr.-Jun.	87.46	216,106	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2019:			***	***	***	***	***	***
Jan.-Mar.	90.57	183,113						
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	93.57	176,705	***	***	***	***	***	***
Oct.-Dec.	95.57	259,207	***	***	***	***	***	***
2020:			***	***	***	***	***	***
Jan.-Mar.	96.59	133,817						

	Thailand			Vietnam		
Period	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)	Unit LDP value (dollars per tire)	Quantity (tires)	Price-cost differentials (percent)
2017:				***	***	***
Jan.-Mar.	58.61	4,203	37.7			
Apr.-Jun.	59.65	6,277	35.8	***	***	***
Jul.-Sep.	60.58	11,110	34.3	***	***	***
Oct.-Dec.	57.84	18,580	39.0	***	***	***
2018:				***	***	***
Jan.-Mar.	58.98	15,960	32.9			
Apr.-Jun.	59.59	17,479	31.9	***	***	***
Jul.-Sep.	62.33	25,281	***	***	***	***
Oct.-Dec.	61.09	25,570	***	***	***	***
2019:				***	***	***
Jan.-Mar.	63.39	28,447	30.0			
Apr.-Jun.	59.58	23,573	***	***	***	***
Jul.-Sep.	63.95	29,760	31.7	***	***	***
Oct.-Dec.	68.32	26,908	28.5	***	***	***
2020:				***	***	***
Jan.-Mar.	62.20	33,645	35.6			

Product 4: PVLT tires, tire size LT245/75R16, 111-116 load index, R speed rating

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

Figure V-5
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 1, by quarter, January 2017 through March 2020

* * * * * * *

Product 1: PVLT tires, tire size 225/65R17, 100-105 load index, H speed rating

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

Figure V-6
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 2, by quarter, January 2017 through March 2020

* * * * * * *

Product 2: PVLT tires, tire size 205/55R16, 89-94 load index, H speed rating

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

Figure V-7
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 3, by quarter, January 2017 through March 2020

* * * * * * *

Product 3: PVLT tires, tire size P215/55R17, 93-98 load index, T speed rating

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

Figure V-8
PVLT tires: Weighted-average f.o.b. prices, costs and quantities of domestic and imported product 4, by quarter, January 2017 through March 2020

* * * * * * *

Product 4: PVLT tires, tire size LT245/75R16, 111-116 load index, R speed rating

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

Price trends

In general, prices changes varied by product and country of origin during January 2017–March 2020. Table V-11 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from 2.6 to 5.7 percent while domestic price decreases ranged from 4.5 to 10.8 percent during January 2017–March 2020. Import price increases ranged from 1.9 to 14.7 percent and import price decreases ranged from 2.3 to 25.4 percent during the same time period.

Indexed pricing data in figures V-9 and V-10 compares the prices of products 1-4 sold by U.S. producers and subject imports, respectively. As shown in the figures, price changes for U.S. products and subject imports varied throughout the period.

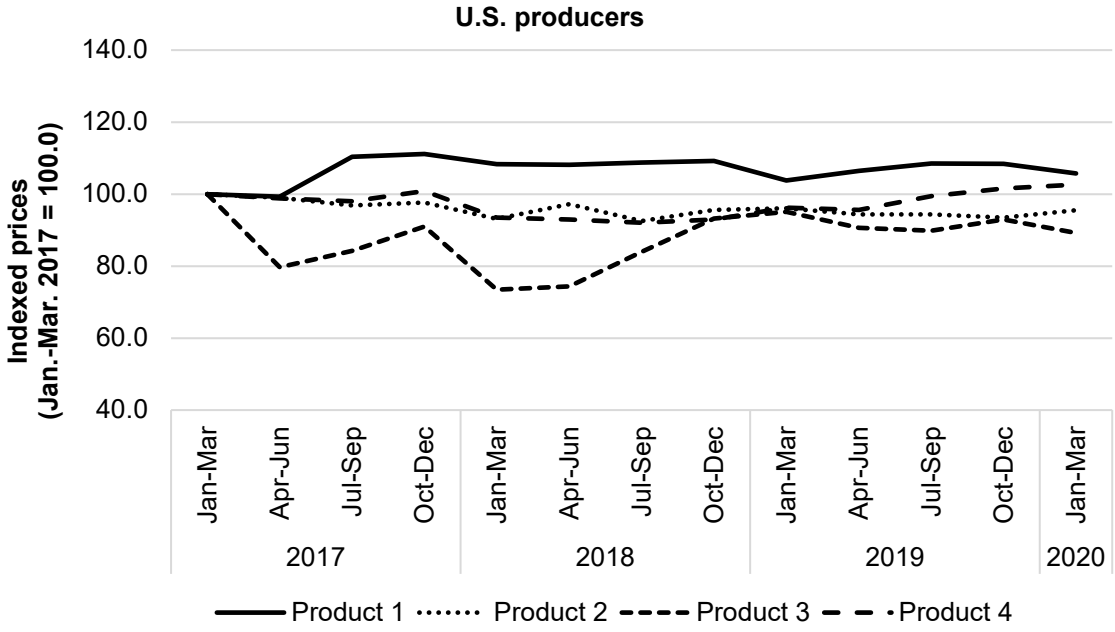
Table V-11
PVLT tires: Number of quarters containing observations of low price, high price, and change in price over period, by product and source, January 2017 through March 2020

* * * * * * *

Note: Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

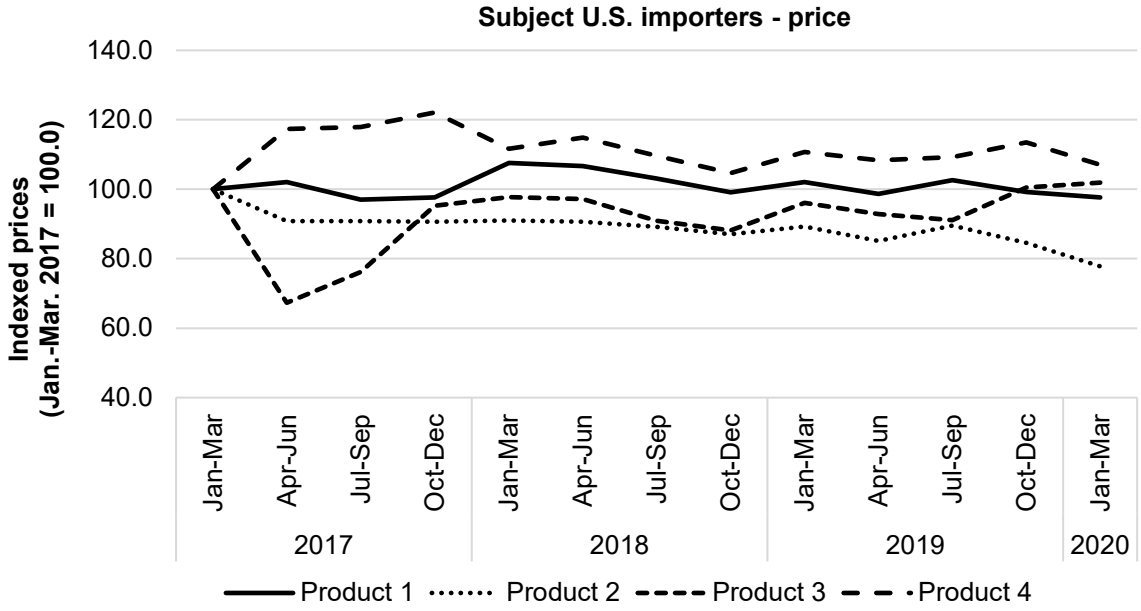
Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-9
PVLT tires: Indexed U.S. producer prices, January 2017 through March 2020



Source: Compiled from data submitted in response to Commission questionnaires

Figure V-10
PVLT tires: Indexed U.S. importers prices, January 2017 through March 2020



Source: Compiled from data submitted in response to Commission questionnaires

Import purchase cost trends

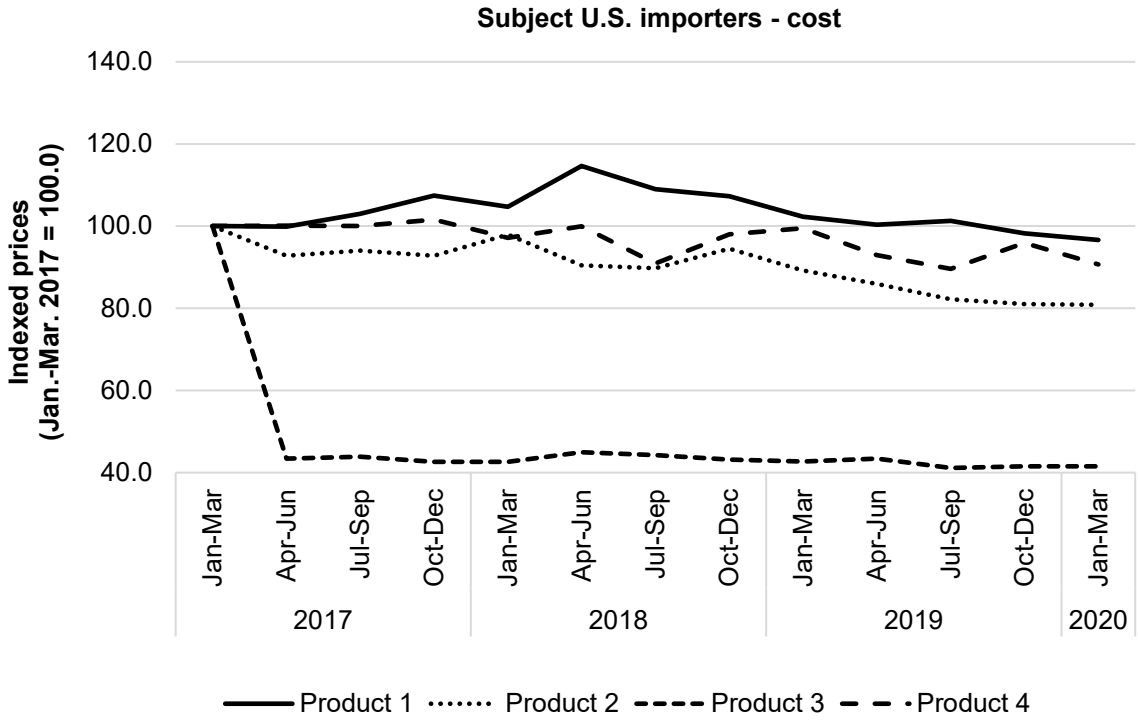
Import purchase costs generally decreased during January 2017–March 2020. Table V-12 summarizes the purchase cost trends, by country and by product. As shown in the table, import purchase cost decreases ranged from 6.9 to 58.4 percent during January 2017–March 2020. Indexed import purchase cost data in table V-12 compares purchase cost data by country and by product. Purchase costs for Korea decreased the most out of all the subject countries.

Table V-12
PVLT tires: Number of quarters containing observations of low price, high price, and change in purchase cost over period, by product and source, January 2017 through March 2020

* * * * * * *

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

Figure V-11
PVLT tires: Indexed subject U.S. importer cost, January 2017 through March 2020



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

Price comparisons

As shown in tables V-13 and V-14, prices for product imported from Korea, Taiwan, Thailand, and Vietnam were below those for U.S.-produced product in 178 of 208 instances (14.5 million tires); margins of underselling ranged from 0.4 to 87.6 percent. In the remaining 30 instances (2.1 million tires), prices for product from Korea, Taiwan, Thailand, and Vietnam were between just above 0.0 and 20.0 percent above prices for the domestic product. Underselling occurred from all subject countries and overselling occurred for products from Korea and Taiwan. Underselling and overselling occurred for all four pricing products.

Table V-13
PVLT tires: Instances of underselling/overselling and the range and average of margins, by country, January 2017 through March 2020

Country	Underselling				
	Number of quarters	Quantity (1,000 tires)	Average margin (percent)	Margin range (percent)	
				Min	Max
Korea	47	5,101	9.3	0.6	24.3
Taiwan	27	1,440	20.6	0.4	44.2
Thailand	52	6,656	30.9	13.2	46.0
Vietnam	52	1,366	32.2	6.4	87.6
Total, underselling	178	14,563	24.0	0.4	87.6
Country	**(Overselling)**				
	Number of quarters	**Quantity (1,000 tires)**	**Average margin (percent)**	**Margin range (percent)**	
				Min	**Max**
Korea	5	126	(8.2)	(0.0)	(19.2)
Taiwan	25	1,990	(8.1)	(0.2)	(20.0)
Thailand	---	---	---	---	---
Vietnam	---	---	---	---	---
Total, overselling	30	2,116	(8.1)	(0.0)	(20.0)

Note: 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.

Table V-14
PVLT tires: Instances of underselling/overselling and the range and average of margins, by product, January 2017 through March 2020

Product	Underselling				
	Number of quarters	Quantity (1,000 tires)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	46	5,499	21.5	0.4	37.9
Product 2	39	6,207	26.0	2.1	46.0
Product 3	49	1,829	29.4	3.0	45.7
Product 4	44	1,028	18.8	0.6	87.6
Total, underselling	178	14,563	24.0	0.4	87.6
Product	**(Overselling)**				
	Number of quarters	**Quantity (1,000 tires)**	**Average margin (percent)**	**Margin range (percent)**	
				Min	**Max**
Product 1	6	966	(5.4)	(1.1)	(11.4)
Product 2	13	859	(9.3)	(0.2)	(20.0)
Product 3	3	65	(12.9)	(2.4)	(19.2)
Product 4	8	226	(6.4)	(0.0)	(15.0)
Total, overselling	30	2,116	(8.1)	(0.0)	(20.0)

Note: 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.

Purchase cost comparisons

As shown in tables V-15 and V-16, import purchase costs for product imported from Korea, Taiwan, Thailand, and Vietnam were below the price of U.S.-produced PVLT tires in 182 of 188 instances (8.0 million tires); price-cost differentials ranged from 0.1 to 52.9 percent. In the remaining 6 instances (64,000 tires), import purchase costs for product from Korea, Taiwan, Thailand, and Vietnam were between 5.8 and 82.5 percent above prices for the domestic product. There were instances in which purchase costs were below U.S. prices for all products and from all subject countries. Instances in which purchase costs were above U.S. prices occurred only for products 1 and 3 and for products from Korea and Taiwan.

Table V-15
PVLT tires: Instances of lower/(higher) average unit purchase costs compared to U.S. prices and the range and average of price/cost differentials, by product, January 2017 through March 2020

Product	Unit purchase cost data lower than U.S. prices				
	Number of quarters	Quantity (1,000 tires)	Average price-cost differential (percent)	Price / cost differential range (percent)	
				Min	Max
Product 1	41	2,597	27.1	0.1	48.2
Product 2	47	3,747	34.4	12.8	50.7
Product 3	49	1,152	29.8	0.6	45.4
Product 4	45	540	22.8	3.2	52.9
Total, lower	182	8,036	28.6	0.1	52.9
Product	(Unit purchase cost data higher than U.S. prices)				
	Number of quarters	Quantity (1,000 tires)	Average price-cost differential (percent)	Price / cost differential range (percent)	
				Min	Max
Product 1	3	7	(19.7)	(14.0)	(24.5)
Product 2	---	---	---	---	---
Product 3	3	57	(32.9)	(5.8)	(82.5)
Product 4	---	---	---	---	---
Total, higher	6	64	(26.3)	(5.8)	(82.5)

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

Table V-16
PVLT tires: Instances of lower/(higher) average unit purchase costs compared to U.S. prices and the range and average of price/cost differentials, by country, January 2017 through March 2020

Country	Unit purchase cost data lower than U.S. prices				
	Number of quarters	Quantity (1,000 tires)	Average price-cost differential (percent)	Price / cost differential range (percent)	
				Min	Max
Korea	49	3,988	16.6	0.6	29.8
Taiwan	44	261	30.3	0.1	52.9
Thailand	52	3,615	36.9	15.8	50.7
Vietnam	37	171	30.9	4.4	48.6
Total, lower	182	8,036	28.6	0.1	52.9
Country	(Unit purchase cost data higher than U.S. prices)				
	Number of quarters	Quantity (1,000 tires)	Average price-cost differential (percent)	Price / cost differential range (percent)	
				Min	Max
Korea	3	57	(32.9)	(5.8)	(82.5)
Taiwan	3	7	(19.7)	(14.0)	(24.5)
Thailand	---	---	---	---	---
Vietnam	---	---	---	---	---
Total, higher	6	64	(26.3)	(5.8)	(82.5)

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

Lost sales and lost revenue

The Commission requested that U.S. producers of PVLT tires report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam during January 2017–March 2020. Of the 12 responding U.S. producers, two reported that they had to reduce prices, and three firms reported that they had lost sales. None of the responding U.S. producers submitted lost sales and lost revenue allegations.[8]

Staff contacted 173 purchasers and received responses from 12 purchasers. Responding purchasers reported purchasing *** PVLT tires during January 2017–December 2019 (table V-17). Purchasers reported that *** percent of their reported purchases were from U.S. producers, *** percent were from Korea, Taiwan, Thailand, and Vietnam, and *** percent were from all other countries.

[8] The petition was filed by labor union members who do not have access to sales data. Petition, pg. 18.

Table V-17
PVLT tires: Purchasers' reported purchases and imports, January 2017 through December 2019

* * * * * * *

Note: All other includes all other sources and unknown sources.
Note: 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.

Purchasers were asked about purchasing PVLT tires from subject countries instead of domestic PVLT tires. Five purchasers reported that they had purchased PVLT tires from subject countries instead of domestic PVLT tires. Three purchasers reported that PVLT tires from subject countries were priced lower than domestic PVLT tires and one purchaser reported that price was the primary reason (table V-18).

Table V-18
PVLT tires: Purchasers' responses to purchasing subject instead of domestic, by firm

* * * * * * *

Purchasers were asked about changes in their purchasing patterns from different sources since 2017. Of the responding purchasers, three reported decreasing purchases from domestic producers, six reported increased purchases, one reported no change, and two reported fluctuating purchases.[9] Explanations for increasing purchases of domestic product included increased domestic production and the introduction of new product lines.

Of the nine of 12 responding purchasers that reported that purchasing PVLT tires from Korea since 2017, three reported that they had decreased purchases, two reported increased purchases, two reported that purchases had remained constant, and two reported that their purchases had fluctuated.

Of the nine purchasers that reported purchasing PVLT tires from Taiwan since 2017, five reported increasing purchases and four reported that purchases had remained constant. Explanations for increasing purchases of PVLT tires from Taiwan included an increase in the products offered and an increase in strategic marketing.

Of the Ten responding purchasers that reported purchasing PVLT tires from Thailand since 2017, two reported decreasing purchases and eight reported that purchases had increased. Explanations for increasing purchase of PVLT tires from Thailand included a lack of tariffs, increased quality, increased production capacity, and an increase in strategic marketing.

Six responding purchasers reported purchasing PVLT tires from Vietnam since 2017. Two purchasers reported decreased purchases, one reported increased purchases, one reported that purchases had remained constant, and two reported that purchases had fluctuated. Explanations for increased purchases of PVLT tires from Vietnam included U.S. tariffs levied on imports of PVLT tires produced in China that had caused production to shift to Vietnam.

As shown in table V-18, four purchasers reported that they had purchased imported PVLT tires from Korea instead of U.S.-produced product since 2017; one of these purchasers reported that the price of Korean PVLT tires was lower than domestically produced PVLT tires, and no responding purchasers reported that price was the primary reason that they had purchased Korean PVLT tires instead of U.S.-produced PVLT tires.

Four purchasers reported that they had purchased PVLT tires from Taiwan instead of U.S.-produced product since 2017; one of these purchasers reported that the price of PVLT tires from Taiwan was lower than domestically produced PVLT tires, and no responding purchasers reported that price was the primary reason that they had purchased PVLT tires from Taiwan instead of U.S.-produced PVLT tires.

[9] Of the 12 responding purchasers, four purchasers indicated that they did not know the source of some of the PVLT tires they purchased.

Five purchasers reported that they had purchased PVLT tires from Thailand instead of the United States; three of these purchasers reported that the price of PVLT tires from Thailand was lower than domestically produced PVLT tires. One responding purchaser reported that price was the primary reason that they had purchased PVLT tires from Thailand instead of U.S.-produced PVLT tires and estimated that the quantity of tires they had purchased from Thailand instead of the United States was *** tires.

Two purchasers reported that they had purchased PVLT tires from Vietnam instead of the United States; both purchasers reported the price of PVLT tires from Vietnam was lower than domestically produced PVLT tires, and no responding purchasers reported that price was the primary reason that they had purchased PVLT tires from Vietnam instead of U.S.-produced PVLT tires.

Table V-18
PVLT tires: Purchasers' responses to purchasing subject imports instead of domestic product

Source	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	Quantity of subject purchased (tires)
Korea	4	1	---	---
Taiwan	4	1	---	---
Thailand	5	3	1	***
Vietnam	2	---	---	---
Any subject source	5	3	1	***

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

None of the responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from Korea, Taiwan, Thailand, or Vietnam; seven reported that they did not know.

Part VI: Financial experience of U.S. producers

Background

Fourteen U.S. producers (Bridgestone, Continental, Cooper, Giti, Goodyear, Hankook, Kumho, Michelin, Nokian, Pirelli, Specialty, Sumitomo, Toyo, and Yokohama) reported financial results on their PVLT tires operations for January 2017 through March 2020.[1] *** U.S. producers accounted for *** percent of the period's total sales quantity: *** (*** percent), *** (*** percent), *** (*** percent), *** (*** percent), and *** (*** percent). The remaining *** U.S. producers accounted for shares ranging from *** percent (***) to *** percent (***).

During 2017 through March 2020, the U.S. industry's operations reflect company-specific ***. At the end of the first quarter of 2020, most U.S. producers also reported COVID-19 closures and/or idling of facilities. The manner in which these actions/initiatives impacted the U.S. industry's financial results is discussed further below.

Operations on PVLT tires

Table VI-1 and table VI-2 present income-and-loss data for U.S. producers' PVLT tires operations and corresponding changes in average per tire values, respectively. Table VI-3 presents selected firm-specific financial information.[2]

[1] Most U.S. producers reported their financial results on the basis of either U.S. generally accepted accounting principles (GAAP) or International Financial Reporting Standards. ***. All U.S. producers reported their financial results for calendar-year periods. With the exception of Specialty, which has operations only in the U.S., U.S. producers are part of multinational corporations.

[2] In general, the utility of the Commission's variance analysis is enhanced when product mix remains the same throughout the period. While varying in magnitude, changes in the U.S. industry's PVLT tire product mix were noted by U.S. producers (see *Revenue* section below). As such and in conjunction with the presence of start-up costs and other changes in cost structure, a variance analysis appears less meaningful and is therefore not presented.

Table VI-1
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January-March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales quantity	150,201	155,052	153,826	37,370	32,730
	Value (1,000 dollars)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales value	13,661,345	13,950,712	13,816,258	3,343,825	2,967,475
Cost of goods sold: Raw materials	4,740,481	5,024,363	4,905,245	1,198,319	1,030,654
Direct labor	2,170,117	2,224,386	2,275,572	532,241	498,821
Other factory costs	2,183,583	2,258,401	2,323,902	549,135	518,422
Total cost of goods sold	9,094,181	9,507,150	9,504,719	2,279,694	2,047,896
Gross profit or (loss)	4,567,163	4,443,562	4,311,539	1,064,131	919,578
SG&A expenses	1,452,467	1,480,851	1,487,002	369,658	380,351
Operating income or (loss)	3,114,697	2,962,711	2,824,537	694,473	539,227
Interest expense	183,645	190,753	191,294	48,530	48,563
Other expenses, net	16,871	73,741	62,528	11,759	6,866
Net income or (loss)	2,914,181	2,698,216	2,570,715	634,184	483,798
Depreciation/amortization	870,359	898,693	946,719	236,416	237,629
Est. cash flow from operations	3,784,540	3,596,909	3,517,434	870,599	721,427
	Ratio to net sales (percent)				
Cost of goods sold: Raw materials	34.7	36.0	35.5	35.8	34.7
Direct labor	15.9	15.9	16.5	15.9	16.8
Other factory costs	16.0	16.2	16.8	16.4	17.5
Cost of goods sold	66.6	68.1	68.8	68.2	69.0
Gross profit or (loss)	33.4	31.9	31.2	31.8	31.0
SG&A expenses	10.6	10.6	10.8	11.1	12.8
Operating income or (loss)	22.8	21.2	20.4	20.8	18.2
Net income or (loss)	21.3	19.3	18.6	19.0	16.3

Table continued on next page.

Table VI-1—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January-March	
	2017	2018	2019	2019	2020
	Ratio to total COGS (percent)				
Cost of goods sold.-- Raw materials	52.1	52.8	51.6	52.6	50.3
Direct labor	23.9	23.4	23.9	23.3	24.4
Other factory costs	24.0	23.8	24.4	24.1	25.3
	Unit values (dollars per tire)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	90.95	89.97	89.82	89.48	90.67
Cost of goods sold.-- Raw materials	31.56	32.40	31.89	32.07	31.49
Direct labor	14.45	14.35	14.79	14.24	15.24
Other factory costs	14.54	14.57	15.11	14.69	15.84
Total cost of goods sold	60.55	61.32	61.79	61.00	62.57
Gross profit or (loss)	30.41	28.66	28.03	28.48	28.10
SG&A expenses	9.67	9.55	9.67	9.89	11.62
Operating income or (loss)	20.74	19.11	18.36	18.58	16.48
Net income or (loss)	19.40	17.40	16.71	16.97	14.78
	Number of firms reporting				
Operating losses	5	4	5	4	5
Net losses	5	4	5	4	7
Data	13	13	13	13	14

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

Table VI-2
PVLT tires: Changes in AUVs, 2017-19, January-March 2019, and January-March 2020

Item	Between calendar years			January to March
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (percent)			
Commercial sales	***	***	***	***
Internal consumption	***	***	***	***
Transfers to related firms	***	***	***	***
Total net sales	▼(1.2)	▼(1.1)	▼(0.2)	▲1.3
Cost of goods sold.-- Raw materials	▲1.0	▲2.7	▼(1.6)	▼(1.8)
Direct labor	▲2.4	▼(0.7)	▲3.1	▲7.0
Other factory costs	▲3.9	▲0.2	▲3.7	▲7.8
Total cost of goods sold	▲2.1	▲1.3	▲0.8	▲2.6

Table continued on next page.

Table VI-2—Continued
PVLT tires: Changes in AUVs, 2017-19, January-March 2019, and January-March 2020

Item	Between calendar years			January to March
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (dollars per tire)			
Commercial sales	***	***	***	***
Internal consumption	***	***	***	***
Transfers to related firms	***	***	***	***
Total net sales	▼(1.14)	▼(0.98)	▼(0.16)	▲1.19
Cost of goods sold.-- Raw materials	▲0.33	▲0.84	▼(0.52)	▼(0.58)
Direct labor	▲0.35	▼(0.10)	▲0.45	▲1.00
Other factory costs	▲0.57	▲0.03	▲0.54	▲1.14
Total cost of goods sold	▲1.24	▲0.77	▲0.47	▲1.57
Gross profit or (loss)	▼(2.38)	▼(1.75)	▼(0.63)	▼(0.38)
SG&A expenses	▼(0.00)	▼(0.12)	▲0.12	▲1.73
Operating income or (loss)	▼(2.38)	▼(1.63)	▼(0.75)	▼(2.11)
Net income or (loss)	▼(2.69)	▼(2.00)	▼(0.69)	▼(2.19)

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

Table VI-3
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Total net sales quantity (1,000 tires)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	150,201	155,052	153,826	37,370	32,730

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Total net sales (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	13,661,345	13,950,712	13,816,258	3,343,825	2,967,475
	Cost of goods sold (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	9,094,181	9,507,150	9,504,719	2,279,694	2,047,896

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Gross profit or (loss) (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	4,567,163	4,443,562	4,311,539	1,064,131	919,578
	SG&A expenses (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	1,452,467	1,480,851	1,487,002	369,658	380,351

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Operating income or (loss) (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	3,114,697	2,962,711	2,824,537	694,473	539,227
	Net income or (loss) (1,000 dollars)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	2,914,181	2,698,216	2,570,715	634,184	483,798

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	COGS to net sales value (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	66.6	68.1	68.8	68.2	69.0
	Gross profit or (loss) to net sales (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	33.4	31.9	31.2	31.8	31.0

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	SG&A expense to net sales (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	10.6	10.6	10.8	11.1	12.8
	Operating income or (loss) to net sales (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	22.8	21.2	20.4	20.8	18.2

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Net income or (loss) to net sales (percent)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	21.3	19.3	18.6	19.0	16.3
	Unit net sales value (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	90.95	89.97	89.82	89.48	90.67

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Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Unit raw materials (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	31.56	32.40	31.89	32.07	31.49
	Unit direct labor (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	14.45	14.35	14.79	14.24	15.24

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Unit other factory costs (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	14.54	14.57	15.11	14.69	15.84
	Unit conversion costs (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	28.99	28.91	29.90	28.94	31.08

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Unit COGS (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	60.55	61.32	61.79	61.00	62.57
	Unit gross profit or (loss) (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	30.41	28.66	28.03	28.48	28.10

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Unit SG&A expense (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	9.67	9.55	9.67	9.89	11.62
	Unit operating income or (loss) (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	20.74	19.11	18.36	18.58	16.48

Table continued on next page.

Table VI-3—Continued
PVLT tires: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Unit net income or (loss) (dollars per tire)				
Bridgestone	***	***	***	***	***
Continental	***	***	***	***	***
Cooper	***	***	***	***	***
Giti	***	***	***	***	***
Goodyear	***	***	***	***	***
Hankook	***	***	***	***	***
Kumho	***	***	***	***	***
Michelin	***	***	***	***	***
Nokian	***	***	***	***	***
Pirelli	***	***	***	***	***
Specialty	***	***	***	***	***
Sumitomo	***	***	***	***	***
Toyo	***	***	***	***	***
Yokohama	***	***	***	***	***
All firms	19.40	17.40	16.71	16.97	14.78

Note 1.—***.
Note 2.—***.
Note 3.—Conversion costs equal the sum of total direct labor and other factory costs.

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

Revenue

The majority of PVLT tire revenue reflects commercial sales (*** percent of the period's total sales quantity) but also includes transfer sales (*** percent) and a small amount of internal consumption (*** percent).[3]

U.S. producers reporting both commercial sales and transfers generally reported that commercial sales were the predominate category (***). In contrast, *** commercial sales and transfer sales accounted for approximately equal shares of its overall sales quantity. *** reported transfers as their primary or only revenue category throughout the period. ***.[4] *** reported commercial sales as their primary or only revenue category.

[3] *** reported internal consumption as a revenue component of their financial results, as well as a category of U.S. trade shipments. For both companies, internal consumption amounts were relatively small. ***. Email with attachment from *** to USITC staff, June 2, 2020. ***. Email with attachment from *** to USITC staff, June 3, 2020. Based on the descriptions provided by ***, internal consumption reported as a revenue component appears to be more accurately classified as a cost only. As indicated by the internal consumption shares noted above, internal consumption is not material to the financial results of *** or the U.S. industry.

***.

[4] With respect to those U.S. producers reporting transfer sales as their primary or only revenue category, the following transfer valuations were reported: ***. *** U.S. producer questionnaire, response to II-7 (note 2). Email with attachment from ***, June 16, 2020. *** U.S. producer questionnaire, response to II-7 (note 2). Email with attachment from *** to USITC staff, June 2, 2020. Email with attachments from *** to USITC staff, June 3, 2020. Email with attachment from *** to USITC staff, June 2, 2020.

Sales quantity

The U.S. industry's total sales quantity increased in 2018 to its highest full-year level, declined in 2019, remaining above the level reported in 2017, and was lower in January-March 2020 compared to January-March 2019. While company-specific changes in sales quantity were directionally mixed between 2017 and 2018 and between 2018 and 2019, most U.S. producers reported lower sales quantities in January-March 2020 compared to January-March 2019.

During the full-year period, notable increases in sales quantities were reported by ***, which generally reflect plant start-up and transition to commercial operations.[5] ***, also reported increasing sales quantities. ***.[6] ***.[7]

[5] ***. Email with attachment from *** to USITC staff, June 4, 2020. As indicated in footnote 16, however, ***. ***. Email with attachment from *** to USITC staff, June 3, 2020.

[6] ***. Email with attachments from *** to USITC staff, June 3, 2020.

[7] ***. Email with attachment from *** to USITC staff, June 2, 2020

Value

U.S. producers reported a relatively wide range of average per tire sales values (see table VI-3) with *** reporting the highest and ***, for most of the full-year period, reporting the lowest.[8] During the full-year period, the directional trend of company-specific average per tire sales values was mixed. Between January-March 2019 and January-March 2020, the directional trend was more uniform with most U.S. producers reporting higher average per tire sales values.

The majority of U.S. producers with operations throughout the period indicated that product mix changed to some extent but not substantially (***).[9] In contrast, several U.S. producers (***) indicated that changes in their product mix were more notable.[10]

[8] ***. Email with attachment from *** to USITC staff, June 10, 2020. ***. Email with attachment from *** to USITC staff, June 4, 2020.

[9] Email with attachment from *** to USITC staff, June 15, 2020. *** response to USITC staff follow-up questions, June 10, 2020. Email with attachment from ***, to USITC staff, June 1, 2020. Email with attachment from *** to USITC staff, June 4, 2020. Email with attachment from *** to USITC staff, June 4, 2020. Email with attachment from *** to USITC staff, June 3, 2020. Email with attachment from *** to USITC staff, June 2, 2020. Email with attachment from *** to USITC staff, June 10, 2020. Email with attachment from *** to USITC staff, May 28, 2020. Email with attachment from *** to USITC staff, June 2, 2020. Email with attachment from *** to USITC staff, June 3, 2020.

[10] ***. Email from *** to USITC staff, June 5, 2020. ***. Email with attachments from *** to USITC staff, June 3, 2020.

Cost of goods sold and gross profit or loss

Raw materials

Raw material cost, which reflects a number of underlying inputs (natural rubber, synthetic rubber, carbon black, fabric and steel components, and other material inputs), is the largest component of COGS, ranging from 50.3 percent of total COGS (January-March 2020) to 52.8 percent (2018). *** U.S. producers (***) reported purchasing inputs from related suppliers.[11]

While natural rubber, synthetic rubber, carbon black, fabric and steel components, and other material inputs varied in terms of their share of total company-specific raw material cost, no single input accounted for the predominate share. For most U.S. producers (***), synthetic rubber accounted for the largest share raw material cost, ranging from *** percent (***) to *** percent (***).[12] *** reported that fabric and steel components accounted for the largest share of their raw material costs, ranging from *** percent (***) to *** percent

[11] ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7.

[12] ***. *** U.S. producer questionnaire, response to III-9c. ***.

(***). *** reported that carbon black accounted for the largest share of its total raw material cost (***) percent (see also footnote 12).

On an overall basis, the U.S. industry's average per tire raw material cost increased modestly in 2018, declined modestly in 2019, and was lower in January-March 2020 compared to January-March 2019. While most U.S. producers, including all of the large volume producers, reported increasing average per tire raw material cost between 2017 and 2018, the company-specific directional pattern was mixed between 2018 and 2019 and January-March 2019 and January-March 2020.

Direct labor and other factory costs

Direct labor and other factory costs represented similar shares of COGS and moved within relatively narrow ranges: direct labor accounting for 23.3 percent of total COGS (January-March 2019) to 24.4 percent (January-March 2020) and other factory costs accounting for 23.8 percent (2018) to 25.3 percent (January-March 2020).

On an average per tire basis, the U.S. industry's direct labor and other factory costs increased between 2017 and 2019 and were both higher in January-March 2020 compared to January-March 2019 (see table VI-2). The relatively larger increases between the interim periods took place in conjunction with a decline in capacity utilization. Average per tire conversion cost (combined direct labor and other factory costs) increased modestly between 2017 and 2019 and was higher in January-March 2020 compared to January-March 2019. Notwithstanding the large share of total COGS accounted for by variable raw material costs, PVLT tire manufacturing is a capital intensive process characterized by substantial fixed costs. As such, fixed cost absorption and corresponding capacity utilization are important in order to yield average per tire COGS consistent with target per tire sales values.[13]

Reflecting different cost structures, as well as conventions for reporting costs, U.S. producers reported a relatively wide range of average per tire direct labor costs and other

[13] Postconference brief (American Omni), Attachment A, p. 2. Postconference brief (Deestone), Response to staff questions, p. 5. Postconference brief (Petitioners), Response to staff questions, pp. 1-3.

factory costs, which were also not uniform in terms of directional trend. In some instances (e.g., ***), large declines in average per tire direct labor and other factory costs reflect transitions from start-up to commercial operations (see footnote 16). In contrast, ***. ***.[14] *** other factory costs, which increased to its highest level in January-March 2020, includes ***.[15]

[14] ***. Email with attachments from *** to USITC staff, June 3, 2020.

***. USITC auditor notes (preliminary phase).

[15] ***. *** U.S. producer questionnaire, response to III-10. ***. Email with attachment from *** to USITC staff, June 10, 2020.

COGS

The U.S. industry's average per tire COGS increased throughout the period, reflecting the net effect of increasing (2017-18) and decreasing (2018-19, January-March 2019-20) average per tire raw material cost and higher overall average per tire conversion costs. Directionally, U.S. producers were mixed in terms of the trend of their average per tire COGS, reflecting variations in both the directional trend of average raw material cost as well as other factors such as relative increases or decreases in capacity utilization, which in turn impacted the level of fixed cost absorption.

Gross profit or loss

Notwithstanding the increase in the U.S. industry's PVLT tire sales between 2017 and 2019, primarily reflecting higher overall sales quantity, full-year gross profit declined as increases in total COGS exceeded increases in total sales value. Total gross profit was also lower in January-March 2020 compared to January-March 2019, reflecting a decline in total sales value that exceeded the corresponding decline in total COGS.

While most U.S. producers reported gross profit throughout the period, company-specific directional trends were mixed between 2017 and 2018. In contrast, the majority of U.S. producers reported a decline in their gross results between 2018 and 2019 and between January-March 2019 and January-March 2020. *** were reported by companies that

either began PVLT tire operations during the period examined[16] or just prior to the period examined.[17]

SG&A expenses and operating income or loss

U.S. producers reported a range of SG&A expense ratios (total SG&A expense ratios divided by total sales). The high initial SG&A expense ratios of *** are generally consistent with ***. *** SG&A expense ratios were notably low throughout the period, which the company attributed to its ***.[18]

On an overall basis the U.S. industry's SG&A expense ratio remained about the same during the full-year period and was higher in January-March 2020 compared to January-March

[16] ***. Email with attachment from *** to USITC staff, June 4, 2020. ***. Email with attachment from *** to USITC staff, June 3, 2020. ***.

[17] ***. Email with attachment from *** to USITC staff, June 2, 2020. ***. Ibid. ***. Ibid.

[18] ***. Email with attachment from *** to USITC staff, June 2, 2020.

2019, reflecting a combination of lower revenue and higher absolute SG&A expenses. While U.S. producers were mixed in terms of reporting higher or lower SG&A expenses, the higher level of overall SG&A expenses in January-March 2020 compared to January-March 2019 is attributable ***.[19]

The U.S. industry's total operating income declined during the full-year period and was lower in January-March 2020 compared to January-March 2019. On a company-specific basis, the majority of U.S. producers, and all of the large volume producers, reported an overall decline in operating income between 2017 and 2019. Overall operating income was also lower in January-March 2020 compared to January-March 2019 but the company-specific trends were not uniform: *** large volume U.S. producers reported a decline in operating income,[20] the exception being ***, while smaller-volume U.S. producers reported a mix of higher and

[19] ***. Email from *** to USITC staff, June 10, 2020. ***. Email from *** to USITC staff, June 12, 2020.

[20] ***. Email with attachment from *** to USITC staff, June 4, 2020.

lower operating results.[21] Among the established U.S. producers, *** reported operating losses throughout the period.[22]

Interest expense, other expenses and income, and net income or loss

*** U.S. producers reported interest expense throughout the period with the other U.S. producers either reporting no interest expense or interest expense only in one year (***).[23] The overall increase in interest expense between 2017 and 2019 largely reflects increases in interest expense reported by ***, both in the process of establishing their operations, which offset declines in interest expense reported by ***. Other expenses exceeded corresponding other income throughout the period, yielding net other expenses as presented in table VI-1. In 2017, *** accounted for the majority of other expenses,[24] while the notable increases in other expenses in 2018 and 2019 primarily reflect ***.[25]

[21] ***. Email with attachment from *** to USITC staff, May 28, 2020. ***. Email with attachment from *** to USITC staff, June 2, 2020.

[22] ***. Email with attachment from *** to USITC staff, June 3, 2020.

[23] In general, the financial structures of U.S. producers determine whether interest expense and other financial information is directly assigned to and/or incurred by the business units responding to the Commission's U.S. producer questionnaire.

[24] ***. Email with attachment from *** to USITC staff, June 2, 2020.

[25] Email with attachment from *** to USITC staff, June 4, 2020. *** U.S. producer questionnaire, response to III-10. ***. Ibid. ***. Email with attachment from *** to USITC staff, June 10, 2020. ***. Ibid.

Variability in the level of other income, which reached its highest level in January-March 2020, also impacted the pattern of net other expenses.[26]

The lower level of net income compared to operating income reflects the presence of interest expense and net other expenses. Directionally and while magnitudes varied, the absolute levels of operating income and net income both declined during the full-year period and were lower in January-March 2020 compared to January-March 2019.

Capital expenditures and research and development expenses

Table VI-4 presents U.S. producers' capital expenditures and research and development (R&D) expenses related to their PVLT tire operations and table VI-5 presents corresponding narrative descriptions.

Table VI-4
PVLT tires: Total capital expenditures and research and development (R&D) expenses of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capital expenditures (1,000 dollars)				
All firms	1,119,129	920,153	884,480	193,841	144,367
	Research and development expenses (1,000 dollars)				
All firms	314,682	313,085	326,371	80,897	82,671

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

[26] ***. Email with attachment from *** to USITC staff, June 2, 2020.

Table VI-5
PVLT tires: Narrative descriptions of U.S. producers' capital expenditures and R&D expenses since January 1, 2017

Capital expenditures:	
Firm	**Narrative**
Bridgestone	***
Continental	***
Cooper	***
Giti	***
Goodyear	***
Hankook	***
Kumho	***
Michelin	***
Nokian	***
Pirelli	***
Specialty	***
Sumitomo	***
Toyo	***
Yokohama	***

Table continued on next page.

Table VI-5—Continued
PVLT tires: Narrative descriptions of U.S. producers' capital expenditures and R&D expenses since January 1, 2017

R&D expenses:	
Firm	**Narrative**
Bridgestone	***
Continental	***
Cooper	***
Giti	***
Goodyear	***
Hankook	***
Kumho	***
Michelin	***
Nokian	***
Pirelli	***
Specialty	***
Sumitomo	***
Toyo	***
Yokohama	***

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

Assets and return on assets

Table VI-6 presents U.S. producers' total net assets and operating return on net assets related to operations on PVLT tires.[27]

Table VI-6
PVLT tires: Total net assets and operating return on net assets of U.S. producers, 2017-19

Firm	Calendar year		
	2017	2018	2019
	Total net assets (1,000 dollars)		
All firms	31,046,509	31,679,368	31,123,781
	Operating return on assets (percent)		
All firms	10.0	9.4	9.1

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

Capital and investment

The Commission requested the U.S. producers of PVLT tires to describe any actual or potential negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of PVLT tires from Korea, Taiwan, and Thailand. Table VI-7 tabulates the responses regarding actual negative effects on investment, growth, and development, as well as anticipated negative effects.[28] Table VI-8 presents the narrative responses of U.S. producers regarding actual and anticipated negative effects on investment, growth, and development.

[27] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of current and non-current assets, which, in many instances, are not product specific. Allocation factors were presumably necessary to report total asset values specific to U.S. producers' PVLT tires operations. The ability of U.S. producers to assign total asset values to discrete product lines affects the meaningfulness of operating return on net assets.

[28] *** did not respond affirmatively or negatively to questions regarding actual or anticipated negative effects of subject imports. ***. *** U.S. producer questionnaire, responses to III-15, III-16, and III-17. ***. *** U.S. producer questionnaire, response to III-18. ***. *** U.S. producer questionnaire, response to III-18.

Table VI-7
PVLT tires: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Item	No	Yes
Negative effects on investment	8	4
Cancellation, postponement, or rejection of expansion projects		0
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		2
Return on specific investments negatively impacted		2
Other		1
Negative effects on growth and development	10	2
Rejection of bank loans		0
Lowering of credit rating		0
Problem related to the issue of stocks or bonds		0
Ability to service debt		0
Other		2
Anticipated negative effects of imports	7	5

Note 1.--*** did not respond affirmatively or negatively to questions regarding actual or anticipated negative effects of subject imports (see footnote 28).
Note 2.--*** reported “no” regarding actual negative effects of subject imports on investment. *** reported “no” regarding actual negative effects of subject imports on growth and development. *** reported “no” regarding anticipated negative effects of subject imports.

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

Table VI-8
PVLT tires: Narrative responses of U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Effects/Firm	Narrative
Negative effects on investment:	
Reduction in the size of capital investments	
***	***
***	***
Return on specific investments negatively impacted	
***	***
***	***
Other	
***	***
Negative effects on growth and development:	
Other	
***	***
***	***
Anticipated negative effects:	
***	***
***	***
***	***
***	***
***	***

Note.--Narrative statements provided by companies that did not indicate affirmative responses regarding actual and/or anticipated negative effects of subject imports are not presented in this table (see footnote 28).

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

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 Korea

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export PVLT tires from Korea.[3] Usable responses to the Commission's questionnaire were received from all three firms: Hankook, Kumho,[4] and Nexen.[5] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Korea in 2019.[6] According to estimates requested of the responding Korean producers, the production of PVLT tires in Korea reported in questionnaires accounted for *** percent of overall production of PVLT tires in Korea during 2019.[7] Table VII-1 presents information on PVLT tire operations of the responding producers and exporters in Korea.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] Kumho was both an exporter and a reseller of the subject merchandise to the United States during the period of investigation. In 2019, Kumho shipped approximately *** PVLT tires to the United States not produced by its firm in Korea.

[5] Hankook is related to U.S. producer Hankook Tire Manufacturing Tennessee LP and U.S. importer Hankook Tire America Corp., both of which submitted questionnaires for these investigations. Kumho is related to U.S. producer Kumho Tire Georgia, Inc., U.S. importer Kumho Tire U.S.A., Inc., and Vietnamese producer Kumho Tire (Vietnam) Co., Ltd. All three firms submitted questionnaires for these investigations. Nexen is related to U.S. importer Nexen Tire America, Inc., which also submitted a questionnaire for these investigations.

[6] In 2019, responding Korean firms exported *** PVLT tires to the United States (table VII-1). During the same year, U.S. imports of PVLT tires from Korea were 19.1 million (table IV-2). Accordingly, these firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Korea in 2019.

[7] Hankook, Kumho, and Nexen estimated that they accounted for *** percent, respectively, of PVLT tire production in Korea in 2019.

Table VII-1
PVLT tires: Summary data on firms in Korea, 2019

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Hankook	***	***	***	***	***	***
Kumho	***	***	***	***	***	***
Nexen	***	***	***	***	***	***
Total	***	***	***	***	***	***

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.

Changes in operations

As presented in table VII-2 producers in Korea reported several operational and organizational changes since January 1, 2017.

Table VII-2
PVLT tires: Reported changes in operations by producers in Korea, since January 1, 2017

* * * * * * *

Operations on PVLT tires

Table VII-3 presents information on PVLT tires operations of the responding producers and exporters in Korea. Capacity and production decreased *** percent and *** percent, respectively, during 2017-19. Capacity and production are projected to continue to decrease *** percent and *** percent, respectively, during 2019-21. Capacity utilization decreased *** percentage points during 2017-19 and it is projected to continue to decrease *** percentage points from 2019 to 2021. End-of-period inventories decreased *** percent during 2017-19, but they are projected to rebound and increase *** percent from 2019 to 2021.

Total home market shipments accounted for between *** percent of total shipments during 2017-19. In comparison, total exports averaged *** percent during the same period. Export shipments to the United States accounted for between *** percent of total shipments, increasing *** percent during 2017-19. Total exports are projected to decrease *** percent from 2019 to 2021 and exports to the United States are also projected to decrease by *** percent.[8] Exports to other markets, however, are projected to increase by *** percent during 2019-21.

[8] In May 2020, Hankook, ***, completed the first phase of a $1.1 billion investment to build a tire production facility in Clarksville, Tennessee. Hankook is now in phase two, which is expected to create an additional 500 U.S. jobs and bring the plant's total annual production capacity to 10 million tires per year. As a result, Hankook projects decreasing the number of tires it exports to the United States from Korea. Hankook postconference brief, pp. 27-8.

In addition, Kumho is making investments into production facilities in the United States, thereby reducing import volumes from Korea. Nexen postconference brief, exh. 1, p. 5.

Table VII-3
PVLT tires: Data on industry in Korea, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 tires)						
Capacity	***	***	***	***	***	***	***
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	***	***	***	***	***	***	***

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

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

Alternative products

***, reported that it was able to switch production between PVLT tires and other products using the same machinery. *** identified these other products as ***. Table VII-4 presents overall capacity and production on the same equipment as in scope production by producers in Korea.

Table VII-4
PVLT tires: Overall capacity and production on the same equipment as in-scope production by producers in Korea, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Overall capacity	***	***	***	***	***
Production: PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production: PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

Exports

According to GTA, the leading export markets for PVLT tires from Korea are Russia, Saudi Arabia, and the United States (table VII-5). During 2019, the United States was the top export market for PVLT tires from Korea, accounting for 33.8 percent of Korea's total exports. Russia and Saudi Arabia accounted for 5.8 percent and 5.7 percent of Korea's total exports, respectively.

Table VII-5
Tires for motor vehicles: Korea exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Quantity (1,000 tires)		
United States	19,661	20,182	19,505
Russia	3,154	3,130	3,332
Saudi Arabia	3,407	2,735	3,278
Germany	2,511	2,390	2,435
United Arab Emirates	3,007	1,569	2,377
United Kingdom	2,563	2,412	2,135
Mexico	2,375	2,251	2,110
Netherlands	1,948	2,137	1,990
Italy	1,741	1,855	1,714
All other destination markets	22,602	21,969	18,883
Total exports	62,967	60,629	57,759
	Value (1,000 dollars)		
United States	1,300,453	1,280,582	1,269,445
Russia	137,993	135,378	142,456
Saudi Arabia	187,698	148,299	180,011
Germany	132,931	158,769	142,648
United Arab Emirates	114,324	75,388	113,513
United Kingdom	97,351	129,406	108,903
Mexico	131,631	123,625	115,013
Netherlands	87,416	112,653	106,391
Italy	79,389	106,506	91,268
All other destination markets	1,119,409	1,153,950	988,893
Total exports	3,388,595	3,424,556	3,258,542

Table continued on next page.

Table VII-5--Continued
Tires for motor vehicles: Korea exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Unit value (dollars per tire)		
United States	66.14	63.45	65.08
Russia	43.75	43.26	42.75
Saudi Arabia	55.10	54.22	54.91
Germany	52.95	66.44	58.57
United Arab Emirates	38.02	48.06	47.76
United Kingdom	37.99	53.65	51.00
Mexico	55.43	54.91	54.52
Netherlands	44.87	52.72	53.47
Italy	45.60	57.43	53.25
All other destination markets	49.53	52.53	52.37
Total exports	53.82	56.48	56.42
	Share of quantity (percent)		
United States	31.2	33.3	33.8
Russia	5.0	5.2	5.8
Saudi Arabia	5.4	4.5	5.7
Germany	4.0	3.9	4.2
United Arab Emirates	4.8	2.6	4.1
United Kingdom	4.1	4.0	3.7
Mexico	3.8	3.7	3.7
Netherlands	3.1	3.5	3.4
Italy	2.8	3.1	3.0
All other destination markets	35.9	36.2	32.7
Total exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. United States is shown at the top, all remaining top export destinations shown in descending order of 2018 data.

Source: Official exports statistics under HS subheading 4011.10 and 4011.20 as reported by Korea Customs and Trade Development Institution in the Global Trade Atlas database, accessed May 27, 2020.

The industry in Taiwan

The Commission issued foreign producers' or exporters' questionnaires to eight firms believed to produce and/or export PVLT tires from Taiwan.[9] Usable responses to the Commission's questionnaire were received from six firms (table VII-6).[10] [11]These firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Taiwan in 2019.[12] According to estimates requested of the responding Taiwanese producers, the production of PVLT tires in Taiwan reported in questionnaires accounted for approximately *** percent of overall production of PVLT tires in Taiwan during 2019.[13] Table VII-6 presents information on the PVLT tire operations of the responding producers and exporters in Taiwan.

[9] These firms were identified through a review of information submitted in the petition and contained in *** records.

[10] Bridgestone Taiwan is related to U.S. producer and U.S. importer Bridgestone Americas Tire Operations LLC, as well as foreign producers Bridgestone Tire Manufacturing Vietnam LLC and Thai Bridgestone Co., Ltd. These firms have also submitted questionnaires for these investigations. Cheng Shin is related to U.S. importer Cheng Shin Rubber USA Inc. dba Maxxis International USA and foreign producer Maxxis International (Thailand) Co., Ltd., both of which submitted questionnaires for these investigations. Federal is related to U.S. importer Federal Tire North America LLC, which submitted a questionnaire for these investigations. Hwa Fong is related to U.S. importer Hwa Fong Rubber USA Inc. dba Duro Tire and Wheel, which also submitted a questionnaire for these investigations. Kenda is related to U.S. importers American Kenda Rubber Industrial Co. Ltd. and American Tire and Wheel (a division of Americana Development Inc.), as well as foreign producer Kenda Rubber (Vietnam) Co. Ltd. All three firms submitted questionnaires for these investigations. Of the six Taiwanese firms, Nankang was the only one not to be related to a U.S. producer, U.S. importer, or foreign producer participating in these investigations.

[11] A major Taiwanese tire producer, ***, did not submit a questionnaire for these investigations. Petitioner's postconference brief, p. 50.

[12] In 2019, responding Taiwanese firms exported nearly *** PVLT tires to the United States (table VII-6). During the same year, U.S. imports of PVLT tires from Taiwan were 8.8 million (table IV-2). Accordingly, these firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Taiwan in 2019.

[13] *** estimated that they accounted for *** percent, respectively, of PVLT tire production in Taiwan in 2019.

Table VII-6
PVLT tires: Summary data on firms in Taiwan, 2019

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Bridgestone Taiwan	***	***	***	***	***	***
Cheng Shin	***	***	***	***	***	***
Federal	***	***	***	***	***	***
Hwa Fong	***	***	***	***	***	***
Kenda	***	***	***	***	***	***
Nankang	***	***	***	***	***	***
Total	***	***	***	***	***	***

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.

Changes in operations

As presented in table VII-7 producers in Taiwan reported several operational and organizational changes since January 1, 2017.

Table VII-7
PVLT tires: Reported changes in operations by producers in Taiwan, since January 1, 2017

* * * * * * *

Operations on PVLT tires

Table VII-8 presents information on the PVLT tires operations of the responding producers and exporters in Taiwan. Capacity increased *** percent, while production decreased *** percent, during 2017-19. Capacity and production are projected to increase *** percent and *** percent, respectively, from 2019 to 2021. Capacity utilization decreased *** percentage points during 2017-19, but it is projected to rebound and increase *** percentage points during 2019-21. End-of-period inventories decreased *** percent during 2017-19 and are projected to continue to decrease *** percent during 2019-21.

Total home market shipments accounted for between *** percent of total shipments during 2017-19. Commercial home market shipments and internal consumption/transfers averaged *** percent and *** percent, respectively, of total shipments during the same period.[14] Export shipments accounted for between *** percent of total shipments during 2017-19. Exports to the United States accounted for between *** percent of total shipments, increasing by *** percent during 2017-19. Exports to all other markets accounted for between *** percent of total shipments, decreasing *** percent during 2017-19. Taiwanese export shipments to the United States and all other markets are projected to increase by *** percent and by *** percent, respectively, from 2019 to 2021.

[14] *** accounted for *** percent of total internal consumption/transfers in ***, respectively.

Table VII-8
PVLT tires: Data on industry in Taiwan, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 tires)						
Capacity	***	***	***	***	***	***	***
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	***	***	***	***	***	***	***

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

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

Alternative products

Three firms, ***, reported that they were able to switch production between PVLT tires and other products using the same machinery. *** identified these other products as ***. ***, reported these other products as ***. *** stated ***.[15] Table VII-9 presents overall capacity and production on the same equipment as in scope production by producers in Taiwan.

Table VII-9
PVLT tires: Overall capacity and production on the same equipment as in-scope production by producers in Taiwan, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Overall capacity	***	***	***	***	***
Production:					
PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

Exports

According to GTA, the leading export markets for PVLT tires from Taiwan are Canada, Japan, and the United States (table VII-10). During 2019, the United States was the top export market for PVLT tires from Taiwan, accounting for 50.0 percent of Taiwan's total exports. Canada and Japan accounted for 8.9 percent and 12.0 percent of Taiwan's total exports, respectively.

[15] A review of *** website indicates that ***, accessed June 24, 2020.

Table VII-10
Tires for motor vehicles: Taiwan exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Quantity (1,000 tires)		
United States	8,537	7,750	8,796
Japan	2,350	2,436	2,108
Canada	2,167	1,743	1,558
Germany	438	555	555
Saudi Arabia	327	265	435
Australia	521	494	411
United Arab Emirates	178	180	280
United Kingdom	268	210	269
Netherlands	220	238	215
All other destination markets	3,456	3,197	2,955
Total exports	18,464	17,068	17,582
	Value (1,000 dollars)		
United States	354,836	331,449	379,348
Japan	69,927	70,847	64,383
Canada	60,646	51,841	50,791
Germany	13,327	18,467	16,924
Saudi Arabia	13,799	11,598	18,072
Australia	24,378	24,004	21,049
United Arab Emirates	7,141	7,539	10,049
United Kingdom	8,241	7,128	8,800
Netherlands	7,774	10,001	8,685
All other destination markets	133,680	128,457	122,995
Total exports	693,748	661,330	701,095

Table continued on next page.

Table VII-10--Continued
Tires for motor vehicles: Taiwan exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Unit value (dollars per tire)		
United States	41.57	42.77	43.13
Japan	29.75	29.08	30.54
Canada	27.98	29.74	32.61
Germany	30.41	33.30	30.48
Saudi Arabia	42.14	43.76	41.51
Australia	46.79	48.59	51.17
United Arab Emirates	40.18	41.94	35.95
United Kingdom	30.70	33.90	32.76
Netherlands	35.26	42.08	40.41
All other destination markets	38.68	40.18	41.62
Total exports	37.57	38.75	39.87
	Share of quantity (percent)		
United States	46.2	45.4	50.0
Japan	12.7	14.3	12.0
Canada	11.7	10.2	8.9
Germany	2.4	3.2	3.2
Saudi Arabia	1.8	1.6	2.5
Australia	2.8	2.9	2.3
United Arab Emirates	1.0	1.1	1.6
United Kingdom	1.5	1.2	1.5
Netherlands	1.2	1.4	1.2
All other destination markets	18.7	18.7	16.8
Total exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. United States is shown at the top, all remaining top export destinations shown in descending order of 2018 data.

Source: Official exports statistics under HS subheading 4011.10 and 4011.20 as reported by Taiwan Directorate General of Customs in the Global Trade Atlas database, accessed May 27, 2020.

The industry in Thailand

The Commission issued foreign producers' or exporters' questionnaires to seventeen firms believed to produce and/or export PVLT tires from Thailand.[16] Usable responses to the Commission's questionnaire were received from thirteen firms (table VII-11).[17] [18] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Thailand in 2019.[19] According to estimates requested of the responding Thai producers, the production of PVLT tires in Thailand reported in questionnaires accounted for approximately *** percent of overall production of PVLT tires in Thailand during 2019.[20]

[16] These firms were identified through a review of information submitted in the petition and contained in *** records.

[17] Bridgestone Thailand is related to U.S. producer and U.S. importer Bridgestone Americas Tire Operations LLC, as well as foreign producers Bridgestone Taiwan Co., Ltd. and Bridgestone Tire Manufacturing Vietnam LLC. These firms have also submitted questionnaires for these investigations. Continental is related to U.S. producer and U.S. importer Continental Tire the Americas, LLC, which has submitted questionnaire responses for these investigations. Goodyear Thailand is related to U.S. producer and U.S. importer The Goodyear Tire and Rubber Company (USA), which has submitted questionnaire responses for these investigations. Maxxis is related to U.S. importer Cheng Shin Rubber USA Inc. dba Maxxis International USA and foreign producer Cheng Shin Rubber Ind. Co. Ltd./Maxxis International, both of which submitted questionnaires for these investigations. Michelin is related to U.S. producer and U.S. importer Michelin North America, Inc., which has submitted questionnaire responses for these investigations. Sentury is related to U.S. importer Sentury Tire USA Inc., which submitted a questionnaire for these investigations. Sumitomo Thailand is related to U.S. producer and U.S. importer Sumitomo Rubber North America, Inc., both of which have provided a questionnaire for these investigations. Vee is related to U.S. importer Vee Tyre Rubber Co., Ltd., who submitted a questionnaire for these investigations. Yokohama Thailand is related to U.S. producer and U.S. importer, Yokohama Tire Corporation, as well as foreign producer Yokohama Tyre Vietnam Inc., all having submitted questionnaire responses for these investigations.

[18] Major Thai tire producers *** did not participate in these investigations. Petitioner's postconference brief, p. 50.

[19] In 2019, responding Thai firms exported nearly *** PVLT tires to the United States (table VII-11). During the same year, U.S. imports of PVLT tires from Thailand were 45.2 million tires (table IV-2). Accordingly, these firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Thailand in 2019.

[20] The estimation is based on *** questionnaire responses. *** estimated that they accounted for *** percent, respectively, of PVLT tire production in Thailand in 2019. *** reported that ***.

Table VII-11 presents information on the PVLT tires operations of the responding producers and exporters in Thailand.

Table VII-11
PVLT tires: Summary data on firms in Thailand, 2019

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Bridgestone Thailand	***	***	***	***	***	***
Continental	***	***	***	***	***	***
Deestone	***	***	***	***	***	***
Goodyear Thailand	***	***	***	***	***	***
Maxxis	***	***	***	***	***	***
Michelin	***	***	***	***	***	***
Otani	***	***	***	***	***	***
S.R. Tyres	***	***	***	***	***	***
Sentury	***	***	***	***	***	***
Siam	***	***	***	***	***	***
Sumitomo Thailand	***	***	***	***	***	***
Vee	***	***	***	***	***	***
Yokohama Thailand	***	***	***	***	***	***
Total	***	***	***	***	***	***

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.

Changes in operations

As presented in table VII-12 producers in Thailand reported several operational and organizational changes since January 1, 2017.

Table VII-12
PVLT tires: Reported changes in operations by producers in Thailand, since January 1, 2017

* * * * * * *

Table VII-12--Continued
PVLT tires: Reported changes in operations by producers in Thailand, since January 1, 2017

* * * * * * *

Operations on PVLT tires

Table VII-13 presents information on the PVLT tires operations of the responding producers and exporters in Thailand. Capacity increased *** percent during 2017-19 and it is expected to continue to increase *** percent from 2019 to 2021. Production, however, decreased *** percent during the same period and it is projected to continue to decrease by *** percent during 2019-21. Capacity utilization decreased *** percentage points from 2017 to 2019 and it is projected to continue to decrease *** percentage points during 2019-21. End-of-period inventories increased *** percent during 2017-19, but they are projected to decrease by *** percent during 2019-21.

Home market shipments accounted for between *** percent of total shipments during 2017-19. Commercial home market shipments and internal consumption/transfers averaged *** percent and *** percent, respectively, of total shipments during the same period.[21] Export shipments accounted for between *** percent of total exports during 2017-19. Exports to the United States accounted for between *** percent of total shipments, increasing *** percent from 2017 to 2019. Exports to all other markets accounted for between *** percent of total shipments, decreasing *** percent during the same period. Thai export shipments to the United States are projected to decrease *** percent during 2019-21.[22] Thai exports to all other markets, however, are expected to increase *** percent during the same period.

[21] *** accounted for *** percent of internal consumption/transfers in ***, respectively.

[22] Over the period of investigation, SRUSA, parent to Sumitomo Thailand, ***, has invested $170 million in its Tonawanda, New York facility. SRUSA projects that increased U.S. production of tires will diminish the quantity of imports required by Sumitomo Thailand. Sumitomo's postconference brief, pp. 2 and 31.

Table VII-13
PVLT tires: Data on industry in Thailand, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 tires)						
Capacity	***	***	***	***	***	***	***
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	***	***	***	***	***	***	***

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

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

Alternative products

Eight firms reported that they were able to switch production between PVLT tires and other products using the same machinery. *** identified these other products as ***. *** stated ***. *** stated ***. *** stated ***. *** stated ***. *** stated ***. *** stated ***. *** stated ***. Table VII-14 presents overall capacity and production on the same equipment as in scope production by producers in Thailand.

Table VII-14
PVLT tires: Overall capacity and production on the same equipment as in-scope production by producers in Thailand, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Overall capacity	***	***	***	***	***
Production: PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production: PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

Exports

According to GTA, the leading export markets for PVLT tires from Thailand are Australia, Japan, and the United States (table VII-15). During 2019, the United States was the top export market for PVLT tires from Thailand, accounting for 52.7 percent of Thailand's total exports. Japan and Australia accounted for 4.5 percent and 3.8 percent of Thailand's total exports, respectively.

Table VII-15
Tires for motor vehicles: Thailand exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Quantity (1,000 tires)		
United States	37,908	43,227	50,146
Japan	5,228	4,468	4,306
Australia	3,190	3,372	3,589
Malaysia	4,110	4,239	3,455
Vietnam	1,780	2,117	2,343
Korea	788	1,459	2,232
Saudi Arabia	1,520	976	1,802
India	1,518	2,001	1,737
Egypt	1,516	1,980	1,565
All other destination markets	27,630	26,504	24,008
Total exports	85,190	90,342	95,185
	Value (1,000 dollars)		
United States	1,678,209	1,964,934	2,518,240
Japan	170,935	165,225	176,850
Australia	172,355	189,795	217,409
Malaysia	182,763	197,096	170,916
Vietnam	150,571	167,528	179,723
Korea	54,429	97,296	161,828
Saudi Arabia	85,419	53,444	96,169
India	67,606	113,503	85,404
Egypt	82,613	94,992	82,310
All other destination markets	1,286,641	1,344,503	1,382,890
Total exports	3,931,540	4,388,316	5,071,739

Table continued on next page.

Table VII-15--Continued
Tires for motor vehicles: Thailand exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Unit value (dollars per tire)		
United States	44.27	45.46	50.22
Japan	32.69	36.98	41.07
Australia	54.03	56.29	60.58
Malaysia	44.47	46.49	49.47
Vietnam	84.59	79.13	76.70
Korea, South	69.04	66.68	72.51
Saudi Arabia	56.18	54.78	53.36
India	44.54	56.74	49.17
Egypt	54.49	47.97	52.58
All other destination markets	46.57	50.73	57.60
Total exports	46.15	48.57	53.28
	Share of quantity (percent)		
United States	44.5	47.8	52.7
Japan	6.1	4.9	4.5
Australia	3.7	3.7	3.8
Malaysia	4.8	4.7	3.6
Vietnam	2.1	2.3	2.5
Korea, South	0.9	1.6	2.3
Saudi Arabia	1.8	1.1	1.9
India	1.8	2.2	1.8
Egypt	1.8	2.2	1.6
All other destination markets	32.4	29.3	25.2
Total exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. United States is shown at the top, all remaining top export destinations shown in descending order of 2018 data.

Source: Official exports statistics under HS subheading 4011.10 and 4011.20 as reported by Thai Customs Department in the Global Trade Atlas database, accessed May 27, 2020.

The industry in Vietnam

The Commission issued foreign producers' or exporters' questionnaires to ten firms believed to produce and/or export PVLT tires from Vietnam.[23] Usable responses to the Commission's questionnaire were received from six firms (table VII-16).[24] [25] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Vietnam in 2019.[26] According to estimates requested of the responding Vietnamese producers, the production of PVLT tires in Vietnam reported in questionnaires accounts for approximately *** percent of overall production of PVLT tires in Vietnam.[27] Table VII-16 presents information on the PVLT tires operations of the responding producers and exporters in Vietnam.

[23] These firms were identified through a review of information submitted in the petition and contained in *** records.

[24] Bridgestone Vietnam is related to U.S. producer and U.S. importer Bridgestone Americas Tire Operations LLC, as well as foreign producers Bridgestone Taiwan Co., Ltd. and Thai Bridgestone Co., Ltd. These firms have submitted questionnaires for these investigations. Kenda Vietnam is related to U.S. importers American Kenda Rubber Industrial Co., Ltd. and Americana Tire and Wheel Inc., as well as foreign producer Kenda Rubber Industrial Co., Ltd. (Taiwan). All three related firms have submitted questionnaires for these investigations. Kumho Vietnam is related to U.S. producer Kumho Tire Georgia, Inc., U.S. importer Kumho Tire U.S.A., Inc., and Korean producer Kumho Tire Co., Inc. All three related firms have submitted questionnaires for these investigations. Sailun is related to U.S. importer Sailun Tire North Americas, Inc., which also submitted a questionnaire for these reviews. Yokohama Vietnam is related to U.S. producer and U.S. importer Yokohama Tire Corporation, as well as foreign producer Yokohama Tire Manufacturing (Thailand) Co., Ltd. All related firms have submitted a questionnaire for these investigations.

[25] Major Vietnamese producers *** did not respond to the Commission's questionnaire. Petitioner's postconference brief, p. 50.

[26] In 2019, responding Vietnamese firms exported *** PVLT tires to the United States (table VII-16). During the same year, U.S. imports of PVLT tires from Vietnam were 12.1 million (table IV-2). Accordingly, these firms' exports to the United States accounted for approximately *** percent of U.S. imports of PVLT tires from Vietnam in 2019.

[27] *** estimated that they accounted for *** percent, respectively, of PVLT tire production in Vietnam in 2019.

Table VII-16
PVLT tires: Summary data on firms in Vietnam, 2019

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Bridgestone Vietnam	***	***	***	***	***	***
Danang	***	***	***	***	***	***
Kenda Vietnam	***	***	***	***	***	***
Kumho Vietnam	***	***	***	***	***	***
Sailun	***	***	***	***	***	***
Yokohama Vietnam	***	***	***	***	***	***
Total	***	***	***	***	***	***

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.

Changes in operations

As presented in table VII-17 producers in Vietnam reported several operational and organizational changes since January 1, 2017.

Table VII-17
PVLT tires: Reported changes in operations by producers in Vietnam, since January 1, 2017

* * * * * * *

Operations on PVLT tires

Table VII-18 presents information on the PVLT tires operations of the responding producers and exporters in Vietnam. Capacity and production increased *** percent and *** percent, respectively, during 2017-19; and they are projected to continue to increase *** percent and *** percent, respectively, during 2019-21.[28] [29] Capacity utilization decreased *** percentage points during 2017-19, but it is projected to rebound and increase *** percentage points from 2019 to 2021. End-of-period inventories increased *** percent during 2017-19, and they are projected to continue to increase *** percent during 2019-21.[30]

Total home market shipments accounted for between *** percent of total shipments during 2017-19. In contrast, total exports accounted for between *** of total shipments during the same period. Of these shipments, exports to the United States were the largest, accounting for between *** percent of total shipments, increasing *** percent from 2017 to 2019. Exports to all other markets accounted for between *** percent of total shipments, decreasing *** percent from 2017 to 2019. Projections show that Vietnamese exports to the United States will decrease *** percent during 2019-21. Vietnamese exports to all other markets, however, are projected to increase *** percent during the same time period.

[28] *** accounted for the largest increase in capacity and production during the period of investigation. *** increased capacity *** and increased production ***. *** accounts for the largest projected increase in capacity and production during 2019-21. *** projects capacity of *** PVLT tires and production of *** PVLT tires in 2021. *** noted that ***.

[29] Sailun, *** reported that its parent company, Sailun Group, has entered into a joint venture with U.S. firm Cooper Tire & Rubber Company to produce PVLT and TBR tires in Vietnam for the global market. The plant is expected to be operational and producing tires on a commercial level in early 2020. At full capacity, production is expected to be approximately 2 million tires annually. Petitioner's postconference brief, p. 49 and exh. 18-19.

[30] *** projects that its ending inventories will be *** PVLT tires for 2021, which ***.

Table VII-18
PVLT tires: Data on industry in Vietnam, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 tires)						
Capacity	***	***	***	***	***	***	***
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	***	***	***	***	***	***	***

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

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

Alternative products

Two firms, ***, reported that they were able to switch production between PVLT tires and other products using the same machinery. *** identified these other products as ***. *** stated ***. Table VII-19 presents overall capacity and production on the same equipment as in scope production by producers in Vietnam.

Table VII-19
PVLT tires: Overall capacity and production on the same equipment as in-scope production by producers in Vietnam, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 tires)				
Overall capacity	***	***	***	***	***
Production:					
PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
PLVT tires	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

Exports

According to GTA, the leading export markets for PVLT tires from Vietnam are Brazil, Japan, and the United States (table VII-20). During 2019, the United States was the top export market for PVLT tires from Vietnam, accounting for 64.7 percent of Vietnam's total exports. Brazil and Japan accounted for 4.6 percent and 3.8 percent of Vietnam's total exports, respectively.

Table VII-20
Tires for motor vehicles: Vietnam exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Value (1,000 dollars)		
United States	399,632	452,418	552,974
Brazil	32,978	40,782	39,554
Japan	17,353	41,383	32,582
Canada	13,086	21,563	23,606
Malaysia	25,232	27,652	23,003
Spain	6,436	7,652	20,513
Australia	19,282	15,811	15,516
China	2,302	6,481	11,149
India	6,657	6,916	10,901
All other destination markets	90,749	112,906	125,111
Total exports	613,707	733,564	854,907
	Share of quantity (percent)		
United States	65.1	61.7	64.7
Brazil	5.4	5.6	4.6
Japan	2.8	5.6	3.8
Canada	2.1	2.9	2.8
Malaysia	4.1	3.8	2.7
Spain	1.0	1.0	2.4
Australia	3.1	2.2	1.8
China	0.4	0.9	1.3
India	1.1	0.9	1.3
All other destination markets	14.8	15.4	14.6
Total exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. United States is shown at the top, all remaining top export destinations shown in descending order of 2018 data.

Source: Official imports statistics of imports from Vietnam (constructed export statistics for Vietnam) under HS subheadings 4011.10 and 4011.20 as reported by various statistical reporting authorities in the Global Trade Atlas database, accessed May 27, 2020.

Subject countries combined

Table VII-21 presents summary data on PVLT tires operations of the reporting subject producers in the subject countries.

Table VII-21
PVLT tires: Data on industry in subject countries, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 tires)						
Capacity	233,316	235,173	234,435	56,774	57,453	236,480	242,152
Production	207,049	202,984	199,296	50,243	48,053	170,890	194,852
End-of-period inventories	14,849	13,909	14,374	15,422	16,621	14,042	14,255
Shipments:							
Home market shipments:							
Internal consumption/ transfers	7,499	6,644	6,147	1,656	1,394	6,256	6,375
Commercial home market shipments	49,424	49,285	46,089	11,421	10,265	42,032	47,567
Total home market shipments	56,923	55,929	52,235	13,078	11,659	48,289	53,942
Export shipments to:							
United States	56,966	61,404	65,130	15,958	15,438	51,219	52,162
All other markets	92,223	86,365	81,442	20,179	19,363	71,441	88,838
Total exports	149,189	147,769	146,572	36,137	34,801	122,660	141,000
Total shipments	206,112	203,698	198,807	49,215	46,460	170,949	194,942
	Ratios and shares (percent)						
Capacity utilization	88.7	86.3	85.0	88.5	83.6	72.3	80.5
Inventories/production	7.2	6.9	7.2	7.7	8.6	8.2	7.3
Inventories/total shipments	7.2	6.8	7.2	7.8	8.9	8.2	7.3
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	3.6	3.3	3.1	3.4	3.0	3.7	3.3
Commercial home market shipments	24.0	24.2	23.2	23.2	22.1	24.6	24.4
Total home market shipments	27.6	27.5	26.3	26.6	25.1	28.2	27.7
Export shipments to:							
United States	27.6	30.1	32.8	32.4	33.2	30.0	26.8
All other markets	44.7	42.4	41.0	41.0	41.7	41.8	45.6
Total exports	72.4	72.5	73.7	73.4	74.9	71.8	72.3
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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

U.S. inventories of imported merchandise

Table VII-22 presents data on U.S. importers' reported inventories of PVLT tires. Inventories of PVLT tires from subject countries and nonsubject countries increased *** percent and *** percent, respectively, from 2017 to 2019. During 2017-19, the ratio of importers' subject inventories to U.S. shipments of imports decreased *** percentage points from *** percent.

Table VII-22
PVLT tires: U.S. importers' end-of-period inventories of imports by source, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Inventories (1,000 tires), Ratios (percent)				
Imports from Korea					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Taiwan					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Thailand					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Vietnam					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

Table continued on next page.

Table VII-22--Continued
PVLT tires: U.S. importers' end-of-period inventories of imports by source, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Inventories (1,000 tires), Ratios (percent)				
Imports from subject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

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

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of PVLT tires after March 31, 2020. Forty-three of 53 responding firms indicated they had arranged subject imports. These data are presented in table VII-23. Responding importers reported that 49.1 percent of arranged imports are from subject sources.

Table VII-23
PVLT tires: Arranged imports, April 2020 through March 2021

Item	Period				
	Apr-Jun 2020	Jul-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	Total
	Quantity (1,000 tires)				
Arranged U.S. imports from.--					
Korea	***	***	***	***	***
Taiwan	***	***	***	***	***
Thailand	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	11,897	6,989	2,448	2,509	23,842
Nonsubject sources	7,193	7,092	6,293	4,185	24,763
All import sources	19,090	14,081	8,741	6,694	48,605

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

Antidumping or countervailing duty orders in third-country markets

On January 15, 2014, Brazil imposed an antidumping duty on imports of tires for motor cars from Korea, Taiwan, and Thailand. The amount of the duty in U.S. dollars per kilogram was $1.43 per kilogram for Taiwanese exporters. For Korean exporters the duty ranged from $0.14 to $2.56 per kilogram and for Thai exporters it ranged from $1.32 to $1.35 per kilogram. On January 16, 2020, the antidumping duty measures were extended for a period of five years.[31]

Information on nonsubject countries

China has the largest global annual production capability for tires, estimated at some 1.1 billion units, but current surplus volume potential of around 300-400 million units[32] is presently constrained by antidumping and countervailing duties, compounded by additional U.S. Section 301 Trade Act tariffs of 25 percent in force for an indefinite period. During the period 2009-15 antidumping duty orders were imposed on China by the following six countries: Brazil, Colombia, Egypt, India, Turkey, and the United States.[33]

Data on global exports of PVLT tires are presented in table VII-24. According to GTA, China, Germany, and Thailand were the leading exporters of PVLT tires. China, Germany, and Thailand accounted for 20.2 percent, 8.1 percent, and 7.9 percent of global exports, respectively. During 2019, the United States accounted for 5.3 percent of global exports.

[31] Global Trade Alert, https://www.globaltradealert.org/intervention/17100/anti-dumping/brazil-extension-of-definitive-antidumping-duty-on-imports-of-tires-for-motor-cars-from-chinese-taipei-the-republic-of-korea-and-thailand-termination-of-duties-on-imports-from-ukraine, retrieved June 19, 2020.

[32] *Statista*, https://www.statista.com/statistics/279223/tire-production-in-china/; IBISWorld, https://www.ibisworld.com/china/market-research-reports/tire-manufacturing-industry/, retrieved June 24, 2020.

[33] *Certain Passenger Vehicle and Light Truck Tires from China, Inv. Nos. 701-TA-522 and 731-TA-1258 (Final)*, USITC Publication 4545, August 2015, pp. 1, VII-16-17.

Table VII-24
PVLT tires: Global exports by exporter, 2017-19

Exporter	Calendar year		
	2017	2018	2019
	Value (1,000 dollars)		
United States	3,421,732	3,606,134	3,379,347
Korea	3,388,595	3,424,556	3,258,542
Taiwan	693,748	661,330	701,095
Thailand	3,931,540	4,388,316	5,071,739
Vietnam	613,707	733,564	854,907
China	12,419,204	13,239,113	12,922,542
Germany	5,413,853	5,506,068	5,156,941
Japan	2,973,477	2,983,094	2,947,351
Poland	1,954,263	2,177,956	2,132,525
Netherlands	2,238,804	2,175,596	2,088,931
France	1,906,473	2,010,839	1,985,697
Spain	1,636,504	1,883,096	1,786,347
All other exporters	22,493,760	23,304,208	21,600,752
Total	63,085,660	66,093,870	63,886,717
	Share of value (percent)		
United States	5.4	5.5	5.3
Korea	5.4	5.2	5.1
Taiwan	1.1	1.0	1.1
Thailand	6.2	6.6	7.9
Vietnam	1.0	1.1	1.3
China	19.7	20.0	20.2
Germany	8.6	8.3	8.1
Canada	4.7	4.5	4.6
Mexico	3.1	3.3	3.3
United Kingdom	3.5	3.3	3.3
France	3.0	3.0	3.1
Russia	2.6	2.8	2.8
All other exporters	35.7	35.3	33.8
Total	100.0	100.0	100.0

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

Source: Official export statistics and official import statistics of imports from Vietnam (constructed export statistics for Vietnam) under HS subheadings 4011.10 and 4011.20 reported by various national statistical authorities and in the Global Trade Atlas database, accessed June 24, 2020.

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
85 FR 29972, May 19, 2020	*Passenger Vehicle and Light Truck Tires From Korea, Taiwan, Thailand, and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-05-19/pdf/2020-10669.pdf
85 FR 32013, May 28, 2020	*Notice of Extension of the Deadline for Determining the Adequacy of the Antidumping and Countervailing Duty Petitions: Passenger Vehicle and Light Truck Tires From Korea, Taiwan, Thailand, and Vietnam*	https://www.govinfo.gov/content/pkg/FR-2020-05-28/pdf/2020-11451.pdf
85 FR 35442, June 10, 2020	*Passenger Vehicle and Light Truck Tires From Korea, Taiwan, Thailand, and Vietnam; Revised Schedule for the Subject Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-06-10/pdf/2020-12512.pdf
85 FR 38850, June 29, 2020	*Passenger Vehicle and Light Truck Tires From the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-06-29/pdf/2020-13957.pdf
85 FR 38854, June 29, 2020	*Passenger Vehicle and Light Truck Tires From the Republic of Korea, Taiwan, Thailand, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-06-29/pdf/2020-13958.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PRELIMINARY CONFERENCE

Those listed below participated in the United States International Trade Commission's preliminary conference. The Commission conducted its preliminary conference through submissions of written testimony and postconference briefs:

Subject: Passenger Vehicle and Light Truck Tires from Korea, Taiwan, Thailand, and Vietnam

Inv. Nos.: 701-TA-647 and 731-TA-1517-1520 (Preliminary)

Date: June 3, 2020

OPENING REMARKS:

In Support of Imposition (**Elizabeth J. Drake**, Schagrin Associates)
In Opposition to Imposition (**Bernd G. Janzen**, Akin Gump Strauss Hauer & Feld LLP)

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

Schagrin Associates
Washington, DC
on behalf of

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW")

Kevin Johnsen, Chair, USW Rubber and Plastics Industry Council

Terry Brewington, President, USW Local 959L

Mickey Ray Williams, President, USW Local 12L

Terry Cunningham, President, USW Local 715L

Brian Brubaker, President, USW Local 207L

Kerry Halter, President, USW Local 752L

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

Steve Jones, President, USW Local 1023L

Roger B. Schagrin)
Elizabeth J. Drake)
) – OF COUNSEL
Christopher T. Cloutier)
Luke A. Meisner)

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

Doyle, Barlow & Mazard PLLC
Washington, DC
on behalf of

Atturo Tire Corp ("Atturo")

Michael Mathis, President, Atturo

Camelia C. Mazard) – OF COUNSEL

Wilmer Cutler Pickering Hale and Dorr LLP
Washington, DC
on behalf of

Hankook Tire & Technology Co., Ltd.
Hankook Tire America Corp.
Hankook Tire Manufacturing Tennessee, LP
(collectively, "Hankook")

Yong Sup JUNG, Vice President, Hankook

Naboth van den Broek)
David J. Ross)
Patrick J. McLain)
Sarah S. Sprinkle) – OF COUNSEL
Stephanie E. Hartmann)
Semira Nikou)
Sung Kim)

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

White & Case LLP
Washington, DC
on behalf of

Deestone Corporation Limited
American Pacific Industries Inc.
Tire Group International LLC

Vanlaya Vongsariyavanich, Chief Executive Officer,
Deestone Corporation Limited

Barry Littrell, Chief Operating Officer,
American Pacific Industries Inc.

Orlando Delgado, Chief Operating Officer,
Tire Group International LLC

Jay Campbell)
Keir Whitson) – OF COUNSEL
Allison Kepkay)

White & Case LLP
Washington, DC
on behalf of

NEXEN Tire Corporation

John Hagan, Executive Vice President,
Nexen Tire America Inc.

David E. Bond)
William J. Moran) – OF COUNSEL
Ron Kendler)

Arent Fox LLP
Washington, DC
on behalf of

American Tire Distributors (ATD)

Jessica DiPietro)
Nataliya Slyepicheva) – OF COUNSEL
Leah N. Scarpelli)

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

Akin Gump Strauss Hauer & Feld LLP
Washington, DC
on behalf of

SumitomoRubber North America, Inc. ("SRNA")
Sumitomo Rubber USA, LLC ("SRUSA")
Sumitomo Rubber (Thailand), Ltd. ("SRT")
(all subsidiaries of Sumitomo Rubber Industries, Ltd)

Richard Smallwood, President and Chief Executive Officer, SRNA

Andrew Szamosszegi, Principal, Capital Trade, Inc.

Travis Pope, Project Manager, Capital Trade, Inc.

Bernd G. Janzen)
Yujin K. McNamara)
Shana A. Hofstetter) – OF COUNSEL
Thor J. Petersen)
John B. Callahan)

Sandler, Travis and Rosenberg, P.A.
Washington, DC
on behalf of

Cheng Shin Rubber USA INC., d/b/a Maxxis International – USA
Cheng Shin Rubber Ind. Co. Ltd.
Maxxis International (Thailand) Co., Ltd.

Andy Lee, Vice President of Operations, Maxxis International

Kristen Smith)
) – OF COUNSEL
Sarah E. Yuskaitis)

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

Sidley Austin LLP
Washington, DC
on behalf of

Vee Tyre and Rubber Co., Ltd. ("Vee Tyre")

Vitorn Sukanjanapong, Founder, President, and
Chief Executive Officer, Vee Tyre

Richard L.A. Weiner)
Justin R. Becker) – OF COUNSEL
Tom Mills)

Hogan Lovells US LLP
Washington, DC
on behalf of

ITG Voma Corporation

Dennis Mangola, Founder and Chief Executive Officer,
AmPac Tire Distributors

Jonathan T. Stoel)
) – OF COUNSEL
Nicholas W. Laneville)

Steptoe & Johnson LLP
Washington, DC
on behalf of

Federal Corporation,
Federal Tire North America LLC ("FTNA")

Joseph Kao, Operations Director, FTNA

Thomas J. Trendl)
) – OF COUNSEL
Zachary Simmons)

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

Neville Peterson LLP
Washington, DC
on behalf of

American Omni Trading Company ("AOT")

Chris Brackin, President, AOT

John M. Peterson) – OF COUNSEL

Perkins Coie LLP
Washington, DC
on behalf of

Les Schwab Warehouse Center, Inc. ("Les Schwab")

Jack W. Cuniff, Chief Executive Officer, Les Schwab

Sandra C. Wright, International Trade Analyst, Perkins Coie LLP

Michael P. House)
Andrew Caridas) – OF COUNSEL
Shuaiqi Yuan)

-END-

APPENDIX C

SUMMARY DATA

Table C-1

PVLT tires: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020

(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. consumption quantity:									
Amount	306,554	314,419	320,791	78,078	71,860	▲4.6	▲2.6	▲2.0	▼(8.0)
Producers' share (fn1)	44.1	44.6	43.3	43.0	40.5	▼(0.8)	▲0.5	▼(1.3)	▼(2.5)
Importers' share (fn1):									
Korea	6.1	6.2	6.0	6.7	6.0	▼(0.1)	▲0.1	▼(0.2)	▼(0.7)
Taiwan	2.9	2.7	2.7	2.7	3.4	▼(0.2)	▼(0.3)	▲0.1	▲0.7
Thailand	11.4	12.9	14.1	14.1	15.2	▲2.7	▲1.5	▲1.2	▲1.0
Vietnam	2.9	3.4	3.8	3.6	4.3	▲0.9	▲0.5	▲0.4	▲0.8
Subject sources	23.2	25.1	26.6	27.1	28.9	▲3.4	▲1.9	▲1.5	▲1.8
Nonsubject sources	32.7	30.2	30.1	29.9	30.6	▼(2.6)	▼(2.4)	▼(0.1)	▲0.7
All import sources	55.9	55.4	56.7	57.0	59.5	▲0.8	▼(0.5)	▲1.3	▲2.5
U.S. consumption value:									
Amount	22,182,244	22,970,585	23,408,995	5,714,171	5,182,743	▲5.5	▲3.6	▲1.9	▼(9.3)
Producers' share (fn1)	56.2	55.5	53.8	53.3	51.5	▼(2.4)	▼(0.7)	▼(1.7)	▼(1.8)
Importers' share (fn1):									
Korea	5.6	5.6	5.5	6.2	5.3	▼(0.2)	▲0.0	▼(0.2)	▼(0.9)
Taiwan	1.7	1.6	1.8	1.7	2.2	▲0.0	▼(0.1)	▲0.1	▲0.5
Thailand	7.0	8.3	9.3	9.2	10.6	▲2.3	▲1.3	▲1.0	▲1.4
Vietnam	1.8	2.0	2.2	2.1	2.6	▲0.5	▲0.2	▲0.2	▲0.5
Subject sources	16.2	17.6	18.8	19.2	20.7	▲2.5	▲1.4	▲1.2	▲1.5
Nonsubject sources	27.6	26.9	27.4	27.5	27.8	▼(0.1)	▼(0.7)	▲0.5	▲0.3
All import sources	43.8	44.5	46.2	46.7	48.5	▲2.4	▲0.7	▲1.7	▲1.8
U.S. imports from:									
Korea:									
Quantity	18,572	19,376	19,129	5,248	4,308	▲3.0	▲4.3	▼(1.3)	▼(17.9)
Value	1,248,267	1,293,011	1,278,041	355,066	273,703	▲2.4	▲3.6	▼(1.2)	▼(22.9)
Unit value	$67.21	$66.73	$66.81	$67.65	$63.54	▼(0.6)	▼(0.7)	▲0.1	▼(6.1)
Ending inventory quantity	3,753	2,955	3,681	3,519	4,001	▼(1.9)	▼(21.3)	▲24.6	▲13.7
Taiwan:									
Quantity	8,930	8,352	8,810	2,087	2,432	▼(1.3)	▼(6.5)	▲5.5	▲16.5
Value	387,798	375,793	410,789	94,794	112,789	▲5.9	▼(3.1)	▲9.3	▲19.0
Unit value	$43.43	$45.00	$46.63	$45.42	$46.38	▲7.4	▲3.6	▲3.6	▲2.1
Ending inventory quantity	1,343	1,163	1,400	1,140	1,388	▲4.2	▼(13.4)	▲20.4	▲21.7
Thailand:									
Quantity	34,905	40,637	45,245	11,041	10,913	▲29.6	▲16.4	▲11.3	▼(1.2)
Value	1,562,623	1,906,918	2,177,046	524,339	549,487	▲39.3	▲22.0	▲14.2	▲4.8
Unit value	$44.77	$46.93	$48.12	$47.49	$50.35	▲7.5	▲4.8	▲2.5	▲6.0
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Vietnam:									
Quantity	8,742	10,669	12,122	2,784	3,115	▲38.7	▲22.0	▲13.6	▲11.9
Value	397,425	463,101	525,187	122,660	135,263	▲32.1	▲16.5	▲13.4	▲10.3
Unit value	$45.46	$43.41	$43.33	$44.06	$43.42	▼(4.7)	▼(4.5)	▼(0.2)	▼(1.4)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Subject sources:									
Quantity	71,149	79,034	85,306	21,160	20,767	▲19.9	▲11.1	▲7.9	▼(1.9)
Value	3,596,113	4,038,824	4,391,063	1,096,858	1,071,241	▲22.1	▲12.3	▲8.7	▼(2.3)
Unit value	$50.54	$51.10	$51.47	$51.84	$51.58	▲1.8	▲1.1	▲0.7	▼(0.5)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Nonsubject sources:									
Quantity	100,185	95,077	96,587	23,309	21,975	▼(3.6)	▼(5.1)	▲1.6	▼(5.7)
Value	6,116,507	6,181,923	6,421,953	1,573,653	1,442,444	▲5.0	▲1.1	▲3.9	▼(8.3)
Unit value	$61.05	$65.02	$66.49	$67.51	$65.64	▲8.9	▲6.5	▲2.3	▼(2.8)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▼***
All import sources:									
Quantity	171,334	174,111	181,893	44,469	42,742	▲6.2	▲1.6	▲4.5	▼(3.9)
Value	9,712,620	10,220,747	10,813,016	2,670,512	2,513,685	▲11.3	▲5.2	▲5.8	▼(5.9)
Unit value	$56.69	$58.70	$59.45	$60.05	$58.81	▲4.9	▲3.6	▲1.3	▼(2.1)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
U.S. producers':									
Average capacity quantity	182,758	188,745	190,167	48,354	48,524	▲4.1	▲3.3	▲0.8	▲0.4
Production quantity	150,751	155,275	152,980	40,481	36,498	▲1.5	▲3.0	▼(1.5)	▼(9.8)
Capacity utilization (fn1)	82.5	82.3	80.4	83.7	75.2	▼(2.0)	▼(0.2)	▼(1.8)	▼(8.5)
U.S. shipments:									
Quantity	135,220	140,308	138,899	33,610	29,117	▲2.7	▲3.8	▼(1.0)	▼(13.4)
Value	12,469,624	12,749,837	12,595,979	3,043,660	2,669,058	▲1.0	▲2.2	▼(1.2)	▼(12.3)
Unit value	$92.22	$90.87	$90.68	$90.56	$91.67	▼(1.7)	▼(1.5)	▼(0.2)	▲1.2
Export shipments:									
Quantity	16,113	15,397	14,869	3,955	3,535	▼(7.7)	▼(4.4)	▼(3.4)	▼(10.6)
Value	1,298,370	1,262,763	1,201,629	317,231	284,222	▼(7.5)	▼(2.7)	▼(4.8)	▼(10.4)
Unit value	$80.58	$82.01	$80.81	$80.21	$80.40	▲0.3	▲1.8	▼(1.5)	▲0.2

Table continued.

Table C-1--Continued
PVLT tires: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. producers':--Continued									
Ending inventory quantity	19,269	18,831	18,043	21,733	21,467	▼(6.4)	▼(2.3)	▼(4.2)	▼(1.2)
Inventories/total shipments (fn1)	12.7	12.1	11.7	14.5	16.4	▼(1.0)	▼(0.6)	▼(0.4)	▲2.0
Production workers	46,634	45,900	46,386	46,291	43,544	▼(0.5)	▼(1.6)	▲1.1	▼(5.9)
Hours worked (1,000s)	93,752	93,384	94,728	24,034	22,033	▲1.0	▼(0.4)	▲1.4	▼(8.3)
Wages paid ($1,000)	2,332,916	2,362,972	2,413,172	600,638	567,407	▲3.4	▲1.3	▲2.1	▼(5.5)
Hourly wages (dollars per hour)	$24.88	$25.30	$25.47	$24.99	$25.75	▲2.4	▲1.7	▲0.7	▲3.0
Productivity (tires per hour)	1.6	1.7	1.6	1.7	1.7	▲0.4	▲3.4	▼(2.9)	▼(1.6)
Unit labor costs	$15.48	$15.22	$15.77	$14.84	$15.55	▲1.9	▼(1.7)	▲3.7	▲4.8
Net sales:									
Quantity	150,201	155,052	153,826	37,370	32,730	▲2.4	▲3.2	▼(0.8)	▼(12.4)
Value	13,661,345	13,950,712	13,816,258	3,343,825	2,967,475	▲1.1	▲2.1	▼(1.0)	▼(11.3)
Unit value	$90.95	$89.97	$89.82	$89.48	$90.67	▼(1.2)	▼(1.1)	▼(0.2)	▲1.3
Cost of goods sold (COGS)	9,094,181	9,507,150	9,504,719	2,279,694	2,047,896	▲4.5	▲4.5	▼(0.0)	▼(10.2)
Gross profit or (loss) (fn2)	4,567,163	4,443,562	4,311,539	1,064,131	919,578	▼(5.6)	▼(2.7)	▼(3.0)	▼(13.6)
SG&A expenses	1,452,467	1,480,851	1,487,002	369,658	380,351	▲2.4	▲2.0	▲0.4	▲2.9
Operating income or (loss) (fn2)	3,114,697	2,962,711	2,824,537	694,473	539,227	▼(9.3)	▼(4.9)	▼(4.7)	▼(22.4)
Net income or (loss) (fn2)	2,914,181	2,698,216	2,570,715	634,184	483,798	▼(11.8)	▼(7.4)	▼(4.7)	▼(23.7)
Capital expenditures	1,119,129	920,153	884,480	193,841	144,367	▼(21.0)	▼(17.8)	▼(3.9)	▼(25.5)
Research and development expenses	314,682	313,085	326,371	80,897	82,671	▲3.7	▼(0.5)	▲4.2	▲2.2
Net assets	31,046,509	31,679,368	31,123,781	NA	NA	▲0.2	▲2.0	▼(1.8)	NA
Unit COGS	$60.55	$61.32	$61.79	$61.00	$62.57	▲2.1	▲1.3	▲0.8	▲2.6
Unit SG&A expenses	$9.67	$9.55	$9.67	$9.89	$11.62	▼(0.0)	▼(1.2)	▲1.2	▲17.5
Unit operating income or (loss) (fn2)	$20.74	$19.11	$18.36	$18.58	$16.48	▼(11.5)	▼(7.9)	▼(3.9)	▼(11.3)
Unit net income or (loss) (fn2)	$19.40	$17.40	$16.71	$16.97	$14.78	▼(13.9)	▼(10.3)	▼(4.0)	▼(12.9)
COGS/sales (fn1)	66.6	68.1	68.8	68.2	69.0	▲2.2	▲1.6	▲0.6	▲0.8
Operating income or (loss)/sales (fn1)	22.8	21.2	20.4	20.8	18.2	▼(2.4)	▼(1.6)	▼(0.8)	▼(2.6)
Net income or (loss)/sales (fn1)	21.3	19.3	18.6	19.0	16.3	▼(2.7)	▼(2.0)	▼(0.7)	▼(2.7)

Notes:

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

Related party exclusion

Table C-2
PVLT tires: Summary data concerning the U.S. market excluding two U.S. producers *, 2017-19, January to March 2019, and January to March 2020**
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. consumption quantity:									
Amount	306,554	314,419	320,791	78,078	71,860	▲4.6	▲2.6	▲2.0	▼(8.0)
Producers' share (fn1)									
Included producers	***	***	***	***	***	▼***	▼***	▼***	▼***
Excluded producers	***	***	***	***	***	▲***	▲***	▲***	▼***
All producers	44.1	44.6	43.3	43.0	40.5	▼(0.8)	▲0.5	▼(1.3)	▼(2.5)
Importers' share (fn1):									
Korea	6.1	6.2	6.0	6.7	6.0	▼(0.1)	▲0.1	▼(0.2)	▼(0.7)
Taiwan	2.9	2.7	2.7	2.7	3.4	▼(0.2)	▼(0.3)	▲0.1	▲0.7
Thailand	11.4	12.9	14.1	14.1	15.2	▲2.7	▲1.5	▲1.2	▲1.0
Vietnam	2.9	3.4	3.8	3.6	4.3	▲0.9	▲0.5	▲0.4	▲0.8
Subject sources	23.2	25.1	26.6	27.1	28.9	▲3.4	▲1.9	▲1.5	▲1.8
Nonsubject sources	32.7	30.2	30.1	29.9	30.6	▼(2.6)	▼(2.4)	▼(0.1)	▲0.7
All import sources	55.9	55.4	56.7	57.0	59.5	▲0.8	▼(0.5)	▲1.3	▲2.5
U.S. consumption value:									
Amount	22,182,244	22,970,585	23,408,995	5,714,171	5,182,743	▲5.5	▲3.6	▲1.9	▼(9.3)
Producers' share (fn1)									
Included producers	***	***	***	***	***	▼***	▼***	▼***	▼***
Excluded producers	***	***	***	***	***	▲***	▲***	▲***	▼***
All producers	56.2	55.5	53.8	53.3	51.5	▼(2.4)	▼(0.7)	▼(1.7)	▼(1.8)
Importers' share (fn1):									
Korea	5.6	5.6	5.5	6.2	5.3	▼(0.2)	▲0.0	▼(0.2)	▼(0.9)
Taiwan	1.7	1.6	1.8	1.7	2.2	▲0.0	▼(0.1)	▲0.1	▲0.5
Thailand	7.0	8.3	9.3	9.2	10.6	▲2.3	▲1.3	▲1.0	▲1.4
Vietnam	1.8	2.0	2.2	2.1	2.6	▲0.5	▲0.2	▲0.2	▲0.5
Subject sources	16.2	17.6	18.8	19.2	20.7	▲2.5	▲1.4	▲1.2	▲1.5
Nonsubject sources	27.6	26.9	27.4	27.5	27.8	▼(0.1)	▼(0.7)	▲0.5	▲0.3
All import sources	43.8	44.5	46.2	46.7	48.5	▲2.4	▲0.7	▲1.7	▲1.8
U.S. imports from:									
Korea:									
Quantity	18,572	19,376	19,129	5,248	4,308	▲3.0	▲4.3	▼(1.3)	▼(17.9)
Value	1,248,267	1,293,011	1,278,041	355,066	273,703	▲2.4	▲3.6	▼(1.2)	▼(22.9)
Unit value	$67.21	$66.73	$66.81	$67.65	$63.54	▼(0.6)	▼(0.7)	▲0.1	▼(6.1)
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▲***	▲***
Taiwan:									
Quantity	8,930	8,352	8,810	2,087	2,432	▼(1.3)	▼(6.5)	▲5.5	▲16.5
Value	387,798	375,793	410,789	94,794	112,789	▲5.9	▼(3.1)	▲9.3	▲19.0
Unit value	$43.43	$45.00	$46.63	$45.42	$46.38	▲7.4	▲3.6	▲3.6	▲2.1
Ending inventory quantity	***	***	***	***	***	▲***	▼***	▲***	▲***
Thailand:									
Quantity	34,905	40,637	45,245	11,041	10,913	▲29.6	▲16.4	▲11.3	▼(1.2)
Value	1,562,623	1,906,918	2,177,046	524,339	549,487	▲39.3	▲22.0	▲14.2	▲4.8
Unit value	$44.77	$46.93	$48.12	$47.49	$50.35	▲7.5	▲4.8	▲2.5	▲6.0
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Vietnam:									
Quantity	8,742	10,669	12,122	2,784	3,115	▲38.7	▲22.0	▲13.6	▲11.9
Value	397,425	463,101	525,187	122,660	135,263	▲32.1	▲16.5	▲13.4	▲10.3
Unit value	$45.46	$43.41	$43.33	$44.06	$43.42	▼(4.7)	▼(4.5)	▼(0.2)	▼(1.4)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Subject sources:									
Quantity	71,149	79,034	85,306	21,160	20,767	▲19.9	▲11.1	▲7.9	▼(1.9)
Value	3,596,113	4,038,824	4,391,063	1,096,858	1,071,241	▲22.1	▲12.3	▲8.7	▼(2.3)
Unit value	$50.54	$51.10	$51.47	$51.84	$51.58	▲1.8	▲1.1	▲0.7	▼(0.5)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Nonsubject sources:									
Quantity	100,185	95,077	96,587	23,309	21,975	▼(3.6)	▼(5.1)	▲1.6	▼(5.7)
Value	6,116,507	6,181,923	6,421,953	1,573,653	1,442,444	▲5.0	▲1.1	▲3.9	▼(8.3)
Unit value	$61.05	$65.02	$66.49	$67.51	$65.64	▲8.9	▲6.5	▲2.3	▼(2.8)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▼***
All import sources:									
Quantity	171,334	174,111	181,893	44,469	42,742	▲6.2	▲1.6	▲4.5	▼(3.9)
Value	9,712,620	10,220,747	10,813,016	2,670,512	2,513,685	▲11.3	▲5.2	▲5.8	▼(5.9)
Unit value	$56.69	$58.70	$59.45	$60.05	$58.81	▲4.9	▲3.6	▲1.3	▼(2.1)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Included U.S. producers':									
Average capacity quantity	***	***	***	***	***	▲***	▲***	▲***	▼***
Production quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Capacity utilization (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***

Table continued.

Table C-2--Continued
PVLT tires: Summary data concerning the U.S. market excluding two U.S. producers *, 2017-19, January to March 2019, and January to March 2020**
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
Included U.S. producers':									
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 (tires per hour)	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit labor costs	***	***	***	***	***	▲***	▼***	▲***	▲***
Net sales:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Value	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
Cost of goods sold (COGS)	***	***	***	***	***	▲***	▲***	▼***	▼***
Gross profit or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
SG&A expenses	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
Capital expenditures	***	***	***	***	***	▼***	▼***	▼***	▼***
Research and development expenses	***	***	***	***	***	▲***	▼***	▲***	▲***
Net assets	***	***	***	NA	NA	▲***	▲***	▼***	NA
Unit COGS	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit SG&A expenses	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
COGS/sales (fn1)	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***

Notes:

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics using HTS statistical reporting numbers 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005 and 4011.20.5010, accessed June 15, 2020.

APPENDIX D

ADDITIONAL U.S. SHIPMENT DATA BY TYPE

Table D-1

PVLT tires: U.S. producers' and U.S. importers' U.S. shipments by branding, 2019

Source	Type of tire		
	Branded	Private label	All items
	Quantity (1,000 tires)		
U.S. producers' U.S. shipments	***	***	138,899
U.S. importers' U.S. shipments.--Korea	***	***	18,056
Taiwan	***	***	4,797
Thailand	***	***	40,561
Vietnam	***	***	12,793
Subject sources	***	***	76,207
Nonsubject sources	***	***	84,918
All import sources	***	***	161,125
Total U.S. shipments	***	***	300,023
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	***	***	12,596,010
U.S. importers' U.S. shipments.--Korea	***	***	1,308,589
Taiwan	***	***	342,695
Thailand	***	***	2,353,146
Vietnam	***	***	826,373
Subject sources	***	***	4,830,803
Nonsubject sources	***	***	7,547,925
All import sources	***	***	12,378,727
Total U.S. shipments	***	***	24,974,737
	Unit value (dollars per tire)		
U.S. producers' U.S. shipments	***	***	90.68
U.S. importers' U.S. shipments.--Korea	***	***	72.48
Taiwan	***	***	71.45
Thailand	***	***	58.01
Vietnam	***	***	64.59
Subject sources	***	***	63.39
Nonsubject sources	***	***	88.89
All import sources	***	***	76.83
Total U.S. shipments	***	***	83.24

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 D-2

PVLT tires: U.S. producers' and U.S. importers' U.S. shipments, quantity, by branding, 2019

Source	Type of tire		
	Branded	Private label	All items
	Share of quantity down (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments.--Korea	***	***	***
Taiwan	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
Total U.S. shipments	100.0	100.0	100.0
	Share of quantity across (percent)		
U.S. producers' U.S. shipments	***	***	100.0
U.S. importers' U.S. shipments.--Korea	***	***	100.0
Taiwan	***	***	100.0
Thailand	***	***	100.0
Vietnam	***	***	100.0
Subject sources	***	***	100.0
Nonsubject sources	***	***	100.0
All import sources	***	***	100.0
Total U.S. shipments	***	***	100.0
	Ratio to overall consumption quantity		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments.--Korea	***	***	***
Taiwan	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
Total U.S. shipments	***	***	***

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 D-3

PVLT tires: U.S. producers' and U.S. importers' U.S. shipments, value, by branding, 2019

Source	Type of tire		
	Branded	Private label	All items
	Share of value down (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments.--Korea	***	***	***
Taiwan	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
Total U.S. shipments	100.0	100.0	100.0
	Share of value across (percent)		
U.S. producers' U.S. shipments	***	***	100.0
U.S. importers' U.S. shipments.--Korea	***	***	100.0
Taiwan	***	***	100.0
Thailand	***	***	100.0
Vietnam	***	***	100.0
Subject sources	***	***	100.0
Nonsubject sources	***	***	100.0
All import sources	***	***	100.0
Total U.S. shipments	***	***	100.0
	Ratio to overall consumption value		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments.--Korea	***	***	***
Taiwan	***	***	***
Thailand	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
Total U.S. shipments	***	***	***

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.