Brake Drums from China and Turkey

Investigation Nos. 701-TA-729-730 and 731-TA-1698-1699 (Preliminary)

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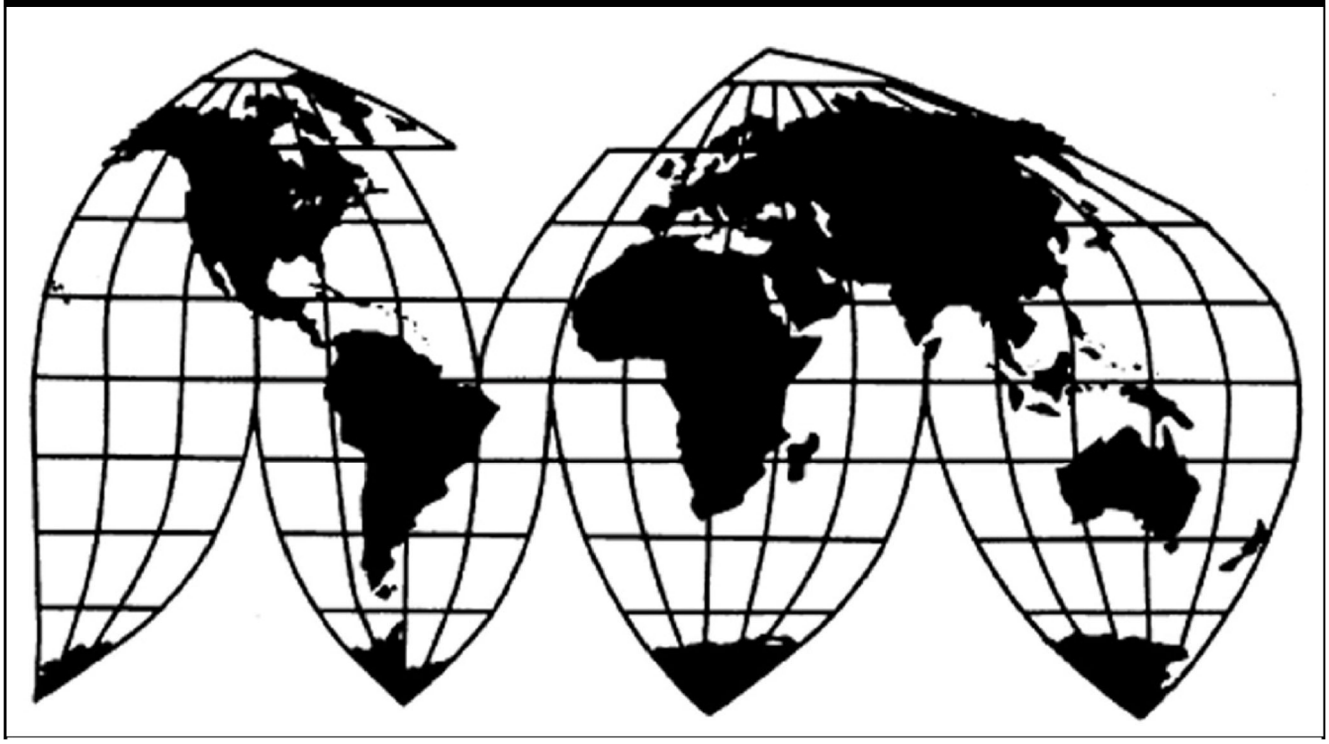
U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-729-730 and 731-TA-1698-1699 (Preliminary)

Brake Drums from China and Turkey

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 brake drums from China and Turkey, provided for in subheading 8708.30.50 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 imports of the subject merchandise from China and Turkey that are alleged to be subsidized by the governments of China and Turkey.[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. Any other party may file an entry of appearance for the final phase of the investigations after publication of the final phase notice of scheduling. 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,

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

[2] 89 FR 58106 and 58116, July 17, 2024.

who are parties to the investigations. As provided in section 207.20 of the Commission's rules, the Director of the Office of Investigations will circulate draft questionnaires for the final phase of the investigations to parties to the investigations, placing copies on the Commission's Electronic Document Information System (EDIS, https://edis.usitc.gov), for comment.

BACKGROUND

On June 20, 2024, Webb Wheel Products, Inc., Cullman, Alabama, 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 and LTFV imports of brake drums from China and Turkey. Accordingly, effective June 20, 2024, the Commission instituted countervailing duty investigation Nos. 701-TA-729-730 and antidumping duty investigation Nos. 731-TA-1698-1699 (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 June 26, 2024 (89 FR 53441). The Commission conducted its conference on July 11, 2024. 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 brake drums from China and Turkey that are allegedly sold in the United States at less than fair value and are allegedly subsidized by the governments of China and Turkey.

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

Webb Wheel Products, Inc. ("Webb Wheel"), a domestic producer of brake drums, filed the petitions in these investigations on June 20, 2024. Petitioner appeared at the staff conference accompanied by counsel and submitted a postconference brief.

Several respondent entities participated in these investigations. Consolidated Metco, Inc., a U.S. importer of brake drums from China, and Weifang ConMet Mechanical Products Co., Ltd. and ConMet Nanjing Mechanical Co., Ltd., Chinese producers of brake drums (collectively, "ConMet"), and DuraParts LLC d.b.a. DuraBrake ("DuraBrake"), a U.S. importer of brake drums from China and Turkey, appeared at the staff conference accompanied by counsel and submitted postconference briefs.

The government of Turkey and EKU Fren ve Dok. San. A.S. ("EKU"), a Turkish producer and U.S. importer of brake drums from Turkey, submitted postconference briefs.

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[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).

U.S. industry data are based on questionnaire responses of two firms that accounted for all known U.S. production of brake drums during 2023. U.S. import data are based on questionnaire responses of 36 firms that accounted for approximately *** of total U.S. imports from China and almost *** percent of total U.S. imports from Turkey during 2023.[3] The Commission received responses to its questionnaires from seven foreign producers/resellers of subject merchandise: one producer/exporter in China, accounting for *** percent of production of subject merchandise in China in 2023, and whose exports to the United States are estimated to have accounted for approximately *** percent of subject imports from China in 2023, and four producers/exporters and two resellers in Turkey, estimated to have accounted for approximately *** percent of production of subject merchandise in Turkey in 2023, and whose exports to the United States are estimated to have accounted for approximately *** percent of subject imports from Turkey in 2023.[4] [5]

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."[6] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[7] In turn, the Tariff Act defines

[3] Confidential Staff Report ("CR"), INV-WW-090 at I-4 (July 29, 2024); *Brake Drums from China and Turkey*, Inv. Nos. 701-TA-729-730 and 731-TA-1698-1699 (Preliminary), USITC Pub. 5532 (Aug. 2024) ("PR") at I-4. The primary Harmonized Tariff Schedule of the United States ("HTS") statistical reporting number 8708.30.5020 for brake drums appears to include significant volumes of out-of-scope merchandise. We have based estimates of importer questionnaire coverage on a comparison with total U.S. imports reported under HTS statistical reporting number 8708.30.5020, as adjusted using data reported in importer questionnaire responses, as well as a comparison with export data reported by foreign producers responding to the Commission's questionnaire in this proceeding. CR/PR at I-4 n.7, IV-1 n.2.

[4] CR/PR at VII-3, Table VII-1.

[5] Because primary HTS statistical reporting number 8708.30.5020 appears to include significant volumes of out-of-scope merchandise, the importer questionnaire coverage for in-scope imports from nonsubject countries cannot be estimated with certainty. CR/PR at IV-1 n.2. Based on a comparison with adjusted import statistics, reported imports of brake drums from nonsubject sources accounted for less than *** percent of total imports from nonsubject sources. *Id.*

[6] 19 U.S.C. § 1677(4)(A).

[7] 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."[8]

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 the U.S. Department of Commerce ("Commerce").[9] Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at LTFV is "necessarily the starting point of the Commission's like product analysis."[10] The Commission then defines the domestic like product in light of the imported articles Commerce has identified.[11] 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.[12] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and

[8] 19 U.S.C. § 1677(10).

[9] 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).

[10] *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).

[11] *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).

[12] *See*, *e.g.*, *Cleo*, 501 F.3d at 1299; *NEC Corp. v. Dep't 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).

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

disregards minor variations.[14] It may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[15]

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

> The merchandise covered by these investigations is certain brake drums made of gray cast iron, whether finished or unfinished, with an actual or nominal inside diameter of 14.75 inches or more but not over 16.6 inches, weighing more than 50 pounds. Unfinished brake drums are those which have undergone some turning or machining but are not ready for installation. Subject brake drums are included within the scope whether imported individually or with non-subject merchandise (for example, a hub), whether assembled or unassembled, or if joined with non-subject merchandise. When a subject drum is imported together with non-subject merchandise, such as, but not limited to, a drum-hub assembly, only the subject drum is covered by the scope.
>
> Subject merchandise also includes finished and unfinished brake drums that are further processed in a third country or in the United States, including, but not limited to, assembly or any other processing that would not otherwise remove the merchandise from the scope of these investigations if performed in the country of manufacture of the subject brake drums. The inclusion, attachment, joining, or assembly of non-subject merchandise with subject drums either in the country of manufacture of the subject drum or in a third country does not remove the subject drum from the scope. Specifically excluded is merchandise covered by the scope of the antidumping and countervailing duty orders on certain chassis and subassemblies thereof from the People's Republic of China. *See Certain Chassis and Subassemblies Thereof from the People's Republic of China: Antidumping Duty Order*, 86 FR 36093 (July 8, 2021) and *Certain Chassis and Subassemblies Thereof from the People's Republic of China: Countervailing Duty Order and Amended Final*

[14] *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.").

[15] *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, coextensive with the scope).

Affirmative Countervailing Duty Determination, 86 FR 24844 (May 10, 2021).

The scope also excludes composite brake drums that contain more than 40 percent steel by weight.[16]

The brake drums at issue here are made of gray cast iron with a diameter of 14.75 to 16.6 inches, weighing greater than 50 pounds.[17] They are cylindrical, with one end open, and the other end narrowed with a ring of bolt holes machined into them.[18] Brake drums are part of a certain type of braking system for motor vehicles.[19] As part of a drum-hub assembly,[20] a brake drum rotates along with the wheel and axle of a vehicle, and when brakes are applied a brake shoe is forced against the brake drum, causing friction that slows the vehicle.[21] Larger brake drums provide more stopping power.[22] The brake drums at issue in this proceeding are used primarily on heavy-duty trucks and trailers.[23]

Manufacturing brake drums involves a multi-step process that begins with pouring molten iron into a mold and then cooling it to form the brake drum casting.[24] Rough castings are then loaded into a de-palletizer machine that stacks them on different input lines, matching the brake drum stock keeping unit number ("SKU") to the machine number.[25] Most manufacturers then guide the brake drums to an automated paint booth that paints the exterior of the drum. The painted brake drums then proceed to the machining center.[26]

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[16] CR/PR at I-6; *see also Certain Brake Drums From the People's Republic of China and the Republic of Türkiye: Initiation of Countervailing Duty Investigations*, 89 Fed. Reg. 58106 (July 17, 2024); *Certain Brake Drums From the People's Republic of China and the Republic of Türkiye: Initiation of Less-Than-Fair-Value Investigations*, 89 Fed. Reg. 58116 (July 17, 2024).

[17] CR/PR at I-7.

[18] CR/PR at I-7.

[19] CR/PR at I-7.

[20] A brake drum is fastened to a disc hub using several nuts to form a drum-hub assembly. CR/PR at I-15.

[21] CR/PR at I-7.

[22] CR/PR at I-7.

[23] CR/PR at I-7. They can also be used on other large vehicles like delivery trucks, school buses, garbage trucks, and logging trailers. Conf. Tr. at 36 (Capps), 119-120 (Hurley).

[24] CR/PR at I-10. Brake drum castings may be cast by the brake drum manufacturer or purchased from a third party. *Id.*

[25] CR/PR at I-11.

[26] CR/PR at I-12. Unlike the other producers subject to this proceeding, ConMet employs a patented process (which it calls "TruTurn") in its production operations in China. The TruTurn process involves machining the exterior of the brake drum and painting the brake drum after machining. *Id.*

In the machining center, a computer numerical control ("CNC") machine removes excess metal from the casting using fixturing specific to the casting's SKU.[27] This process involves machining in four areas: (1) the outer diameter and overall height of the brake drum; (2) the brake surface; (3) the inside backface, pilot diameter, and outside backface; and (4) the bolt holes and wear indicator.[28] After machining, the CNC machines measure and verify dimensions.[29] The brake drums are then treated with a rust preventative coating and passed through an air dryer,[30] after which a certified inspector visually inspects them for material defects.[31] Depending on the result of the inspection, the brake drums continue to the balancer or are reworked or scrapped.[32] Next, the brake drums are balanced.[33] Lastly, the brake drums receive a date stamp for serialization and traceability.[34]

A. Arguments of the Parties[35]

Petitioner's Arguments. Petitioner argues that the Commission should define a single domestic like product, coextensive with the scope.[36] Petitioner contends that all brake drums have the same physical characteristics and end uses; share the same production processes and manufacturing facilities using the same employees; are sold through the same channels of distribution; are perceived as a single product category by producers and consumers; and that, although prices of brake drums differ between the original equipment manufacturer ("OEM")

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[27] CR/PR at I-12. Machining is a manufacturing process that creates the desired shape by removing unwanted material from a larger piece of material. *Id.*

[28] CR/PR at I-13. ConMet's TruTurn process involves also machining the exterior of the brake drum. *Id.*

[29] CR/PR at I-13.

[30] CR/PR at I-13.

[31] CR/PR at I-14.

[32] CR/PR at I-14.

[33] CR/PR at I-14. ConMet reports that the TruTurn process's exterior machining step balances the brake drums, obviating the need for a separate balancing step. *Id.*

[34] CR/PR at I-14.

[35] The scope of these investigations "excludes composite brake drums that contain more than 40 percent steel by weight." CR/PR at I-6; *Certain Brake Drums From the People's Republic of China and the Republic of Türkiye: Initiation of Countervailing Duty Investigations*, 89 Fed. Reg. 58106 (July 17, 2024); *Certain Brake Drums From the People's Republic of China and the Republic of Türkiye: Initiation of Less-Than-Fair-Value Investigations*, 89 Fed. Reg. 58116 (July 17, 2024). Petitioner contends that composite brake drums are a separate like product from in-scope brake drums, and that the Commission should not include them within the definition of the domestic like product in these investigations. Pet. Postconference Br. at 8-11. Respondents generally state that composite brake drums are a different product from in-scope brake drums. *See, e.g.,* Conf. Tr. at 129-30 (Marr) (composite brake drums have properties different from in-scope brake drums and fill a different market niche). Whether composite brake drums are manufactured domestically is unclear, and we intend to explore this issue further in any final phase of these investigations.

[36] Pet. Postconference Br. at 2.

market and aftermarket distribution channels, both OEM and aftermarket brake drums follow largely the same pricing trends.[37]

Respondents' Arguments. No Respondents have argued for a different definition of the domestic like product.

B. Analysis and Conclusion

Based on the record, and in the absence of any contrary argument, we define a single domestic like product consisting of all brake drums, coextensive with the scope in these investigations.

Physical Characteristics and Uses. The record indicates that brake drums covered by these investigations share the same basic physical characteristics, as they are made of iron that is cast in the correct shape, painted, machined, and balanced.[38] All brake drums are cylindrical, with one end open, and the other end narrowed with a ring of bolt holes machined into them.[39] All brake drums are used in a braking system as part of a drum-hub assembly and use friction to slow a vehicle.[40] In-scope brake drums are used primarily in heavy-duty trucks and trailers.[41]

Manufacturing Facilities, Production Processes, and Employees. In-scope brake drums are generally produced using the same basic manufacturing process and in the same facilities by the same employees.[42] The producer first casts molten iron into the desired shape using a mold,[43] routes rough castings to different input lines for different machines based on SKU,[44] paints and then machines them to meet desired specifications,[45] inspects them for quality, and then balances and labels the finished drums.[46]

Channels of Distribution. Generally, truck and trailer OEMs purchase brake drums as production parts installed on new trucks and trailers.[47] Dealers, end users, and independent warehouse distributors also purchase them in the aftermarket to replace worn brake drums.[48] Domestically produced brake drums are sold in both the OEM and aftermarket channels.[49]

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[37] Pet. Postconference Br. at 2-6.

[38] CR/PR at I-10–I-15.

[39] CR/PR at I-7.

[40] CR/PR at I-7.

[41] CR/PR at I-7.

[42] CR/PR at I-10–I-15; Conf. Tr. at 14 (Begley); Petitions at I-11.

[43] CR/PR at I-10. Brake drum producers may make their own castings or source them from unaffiliated foundries. *Id.* at I-10–I-11.

[44] CR/PR at I-11.

[45] CR/PR at I-11–I-15.

[46] CR/PR at I-12–I-15.

[47] CR/PR at I-8.

[48] CR/PR at I-8.

[49] CR/PR at Table II-1; *see* Conf. Tr. at 109-110 (Hurley).

Interchangeability. Petitioner reports that all in-scope brake drums sold in the United States are interchangeable, conforming to the same manufacturing standards and meeting the same industry standards.[50] Petitioner states that the same parts can be used both by OEMs and in the aftermarket.[51] Different SKUs may be used in different vehicles,[52] but all are used in the same type of braking system.

Producer and Customer Perceptions. As aftermarket brake drums are designed to replace the brake drums that OEMs purchase and install on trucks and trailers, producers and purchasers perceive OEM and aftermarket brake drums as essentially the same product.[53]

In-scope brake drums are used primarily on heavy duty trucks and trailers and are perceived as a different product from out-of-scope medium or light duty brake drums. Out-of-scope medium duty brake drums involve a different braking system with different brake sizes and different components. Producers of in-scope heavy duty brake drums do not serve such other markets, while producers of out-of-scope medium duty or light duty brake drums do not serve the heavy duty market.[54]

Price. In the U.S. market, brake drum prices appear to vary between different weights of brake drums[55] and between brake drums sold to OEMs and the aftermarket.[56] Petitioner argues that differences in price between brake drums sold to OEMs and those to the aftermarket stem from the general use of long-term contracts for OEM sales, as compared with the greater use of spot market sales for aftermarket sales.[57] Almost 70 percent of the cost of a brake drum comes

[50] CR/PR at I-10; Petitions at I-10, I-12.

[51] *See* Conf. Tr. at 14 (Begley) ("Webb's OEM and aftermarket brake drums utilize the same engineering standards, blueprints, specifications and castings. OEM logos are not required or mandated, so there is no way to distinguish OEM drums from aftermarket drums. Our aftermarket facilities transfer drums to our OEM facilities for sale to OEM customers and vice versa. Even the warranties on all of our drums are the same.").

[52] CR/PR at I-10; DuraBrake Postconference Br. at 10.

[53] CR/PR at Table I-5 (importer ***).

[54] Pet. Postconference Br. at 5; Conf. Tr. at 35-36 (Capps).

[55] *Compare* CR/PR at Table V-4 *with* CR/PR at Table V-6 *and* CR/PR at Table V-5 *with* CR/PR at Table V-7 (showing that in the aftermarket, the heavier pricing product is more expensive than the lighter one, but in sales to OEMs, the lighter pricing product is more expensive).

[56] *Compare* CR/PR at Table V-4 *with* CR/PR at Table V-5 *and* CR/PR at Table V-6 *with* CR/PR at Table V-7 (showing that, for pricing product 1, brake drums sold to OEMs tend to have higher prices than those sold to the aftermarket, and for pricing product 2, brake drums sold to OEMs tend to have lower prices than those sold to the aftermarket).

[57] Pet. Postconference Br. at 6.

from scrap steel (pig iron),[58] and according to Petitioner, long-term contract prices – but not those for spot market sales – contain raw material surcharges.[59]

Conclusion. The record in the preliminary phase of these investigations indicates that all in-scope brake drums serve as part of braking systems that slow vehicles through the application of friction. Such brake drums are all produced from molten iron that is poured into a mold, painted, machined, and balanced in the same facilities using the same employees. The same brake drums are sold in both the OEM and aftermarket, although prices may differ due to the use of long-term contracts as compared with spot market sales. The record also indicates that in-scope brake drums, which are used primarily on heavy duty trucks and trailers, are perceived to be a different product from out-of-scope medium or light duty brake drums. For these reasons, and in the absence of party arguments to the contrary, we define a single domestic like product consisting of brake drums, coextensive with the scope.

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."[60] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We consider 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.[61] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[62]

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[58] Conf. Tr. at 110 (Hurley).

[59] Pet. Postconference Br. at 6.

[60] 19 U.S.C. § 1677(4)(A).

[61] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd mem.*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[62] 19 U.S.C. § 1677(4)(B). 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;

U.S. producer *** is subject to possible exclusion under the related parties provision because it imported subject imports during the period of investigation from January 2021 to March 2024 ("POI").[63] U.S. producer *** also is subject to possible exclusion under the related parties provision because it is related to a U.S. importer of subject merchandise, ***, through a common parent company, ***.[64]

A. Arguments of the Parties

Petitioner's Arguments. Petitioner argues that ***[65] ***.[66] Petitioner asserts that ***.[67] However, Petitioner claims that including ***.[68] Overall, Petitioner argues that it would not be appropriate to exclude *** from the domestic industry for purposes of the preliminary phase of these investigations.[69]

Respondents' Arguments. ConMet states that it is not arguing to exclude any U.S. producers for either importing or purchasing subject imports during the POI, but contends that ***.[70]

B. Analysis and Conclusion

***. *** accounted for *** percent of U.S. production in 2023, was the *** domestic producer of brake drums that year, and is ***.[71] *** directly imported brake drums from ***.[72] It imported *** units of subject merchandise in 2022 and *** units in 2023.[73] These quantities were quite small in relation to the company's domestic production; its subject imports equated

(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), *aff'd*, 839 F.3d 1377 (Fed. Cir. 2018); *see also Torrington Co.*, 790 F. Supp. at 1168.

[63] CR/PR at III-2, III-13, Table III-12.

[64] CR/PR at III-2, III-13, Tables III-2, III-11.

[65] Petitioner's discussion refers to ***, the parent of U.S. producer ***.

[66] Pet. Postconference Br. at Exh. QA at 17.

[67] Pet. Postconference Br. at Exh. QA at 17.

[68] Pet. Postconference Br. at 17.

[69] Pet. Postconference Br. at 17.

[70] ConMet Postconference Br. at Appx. A at 14.

[71] CR/PR at III-13, Table III-1.

[72] CR/PR at III-13.

[73] CR/PR at III-13, Table III-12.

to *** percent in 2022 and *** percent in 2023.[74] *** explains that it began importing because ***. ***.[75]

The record of the preliminary phase of the investigations indicates that *** imports of subject merchandise comprised no more than *** percent of its domestic production. It is also the *** domestic producer and *** in these investigations.[76] In view of the foregoing, *** primary interest appears to be in domestic production. Further, there is no indication in the record that *** imports of subject merchandise benefited *** domestic production operations such that its inclusion in the domestic industry would mask injury to the domestic industry. Additionally, excluding *** would skew the domestic industry data by excluding the *** domestic producer. For these reasons, and in the absence of party arguments to the contrary, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related parties provision.

***. *** accounted for *** percent of U.S. production in 2023, was the *** domestic producer of brake drums that year, and ***.[77] It is related to ***, a U.S. importer of subject merchandise from ***, through their common parent, ***.[78] *** imported brake drums from *** in *** totaling *** units in 2021, *** units in 2022, and *** units in 2023, with *** units in interim 2023 and *** units in interim 2024.[79] The ratio of its affiliated importer's imports to *** domestic production was *** percent in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024.[80] *** explains that it imported because of ***.[81] *** operating income to net sales ratio was *** in ***.[82]

*** accounted for a substantial share of domestic production and its primary interest appears to be in domestic production (it did not itself import subject merchandise). There is no indication that *** affiliation with *** acted to shield *** domestic production operations from subject import competition such that its inclusion in the domestic industry would mask injury to the domestic industry. Further, no party supports *** exclusion from the domestic industry. Based on the foregoing, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

[74] CR/PR at III-13, Table III-12.
[75] CR/PR at Table III-13.
[76] CR/PR at Table III-1.
[77] CR/PR at III-12, Table III-1.
[78] CR/PR at III-12.
[79] CR/PR at Table III-11.
[80] CR/PR at III-12, Table III-11.
[81] CR/PR at Table III-13.
[82] CR/PR at Table VI-3.

Accordingly, based on our definition of the domestic like product, we define the domestic industry to include all domestic producers of brake drums, namely, Webb Wheel and Gunite.[83]

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.[84] The statute further provides that subject imports from a single country which comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States.[85] In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative ("USTR")), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent.[86]

A. Arguments of the Parties

Petitioner's Arguments. Petitioner argues that questionnaire data show that subject imports were not negligible during June 2023 through May 2024.[87]

Respondents' Arguments. The government of Turkey contends that subject merchandise is classified under the HTS subheading 8708.30.50 and that Turkey's share of imports under this subheading from June 2023 to May 2024 is well below 3 percent (specifically, 0.42 percent).[88] The government of Turkey argues that this level is negligible and that the Commission should accordingly terminate the investigations as to Turkey.[89]

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[83] It is unclear from the record in this preliminary phase whether a third company, Meritor, produced in-scope brake drums during the POI. We intend to investigate Meritor's production further in any final phase of these investigations.

[84] 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)).

[85] 19 U.S.C. § 1677(24)(A)(ii).

[86] 19 U.S.C. § 1677(24)(B). The USTR has deemed neither of the subject countries in these investigations a developing country. *See Designations of Developing and Least Developed Countries Under the Countervailing Duty Law*, 85 Fed. Reg. 7613 (Feb. 10, 2020).

[87] Pet. Postconference Br. at 12, Exh. 5.

[88] Gov't of Turkey Postconference Br. at 2.

[89] Gov't of Turkey Postconference Br. at 2.

B. Analysis and Conclusion

During the 12-month period preceding the filing of the petitions (June 2023 through May 2024), imports of brake drums from China accounted for *** percent of total imports and imports of brake drums from Turkey accounted for *** percent of total imports.[90] The Commission based the total volume of imports of brake drums from subject and nonsubject countries on questionnaire responses, which include only in-scope merchandise.[91] The government of Turkey's calculations were based on HTS subheading 8708.30.50, which includes out-of-scope merchandise such as brake rotors (discs), mounted brake linings, and a basket "other" category.[92] As subject imports are above negligible levels, we find that imports of brake drums from China and Turkey 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.[93]

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

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

[92] Gov't of Turkey Postconference Br. at 2; Harmonized Tariff Schedule of the United States 8708.30.50.

[93] *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).

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.[94] Only a "reasonable overlap" of competition is required.[95]

A. Arguments of the Parties

Petitioner's Arguments. Petitioner argues that imports of brake drums from China and Turkey should be cumulated for purposes of assessing material injury by reason of subject imports.[96] Petitioner asserts there is a reasonable overlap in competition between and among subject imports from China and Turkey and the domestic like product because imports from China and Turkey are fungible with each other and domestically produced brake drums, they compete in the same geographic markets, they are sold in the same channels of distribution, and they are simultaneously present in the U.S. market.[97]

Respondents' Arguments. No respondents argued that subject imports from China and Turkey should not be cumulated.

B. Analysis and Conclusion

We consider subject imports from China and Turkey on a cumulated basis as we find that the statutory criteria for cumulation are satisfied. As an initial matter, Petitioner filed the antidumping and countervailing duty petitions with respect to both China and Turkey on the same day, June 20, 2024.[98]

Fungibility. The record indicates that domestically produced brake drums and imports from China and Turkey are generally fungible. U.S. producers reported that ***.[99] Most responding importers reported that U.S. brake drums were always interchangeable with those from China and Turkey and that brake drums from China and Turkey were interchangeable with each other.[100] Some subject producers' marketing materials list U.S. competitors' part numbers as corresponding to their own products, indicating that they consider their products to be

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

[95] 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. 103-316, 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.").

[96] Pet. Postconference Br. at 16.

[97] Pet. Postconference Br. at 16-18.

[98] None of the statutory exceptions to cumulation applies.

[99] CR/PR at II-13, Table II-7.

[100] CR/PR at II-13, Table II-8.

interchangeable with U.S. products.[101] Additionally, U.S. producers and importers each shipped brake drums in all four weight categories for which the Commission gathered information, with the middle two categories comprising the majority of shipments for both.[102]

Channels of Distribution. U.S. producers sold to both the aftermarket and OEMs, but the majority of their sales were to the aftermarket.[103] Imports from China and Turkey were also sold to both channels with a majority generally sold to the aftermarket.[104]

Geographic Overlap. U.S. producers and importers of subject merchandise from China and Turkey reported selling brake drums to all regions of the United States.[105] Official import statistics indicate that imports from China and Turkey entered the United States through ports located in all regions, with the largest concentration of imports from both subject countries entering at ports in the North and East regions.[106]

Simultaneous Presence in Market. The domestic like product was present in the U.S. market throughout the POI.[107] Imports from each of the subject sources were present in the U.S. market in all 40 months from January 2021 to April 2024.[108]

Conclusion. The record indicates that subject imports from China and Turkey are generally fungible with the domestic like product and each other. The record also indicates that there was a substantial overlap in shipments of the domestic like product and merchandise

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[101] CR/PR at I-10; Petitions at Exhs. 1-2.

[102] CR/PR at IV-8, Table IV-4. Those weight categories were: (1) greater than 50 pounds and less than 97 pounds; (2) greater than or equal to 97 pounds and less than or equal to 106 pounds; (3) greater than 106 pounds but no greater than 113 pounds; and (4) greater than 113 pounds.

[103] CR/PR at Tables IV-9, IV-10.

[104] CR/PR at Tables II-1, IV-9, IV-10. U.S. shipments to OEMs accounted for *** percent of domestic producers' U.S. shipments in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024. *Id.* at Table II-1. Importers sold *** percent of their U.S. shipments of imports from China to OEMs in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024. *Id.* Importers sold *** percent of their U.S. shipments of imports from Turkey to OEMs in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024. *Id.*

U.S. shipments to the aftermarket accounted for *** percent of domestic producers' U.S. shipments in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024. *Id.* Importers sold *** percent of their U.S. shipments of imports from China to the aftermarket in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024. *Id.* Importers sold *** percent of U.S. shipments of imports from Turkey to the aftermarket in 2021, *** percent in 2022, *** percent in 2023, *** percent in interim 2023, and *** percent in interim 2024. *Id.*

[105] CR/PR at II-3, Table II-2.

[106] CR/PR at IV-11, Table IV-5.

[107] *See* CR/PR at Tables V-4 to V-7.

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

from China and Turkey in the OEM and aftermarket distribution channels. The record further indicates that imports from China and Turkey and the domestic like product were sold in overlapping geographic markets and were simultaneously present in the U.S. market throughout the POI. In light of the foregoing, we find that there is a reasonable overlap of competition between the domestic like product and imports from China and Turkey and between imports from China and Turkey. Because there is a reasonable overlap of competition between and among subject imports from China and Turkey and the domestic like product, we cumulate subject imports from China and Turkey for our analysis of whether there is a reasonable indication 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.[109] 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.[110] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[111] 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.[112] 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."[113]

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,[114] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's

[109] 19 U.S.C. §§ 1671b(a), 1673b(a).

[110] 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).

[111] 19 U.S.C. § 1677(7)(A).

[112] 19 U.S.C. § 1677(7)(C)(iii).

[113] 19 U.S.C. § 1677(7)(C)(iii).

[114] 19 U.S.C. §§ 1671b(a), 1673b(a).

reasonable exercise of its discretion.[115] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[116]

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.[117] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[118] Nor does

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[115] *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'd,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[116] 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).

[117] 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.

[118] 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

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.[119] It is clear that the existence of injury caused by other factors does not compel a negative determination.[120]

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."[121] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other

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

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

[120] *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.").

[121] *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*.

sources to the subject imports." [122] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[123]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[124] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[125]

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

Brake drums are typically used in the braking system of heavy-duty trucks and trailers, as well as other large vehicles like delivery trucks, school buses, garbage trucks, and logging trailers.[126] *** 18 of 31 importers indicated that the U.S. market for brake drums was subject to business cycles.[127] Specifically, demand for brake drums tends to be higher in spring and summer because of increased vehicle maintenance and road construction during those seasons.[128] Firms also reported that demand was related to the overall economy and truck activity.[129]

U.S. producers and U.S. importers had mixed responses regarding changes in demand during the POI.[130] *** U.S. producer reported U.S. demand ***; 11 importers reported that U.S. demand decreased, 10 reported it increased, and 7 reported it was unchanged.[131]

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[122] *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.

[123] *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.").

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

[125] *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.").

[126] CR/PR at I-3 n.6, I-7; Conf. Tr. at 36 (Capps), 119-120 (Hurley).

[127] CR/PR at II-10.

[128] CR/PR at II-10; Conf. Tr. at 51-52 (Capps, Begley); DuraBrake Postconference Br. at 4.

[129] CR/PR at II-10.

[130] CR/PR at II-10, Table II-5.

[131] CR/PR at II-10, Table II-5.

Sales to OEMs and to the aftermarket are the principal distribution channels in the U.S. market. Truck sales drive OEM demand for brake drums, while the tonnage and mileage of existing trucks drive demand for brake drums in the aftermarket.[132] U.S. heavy truck sales fluctuated upward over the period with their lowest value in January 2022 and their peak in December 2022, and sales of heavy trucks were 9.8 percent higher in 2023 than in 2021.[133] Trucking tonnage reached its lowest point in August 2021 and remained below January 2021 levels from February 2021 to October 2021, peaked in September 2022, and then fluctuated downwards, ending the period close to its initial level.[134]

Petitioner claims that demand for brake drums is inelastic.[135] Substitutes for brake drums are limited; air disc brakes are a substitute in new truck and trailer builds but not for replacement brake drums in the aftermarket.[136] Air disc brakes have increasingly been used instead of brake drums in new trucks and trailers.[137] Approximately 40 percent of new truck builds, but a smaller share of new trailers, reportedly have air disc brakes.[138] *** reported that market share gains for air disc brakes had led to decreases in OEM demand for brake drums.[139]

ConMet and DuraBrake contend that pent up demand due to COVID-19-related supply constraints pushed demand from 2020 and 2021 into 2022, and that demand has since declined, particularly in the aftermarket.[140]

Apparent U.S. consumption of brake drums decreased irregularly over the POI. It increased from *** units in 2021 to *** units in 2022, before declining to *** units in 2023, a level *** percent lower than in 2021.[141] Apparent U.S. consumption was *** percent lower, at *** units, in interim 2024 than in interim 2023, at *** units.[142]

2. Supply Conditions

The domestic industry was the largest source of brake drums in the U.S. market throughout the POI. Its share of apparent U.S. consumption decreased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023, which was *** percentage points less than in

[132] CR/PR at II-7; *see also* ConMet Postconference Br. at 5-6, Appx. A at 3-4, Exhs. 1-3; DuraBrake Postconference Br. at 5-6.

[133] CR/PR at II-7, Table II-4, Figure II-1.

[134] CR/PR at II-7, Table II-4, Figure II-2.

[135] Pet. Postconference Br. at 14.

[136] CR/PR at II-11; *see also* Pet. Postconference Br. at 14; ConMet Postconference Br. at 4.

[137] CR/PR at II-11.

[138] CR/PR at II-11; Conf. Tr. at 73-74 (Begley); *see also* Pet. Postconference Br. at 41-42, Exh. QA at 26; ConMet Postconference Br. at 4.

[139] CR/PR at II-11.

[140] ConMet Postconference Br. at 4-5, Appx. A at 3-4; DuraBrake Postconference Br. at 1, 3.

[141] CR/PR at IV-17, Tables IV-7, C-1.

[142] CR/PR at IV-17, Tables IV-7, C-1.

2021, but its share of apparent U.S. consumption was *** percentage points higher in interim 2024, at *** percent, than in interim 2023, at *** percent.[143]

U.S. producers reported increased capacity and decreased capacity utilization from 2021 to 2023.[144] In 2023, ***, and in January 2024, Webb Wheel purchased a line of pre-adjusted hub assembly products.[145] In March 2024, Accuride announced that its Gunite-branded 3922X cast iron brake drum will be produced in a new location, Accuride's Rockford, Illinois foundry.[146]

Cumulated subject imports were the second largest source of supply during the POI. Their share of apparent U.S. consumption increased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023, for an overall increase of *** percentage points.[147] Subject imports' share of apparent U.S. consumption was *** percentage points lower in interim 2024, at *** percent, than in interim 2023, at *** percent.[148]

Imports from nonsubject countries were the smallest source of brake drums during the POI. Their market share declined from *** percent in 2021 to *** percent in 2022 and *** percent in 2023, for an overall decrease of *** percentage points, but was *** percent higher in interim 2024, at *** percent, than in interim 2024, at *** percent.[149] Importers reported importing nonsubject brake drums from ***.[150]

***,[151] which they attributed to ***.[152] Importers reported that U.S. manufacturers – and particularly Webb Wheel – put them on allocations or refused to sell them brake drums, and that the availability of domestically produced brake drums was particularly limited in the aftermarket.[153] Seventeen of 31 importers reported that they had experienced supply constraints since January 1, 2021, but *** reported they had not experienced supply constraints.[154] Supply constraints on cumulated subject imports included high ocean freight

[143] CR/PR at IV-18, Tables IV-7, C-1.
[144] CR/PR at III-6, Tables III-7, C-1. Only *** increased its capacity. CR/PR at III-4, Table III-7.
[145] CR/PR at Tables III-3, III-4.
[146] CR/PR at Table III-3.
[147] CR/PR at IV-18, Tables IV-7, C-1.
[148] CR/PR at IV-18, Tables IV-7, C-1.
[149] CR/PR at IV-18, Table IV-7.
[150] CR/PR at II-6, IV-3.
[151] CR/PR at II-6.
[152] CR/PR at II-6; *see also* Pet. Postconference Br. at 39-40, Exh. QA at 9-10, 21, Exh. 22 (reporting supply constraints such as the availability of pig iron).
[153] CR/PR at II-6 ("*** reported that during the pandemic, it was unable to get drums from Webb Wheel and *** reported that Webb put it on a monthly allocation in 2021); ConMet Postconference Br. at Exhs. 8-9 (affidavits of company officials from two of Webb's customers).
[154] CR/PR at II-6.

costs and extended lead times, particularly in 2021 and 2022.[155] Petitioner and Respondents claim that the COVID-19 pandemic caused many of the supply constraints on both domestically produced and cumulated subject imports. As discussed above, both U.S. producers and importers of subject brake drums primarily serve the aftermarket, although to different degrees: approximately *** percent of domestically produced brake drums, approximately *** percent of imports from Turkey, and *** of imports from China are sold to the aftermarket.[156]

Respondents claim that, because Webb Wheel is not an integrated producer[157] and must rely on a separate entity, Waupaca,[158] to provide it with castings for its brake drums, the availability of castings is a supply constraint.[159] Webb Wheel asserts that it ***, that ensures supply continuity and increases its capacity.[160]

3. Substitutability and Other Conditions

Based on the record in the preliminary phase of these investigations, we find that there is a moderate to high degree of substitutability between domestically produced brake drums and cumulated subject imports. U.S. producers reported that ***.[161] Most responding importers reported that U.S.-produced brake drums were always interchangeable with those from China and Turkey and brake drums produced in China and Turkey were always interchangeable with each other.[162]

Brake drums intended for sale through OEMs must undergo testing to meet Federal Motor Vehicle Safety Standard 121, which is the standard that governs stopping distance performance for heavy trucks.[163] There is no such testing requirement for brake drums sold through the aftermarket,[164] but the record indicates there are federal stopping distance

[155] ConMet Postconference Br. at 7; DuraBrake Postconference Br. at 7; *see also* CR/PR at II-6.

[156] CR/PR at Table II-1. Section VI.B above and section VII.E below include more detailed discussions of this OEM-aftermarket split.

[157] An integrated producer has its own foundry that produces the necessary castings. U.S. producer Gunite is an integrated producer. CR/PR at I-11, V-1.

[158] Waupaca is the *** supplier of castings to Webb Wheel. CR/PR at I-11; Pet. Postconference Br. at Exh. QA at 22. DuraBrake claims Waupaca is the only foundry in the United States that makes brake drum castings at scale. Conf. Tr. at 115-16 (Cullerton).

[159] ConMet Postconference Br. at 6-7, Appx. A at 6, Exhs. 5-6; EKU Postconference Br. at 3, 9-10. EKU also claims that Waupaca has experienced financial problems, lay-offs, and difficulty sourcing pig iron. EKU Postconference Br. at 3, 8-10.

[160] Pet. Postconference Br. at 40, Exh. QA at 21-22, 25.

[161] CR/PR at II-13, Table II-7.

[162] CR/PR at II-13, Table II-8.

[163] CR/PR at I-10, I-10 n.33

[164] *See* CR/PR at I-10; Conf. Tr. at 149 (Marr) ("I'm not aware of any such requirements in the aftermarket.").

regulations that brake drums must meet regardless of whether they are sold through OEMs or the aftermarket.[165]

Additionally, *** U.S. producers reported that differences other than price between domestic and imported products (from China, Turkey, and all other sources) were *** significant in their sales.[166] Most responding importers reported that differences other than price between each country source were at least sometimes significant factors in their sales of the product.[167] Differences other than price reported by firms included availability/reliability; quality/performance; lead time; product selection; brand recognition; customer service; customer preferences for specific producers; and that Chinese producers more flexibly expand product lines while U.S. producers focus solely on their established line.[168]

We also find that price is an important factor in purchasing decisions for brake drums. The most often cited top factors that purchasers responding to the lost sales and lost revenue survey reported considering in their purchasing decisions for brake drums are price, quality, manufacturer/brand, and availability/delivery, with price being the most commonly cited factor.[169] All four responding purchasers that stated they purchased subject imports instead of domestically produced brake drums reported that subject import prices were lower than prices of U.S.-produced brake drums, and that price was a primary reason for their decision to purchase subject imports rather than U.S.-produced product.[170]

Effective September 24, 2018, brake drums produced in China and imported under HTS subheading 8708.30.50 were subject to an additional 10 percent *ad valorem* duty under section 301 of the Trade Act of 1974. The additional duty rate increased to 25 percent on May 10, 2019.[171]

Both U.S. producers and importers primarily sell brake drums from inventories.[172] U.S. producers reported that *** percent of their commercial shipments were from inventories, with

[165] *See* CR/PR at I-10 n.33; Conf. Tr. at 149 (Cullerton) ("I would just add that there has come up in other points of the hearing today there are stopping distance regulations that govern all products in the market, whether that's OEM or aftermarket, and so those are definitely relevant here.").

[166] CR/PR at II-14, Table II-9.

[167] CR/PR at II-14, Table II-10.

[168] CR/PR at II-14.

[169] CR/PR at II-12, Table II-6. ConMet and EKU argue that quality, rather than price, is the main factor driving purchasing decisions. ConMet Postconference Br. at 8, Appx. A at 3, 7-9, Exh. 8; EKU Postconference Br. at 4, 8-9. In any final phase of these investigations, we intend to examine further the extent to which factors other than price affect purchasing decisions.

[170] CR/PR at V-26, Table V-19.

[171] CR/PR at I-7.

[172] CR/PR at II-12.

lead times averaging *** days.[173] The remaining *** percent of their commercial shipments were produced to order, with lead times averaging *** days.[174] Importers reported that *** percent of their commercial shipments were from U.S. inventories, with lead times averaging *** days.[175] They reported that *** percent were produced to order and *** percent were from foreign inventories, with average lead times of *** and *** days, respectively.[176]

Brake drums are sold on both a spot basis, particularly in the aftermarket, and on a long-term contract basis, which is more common in the OEM segment.[177] U.S. producer ***.[178] The majority of import sales (approximately *** percent) were under long-term contracts, with nearly all of the remainder sold under short-term contracts or spot market sales.[179] *** U.S. producers and importers reported that their contracts ***.[180]

Pig iron is a main raw material used to make castings for brake drums.[181] Prices of pig iron fluctuated over the POI, with a large spike in the first half of 2022, but were lower in the first quarter of 2024 than they were in the first quarter of 2021.[182] The war in Ukraine affected pig iron supply because Russia and Ukraine together reportedly account for approximately 60 percent of the world's merchant pig iron supply.[183]

Because Webb Wheel purchases pre-made castings while Gunite produces its own castings, their raw material usages differ. Gunite reported that its raw materials for brake drums are ***. [184] Webb Wheel reported that its overall raw material prices ***.[185] Gunite reported that the price of its raw materials ***.[186] Most responding importers (17 of 28) reported that raw material prices have increased since January 1, 2021.[187]

ConMet contends that new brake drum suppliers face barriers to entry in the U.S. market, including certification and testing to meet Federal Motor Vehicle Safety Standards and

[173] CR/PR at II-12.
[174] CR/PR at II-12.
[175] CR/PR at II-12.
[176] CR/PR at II-12.
[177] CR/PR at V-4; Conf. Tr. at 69 (Begley), 145 (Hurley); *see also* ConMet Postconference Br. at 3-4, Appx. A at 11-12; Pet. Postconference Br. at Exh. QA at 15, 18, 28.
[178] CR/PR at V-4, Table V-3.
[179] CR/PR at V-4, Table V-3.
[180] CR/PR at V-4.
[181] CR/PR at V-1.
[182] CR/PR at V-1, Table V-1, Figure V-1.
[183] CR/PR at V-1.
[184] CR/PR at V-1.
[185] CR/PR at V-1.
[186] CR/PR at V-1.
[187] CR/PR at V-1.

customer standards.[188] It asserts that SAE J2686, which includes recommendations for performance and durability testing, defines the industry-accepted brake drum validation requirements.[189] Petitioner argues that subject imports' success in increasing their penetration of the U.S. market demonstrates that there are no barriers to entry.[190]

C. Volume of Cumulated 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."[191]

The volume of cumulated subject imports increased from 1.9 million units in 2021 to 3.0 million units in 2022, before declining to 2.1 million units in 2023, for an overall increase of 10.4 percent.[192] The volume of cumulated subject imports was 21.9 percent lower in interim 2024, at 575,578 units, than in interim 2023, at 736,567 units.[193] The increase in volume during the full years of the POI occurred as apparent U.S. consumption declined by *** percent from 2021 to 2023.[194]

Cumulated subject imports as a share of apparent U.S. consumption increased over the POI, from *** percent in 2021 to *** percent in 2022 and *** percent in 2023, for an overall increase of *** percentage points.[195] Cumulated subject imports' market share was *** percentage points lower in interim 2024, at *** percent, than in interim 2023, at *** percent.[196] [197]

Based on the record of this preliminary phase of the investigations, we conclude that the volume of cumulated subject imports and the increase in that volume are significant, both in absolute terms and relative to consumption in the United States.

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[188] ConMet Postconference Br. at 8, Appx. A at 10, Exh. 18; *see also* EKU Postconference Br. at 4.

[189] SAE J2686 is a report issued in 2012 by SAE International, a nongovernmental standards organization, providing recommended practices for qualifying and comparing brake drums used on highway commercial vehicles. ConMet Postconference Br. at Appx. A at 9, Exh. 17.

[190] Pet. Postconference Br. at 14-15.

[191] 19 U.S.C. § 1677(7)(C)(i).

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

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

[194] CR/PR at IV-17, Table IV-7.

[195] CR/PR at IV-18, Tables IV-7, C-1.

[196] CR/PR at IV-18, Tables IV-7, C-1.

[197] ConMet argues that the volume of cumulated subject imports is not significant because it declined later in the POI, when Petitioner claims it was injured. ConMet Postconference Br. at 9, Appx. A at 13. However, despite declining from its peak in 2022, the absolute volume of cumulated subject imports remained 10.4 percent above their 2021 level in 2023, with a market share *** percentage points higher than in 2021. CR/PR at IV-18, Tables IV-2, IV-7, C-1.

D. Price Effects of the Cumulated 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.[198]

As addressed in section VII.B.3. above, we have found a moderate-to-high degree of substitutability between the domestic like product and cumulated subject imports and that price is an important factor in purchasing decisions for brake drums.[199]

We have examined several sources of data for our underselling analysis. The Commission collected quarterly quantity and f.o.b. pricing data on sales of two products shipped to unrelated U.S. customers during January 2021–March 2024.[200] Firms reported data separately for sales to OEM and aftermarket customers.[201] Both U.S. producers and 18 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[202] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. shipments of brake drums and *** percent of U.S. shipments of U.S. imports from subject countries in 2023.[203]

Prices for brake drums imported from China and Turkey were below those for U.S.-produced brake drums in 30 of 52 instances (representing 53.8 percent of reported total units of subject imports in the Commission's pricing data);[204] margins of underselling ranged from 0.1 to 45.3 percent, with an average underselling margin of 18.0 percent.[205] In the remaining 22

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[198] 19 U.S.C. § 1677(7)(C)(ii).

[199] *See* Section VII.B.3 above.

[200] CR/PR at V-5. These two pricing products were: (1) value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds; and (2) standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds. *Id.*

[201] CR/PR at V-5.

[202] CR/PR at V-6.

[203] CR/PR at V-6. Subject import prices for China and Turkey are combined in the pricing data since ***. *Id.*

[204] Or 1,702,275 units. CR/PR at V-21, Tables V-13, V-14.

[205] CR/PR at V-21, Tables V-13, V-14.

instances (representing 46.2 percent of reported total units of subject imports in the pricing data),[206] prices for brake drums imported from subject countries were between 1.5 and 42.3 percent above prices for the domestic product, with an average overselling margin of 14.0 percent.[207] While there was predominant overselling by subject imports in 2021 and 2022, occurring in 21 of 32 instances (representing *** percent of reported total units of subject imports in the pricing data), underselling by subject imports was almost universal in 2023 and interim 2024, occurring in 19 of 20 instances (representing *** percent of reported total units of subject imports in the pricing data).[208]

The Commission also collected import purchase cost data from firms that imported these products for their own use or retail sale.[209] Ten importers reported usable import purchase cost data for pricing products 1 and 2 on a landed duty paid ("LDP") basis.[210] Purchase cost data reported by these firms accounted for *** percent of imports from subject countries in 2023.[211]

LDP costs for brake drums imported from subject countries were below the sales price for U.S.-produced product in 32 of 45 instances (representing 79.6 percent of reported total units of subject imports);[212] price-cost differentials ranged from 5.3 to 62.4 percent and averaged 25.1 percent.[213] In the remaining 13 instances (representing 20.4 percent of reported total units of subject imports),[214] LDP costs for brake drums imported from subject countries were between 1.4 and 26.4 percent above sales prices for the domestic product, with an average price differential of 11.5 percent.[215]

We recognize that import purchase cost data may not reflect the total cost of importing. Therefore, we requested that importers provide additional information regarding the costs and benefits of directly importing brake drums.[216] Seven of 15 responding importers reported that they incurred additional costs beyond LDP costs by importing brake drums themselves rather

[206] Or 1,463,910 units. CR/PR at V-21, Tables V-13, V-14.
[207] CR/PR at V-21, Tables V-13, V-14.
[208] CR/PR at Table V-14.
[209] CR/PR at V-13, V-23.
[210] CR/PR at V-13.
[211] CR/PR at V-13. Three importers accounted for almost all the purchase cost data reported for January 2021-March 2024: ***. *Id.*
[212] Or 730,173 units. CR/PR at Tables V-15, V-16.
[213] CR/PR at V-23, Tables V-15, V-16.
[214] Or 186,615 units. CR/PR at Tables V-15, V-16.
[215] CR/PR at V-23, Tables V-15, V-16.
[216] CR/PR at V-13. Some firms that did not provide purchase cost data provided responses, which are included in the following discussion. *Id.*

than purchasing from a U.S. producer or U.S. importer.[217] Of these, five estimated the total additional cost incurred; estimates ranged from 2 to 18 percent of the LDP value.[218] Firms stated that directly importing requires additional inventories because of the longer lead times and that they must warehouse and ship the brake drums themselves.[219] Ten importers reported that they compare costs of importing to the cost of purchasing from a U.S. importer and eight compare to the cost of purchasing from a U.S. producer in determining whether to import brake drums.[220] Sixteen importers identified benefits from importing brake drums themselves instead of purchasing from U.S. producers or importers, including: price/cost; quality; availability/reliability of supply; allows firm to compete with other low priced imports; and enabled bulk purchases.[221] Nine importers estimated that they saved between *** percent of the purchase price by importing brake drums rather than purchasing from a U.S. producer, and 11 importers estimated saving between *** percent compared to purchasing the product from a U.S. importer.[222] Thus, importers generally reported that there were cost benefits associated with importing subject imports directly, and any reported additional costs associated with such importing were below the average cost-price differential.

We have also considered purchasers' responses to the lost sales/lost revenue survey. Four of the six responding purchasers reported that, since 2021, they had purchased imported brake drums from subject countries instead of U.S.-produced product.[223] All four of these purchasers reported that subject import prices were lower than prices of U.S.-produced brake drums, and all four also reported that price was a primary reason for the decision to purchase imported brake drums rather than U.S.-produced brake drums.[224] These four purchasers estimated the quantity of brake drums purchased from subject countries instead of from U.S. producers, with a reported total of 89,891 units.[225] This volume of sales lost to subject imports from China and Turkey equates to *** percent of responding purchasers' total purchases of brake drums from China and Turkey during the POI, and *** percent of total reported U.S. shipments of cumulated subject imports from China and Turkey during the POI.[226] No

[217] CR/PR at V-13.
[218] CR/PR at V-13.
[219] CR/PR at V-13.
[220] CR/PR at V-13.
[221] CR/PR at V-14.
[222] CR/PR at V-14.
[223] CR/PR at V-26, Tables V-19, V-20. All four reported purchasing imports from China and two reported purchasing imports from Turkey. *Id.* at V-26.
[224] CR/PR at V-26.
[225] CR/PR at V-26, Table V-19.
[226] CR/PR at Tables IV-7, V-17, V-19, V-20.

purchaser identified any non-price reasons for purchasing subject imports instead of U.S.-produced product.[227] [228]

Based on the foregoing, including the moderate-to-high degree of substitutability between domestically produced brake drums and cumulated subject imports from China and Turkey, the importance of price in purchasing decisions for brake drums, and the available pricing and purchase cost data and the lost sales information, we find, for purposes of these preliminary determinations, that underselling by cumulated subject imports from China and Turkey was significant.[229] The underselling caused subject imports to gain sales and market share from the domestic industry. The domestic industry lost *** percentage points of market share to cumulated subject imports between 2021 and 2023, including *** percentage points of market share to cumulated subject imports between 2022 and 2023, when underselling by cumulated subject imports was almost universal.[230]

We have also considered price trends during the POI, when domestic prices fluctuated upward for both pricing products in the OEM and aftermarket.[231] Domestic producers' prices for pricing product 1 to OEMs increased steadily, for an overall increase of *** percent between the first quarter of 2021 and the first quarter of 2024.[232] In the aftermarket, domestic producers' prices for pricing product 1 increased between the first quarter of 2021 and fourth quarter of 2022, then declined, for an overall increase of *** percent.[233] Domestic producers' prices to OEMs for pricing product 2 fluctuated upward, with their peak in the third quarter of 2023, for an overall increase of *** percent.[234] Domestic producers' prices for pricing product 2 in the aftermarket increased, peaking in the third quarter of 2022 before fluctuating downwards, for an overall increase of *** percent.[235]

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[227] CR/PR at V-26.

[228] However, purchaser *** stated that *** and explained that ***. CR/PR at V-27 n.14.

[229] ConMet claims that its TruTurn brake drums are a "premium product," that TruTurn brake drums therefore command a higher price, and that its TruTurn brake drums consequently do not compete with U.S. producers based on price. ConMet Postconference Br. at 8; *see also* Conf. Tr. at 109 (Hurley) ("Truck manufacturers do not buy our brake drums based on price. They pay a premium for ConMet's highly engineered TruTurn brake drums because of the technical advantages."). However, ConMet's products ***. *Derived from* CR/PR Tables V-4 to V-7 *and* ConMet Importer Questionnaire Response at III-2b.

[230] CR/PR at IV-18, Tables IV-7, C-1.

[231] CR/PR at Tables V-4–V-7.

[232] CR/PR at Tables V-4, V-12.

[233] CR/PR at Tables V-5, V-12.

[234] CR/PR at Tables V-6, V-12.

[235] CR/PR at Tables V-7, V-12.

Import prices fluctuated but increased overall for both pricing products to OEMs and in the aftermarket, though overall price increases were less than domestic producers' increases.[236] In the OEM segment, importers' prices for pricing product 1 fluctuated upward, peaking in the third quarter of 2022, before declining, resulting in an overall increase of *** percent between the first quarter of 2021 and the first quarter of 2024.[237] In the aftermarket, importers' prices for pricing product 1 increased, peaking in the third quarter of 2022, before fluctuating downward, for an overall increase of *** percent.[238] Import prices for pricing product 2 to OEMs peaked in the first quarter of 2022 before decreasing, resulting in an overall increase of *** percent, and import prices for pricing product 2 to the aftermarket peaked in the third quarter of 2022 before declining, for an overall increase of *** percent.[239]

The purchase cost data followed similar patterns, showing an overall increase in importers' LDP costs. In the OEM segment, the subject import purchase costs for pricing product 1 peaked in the fourth quarter of 2022 before declining, for an overall increase of *** percent.[240] In the aftermarket, the subject import purchase costs for pricing product 1 peaked in the first quarter of 2023 before declining, resulting in an overall increase of *** percent.[241] Subject import purchase costs for pricing product 2 in the OEM segment reached their highest point in the first quarter of 2022, plateaued, and then began decreasing in the first quarter of 2023, for an overall increase of *** percent. In the aftermarket, subject import purchase costs for pricing product 2 peaked in the third quarter of 2022 before declining, resulting in an overall increase of *** percent.[242] [243]

We have also examined whether subject imports prevented price increases for domestically produced brake drums which otherwise would have occurred. The domestic industry's total cost of goods sold ("COGS") to net sales ratio decreased irregularly, decreasing from *** percent in 2021 to *** percent in 2022 before increasing to *** percent in 2023, an overall decrease of *** percentage points.[244] The COGS-to-net-sales ratio was *** percentage

[236] CR/PR at Tables V-4–V-7, V-12.
[237] CR/PR at Tables V-4, V-12.
[238] CR/PR at Tables V-5, V-12.
[239] CR/PR at Tables V-6–V-7, V-12.
[240] CR/PR at Tables V-8, V-12.
[241] CR/PR at Tables V-9, V-12.
[242] CR/PR at Tables V-10–V-12. Aftermarket subject import purchase cost data for pricing product 2 were only reported in seven of 13 quarters. *Id.*
[243] DuraBrake claims that price declines in 2023 merely followed the decrease in brake drum producers' raw material costs. DuraBrake Postconference Br. at 9-10. We note that subject imports transitioned from overselling to predominant underselling at that time while continuing to capture market share. CR/PR at Tables V-14, V-16, IV-7.
[244] CR/PR at Tables VI-1, C-1.

points higher in interim 2024, at *** percent, than in interim 2023, at *** percent.[245] The domestic industry's raw material costs per unit increased irregularly, increasing from $*** in 2021 to $*** in 2022, before decreasing to $*** in 2023, for an overall increase of $*** per unit, or *** percent.[246] Its raw material costs per unit were *** percent lower in interim 2024, at $***, than in interim 2023, at $***.[247] The domestic industry's per unit COGS increased, from $*** in 2021 to $*** in 2022 to $*** in 2023, for an overall increase of $***, or *** percent.[248] Its per unit COGS was *** percent lower in interim 2024, at $***, than in interim 2023, at $***.[249] The domestic industry's net sales average unit value ("AUV") increased, from $*** in 2021 to $*** in 2022, and then to $*** in 2023, for an overall increase of $***, or *** percent.[250] Its net sales AUV was *** percent lower in interim 2024, at $***, than in interim 2023, at $***.[251] Thus, the domestic industry's increase in net sales AUV generally exceeded its increase in costs during the full years of the POI, and while the industry's costs were lower in interim 2024 compared to 2023, the net sales AUV showed a larger drop. These movements occurred as apparent U.S. consumption declined, with consumption *** percent lower than in 2023 than in 2021, and *** percent lower in interim 2024 than in interim 2023.[252] In any final phase of these investigations, we intend to examine further whether and to what extent subject imports may have depressed or suppressed U.S. prices.

In sum, for purposes of these preliminary investigations, we find that subject imports significantly undersold the domestic like product and gained market share at the expense of the domestic industry. Consequently, we find that subject imports had significant price effects.

E. Impact of the Cumulated Subject Imports[253]

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,

[245] CR/PR at Tables VI-1, C-1.
[246] CR/PR at Table VI-1.
[247] CR/PR at Table VI-1.
[248] CR/PR at TablesVI-1.
[249] CR/PR at Table VI-1.
[250] CR/PR at Tables VI-1, C-1.
[251] CR/PR at Table VI-1, C-1.
[252] CR/PR at IV-17, Tables IV-7, C-1.
[253] Commerce initiated these investigations based on estimated dumping margins of 160.79 percent *ad valorem* for brake drums from China and 149.29 percent *ad valorem* for brake drums from Turkey. *Certain Brake Drums From the People's Republic of China and the Republic of Türkiye: Initiation of Less-Than-Fair-Value Investigations*, 89 Fed. Reg. 58116 (July 17, 2024).

net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development ("R&D"), 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."[254]

Most of the domestic industry's trade, employment, and financial indicators generally weakened during the POI, and many indicators continued to worsen in interim 2024. The domestic industry's practical brake drums capacity increased by *** percent from 2021 to 2023, from *** units in 2021 to *** units in 2022 and *** units in 2023; it was *** percent higher in interim 2024, at *** units, than in interim 2023, at *** units.[255] Its production of brake drums decreased by *** percent from 2021 to 2023, from *** units in 2021 to *** units in 2022 and *** units in 2023; production was *** percent lower in interim 2024, at *** units, than in interim 2023, at *** units.[256] The industry's capacity utilization decreased by *** percentage points from 2021 to 2023, from *** percent in 2021 to *** percent in 2022 and *** percent in 2023; it was *** percentage points lower in interim 2024, at *** percent, than in interim 2023, at *** percent.[257]

The domestic industry's employment-related indicators generally were mixed between 2021 and 2023 but experienced declines in the latter portion of the POI. The number of production and related workers ("PRWs") was *** percent lower in 2023 than in 2021, increasing from *** PRWs in 2021 to *** PRWs in 2022, before decreasing to *** PRWs in 2023; the number of PRWs was *** percent lower in interim 2024, at *** PRWs, than in interim 2023, at *** PRWs.[258] The industry's total hours worked was *** percent lower in 2023 than in 2021, decreasing from *** hours in 2021 to *** hours in 2022 and *** hours in 2023; total hours were *** percent lower in interim 2024, at *** hours, than in interim 2023, at *** hours.[259] Wages paid were *** percent higher in 2023 than in 2021, increasing from $*** in 2021 to $*** in 2022, before decreasing to $*** in 2023; they were *** percent higher in interim 2024, at $***, than in interim 2023, at $***.[260] Productivity decreased throughout the POI. Productivity was *** percent lower in 2023 than in 2021, decreasing from *** units per

[254] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act ("TPEA") of 2015, Pub. L. 114-27.

[255] CR/PR at Tables III-5, C-1.

[256] CR/PR at Tables III-5, C-1.

[257] CR/PR at Tables III-5, C-1.

[258] CR/PR at Tables III-14, C-1.

[259] CR/PR at Tables III-14, C-1.

[260] CR/PR at Tables III-14, C-1.

hour in 2021 to *** units per hour in 2022 and *** units per hour in 2023; it was *** percent lower in interim 2024, at *** units per hour, than in interim 2023, at *** units per hour.[261]

The domestic industry's U.S. shipments decreased *** percent from 2021 to 2023, from *** units in 2021 to *** units 2022 and *** units in 2023; its U.S. shipments were *** percent lower in interim 2024, at *** units, than in interim 2023, at *** units.[262] The industry's share of apparent U.S. consumption decreased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023, a level *** percentage points lower than in 2021.[263] Its share of apparent U.S. consumption was *** percentage points higher in interim 2024, at *** percent, than in interim 2023, at *** percent.[264]

The domestic industry's end-of-period inventories decreased by *** percent from 2021 to 2023, from *** units in 2021 to *** units in 2022 and *** units in 2023; they were *** percent lower in interim 2024, at *** units, than in interim 2023, at *** units.[265] As a share of total shipments, the domestic industry's end-of-period inventories decreased irregularly by *** percentage points from 2021 to 2023, decreasing from *** percent in 2021 to *** percent in 2022, and then increasing to *** percent in 2023; they were *** percentage points lower in interim 2024, at *** percent, than in interim 2023, at *** percent.[266]

While the industry's financial performance improved from 2021 to 2022, it then worsened in the later part of the POI.[267] The industry's net sales revenues increased irregularly by *** percent from 2021 to 2023, rising from $*** in 2021 to $*** in 2022, before declining to $*** in 2023; net sales revenues were *** percent lower in interim 2024, at $***, than in interim 2023, at $***.[268] Its gross profit increased by *** percent between 2021 to 2023, rising from $*** in 2021 to $*** in 2022, and then falling to $*** in 2023; gross profit was *** percent lower in interim 2024, at $***, than in interim 2023, at $***.[269] The industry's operating income increased by *** percent between 2021 to 2023, rising from $*** in 2021 to $*** in 2022, and then falling to $*** in 2023; the industry's operating income was *** percent

[261] CR/PR at Tables III-14, C-1.

[262] CR/PR at Tables III-9, C-1.

[263] CR/PR at Tables IV-7, C-1.

[264] CR/PR at Tables IV-7, C-1. The domestic industry gained market share over the interim period as subject imports continued to undersell the domestic like product. In any final phase of these investigations, we intend to further explore the drivers of market share shifts in this industry.

[265] CR/PR at III-10, C-1.

[266] CR/PR at Tables III-10, C-1.

[267] We observe that the record indicates notable differences in the financial performance of the U.S. producers. CR/PR at Table VI-3. We intend to further investigate these differences in any final phase of these investigations.

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

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

lower in interim 2024, at $***, than in interim 2023, at $***.[270] The industry's net income increased by *** percent between 2021 to 2023, rising from $*** in 2021 to $*** in 2022, and then falling to $*** in 2023; the industry's net income was *** percent lower in interim 2024, at $***, than in interim 2023, at $***.[271] The industry's operating income as a ratio to net sales increased by *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022, and declining to *** percent in 2023; it was *** percentage points lower in interim 2024, at *** percent, compared to interim 2023, at *** percent.[272] The industry's net income as a ratio to net sales increased by *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022, and decreasing to *** percent in 2023; it was *** percentage points lower in interim 2024, at *** percent, compared to interim 2023, at *** percent.[273]

The domestic industry's capital expenditures increased irregularly by *** percent from 2021 to 2023, decreasing from $*** in 2021 to $*** in 2022, and then increasing to $*** in 2023; they were *** percent higher in interim 2024, at $***, than in interim 2023, at $***.[274] The industry's research and development ("R&D") expenses increased *** percent from 2021 to 2023, increasing from $*** in 2021 to $*** in 2022, then declining to $*** in 2023; they were *** percent higher in interim 2024, at $***, than in interim 2023, at $***.[275] The domestic industry's return on assets increased from *** percent in 2021 to *** percent in 2022, and then declined to *** percent in 2023.[276]

As discussed above, cumulated subject import volume and market share increased significantly and at the expense of the domestic industry over the POI, driven by significant underselling, particularly in 2023. As the industry lost market share to low-priced subject imports between 2021 and 2023, several measures of the domestic industry's condition, including production, capacity utilization, and U.S. shipments, declined and were lower than would have been the case otherwise.[277] From 2022 to 2023, the industry's financial performance also declined and was weaker than it would have been otherwise. Consequently, we find that cumulated subject imports had a significant adverse impact on the domestic industry.

[270] CR/PR at Tables VI-1, C-1.
[271] CR/PR at Tables VI-1, C-1.
[272] CR/PR at Tables VI-1, C-1.
[273] CR/PR at Tables VI-1, C-1.
[274] CR/PR at Tables VI-6, C-1.
[275] CR/PR at Tables VI-8, C-1.
[276] CR/PR at Table VI-11.
[277] CR/PR at IV-18, Tables IV-7, C-1.

We have also considered whether there are other factors that may have had an impact on the domestic industry, to ensure that we are not attributing injury from such other factors to subject imports. Nonsubject imports were the smallest source of supply to the U.S. market throughout the POI. As discussed above, nonsubject imports' share of apparent U.S. consumption decreased over the POI, from *** percent in 2021 to *** percent in 2022 and *** percent in 2023; their share was higher in interim 2024, at *** percent, than in interim 2023, at *** percent.[278] Given that nonsubject imports' share of apparent U.S. consumption declined sharply between 2021 and 2023 and consistently accounted for a relatively small share of the U.S. market, nonsubject imports do not explain the declines in the domestic industry's market share or declining performance indicators in the latter part of the POI.[279]

Respondents contend that declining demand explains the declines in domestic industry production and shipments.[280] While apparent U.S. consumption declined overall from 2021 to 2023 by *** percent, this decline cannot explain cumulated subject imports' market share gains at the expense of the domestic industry.[281]

ConMet asserts that ***, while importers are less focused on that distribution channel, so *** is less prone to head-to-head competition in that distribution channel.[282] It further argues that importers of subject merchandise from China focus on OEMs, a distribution channel with relatively better demand conditions during the POI, while U.S. producers concentrate on the aftermarket, which it contends experienced a significant recession.[283]

As explained above, both U.S. producers and importers primarily sell through the same channel of distribution, the aftermarket. U.S. shipments to the aftermarket accounted for between *** percent and *** percent of domestic producers' U.S. shipments during the full years of the POI, while shipments to the aftermarket accounted for between *** percent and *** percent of importers' U.S. shipments from China and between *** percent and *** percent of importers' U.S. shipments from Turkey during the same period.[284] Thus, U.S. producers face

[278] CR/PR at Tables IV-7, C-1.
[279] CR/PR at Tables IV-7, C-1.
[280] ConMet Postconference Br. at 18-19, Exh. 11; DuraBrake Postconference Br. at 15-16.
[281] CR/PR at Tables IV-7, C-1.
[282] ConMet Postconference Br. at 11.
[283] ConMet Postconference Br. at 12.
[284] CR/PR at Table II-1. U.S. producers' shipments to the aftermarket accounted for *** percent of the domestic industry's U.S. shipments in interim 2023 and *** percent in interim 2024. *Id.* Shipments to the aftermarket accounted for *** percent of importers' U.S. shipments of subject imports from China in interim 2023 and *** percent of such shipments in interim 2024. *Id.* Shipments to the aftermarket accounted for *** percent of importers' U.S. shipments of subject imports from Turkey in interim 2023 and *** percent of such shipments in interim 2024. *Id.*

substantial direct competition from importers in the aftermarket distribution channel. We intend to investigate further any differences in demand trends and competition in the OEM and the aftermarket channels of distribution in any final phase of these investigations.

ConMet also claims that Webb Wheel's loss of market share is due to supply constraints like *** that made it an "unreliable" supplier and hurt its reputation with customers.[285] ConMet further argues that major purchasers confirmed Webb Wheel's supply problems, reporting that Webb Wheel put them on allocations or cut off sales of brake drums to them.[286] Webb Wheel argues that ***. *** that ensures continuity of raw material supply.[287] Any alleged supply constraints in 2021 or 2022 do not explain the increasing prevalence of underselling by subject imports in the later portion of the POI, which caused the domestic industry to lose additional market share in 2023. In any final phase of these investigations, we intend to further investigate the effects of any supply constraints on the U.S. market.

In sum, based on the record in the preliminary phase of these investigations, we conclude that subject imports had a significant impact on the domestic industry.

VII. Conclusion

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

[285] ConMet Postconference Br. at 19-20.
[286] ConMet Postconference Br. at 19-20, Exhs. 8-9.
[287] Pet. Postconference Br. at 40, Exh. QA at 21-22, 25.

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 Webb Wheel Products, Inc. ("Webb"), Cullman, Alabama, on June 20, 2024, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of brake drums[1] from China and Turkey. Table I-1 presents information relating to the background of these investigations.[2] [3]

Table I-1
Brake drums: Information relating to the background and schedule of this proceeding

Effective date	Action
June 20, 2024	Petitions filed with Commerce and the Commission; institution of the Commission investigations (89 FR 53441, June 26, 2024)
July 11, 2024	Commission's conference
July 17, 2024	Commerce's notice of initiation (89 FR 58106 and 58116, July 17, 2024)
August 2, 2024	Commission's vote
August 5, 2024	Commission's determinations
August 12, 2024	Commission's views

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.*

[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 that appeared at the conference is presented in appendix B of this report.

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.*
>
> *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.*

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

Organization of report

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

Market summary

In-scope brake drums are primarily, although not exclusively, used as a component of the braking system for heavy-duty trucks and trailers.[6] The leading U.S. producers of brake drums are Webb (petitioner) and Gunite Corporation ("Gunite"), while leading producers of brake drums outside the United States include ConMet Weifang Mechanical Co. Ltd. and Shandong ConMet Mechanical Co. Ltd. (collectively, "ConMet") in China and EKU Fren ve Döküm San. A.Ş. ("EKU"), Büyük Eker Bijon Sanayi Ve Ticaret A.Ş. ("Eker Bijon"), Akis Asansor Makina Motor Dokum Sanayi Ve Ticaret Limited Sirketi ("Akis"), and Şafak Döküm Makina Parça Sanayi Ve Ticaret A.Ş. ("Safak Dokum") in Turkey. The leading U.S. importers of brake drums from China include ***, while the leading importers of brake drums from Turkey include ***. Leading importers of product from nonsubject countries include ***. U.S. purchasers of brake drums are original equipment manufacturers of heavy-duty trucks and trailers and aftermarket distributors. Leading purchasers include ***.

[6] Petitions, pp. I-6-7. In-scope brake drums may also be used in the braking systems of other medium-and heavy-duty vehicles, such as delivery trucks, school buses, garbage trucks, and logging trailers. Conference transcript, pp. 36 (Capps) and 119-120 (Hurley).

Apparent U.S. consumption of brake drums totaled approximately *** units ($***) in 2023. Currently, two firms are known to produce brake drums in the United States. U.S. producers' U.S. shipments of brake drums totaled *** units ($***) in 2023, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 2.1 million units ($199.5 million) in 2023 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** units ($***) in 2023 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, tables C-1 and C-2. Except as noted, U.S. industry data are based on questionnaire responses of two firms that accounted for all known U.S. production of brake drums during 2023. U.S. imports are based on questionnaire responses of 36 firms representing approximately *** of total U.S. imports from China and almost *** percent of total U.S. imports from Turkey during 2023.[7]

Previous and related investigations

The in-scope brake drums subject to this proceeding have not singularly been subject to previous antidumping or countervailing duty investigations, although the Commission has conducted previous import relief investigations on related merchandise (i.e., aftermarket brake drums and rotors of smaller sizes and lighter weights that are typically used in passenger automobiles), as well as on in-scope brake drums as one possible component of chassis and subassemblies. Information on the Commission's related proceedings is presented in table I-2.

[7] Staff estimates for importer questionnaire coverage are based on a comparison with total U.S. imports reported under HTS statistical reporting number 8708.30.5020, as adjusted using data reported in importer questionnaire responses, as well as a comparison with export data reported by foreign producers responding to the Commission's questionnaire in this proceeding.

Table I-2
Brake drums: Related Commission proceedings and current status

Date	Product	Number	Country	ITC original determination	Current status
1996	Aftermarket brake drums and rotors (8-16 inches in diameter and 8-45 pounds)	731-TA-744	China	Affirmative (brake rotors) Negative (brake drums)	Order revoked after 2nd review, effective June 25, 2008
2003	Aftermarket brake drums and rotors (8-16 inches in diameter and 8-45 pounds)	TA-421-3	China	Negative	---
2020	Chassis and subassemblies	701-TA-657	China	Affirmative	Order in place, effective May 10, 2021
2020	Chassis and subassemblies	731-TA-1537	China	Affirmative	Order in place, effective July 8, 2021

Source: U.S. International Trade Commission publications and Federal Register notices.

Note: "Date" refers to the year in which the investigation was instituted by the Commission.

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On July 17, 2024, Commerce published a notice in the Federal Register of the initiation of its countervailing duty investigations on brake drums from China and Turkey.[8]

Alleged sales at LTFV

On July 17, 2024, Commerce published a notice in the Federal Register of the initiation of its antidumping duty investigations on brake drums from China and Turkey.[9] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 160.79 percent for brake drums from China and 149.29 percent for brake drums from Turkey.

[8] For further information on the alleged subsidy programs see Commerce's notice of initiation and related countervailing duty Initiation Checklist. 89 FR 58106, July 17, 2024.

[9] 89 FR 58116, July 17, 2024.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[10]

> *The merchandise covered by these investigations is certain brake drums made of gray cast iron, whether finished or unfinished, with an actual or nominal inside diameter of 14.75 inches or more but not over 16.6 inches, weighing more than 50 pounds. Unfinished brake drums are those which have undergone some turning or machining but are not ready for installation. Subject brake drums are included within the scope whether imported individually or with non-subject merchandise (for example, a hub), whether assembled or unassembled, or if joined with non-subject merchandise. When a subject drum is imported together with non-subject merchandise, such as, but not limited to, a drum-hub assembly, only the subject drum is covered by the scope.*
>
> *Subject merchandise also includes finished and unfinished brake drums that are further processed in a third country or in the United States, including, but not limited to, assembly or any other processing that would not otherwise remove the merchandise from the scope of these investigations if performed in the country of manufacture of the subject brake drums. The inclusion, attachment, joining, or assembly of non-subject merchandise with subject drums either in the country of manufacture of the subject drum or in a third country does not remove the subject drum from the scope. Specifically excluded is merchandise covered by the scope of the antidumping and countervailing duty orders on certain chassis and subassemblies thereof from the People's Republic of China. See Certain Chassis and Subassemblies Thereof from the People's Republic of China: Antidumping Duty Order, 86 FR 36093 (July 8, 2021) and Certain Chassis and Subassemblies Thereof from the People's Republic of China: Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination, 86 FR 24844 (May 10, 2021).*
>
> *The scope also excludes composite brake drums that contain more than 40 percent steel by weight.*

[10] 89 FR 58106 and 58116, July 17, 2024.

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 statistical reporting number 8708.30.5020 in the Harmonized Tariff Schedule of the United States ("HTS").[11] The 2024 general rate of duty is 2.5 percent ad valorem for HTS subheading 8708.30.50. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Effective September 24, 2018, brake drums produced in China and imported under HTS subheading 8708.30.50 were subject to an additional 10 percent ad valorem duty under section 301 of the Trade Act of 1974. The additional duty rate increased to 25 percent on May 10, 2019.[12]

The product

Description and applications

Brake drums are made of gray cast iron with a diameter of 14.75 to 16.6 inches, weighing greater than 50 pounds (figure I-1).[13] They are cylindrical, with one end open, and the other end narrowed with a ring of bolt holes machined into them. Brake drums are part of the braking system for motor vehicles.[14] In-scope brake drums are used primarily on heavy-duty trucks and trailers.[15] As part of the drum-hub assembly, a brake drum rotates along with the wheel and axle. When brakes are applied, a brake shoe is forced against the brake drum causing friction that slows the vehicle.[16] Larger brake drums provide more stopping power.[17]

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[11] Secondary statistical reporting numbers under which subject merchandise may be imported include 8708.30.5090 and 8716.90.5060.

[12] 83 FR 47974, September 21, 2018; 84 FR 20459, May 9, 2019. See also HTS headings 9903.88.03 and 9903.88.04 and U.S. notes 20(e)–20(g) to subchapter III of chapter 99 and related tariff provisions for this duty treatment. USITC, HTSUS (2023) Revision 11, USITC Publication 5464, September 2023, pp. 99-III-26–99-III-51, 99-III-293. Goods exported from China to the United States prior to May 10, 2019, and entering the United States prior to June 1, 2019, were not subject to the escalated 25 percent duty (84 FR 21892, May 15, 2019).

[13] Petitions, p. I-5.

[14] Newer light vehicles tend to use disc brakes instead of brake drums, but U.S. brake drum imports likely include some aftermarket light vehicle brake drums.

[15] Petitions, pp. I-6–7.

[16] Petitions, p. I-7.

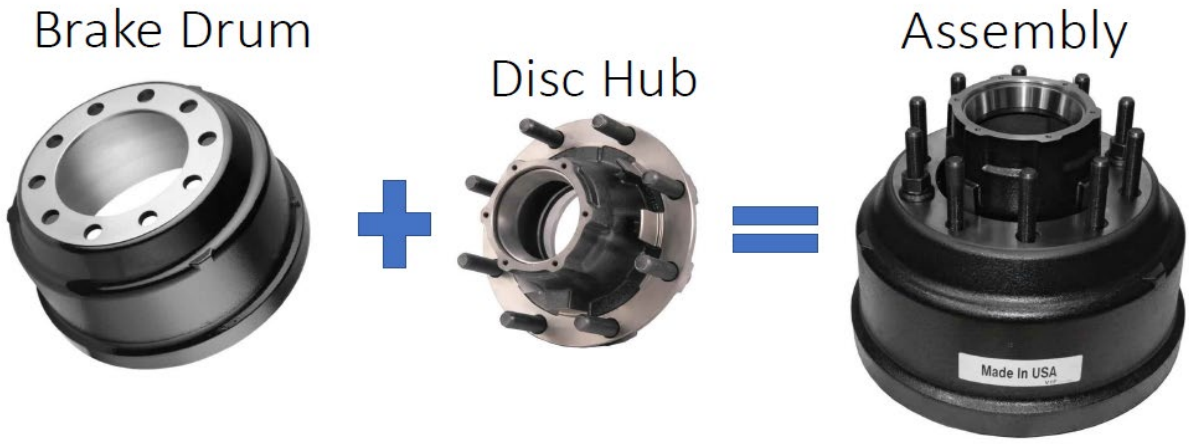
[17] Conference transcript, pp. 136–137 (Marr).

Figure I-1
Webb brake drum

Source: Petitions, exh. I-2.

Brake drums are sold directly or combined with a disc hub to form a drum-hub assembly (figure I-2).[18] Brake drums are purchased as production parts installed by truck and trailer original equipment manufacturers ("OEMs") on new trucks and trailers.[19] They are also purchased in the aftermarket by dealers, end users, and independent warehouse distributors to replace worn brake drums.[20]

Figure I-2
Brake drum and disc hub form a drum-hub assembly

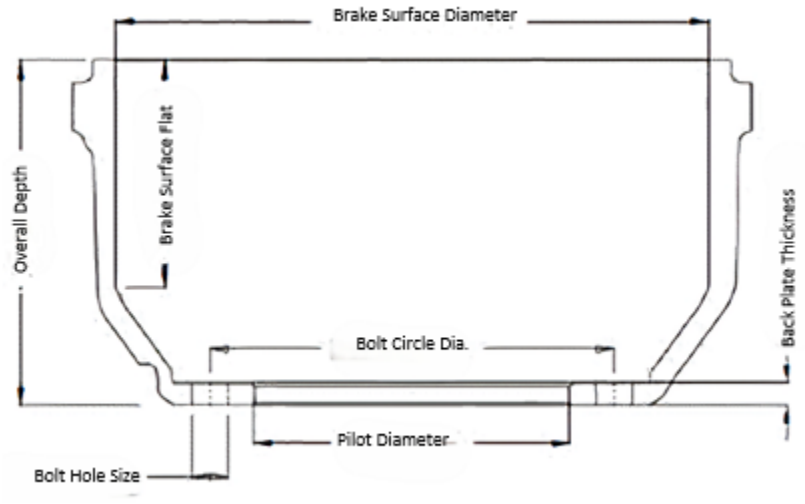


Source: Petitions, exh. I-3, p. 3.

[18] Petitions, p. I-5.
[19] Petitions, p. I-7.
[20] Petitions, p. I-7.

The petitioner claims that OEM and aftermarket brake drums are interchangeable, and that some brake drums sold to OEMs are also sold in the aftermarket.[21] Respondent ConMet Nanjing Mechanical Co., Ltd.; Consolidated Metco, Inc.; and Weifang ConMet Mechanical Products Co., Ltd. (collectively, "ConMet") reports that the trailer OEMs tend to purchase drum-hub assemblies, while truck OEMs, truck aftermarket, and trailer aftermarket tend to purchase brake drums only.[22] The petitioner states that all subject brake drums are made to the same specifications, including brake surface diameter, bolt hole size, pilot diameter, and flange thickness (figure I-3).[23]

Figure I-3
Brake drum diagram



Source: Petitions, exh. I-2, p. 1 (modified to enhance clarity of labels).

The petitioner sells brake drums in the OEM and aftermarket. The petitioner reports that it produces most of its OEM brake drums at dedicated plants because OEM brake drums make up relatively few part numbers and aftermarket brake drums have a wider range of part numbers.[24] Thus, it is more efficient to mass produce OEM brake drums at some plants, and have other plants specialize in producing a wider range of part numbers.[25] Respondent ConMet states that historically it has primarily sold to the truck OEM market and OEM replacement parts sold through dealerships.[26] Respondent ConMet also sells to independent aftermarket

[21] Petitions, p. I-12
[22] Conference transcript, pp. 109–110 (Hurley).
[23] Petitions, p. I-12.
[24] Conference transcript, pp. 58–59 (Begley).
[25] Conference transcript, pp. 58–59 (Begley).
[26] Conference transcript, p. 109 (Hurley).

distributors, which may sell replacement brake drums for trucks or trailers.[27] In addition, respondent ConMet sells to the trailer OEM market, as well; those items are nearly all hub and drum assemblies.[28] Respondent EKU reports that it only sells brake drums to the aftermarket.[29]

Petitioner reports that all subject brake drums sold in the United States are interchangeable, conforming to the same manufacturing standards and meeting the same industry standards.[30] To show the perceived interchangeability of brake drums in the market, the petitioner included screenshots of Chinese and Turkish producers' websites cross-referencing their brake drums with petitioner's part numbers.[31] Respondent DuraParts LLC d.b.a. DuraBrake (collectively, "DuraBrake") states that subject brake drums have only limited interchangeability and that different brake sizes, positions, hubs, and wheels can lead to non-interchangeability.[32] OEM brake drums must pass Federal Motor Vehicle Safety Standard 121 in order to be sold to OEMs (not aftermarket).[33] Respondent EKU argues that the OEM market is distinct from the aftermarket, with higher fixed costs, longer term contracts, and certification requirements.[34] Respondent EKU also claims that prices in the aftermarket adjust to changes in input prices more slowly, because aftermarket prices are not indexed to pig iron prices.[35]

Manufacturing processes

The brake drum manufacturing process is a multi-step process that takes cast iron and makes it into an integral part of a braking system.

Casting

First, the brake drum is cast. ***.[36] Molten iron is poured into a mold and then cooled to form the brake drum casting. Brake drum castings may be cast by the brake drum manufacturer, or purchased

[27] Conference transcript, p. 109 (Hurley).
[28] Conference transcript, p. 109 (Hurley).
[29] EKU's postconference brief, pp. 4–5.
[30] Petitions, pp. I-10, I-12.
[31] Petitions, exh. I-2.
[32] DuraBrake's postconference brief, pp. 10–11.
[33] Federal Motor Vehicle Safety Standard 121 is the standard governing stopping distance performance for heavy trucks. Changes in 2009 required a 30 percent improvement in stopping power relative to the previous rule. Conference transcript, p. 135 (Marr); ConMet's postconference brief app. A, p. 5; 78 FR 9623, February 11, 2013.
[34] EKU's postconference brief, p. 5.
[35] EKU's postconference brief, p. 5.
[36] ***'s importer questionnaire response, IV-1.

from a third party.[37] Domestic brake drum manufacturer Gunite and respondents ConMet and EKU produce castings at their own foundries, whereas petitioner Webb purchases castings from a third party.[38] Waupaca Foundry is *** supplier of castings to the petitioner.[39] Castings are stored on-site at the brake drum manufacturing facility (figure I-4).

Figure I-4
Stacks of rough brake drum castings

Source: Petitions, exh. I-3, p. 1. For clearer picture, see app. D, figure D-1.

De-palletizing

Rough castings are then loaded into a de-palletizer machine that stacks brake drums on different input lines, matching the brake drum stock keeping unit ("SKU") number to the machine number (figure I-5).[40]

[37] Petitions, p. I-5.

[38] Linger, "Accuride Brings Back USA-made Gunite 3922X Brake Drum," March 8, 2024. https://www.fleetequipmentmag.com/accuride-usa-gunite-brake-drum/; conference transcript, pp. 24–25 (Mintzer), 106 (Marr); ConMet's postconference brief, exh. 4; EKU's postconference brief, pp. 2–3, 9.

[39] Conference transcript, pp. 24–25 (Mintzer); Webb's postconference brief, exh. QA, p. 22. DuraBrake claims Waupaca Foundry is the only foundry in the United States that makes brake drum castings at scale. Conference transcript, pp. 115–116 (Cullerton).

[40] Petitions, p. I-5.

Figure I-5
De-palletizer

Source: Petitions, exh. I-3, p. 1. For clearer picture, see app. D, figure D-2.

Painting

The brake drums are then guided to an automated paint booth for the painting of the exterior of the drum. Once painting is completed, the brake drums are conveyed to the machining center.[41] Unlike other domestic and foreign manufacturers that paint the brake drum before machining, respondent ConMet (a brake drum manufacturer in China) paints its brake drums after machining because it machines the exterior of the brake drum.[42]

Machining

Machining is a manufacturing process that creates the desired shape by removing unwanted material from a larger piece of material.[43] In the machining center for brake drums, a computer numerical control ("CNC") machine removes excess metal from the casting using fixturing specific to the casting's SKU. CNC machines carry out pre-programmed sequences of commands from computer software, giving the machine precise measurements for production.[44] Operators machine an initial batch and verify key control characteristics ("KCC") for that batch before beginning full production.[45] Once the KCCs are verified in the initial batch, the operator machines the rest of the brake drums. The brake drums are machined in four areas (each a separate stage in the machining process) (figure I-6):

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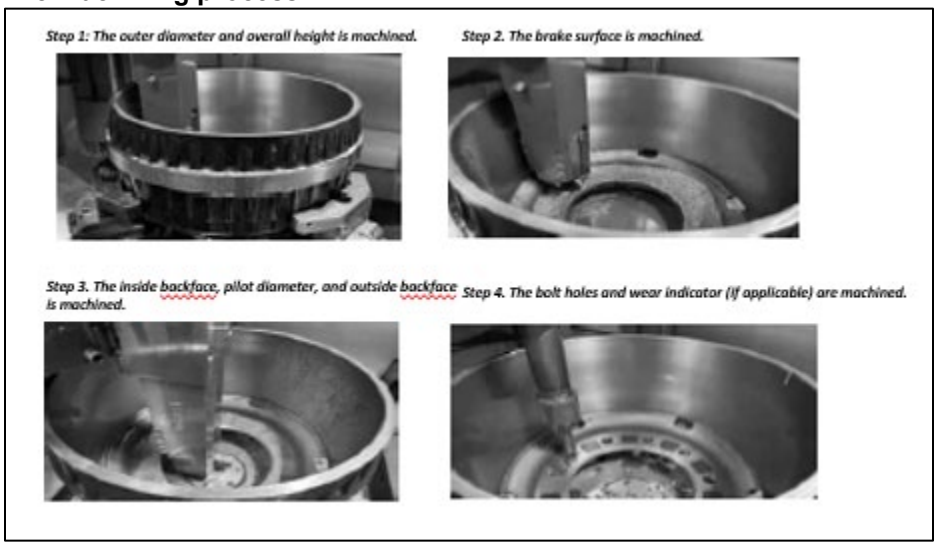
[41] Petitions, p. I-5.
[42] Conference transcript, pp. 106, 158 (Marr).
[43] Arzt, "Guide to Machining," https://www.thecrucible.org/guides/machining/, retrieved July 10, 2024.
[44] Goodwin University, "What is CNC Machining in Manufacturing?" July 9, 2024. https://www.goodwin.edu/enews/what-is-cnc/.
[45] Petitions, pp. I-5–6.

1. The outer diameter and overall height of the brake drum;
2. The brake surface;
3. The inside backface, pilot diameter, and outside backface; and
4. The bolt holes and wear indicator.

Figure I-6
The machining process

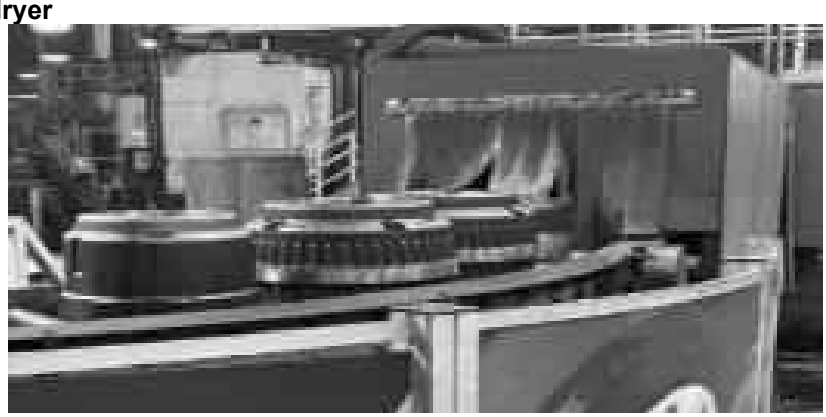


Source: Petitions, exh. I-3, pp. 1–2. For clearer picture, see app. D, figure D-3 through figure D-6.

Once all of these areas have been machined, the CNC machines measure and verify KCC dimensions.[46] Respondent ConMet machines the exterior of the brake drum as part of their patented TruTurn process in addition to the machining described above.[47] After machining, the brake drums are treated with a rust preventative coating and passed through an air dryer (figure I-7).[48]

[46] Petitions, p. I-6.
[47] Conference transcript, p. 135 (Marr); ConMet's postconference brief, app. A, p. 8.
[48] Petitions, p. I-6.

Figure I-7
Parts dryer



Source: Petitions, exh. I-3, p. 2. For clearer picture, see app. D, figure D-7.

Inspection

Brake drums are visually inspected by a certified inspector for material defects. Depending on the result of the inspection, the brake drum continues to the balancer, pen stamper for date stamping and labeling, rework, or scrap.[49]

Balancing

Next is a three-step operation to ensure that brake drums are balanced according to industry specifications. Parts are fed into a weigh station that measures the imbalance of the brake drum. Then, the part is transferred to a milling station where material is removed from the outer diameter to balance the drum. Finally, the brake drum is transferred to an audit station to again measure the drum to ensure it is within industry standards.[50] Respondent ConMet reports that because of the exterior machining with Tru-Turn technology, its brake drums are already balanced prior to inspection, and this balancing step is not a part of their manufacturing process.[51]

Date stamping and labeling

Last, the brake drum receives a date stamp for serialization and traceability. The date stamp may indicate plant location, machining day and shift, machining cell location, and machining operator. The brake drum may also have a scannable barcode applied to the inner machined surface allowing producers to organize drums by specifications. It then receives the

[49] Petitions, p. I-6.
[50] Petitions, p. I-6.
[51] Conference transcript, p. 134 (Marr).

appropriate product label and is stored for sale. Separately, a brake drum may be fastened to a disc hub using several nuts to form a drum-hub assembly.[52]

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes that the Commission should define a single domestic like product consisting of the brake drums that are coextensive with the scope of these investigations.[53] Respondents ConMet, DuraBrake, and EKU did not indicate their position with respect to the domestic like product in these preliminary phase investigations.[54]

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes, and production employees; (5) customer and producer perceptions; and (6) price. The Commission collected information from U.S. producers and U.S. importers regarding the comparability of in-scope brake drums and the excluded composite (or steel shell) brake drums based on the factors identified above.[55] This information is presented in tables I-3 and I-5. The petitioner argues that the excluded composite (or steel shell) brake drums are not included in the scope definition and should not be included in the definition of the domestic like product.[56] The respondent briefs do not address whether the excluded composite (or steel shell) brake drums should be part of the same domestic like product.[57]

[52] Petitions, p. I-6.

[53] Petitions, p. I-10; Webb's postconference brief, pp. 2-11.

[54] ConMet's postconference brief; DuraBrake's postconference brief; EKU's postconference brief.

[55] The excluded composite brake drums are brake drums that otherwise match the scope definition of in-scope (cast iron) brake drums, except that the excluded composite brake drums contain more than 40 percent steel by weight. The excluded composite brake drums, which comprise "a very small portion of the commercial vehicle heavy-duty market," are not produced in the United States ***. Conference transcript, p. 33 (Capps); ***'s questionnaire response, II-3a.

[56] Webb's postconference brief, pp. 8-11.

[57] ConMet's postconference brief; DuraBrake's postconference brief; EKU's postconference brief.

As shown in table I-3, the responding U.S. producers and importers comparability rankings by factor were mixed. In terms of manufacturing and price, both U.S. producers indicated that the two items are never comparable,[58] although the U.S. producers' comparability rankings between the items for other factors were mixed. A majority of responding U.S. importers reported that the two items were fully or mostly comparable in terms of physical characteristics (13 of 21), interchangeability (15 of 21), and manufacturing (10 of 19), but were somewhat or never comparable in terms of channels of distribution (10 of 15), customer perception (12 of 21), and price (15 of 19). The petitioner states that the information collected from questionnaires on the comparability of in-scope brake drums and the excluded composite (or steel shell) brake drums are "***."[59]

Table I-3
Brake drums: Count of firms reporting comparability between in-scope brake drums and composite/steel brake drums, by firm type and factor

Count in number of firms

Firm type	Factor	Fully	Mostly	Somewhat	Never
U.S. producer	Physical characteristics	0	1	0	1
U.S. producer	Interchangeability	0	1	1	0
U.S. producer	Channels	1	0	1	0
U.S. producer	Manufacturing	0	0	0	2
U.S. producer	Perceptions	0	1	0	1
U.S. producer	Price	0	0	0	2
Importers	Physical characteristics	4	9	6	2
Importers	Interchangeability	7	8	4	2
Importers	Manufacturing	6	4	8	1
Importers	Channels	3	2	6	4
Importers	Perceptions	3	6	8	4
Importers	Price	1	3	9	6

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

[58] Indeed, the two U.S. producers of in-scope brake drums do not produce steel shell drums. Webb's postconference brief, p. 10.

[59] Webb's postconference brief, p. 8.

Table I-4
Brake drums: U.S. producers' narratives on comparability between in-scope brake drums and composite/steel brake drums

Item	Firm name and narrative response on comparability
Physical characteristics	***
Physical characteristics	***
Interchangeability	***
Interchangeability	***
Channels	***
Channels	***

Item	Firm name and narrative response on comparability
Manufacturing	***
Manufacturing	***
Perceptions	***
Perceptions	***
Price	***
Price	***

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

Table I-5
Brake drums: U.S. importers' narratives on comparability between in-scope brake drums and composite/steel brake drums

Item	Firm name and narrative response on comparability
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***

Item	Firm name and narrative response on comparability
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***

Item	Firm name and narrative response on comparability
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Channels	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***

Item	Firm name and narrative response on comparability
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***

Item	Firm name and narrative response on comparability
Perceptions	***
Perceptions	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
Price	***
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Price	***
Price	***
Price	***
Price	***

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

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

U.S. market characteristics

Brake drums are mainly used on heavy-duty trucks and trailers and are sold to OEMs and aftermarket ("AFM") parts distributors. *** U.S. producers and 16 of 30 importers indicated that the brake drums market was subject to distinctive conditions of competition. U.S. producer ***. Conditions mentioned by importers include brake drums rapidly being replaced by air disc brakes in the OEM market; brake drums are a loss leader; competition is based on price and availability; price is sensitive to inventories; U.S. producers cannot supply all of U.S. brake drum needs; and large purchasers can get low prices for container or trailer load shipments from both foreign and domestic sources.

Apparent U.S. consumption of brake drums decreased overall during 2021–23 but increased from 2021 to 2022. It was lower in interim 2024 than in interim 2023. Overall, apparent U.S. consumption in 2023 was *** percent lower than in 2021.

Impact of section 301 tariffs

*** U.S. producers reported that section 301 tariffs *** impacted the U.S. market since January 1, 2021. Fourteen importers reported that section 301 tariffs had impacted the U.S. market and five reported they had not.[1] Among large importers, ***. Many importers reported large impacts of the tariffs including: price increases of 50 percent and supply allocations; costs increased 25 percent; U.S. producers increased their prices in response to the tariffs; having to pay the additional costs of the tariffs because U.S. capacity could not fill all the demand; price increases partially offset tariff impact; it became difficult to consider Chinese suppliers; and Canadian dealers have a better price on imported brake drums than U.S. dealers. Some importers reported that the impacts of the tariffs were small or temporary including: tariffs brought Chinese brake drum cost close to domestic cost, only 5 percent lower; and initially tariffs on Chinese brake drums led to increased imports from other sources but the Chinese product is now competitive again.

[1] Fourteen additional importers reported that they did not know, including one importer that responded both yes and don't know.

Channels of distribution

U.S. producers and importers of brake drums from China and Turkey sold both to OEMs and to the aftermarket (table II-1). U.S. producers' aftermarket sales comprised the majority (*** percent) of their sales during the period. The majority of sales of imports from China were to the aftermarket in each full year and in interim 2024. At least *** percent of sales of Turkish product went to the aftermarket in each period. Imports from nonsubject sources went *** to the aftermarket during the period.

Table II-1
Brake drums: Share of U.S. shipments by source, channel of distribution, and period

Shares in percent

Source	Channel	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
United States	OEM	***	***	***	***	***
United States	Aftermarket	***	***	***	***	***
China	OEM	***	***	***	***	***
China	Aftermarket	***	***	***	***	***
Turkey	OEM	***	***	***	***	***
Turkey	Aftermarket	***	***	***	***	***
Subject sources	OEM	***	***	***	***	***
Subject sources	Aftermarket	***	***	***	***	***
Nonsubject sources	OEM	***	***	***	***	***
Nonsubject sources	Aftermarket	***	***	***	***	***
All import sources	OEM	***	***	***	***	***
All import sources	Aftermarket	***	***	***	***	***

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

Geographic distribution

*** importers from China and Turkey reported selling brake drums to all U.S. regions (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 40.9 percent within 100 miles of their U.S. point of shipment, 48.3 percent between 101 and 1,000 miles, and 10.8 percent over 1,000 miles.

Table II-2
Brake drums: Count of U.S. producers' and U.S. importers' geographic markets

Region	U.S. producers	China	Turkey	Subject sources
Northeast	***	13	12	18
Midwest	***	17	13	22
Southeast	***	16	13	22
Central Southwest	***	14	11	18
Mountain	***	11	7	14
Pacific Coast	***	13	8	17
Other	***	4	3	5
All regions (except Other)	***	11	7	14
Reporting firms	***	22	16	29

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

Note: Other U.S. markets include AK, HI, PR, and VI.

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding brake drums from U.S. producers and from subject countries. U.S. and Turkish producers reported increased capacity between 2021 and 2023 while the responding Chinese producer reported decreased capacity. U.S. producers shipped mainly to the domestic market while producers in China and Turkey shipped mainly to export markets, with substantial shipments to markets other than the United States.

Table II-3
Brake drums: Supply factors that affect the ability to increase shipments to the U.S. market, by country

Quantity in units; Ratios and shares in percent; Count in number of firms reporting

Factor	Measure	United States	China	Turkey	Subject suppliers
Capacity 2021	Quantity	***	***	***	***
Capacity 2023	Quantity	***	***	***	***
Capacity utilization 2021	Ratio	***	***	***	***
Capacity utilization 2023	Ratio	***	***	***	***
Inventories to total shipments 2021	Ratio	***	***	***	***
Inventories to total shipments 2023	Ratio	***	***	***	***
Home market shipments 2023	Share	***	***	***	***
Non-US export market shipments 2023	Share	***	***	***	***
Ability to shift production	Count	***	***	***	***

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

Note: The two responding U.S. producers accounted for all known U.S. production of brake drums in 2023. Responding foreign producer/exporter firms accounted for a small share of U.S. imports of brake drums from China (*** and a large share of U.S. imports of brake drums from Turkey *** during 2023. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, “Summary Data and Data Sources.”

Domestic production

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

Decreased production and increased capacity during 2021 to 2023 resulted in decreased capacity utilization. U.S. producers shipped a small share of their production to export markets, ***. ***. ***.

Subject imports from China

Based on available information, the responding Chinese producer (ConMet) of brake drums has the ability to respond to changes in demand with large changes in the quantity of shipments of brake drums 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 ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include limited inventories.

The responding Chinese producer reported decreased capacity utilization with production decreases outpacing capacity decreases. Major export markets besides the United States included ***. Other products that the responding foreign producer can produce on the same equipment as brake drums are ***. Factors affecting the foreign producer's ability to shift production were ***. The Chinese producer reported *** bottleneck. It reported that the section 301 tariffs are a barrier to selling in the U.S. market.

Subject imports from Turkey

Based on available information, producers of brake drums from Turkey have the ability to respond to changes in demand with large changes in the quantity of shipments of brake drums 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 the ability to shift production to or from alternate products. A factor mitigating responsiveness of supply is limited inventories.

Both production and capacity in Turkey increased between 2021 and 2023 and capacity utilization increased slightly. Major export markets reported by Turkish producers included ***, and no firm reported barriers to shifting between markets. Other products that responding foreign producers reportedly can produce on the same equipment as brake drums are disc brakes and ***. Factors affecting the ability to shift production reported by foreign producers include ***. Turkish producers reported that *** were production constraints.

Imports from nonsubject sources

Nonsubject imports accounted for a small, and declining, share of total imports. They declined from *** percent of total U.S. imports in 2021 to *** percent in 2023 (see Part IV). Importers reported importing brake drums from the following nonsubject countries: ***.

Supply constraints

*** and 17 of 31 importers reported that they had experienced supply constraints since January 1, 2021. Importers *** reported they had not experienced supply constraints.

Among U.S. producers, ***. ***.

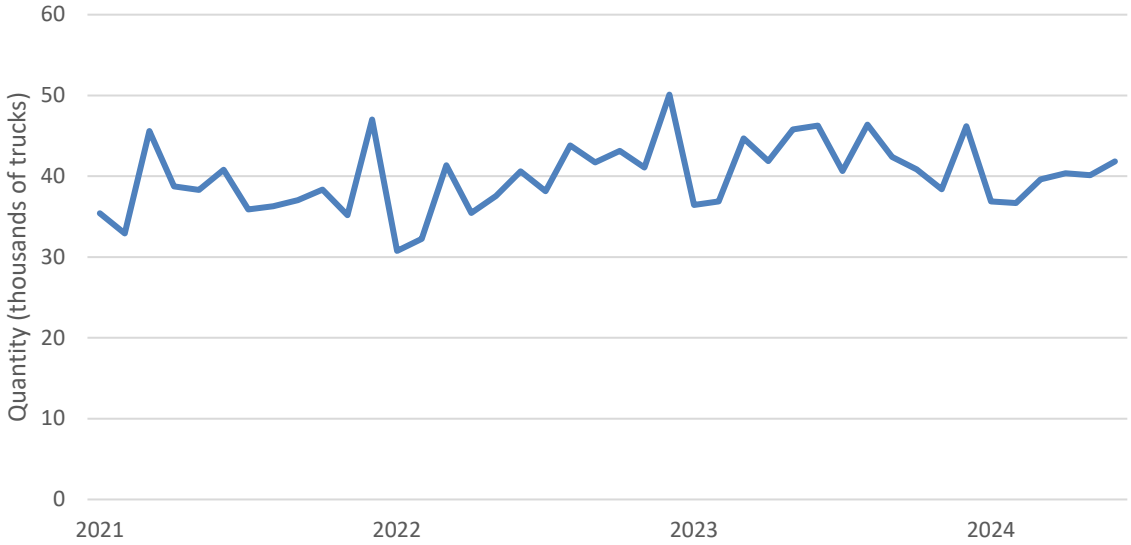
Importers also described supply constraints from domestic manufacturers and foreign suppliers, mainly in 2021 and 2022. These constraints included limited product availability and inability to meet high demand levels, foundry capacity and labor limitations, high ocean freight costs, and extended lead times. *** reported that during the pandemic, it was unable to get drums from Webb, "likely because their capacity was slated at OEM truck manufacturers due to the influx of new truck builds." *** reported that Webb put it on a monthly allocation in 2021 while other suppliers increased lead times but continued to accept orders. Two importers reported constraints after 2022, including ***, which reported allocations through December 2023 at both the OEM and AFM levels due to high demand for both new builds and truck and trailer repair; and ***, which reported that manufacturers continue to have long lead times and that domestic manufacturers do not have enough availability, particularly to supply the aftermarket.

U.S. demand

Based on available information, the overall demand for brake drums is likely to experience small changes in response to changes in price. The main contributing factors are the inability to use substitute products in the aftermarket and the small cost share of brake drums in end-use products.

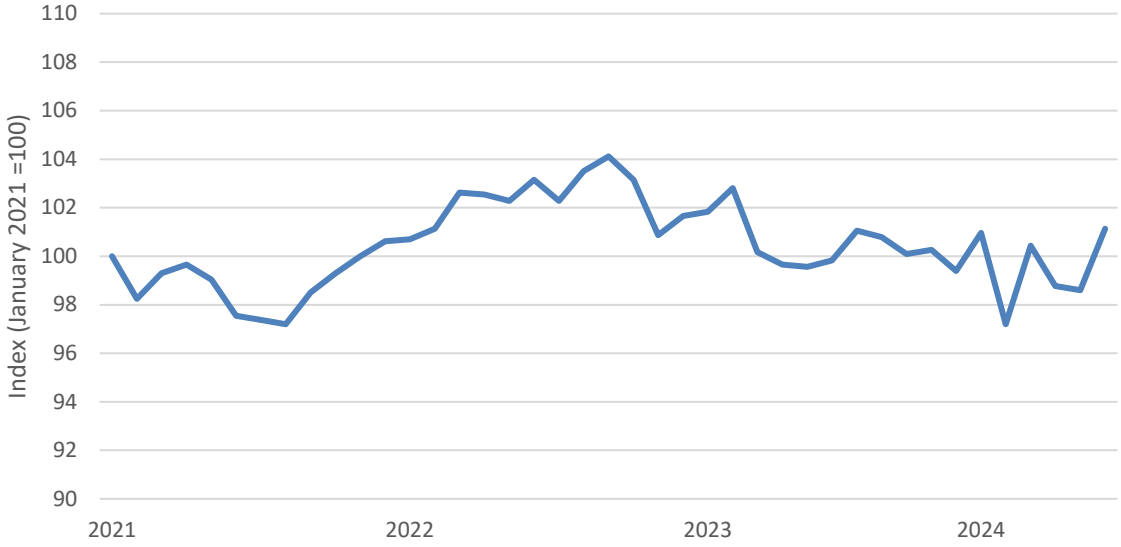
Overall demand for brake drums is driven by the demand for trucking in the United States. Demand for OEM brake drums is driven by heavy truck sales. U.S. heavy truck sales fluctuated over the period with its lowest value in January 2022 and its peak in December 2022. Overall sales of heavy trucks were 9.8 percent higher in 2023 than in 2021 (figure II-1 and table II-4). Demand for aftermarket brake drums is driven by truck tonnage and mileage. Trucking tonnage was lowest in August 2021 and remained below January 2021 levels from February 2021 to October 2021, peaked in September 2022 and then fluctuated downwards, ending the period close to its initial value (figure II-2 and table II-4).

Figure II-1
Heavy trucks: U.S. heavy truck sales (not seasonally adjusted), January 2021-June 2024



Source: https://fred.stlouisfed.org/series/HTRUCKSNSA, retrieved July 8, 2024.

Figure II-2
Heavy trucks: Seasonally adjusted truck tonnage index, January 2021-May 2024



Source: https://fred.stlouisfed.org/series/TRUCKD11, retrieved July 18, 2024.

Table II-4
Demand indicators: U.S. heavy truck sales (not seasonally-adjusted) and seasonally-adjusted truck tonnage index, January 2021 to June 2024

Period	Heavy truck sales (1,000 trucks)	Truck tonnage index
January 2021	35.4	100.0
February 2021	32.9	98.2
March 2021	45.6	99.3
April 2021	38.7	99.6
May 2021	38.3	99.0
June 2021	40.8	97.5
July 2021	35.9	97.4
August 2021	36.3	97.2
September 2021	37.0	98.5
October 2021	38.3	99.3
November 2021	35.2	100.0
December 2021	47.0	100.6
January 2022	30.8	100.7
February 2022	32.2	101.1
March 2022	41.3	102.6
April 2022	35.5	102.5
May 2022	37.6	102.3
June 2022	40.6	103.2
July 2022	38.2	102.3
August 2022	43.8	103.5
September 2022	41.7	104.1
October 2022	43.1	103.2
November 2022	41.1	100.9
December 2022	50.1	101.7
January 2023	36.5	101.8
February 2023	36.9	102.8
March 2023	44.7	100.2
April 2023	41.9	99.6
May 2023	45.8	99.6
June 2023	46.3	99.8
July 2023	40.6	101.1
August 2023	46.4	100.8
September 2023	42.4	100.1
October 2023	40.8	100.3
November 2023	38.4	99.4
December 2023	46.2	101.0
January 2024	36.9	97.2
February 2024	36.7	100.4
March 2024	39.6	98.8
April 2024	40.4	98.6
May 2024	40.1	101.1
June 2024	41.8	not available

Source: https://fred.stlouisfed.org/series/HTRUCKSNSA and https://fred.stlouisfed.org/series/TRUCKD11, retrieved July 18, 2024.

End uses and cost share

U.S. demand for brake drums depends on the demand for U.S.-produced heavy-duty trucks and trailers and replacement of brake drums in these trucks and trailers. Brake drums account for a small share of the cost of a new truck or trailer (reportedly 2 percent or less).

Business cycles

Demand for brake drums tends to be higher in spring and summer because of increased vehicle maintenance during those seasons.[2] *** 18 of 31 importers indicated that the market was subject to business cycles. Firms reported that demand was related to the overall economy and truck activity; brake drum demand depends on the volatile market for trucks and trailers; there is a spring replacement season; DOT inspections have reduced the size of the spring replacement season; demand in winter is lower than in summer; demand is influenced by seasonal demand in road construction; and the COVID-19 pandemic increased demand.

Demand trends

Firms had mixed responses regarding changes in U.S. demand for brake drums since January 1, 2021 (table II-5). *** U.S. producer reported U.S. demand ***. Among importers, 11 reported that U.S. demand decreased, 10 reported it increased, and 7 reported it was unchanged.

Table II-5
Brake drums: Count of firms' responses regarding overall domestic and foreign demand, by firm type

Market	Firm type	Steadily Increase	Fluctuate Up	No change	Fluctuate Down	Steadily Decrease
Domestic demand	U.S. producers	***	***	***	***	***
Domestic demand	Importers	7	3	7	7	4
Foreign demand	U.S. producers	***	***	***	***	***
Foreign demand	Importers	1	1	6	5	1

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

[2] Conference transcript, pp. 51-52 (Capps, Begley).

Substitute products

Substitutes for brake drums are limited, with air disc brakes being a substitute in new truck and trailer builds but not for replacement brakes in the aftermarket. Air disc brakes have increasingly been used in new truck and trailers. Approximately 40 percent of new truck builds, but a smaller share of new trailers, have air disc brakes.[3]

*** U.S. producers and 26 of 29 responding importers reported that there were no substitutes for brake drums. *** importers *** reported that air disc brakes were a substitute in the OEM market. *** reported that changes in the price of air disc brakes had not affected the price for brake drums, while *** reported that market share gains for air disc brakes had led to decreases in OEM demand, and thus prices, for brake drums.

Substitutability issues

This section assesses the degree to which U.S.-produced brake drums and imports of brake drums from subject countries can be substituted for one another by examining the importance of certain purchasing factors and the comparability of brake drums from domestic and imported sources based on those factors. Based on available data, staff believes that there is a high degree of substitutability between domestically produced brake drums and brake drums imported from subject sources.[4] Factors contributing to this level of substitutability include importance of price in purchasing decisions, similar lead times for brake drums from inventory, and interchangeability between domestic and subject sources. However, most responding importers reported that differences other than price between each country source were at least sometimes significant factors in their sales of the product.

[3] Conference transcript, p. 74 (Begley).

[4] The degree of substitution between domestic and imported brake drums depends upon the extent of product differentiation between the domestic and imported products and reflects how easily purchasers can switch from domestically produced brake drums to the brake drums imported from subject countries (or vice versa) when prices change. The degree of substitution may include such factors as quality differences (e.g., grade standards, defect rates, etc.), and differences in sales conditions (e.g., lead times between order and delivery dates, reliability of supply, product services, etc.).

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[5] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for brake drums. The major purchasing factors identified by firms include price, quality, brand/manufacturer, availability, and customer requirements.

The most often cited top three factors firms consider in their purchasing decisions for brake drums were price (6 firms), quality (3 firms), manufacturer/brand (3 firms), and availability/delivery (3 firms), as shown in table II-6. Price, quality, and manufacturer/brand were the most frequently cited first-most important factor (cited by 2 firms each); no factor was reported to be the second-most important by more than one firm; and price was the most frequently reported third-most important factor (3 firms).

Table II-6
Brake drums: Count of ranking of factors used in purchasing decisions as reported by purchasers, by factor

Factor	First	Second	Third	Total
Price	2	1	3	6
Quality	2	1	0	3
Manufacturer reputation/ brand	2	0	1	3
Availability/delivery	0	1	2	3
Relationship	0	1	0	1
Customer requirement	0	1	0	1

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

Note: One firm reported price as both the first- and second-most important factor; the response was included as a first-most important factor. One firm reported both price and availability as the third most important factor; both are included.

Lead times

Brake drums are primarily sold from inventory. U.S. producers reported that *** percent of their commercial shipments were from inventories, with lead times averaging *** days. The remaining *** percent of their commercial shipments were produced-to-order, with lead times averaging *** days. Importers reported that *** percent of their commercial shipments were from U.S. inventories, with lead times averaging *** days. They reported that *** percent were produced to order and *** percent were from foreign inventories, with average lead times of *** days, respectively.

[5] This information is compiled from responses by purchasers identified by Petitioner to the lost sales lost revenue allegations. See Part V for additional information.

Comparison of U.S.-produced and imported brake drums

In order to determine whether U.S.-produced brake drums can generally be used in the same applications as imports from China and Turkey, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. U.S. producers reported that *** (table II-7). Most responding importers reported that U.S.-produced brake drums were always interchangeable with those from China and Turkey and brake drums produced in China and Turkey were always interchangeable with each other (table II-8). Most importers reported that brakes drums from other countries were at least frequently interchangeable with domestic and subject imported brake drums. Importer *** reported that brake drums from the U.S. and subject sources were sometimes interchangeable, stating that many of the brake drums it imported were short-run, out-of-production, or otherwise hard-to-source.

Table II-7
Brake drums: Count of U.S. producers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	***	***	***	***
United States vs. Turkey	***	***	***	***
China vs. Turkey	***	***	***	***
United States vs. Other	***	***	***	***
China vs. Other	***	***	***	***
Turkey vs. Other	***	***	***	***

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

Table II-8
Brake drums: Count of importers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	18	9	3	0
United States vs. Turkey	12	7	2	0
China vs. Turkey	9	4	1	0
United States vs. Other	6	7	2	0
China vs. Other	5	6	0	0
Turkey vs. Other	5	6	0	0

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

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of brake drums from the United States, subject, or nonsubject countries (tables II-9 to II-10). *** U.S. producers reported that such differences between domestic and imported product (from China, Turkey, and all other sources) were *** significant in their sales. Most responding importers reported that differences other than price between each country source were at least sometimes significant factors in their sales of the product. Differences other than price reported by firms included availability; quality/performance; lead time; product selection; brand recognition; customer service; customer preferences for specific producers; and Chinese producers have fewer shortages and more flexibly expand product lines while U.S. producers focus solely on their established line.

Table II-9
Brake drums: Count of U.S. producers reporting the significance of differences other than price between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	***	***	***	***
United States vs. Turkey	***	***	***	***
China vs. Turkey	***	***	***	***
United States vs. Other	***	***	***	***
China vs. Other	***	***	***	***
Turkey vs. Other	***	***	***	***

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

Table II-10
Brake drums: Count of importers reporting the significance of differences between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	7	6	11	2
United States vs. Turkey	2	5	9	2
China vs. Turkey	1	3	6	1
United States vs. Other	2	2	5	1
China vs. Other	1	2	3	1
Turkey vs. Other	1	2	3	1

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 two firms that accounted for all known U.S. production of brake drums during 2023.

U.S. producers

The Commission issued a U.S. producer questionnaire to two firms based on information contained in the petitions. Both firms provided usable data on their operations. Table III-1 lists the two U.S. producers of brake drums, their production locations, positions on the petitions, and shares of total production.

Table III-1
Brake drums: U.S. producers, their positions on the petitions, production locations, and shares of reported production, 2023

Shares in percent

Firm	Position on petitions	Production location(s)	Share of production
Gunite	***	Rockford, IL Livonia, MI Evansville, IN	***
Webb	Petitioner	Cullman, AL Siloam Springs, AR Tell City, IN Ferdinand, IN	***
All firms	Various	Various	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms. As indicated in table III-2, neither U.S. producer indicated that it is related to a foreign producer of the subject merchandise, but *** reported that it is related to a U.S. importer of the subject merchandise from ***.[1] In addition, as discussed in greater detail below, *** directly imports the subject merchandise from ***. *** purchases the subject merchandise from U.S. importers.

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

Reporting firm	Relationship type and related firm	Details of relationship
***	***	***
***	***	***
***	***	***

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

Table III-3 presents events in the U.S. industry since January 1, 2021.

Table III-3
Brake drums: Important industry events since 2021

Item	Firm	Event
New production Location	Accuride	In March 2024, Accuride announced that its Gunite-branded 3922X cast iron brake drum will be produced in Accuride's Rockford, Illinois foundry.
Acquisition	Webb	In January 2024, petitioner Webb purchased Trifecta line of pre-adjusted hub assembly products from Stemco.
Acquisition	Waupaca Foundry	Monomoy Capital Partners completed its acquisition of Waupaca Foundry (a major supplier of cast iron brake drum castings) in March 2024.
Exit	Meritor	Meritor announced in January 2022 that it would no longer be able to supply the U.S. aftermarket with cast iron brake drums.

Source: Linger, "Accuride Brings Back USA-made Gunite 3922X Brake Drum," March 8, 2024. https://www.fleetequipmentmag.com/accuride-usa-gunite-brake-drum/; Crissey, "Webb Wheel Purchases Stemco Trifecta Pre-adjusted Hub Assembly Product Line," January 5, 2024. https://www.fleetequipmentmag.com/webb-wheel-purchases-stemco-trifecta-pre-adjusted-hub-assembly-product-line/; Monomoy Capital Partners, "Monomoy Capital Partners Completes Acquisition of Waupaca Foundry," March 5, 2024, https://www.mcpfunds.com/news/monomoy-capital-partners-completes-acquisition-of-waupaca-foundry/; Meritor, "Aftermarket Cast Drums for On-Highway Applications," January 2022.

[1] U.S. producer *** reported that it is wholly owned by ***. *** also wholly owns U.S. importer ***.

Producers in the United States were asked to report any change in the character of their operations or organization relating to the production of brake drums since 2021. *** producers (i.e., ***) indicated that it had experienced such changes. Table III-4 presents the changes identified. At the staff conference, Webb presented testimony on the downward trends in the domestic industry's indicia, including declines in employment, during 2023 and into 2024.[2]

Table III-4
Brake drums: U.S. producers' reported changes in operations, since January 1, 2021

Item	Firm name and narrative response on changes in operations
Expansions	***
Other	***

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

Firms were also asked about the impact of the COVID-19 pandemic on their brake drum operations. Both responding producers reported changes relating to brake drums; their narrative responses are presented in appendix E. The domestic brake drum industry generally reported difficulty sourcing skilled labor, decreases in orders and production, increases in freight costs, and COVID-related supply chain issues. At the staff conference, Webb testified that freight costs, which increased beginning in 2021 as COVID-19 restrictions began to ease and COVID-related supply chain issues intensified, began to normalize in 2023. It added that COVID-related pent-up demand that was not met in 2021 was realized in increases in demand that crested in 2022.[3]

[2] Conference transcript, p. 23 (Dougan).
[3] Conference transcript, pp. 7 and 68 (Mintzer), 22 (Dougan), 54 (Begley).

U.S. production, capacity, and capacity utilization

Table III-5 presents U.S. producers' installed and practical capacity and production on the same equipment.[4] Installed overall capacity decreased by *** percent from 2021 to 2022, but increased by *** percent in 2023 to a level that was *** percent lower than in 2021. Practical overall capacity increased by *** percent from 2021 to 2023, and practical capacity for brake drums (i.e., that portion of practical overall capacity that firms allocated for brake drums, if they made other products on the same equipment) increased by *** percent from 2021 to 2023. All three measures of capacity for the domestic industry were higher in January-March ("interim") 2024 than in the comparable period of 2023.

Changes in capacity were reported by ***. As previously noted in Part I of this report, Webb's production operations begin with a purchased casting,[5] whereas Gunite's production operations are vertically integrated to also include the manufacture of the casting.[6] Gunite reported that its practical overall capacity is based on operating *** hours per week, *** weeks per year; whereas Webb reported that its practical overall capacity is based on operating *** hours per week, *** weeks per year.

[4] "Installed overall capacity" is the level of production that firms' establishments could have attained, assuming an optimal product mix, and based solely on existing capital investments. This capacity measure does not take into account other constraints to production such as existing workforce constraints, availability of raw materials, or downtime for maintenance, repair, and clean-up. "Practical overall capacity" is level of production that firms' establishments could reasonably have expected to attain, taking into account the actual product mix over the period. This capacity measure is based on not only existing capital investments but also non-capital investment constraints, such as (1) normal operating conditions; (2) existing in place and readily available labor force; (3) availability of material inputs; and (4) any other constraints that may have limited firms' ability to produce the reported products. See U.S. Producers' Questionnaire.

[5] Petitions, p. I-5; conference transcript, p. 77 (Capps).

[6] Gunite Producer Questionnaire, II-3c; Gunite Brake Drums Product Catalog, https://www.doverbrakeinc.com/downloads/catelogs/GUNITE%20BRAKE%20DRUM%20CATALOG%202015.pdf, retrieved July 16, 2024.

Table III-5
Brake drums: U.S. producers' installed and practical capacity, production, and utilization on the same equipment as in-scope production, by period

Capacity and production in units; utilization in percent

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Installed overall	Capacity	***	***	***	***	***
Installed overall	Production	***	***	***	***	***
Installed overall	Utilization	***	***	***	***	***
Practical overall	Capacity	***	***	***	***	***
Practical overall	Production	***	***	***	***	***
Practical overall	Utilization	***	***	***	***	***
Practical brake drums	Capacity	***	***	***	***	***
Practical brake drums	Production	***	***	***	***	***
Practical brake drums	Utilization	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Table III-6 presents U.S. producers' reported narratives regarding practical capacity constraints. Both domestic producers cited "production bottlenecks" as a capacity constraint, whereas one firm each additionally cited "existing labor force" and "supply of material inputs" as capacity constraints.[7] Webb explained at the preliminary conference that its casting supply constraints experienced during 2021 and 2022, which were rooted in COVID-related issues and the Russian-Ukraine conflict, have since eased as its domestic castings supplier, Waupaca, has made significant investments to increase its castings production capacity.[8]

Table III-6
Brake drums: U.S. producers' reported constraints to practical overall capacity since January 1, 2021

Item	Firm name and narrative response on constraints to practical overall capacity
Production bottlenecks	***
Production bottlenecks	***
Existing labor force	***
Supply of material inputs	***

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

Table III-7 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. producers' practical capacity to produce brake drums increased by *** percent from 2021 to 2023, and was *** percent higher in interim 2024 than in the comparable period of 2023. Increases in capacity were reported by ***,[9] ***. Production, on the other hand, decreased by *** percent from 2021 to 2023, and was *** percent lower in interim 2024 than in interim 2023. The overall increase in capacity and the decrease in production resulted in a capacity utilization decrease of *** percentage points during 2021-23, from *** percent to *** percent, and was *** percentage points lower at *** percent in interim 2024 than at *** percent in interim 2023.

[7] Firms could choose multiple constraints in response to this question in the U.S. producers' questionnaire, and several did so. Therefore, these counts can encompass the same firm(s) identifying multiple constraints.

[8] Conference transcript, pp. 76-77 (Capps and Begley).

[9] Webb reported that it ***.

Table III-7
Brake drums: U.S. producers' output, by firm and period

Practical capacity

Capacity in units

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table III-7 Continued
Brake drums: U.S. producers' output, by firm and period

Production

Production in units

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table III-7 Continued
Brake drums: U.S. producers' output, by firm and period

Capacity utilization

Capacity utilization in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Note: Capacity utilization ratio represents the ratio of the U.S. producer's production to its production capacity.

Table continued.

Table III-7 Continued
Brake drums: U.S. producers' output, by firm and period

Share of production

Share in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	100.0	100.0	100.0	100.0	100.0

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Figure III-1
Brake drums: U.S. producers' capacity, production, and capacity utilization, by period

* * * * * * *

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

Alternative products

As shown in table III-8, *** percent of overall production during 2023 by U.S. producers was of in-scope brake drums. While *** reported the production of *** other products on the same equipment and machinery used to produce in-scope brake drums, *** reported *** production, including the production of ***.

Table III-8
Brake drums: U.S. producers' overall production on the same equipment as in-scope production, by product type and period

Quantity in units; ratio and share in percent

Product type	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Brake drums	Quantity	***	***	***	***	***
Other products	Quantity	***	***	***	***	***
All products	Quantity	***	***	***	***	***
Brake drums	Share	***	***	***	***	***
Other products	Share	***	***	***	***	***
All products	Share	100.0	100.0	100.0	100.0	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

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

Table III-9 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments, which were mostly commercial U.S. shipments (i.e., *** percent in 2021 and greater than *** percent in the subsequent periods), decreased by *** percent from 2021 to 2023, and were *** percent lower in interim 2024 than in interim 2023. Average unit values of U.S. shipments increased by *** percent from 2021 to 2023, but were *** percent lower in interim 2024 than in interim 2023. Export shipments, which never comprised more than *** percent of total shipments in any period, decreased by *** percent from 2021 to 2023, and were *** percent lower in interim 2024 than in interim 2023. Both U.S. producers reported export shipments principally to ***, while *** also reported export shipments to ***.

Table III-9
Brake drums: U.S. producers' shipments, by destination and period

Quantity in units; value in 1,000 dollars; unit value in dollars per unit; shares in percent

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. shipments	Quantity	***	***	***	***	***
Export shipments	Quantity	***	***	***	***	***
Total shipments	Quantity	***	***	***	***	***
U.S. shipments	Value	***	***	***	***	***
Export shipments	Value	***	***	***	***	***
Total shipments	Value	***	***	***	***	***
U.S. shipments	Unit value	***	***	***	***	***
Export shipments	Unit value	***	***	***	***	***
Total shipments	Unit value	***	***	***	***	***
U.S. shipments	Share of quantity	***	***	***	***	***
Export shipments	Share of quantity	***	***	***	***	***
Total shipments	Share of quantity	100.0	100.0	100.0	100.0	100.0
U.S. shipments	Share of value	***	***	***	***	***
Export shipments	Share of value	***	***	***	***	***
Total shipments	Share of value	100.0	100.0	100.0	100.0	100.0

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

U.S. producers' inventories

Table III-10 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** U.S. producers' end-of-period inventories decreased *** percent from 2021 to 2023, and were *** percent lower in interim 2024 than in interim 2023. ***. The ending inventory ratios to U.S. production, U.S. shipments, and total shipments were *** percent or less during 2023. As a ratio to total shipments, inventories decreased by *** percentage points from 2021 to 2023, and was *** percentage points lower in interim 2024 than in interim 2023.

Table III-10
Brake drums: U.S. producers' inventories and their ratio to select items, by period

Quantity in units; ratio in percent

Item	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
End-of-period inventory quantity	***	***	***	***	***
Inventory ratio to U.S. production	***	***	***	***	***
Inventory ratio to U.S. shipments	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

U.S. producers' imports from subject sources

Imports of subject brake drums by U.S. producer *** are presented in table III-11. U.S. producer ***, which accounted for *** percent of U.S. production of brake drums in 2023, is related to U.S. importer ***, an importer of brake drums from ***, through their common parent ***. In 2023, U.S. producer *** accounted for *** percent of total reported subject imports from ***, respectively. Its total subject imports were equivalent to *** percent of the quantity of *** U.S. production of brake drums in ***.[10]

Table III-11
Brake drums: * U.S. production, U.S. imports from subject sources, and ratio of subject imports to production, by source and period**

Quantity in units; ratio in percent

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. production	Quantity	***	***	***	***	***
Imports from ***	Quantity	***	***	***	***	***
Imports from ***	Quantity	***	***	***	***	***
Imports from ***	Quantity	***	***	***	***	***
Imports from *** to U.S. production	Ratio	***	***	***	***	***
Imports from *** to U.S. production	Ratio	***	***	***	***	***
Imports from *** to U.S. production	Ratio	***	***	***	***	***

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

Note: Ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

[10] The petitioner argues that the import volumes by ***. Webb's postconference brief, pp. 20-21.

U.S. producer *** imports of brake drums are presented in table III-12. U.S. producer ***, which accounted for *** percent of U.S. production of brake drums in 2023, directly imported brake drums from ***. In 2023, U.S. producer *** accounted for *** percent of total reported subject imports from *** and its total subject imports were equivalent to *** percent of the quantity of its U.S. production of brake drums during ***.

Table III-12
Brake drums: * U.S. production, U.S. imports from subject sources, and ratio of subject imports to production, by source and period**

Quantity in units; ratio in percent

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. production	Quantity	***	***	***	***	***
Imports from ***	Quantity	***	***	***	***	***
Imports from *** to U.S. production	Ratio	***	***	***	***	***

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

Note: Ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

The firms' reasons for importing brake drums are presented in table III-13.

Table III-13
Brake drums: U.S. producers' reasons for importing, by firm

Item	Narrative response on reasons for importing
***'s reason for importing	***
***'s reason for importing	***

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

U.S. producers' purchases of imports from subject sources

Neither responding U.S. producer reported purchases of brake drums produced in the United States or in other countries since January 1, 2021.

U.S. employment, wages, and productivity

Table III-14 shows U.S. producers' employment-related data. Tracking the general downward trend in domestic brake drum production, the number of production and related workers decreased overall by *** percent from 2021 to 2023, and was *** percent lower in interim 2024 than in interim 2023. Likewise, the total hours worked and productivity declined by *** from 2021 to 2023, respectively, and they were lower in interim 2024 than in interim 2023. Wages paid, hourly wages, and unit labor costs, on the other hand, increased overall from 2021 to 2023, and were higher in interim 2024 compared with interim 2023.

Table III-14
Brake drums: U.S. producers' employment related information, by item and period

Item	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Production and related workers (PRWs) (number)	***	***	***	***	***
Total hours worked (1,000 hours)	***	***	***	***	***
Hours worked per PRW (hours)	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***
Productivity (units per hour)	***	***	***	***	***
Unit labor costs (dollars per unit)	***	***	***	***	***

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 approximately 350 firms identified as possible importers of subject brake drums, as well as to the U.S. producers of brake drums.[1] Usable questionnaire responses were received from 36 companies, representing approximately *** of total U.S. imports from China and almost *** percent of total U.S. imports from Turkey during 2023.[2] Table IV-1 lists all responding U.S. importers of brake drums from China, Turkey, and other sources, their locations, and their shares of U.S. imports in 2023.

[1] The Commission issued questionnaires to those firms identified in the petitions; staff research; and proprietary, Census-edited Customs' import records.

[2] U.S. import statistics for imports of in-scope brake drums from subject sources under the primary HTS statistical reporting number 8708.30.5020 are believed to be significantly overstated. Conference transcript, pp. 29-30 (Dougan). Staff estimates presented for importer questionnaire coverage are based on a comparison with total U.S. imports reported under HTS statistical reporting number 8708.30.5020, as adjusted using data reported in importer questionnaire responses, as well as a comparison with export data reported by foreign producers responding to the Commission's questionnaire in this proceeding. Staff is unable to estimate with certainty the importer questionnaire coverage for in-scope imports from nonsubject countries, as U.S. import statistics for in-scope brake drums from nonsubject sources are believed to be "wildly overstated." Conference transcript, p. 30 (Dougan). Based on a comparison with adjusted import statistics, reported imports of brake drums from nonsubject sources accounted for less than *** percent of total imports from nonsubject sources. In addition to the "primary" HTS statistical reporting number mentioned above, responding firms reported importing in-scope brake drums under HTS statistical reporting numbers 8716.90.5060 and 8708.99.8180. However, the large majority of imports of in-scope brake drums (*** percent of imports from China and *** percent of imports from Turkey and nonsubject countries in 2023) entered under primary HTS statistical reporting number 8708.30.5020.

Table IV-1
Brake drums: U.S. importers, their headquarters, and share of total imports within a given source by firm, 2023

Share in percent

Firm	Headquarters	China	Turkey	Subject sources	Non-subject sources	All import sources
Advanced Wheel Sales	Worthington, OH	***	***	***	***	***
Artur Express	Hazelwood, MO	***	***	***	***	***
Aurora Parts	Lebanon, IN	***	***	***	***	***
AXN Heavy Duty	Louisville, KY	***	***	***	***	***
Cargo Heavy Duty	Kalamazoo, MI	***	***	***	***	***
ConMet	Vancouver, WA	***	***	***	***	***
D&W Clutch	Baltimore, MD	***	***	***	***	***
Dayton Parts	Shiremanstown, PA	***	***	***	***	***
Discount Diesel Truck Parts	Medley, FL	***	***	***	***	***
DS Parts	Bluefield, VA	***	***	***	***	***
DuraBrake	Santa Clara, CA	***	***	***	***	***
EKU	Çayırova-Kocaeli, Turkey	***	***	***	***	***
FleetPride	Irving, TX	***	***	***	***	***
Fort Pro	Miami, FL	***	***	***	***	***
Genuine Parts	Atlanta, GA	***	***	***	***	***
Global Parts Network	Hoffman Estates, IL	***	***	***	***	***
Henry's Truck Parts	Elgin, IL	***	***	***	***	***
Isuzu	Anaheim, CA	***	***	***	***	***
Johnson's Surplus	White Pigeon, MI	***	***	***	***	***
Kana Energy	Houston, TX	***	***	***	***	***
Keene Brake & Electric	Chicago, IL	***	***	***	***	***
KIC	Evansville, IN	***	***	***	***	***
Lenova	Feasterville, PA	***	***	***	***	***
Love's Truck Solutions	Oklahoma City, OK	***	***	***	***	***
Martec International	Byron Center, MI	***	***	***	***	***
Newtek	Kansas City, MO	***	***	***	***	***
OTP USA	Odessa, TX	***	***	***	***	***
Panasia CVS USA	New York, NY	***	***	***	***	***
SilverbackHD	Kennesaw, GA	***	***	***	***	***
Tacoma Parts	Seatac, WA	***	***	***	***	***
Truck Spring	Saginaw, MI	***	***	***	***	***
Vanguard National Trailer	Monon, IN	***	***	***	***	***
Volvo	Greensboro, NC	***	***	***	***	***
Walker Automotive	Raleigh, NC	***	***	***	***	***
Webb	Cullman, AL	***	***	***	***	***
Wheeler Fleet	Somerset, PA	***	***	***	***	***
All firms	Various	100.0	100.0	100.0	100.0	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

U.S. imports

Table IV-2 and figure IV-1 present data for U.S. imports of brake drums from China, Turkey, and all other sources. In terms of quantity, total reported U.S. imports of brake drums from all sources combined increased by *** percent from 2021 to 2022, decreased by *** percent in 2023, and were *** percent lower in interim 2024 than in interim 2023. The average unit value of such imports followed a similar trend, increasing from 2021 to 2022, before decreasing in 2023 to a level that was *** percent higher than in 2021. The average unit value of total U.S. imports was *** percent lower in interim 2024 than in interim 2023. The largest source of total reported U.S. imports was China, accounting for *** percent of total U.S. imports in 2023, followed by Turkey, accounting for *** percent. The leading nonsubject source of reported U.S. imports was ***, followed by ***.

Subject imports accounted for the vast majority of total reported U.S. imports in each period. As a share of the quantity of total reported imports, reported U.S. imports from combined subject sources increased from *** percent in 2021 to *** percent in 2023, although the total import share held by subject sources was slightly lower at *** percent in interim 2024 than in interim 2023. Imports of in-scope brake drums from the subject sources combined increased by 54.1 percent from 2021 to 2022, then decreased by 28.4 percent from 2022 to 2023, to a level that was 10.4 percent higher than reported in 2021. Subject imports were 21.9 percent lower in interim 2024 than in interim 2023. The average unit value of subject imports increased by 34.3 percent from $73 per unit in 2021 to a period high of $99 per unit in 2022, then decreased by 16.0 percent from 2022 to $83 per unit in 2023. The average unit values of imports from subject countries were 26.4 percent lower in interim 2024 than in interim 2023 ($63 per unit compared to $85 per unit).

As a share of the quantity of total reported imports, reported U.S. imports from nonsubject sources declined from *** percent in 2021 to *** percent in 2023, but was higher at *** percent in interim 2024 compared with interim 2023. Reported imports from nonsubject sources decreased by *** percent from 2021 to 2023, but were *** percent higher in interim 2024 compared with interim 2023. The average unit values of nonsubject imports increased from $*** per unit in 2021 to $*** per unit in 2022 before decreasing to $*** per unit in 2023. Nonsubject average unit values were lower in interim 2024 than in interim 2023 ($*** per unit compared with $*** per unit).

The ratio of subject imports to U.S. production increased from *** percent in 2021 to *** percent in 2022 before declining to *** percent in 2023. The ratio to U.S. production in interim 2024 was lower than in interim 2023 (*** percent in interim 2023 compared to *** percent in interim 2024).

Importers were asked about the impact of the COVID-19 pandemic on their importing operations. Sixteen of the 36 responding importers reported an impact; their narrative responses are presented in appendix E. The importers generally reported supply chain interruptions from U.S. and overseas suppliers, as well as increased ocean and inland freight costs beginning in 2020. Several noted that these issues began to stabilize somewhat in 2023.

Table IV-2
Brake drums: U.S. imports, by source and period

Quantity in units; value in 1,000 dollars; unit value in dollars per unit

Source	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
China	Quantity	***	***	***	***	***
Turkey	Quantity	***	***	***	***	***
Subject sources	Quantity	1,935,055	2,982,664	2,135,334	736,567	575,578
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
China	Value	***	***	***	***	***
Turkey	Value	***	***	***	***	***
Subject sources	Value	141,976	293,949	176,739	62,956	36,209
Nonsubject sources	Value	***	***	***	***	***
All import sources	Value	***	***	***	***	***
China	Unit value	***	***	***	***	***
Turkey	Unit value	***	***	***	***	***
Subject sources	Unit value	73	99	83	85	63
Nonsubject sources	Unit value	***	***	***	***	***
All import sources	Unit value	***	***	***	***	***

Table continued.

Table IV-2 Continued
Brake drums: U.S. imports, by source and period

Share and ratio in percent, ratio represents the ratio to U.S. production

Source	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
China	Share of quantity	***	***	***	***	***
Turkey	Share of quantity	***	***	***	***	***
Subject sources	Share of quantity	***	***	***	***	***
Nonsubject sources	Share of quantity	***	***	***	***	***
All import sources	Share of quantity	100.0	100.0	100.0	100.0	100.0
China	Share of value	***	***	***	***	***
Turkey	Share of value	***	***	***	***	***
Subject sources	Share of value	***	***	***	***	***
Nonsubject sources	Share of value	***	***	***	***	***
All import sources	Share of value	100.0	100.0	100.0	100.0	100.0
China	Ratio	***	***	***	***	***
Turkey	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***

Table continued.

Table IV-2 Continued
Brake drums: Changes in U.S. imports between comparison periods, by source and period

Changes in percent

Source	Measure	2021-23	2021-22	2022-23	Jan-Mar 2023-24
China	%Δ Quantity	▲***	▲***	▼***	▼***
Turkey	%Δ Quantity	▼***	▲***	▼***	▲***
Subject sources	%Δ Quantity	▲10.4	▲54.1	▼(28.4)	▼(21.9)
Nonsubject sources	%Δ Quantity	▼***	▼***	▼***	▲***
All import sources	%Δ Quantity	▲***	▲***	▼***	▼***
China	%Δ Value	▲***	▲***	▼***	▼***
Turkey	%Δ Value	▲***	▲***	▼***	▲***
Subject sources	%Δ Value	▲24.5	▲107.0	▼(39.9)	▼(42.5)
Nonsubject sources	%Δ Value	▼***	▼***	▼***	▲***
All import sources	%Δ Value	▲***	▲***	▼***	▼***
China	%Δ Unit value	▲***	▲***	▼***	▼***
Turkey	%Δ Unit value	▲***	▲***	▼***	▼***
Subject sources	%Δ Unit value	▲12.8	▲34.3	▼(16.0)	▼(26.4)
Nonsubject sources	%Δ Unit value	▲***	▲***	▼***	▼***
All import sources	%Δ Unit value	▲***	▲***	▼***	▼***

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

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

Figure IV-1
Brake drums: U.S. import quantities and average unit values, by source and period

* * * * * * *

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

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[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 imports from such countries are deemed not to be negligible.[4] Imports from China and Turkey accounted for *** percent and *** percent, respectively, of total imports of brake drums by quantity during 2023.

Table IV-3
Brake drums: U.S. imports in the twelve-month period preceding the filing of the petitions, June 2023 through May 2024

Quantity in units; share of quantity in percent

Source of imports	Quantity	Share of quantity
China	***	***
Turkey	***	***
Subject sources	***	***
Nonsubject sources	***	***
All import sources	***	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

[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)).

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

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.

Fungibility

Table IV-4 and figure IV-2 present information on U.S. producers' and U.S. importers' U.S. shipments by the following brake drum weight categories: (a) greater than 50 pounds and less than 97 pounds, (b) greater than or equal to 97 pounds and less than or equal to 106 pounds, (c) greater than 106 pounds but not greater than 113 pounds, and (d) greater than 113 pounds.[5]

U.S. producers shipped brake drums in all four weight categories, with the two middle weight categories together comprising the large majority (*** percent) of U.S. producers' U.S. shipments in 2023. U.S. importers from subject sources also shipped brake drums in all four weight categories, with the two middle weight categories together comprising a majority (*** percent) of U.S. shipments of imports from China in 2023 and the two lightest weight categories together comprising the large majority (*** percent) of U.S. shipments of imports from Turkey. Imports from nonsubject sources were similarly shipped in all four weight categories, with a majority (*** percent) comprising the lightest weight category alone in 2023. Brake drums that are greater than or equal to 97 pounds and less than or equal to 106 pounds[6] represented the largest share of all weight categories for U.S. shipments made by U.S. producers and U.S. importers from China and Turkey.

[5] The two middle weight categories align with the weight specifications for which price data were requested in these investigations (i.e., greater than or equal to 97 pounds and less than or equal to 106 pounds (pricing product 1) and greater than 106 pounds but not greater than 113 pounds (pricing product 2). See Part V for a detailed description of the pricing products for which data were collected.

[6] See pricing product 1 in Part V.

The majority of all U.S. shipments of the three heaviest weight categories in 2023 were made by U.S. producers; whereas a majority of all U.S. shipments of the lightest weight category in 2023 were made by U.S. importers from China and Turkey combined.

Table IV-4
Brake drums: U.S. producers' and U.S. importers' U.S. shipments, by source and by weight category, 2023

Quantity in units

Source	>50 and <97 pounds	≥97 and ≤106 pounds	>106 and ≤113 pounds	>113 pounds	All weight categories
U.S. producers	***	***	***	***	***
China	***	***	***	***	***
Turkey	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
All sources	***	***	***	***	***

Table continued.

Table IV-4 Continued
Brake drums: U.S. producers' and U.S. importers' U.S. shipments, by source and by weight category, 2023

Share across in percent

Source	>50 and <97 pounds	≥97 and ≤106 pounds	>106 and ≤113 pounds	>113 pounds	All weight categories
U.S. producers	***	***	***	***	100.0
China	***	***	***	***	100.0
Turkey	***	***	***	***	100.0
Subject sources	***	***	***	***	100.0
Nonsubject sources	***	***	***	***	100.0
All import sources	***	***	***	***	100.0
All sources	***	***	***	***	100.0

Table continued.

Table IV-4 Continued
Brake drums: U.S. producers' and U.S. importers' U.S. shipments, by source and by weight category, 2023

Share down in percent

Source	>50 and <97 lbs	≥97 and ≤106 lbs	>106 and ≤113 lbs	>113 lbs	All weight categories
U.S. producers	***	***	***	***	***
China	***	***	***	***	***
Turkey	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
All sources	100.0	100.0	100.0	100.0	100.0

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Figure IV-2
Brake drums: U.S. producers' and U.S. importers' U.S. shipments, by source and by weight category, 2023

* * * * * * *

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

Geographical markets

Table IV-5 presents data on U.S. imports by source and border of entry in 2023 as compiled from official U.S. import statistics using statistical reporting number 8708.30.5020, as adjusted using proprietary, Census-edited Customs import records to remove data for firms that certified to the Commission that they have not imported brake drums since January 1, 2021.[7] These data show that U.S. imports from all sources entered through all four borders of entry (i.e., East, North, South, and West) in 2023. China was the largest source of imports through all four entry points.

Table IV-5
Brake drums: U.S. imports, by source and by border of entry, 2023

Quantity in units

Source	East	North	South	West	All borders
China	***	***	***	***	***
Turkey	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Table continued.

Table IV-5 Continued
Brake drums: U.S. imports, by source and by border of entry, 2023

Share across in percent

Source	East	North	South	West	All borders
China	***	***	***	***	100.0
Turkey	***	***	***	***	100.0
Subject sources	***	***	***	***	100.0
Nonsubject sources	***	***	***	***	100.0
All import sources	***	***	***	***	100.0

Table continued.

[7] Despite the adjustments made to the U.S. import statistics to more closely reflect the in-scope merchandise, the data presented are nevertheless imprecise, as the U.S. import statistics for the primary HTS statistical reporting number not only overstate in-scope brake drum imports but may also understate the in-scope imports by virtue of items that enter under other HTS statistical reporting numbers, particularly with respect to U.S. imports from China. Conference transcript, pp. 29-30 (Dougan); Importer questionnaire responses, II-5a.

Table IV-5 Continued
Brake drums: U.S. imports, by source and by border of entry, 2023

Share down in percent

Source	East	North	South	West	All borders
China	***	***	***	***	***
Turkey	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8708.30.5020, accessed July 2, 2024, as adjusted using proprietary, Census-edited Customs import records to remove data for firms that certified to the Commission that they have not imported brake drums since January 1, 2021. Imports are based on the imports for consumption data series.

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---". The primary HTS statistical reporting number includes both in-scope brake drums and out-of-scope brake drums (e.g., excluded composite or steel brake drums that otherwise meet the weight and size requirements of in-scope brake drums, cast iron brake drums that are lighter or smaller than the weight and size requirements of in-scope brake drums (such as used in passenger cars), etc.).

Presence in the market

Table IV-6 and figures IV-3 and IV-4 present data on U.S. imports by source and month from January 2021 to April 2024. Imports from China, Turkey, and aggregated nonsubject sources were each present in every month from January 2021 to April 2024.

Table IV-6
Brake drums: U.S. imports, by month and source, January 2021 through April 2024

Quantity in units

Year	Month	China	Turkey	Subject sources	Nonsubject sources	All import sources
2021	January	***	***	***	***	***
2021	February	***	***	***	***	***
2021	March	***	***	***	***	***
2021	April	***	***	***	***	***
2021	May	***	***	***	***	***
2021	June	***	***	***	***	***
2021	July	***	***	***	***	***
2021	August	***	***	***	***	***
2021	September	***	***	***	***	***
2021	October	***	***	***	***	***
2021	November	***	***	***	***	***
2021	December	***	***	***	***	***
2022	January	***	***	***	***	***
2022	February	***	***	***	***	***
2022	March	***	***	***	***	***
2022	April	***	***	***	***	***
2022	May	***	***	***	***	***
2022	June	***	***	***	***	***
2022	July	***	***	***	***	***
2022	August	***	***	***	***	***
2022	September	***	***	***	***	***
2022	October	***	***	***	***	***
2022	November	***	***	***	***	***
2022	December	***	***	***	***	***

Table continued.

Table IV-6 Continued
Brake drums: U.S. imports, by month and source, January 2021 through April 2024

Quantity in units

Year	Month	China	Turkey	Subject sources	Nonsubject sources	All import sources
2023	January	***	***	***	***	***
2023	February	***	***	***	***	***
2023	March	***	***	***	***	***
2023	April	***	***	***	***	***
2023	May	***	***	***	***	***
2023	June	***	***	***	***	***
2023	July	***	***	***	***	***
2023	August	***	***	***	***	***
2023	September	***	***	***	***	***
2023	October	***	***	***	***	***
2023	November	***	***	***	***	***
2023	December	***	***	***	***	***
2024	January	***	***	***	***	***
2024	February	***	***	***	***	***
2024	March	***	***	***	***	***
2024	April	***	***	***	***	***

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8708.30.5020, accessed July 2, 2024, as adjusted using proprietary, Census-edited Customs import records to remove data for firms that certified to the Commission that they have not imported brake drums since January 1, 2021. Imports are based on the imports for consumption data series.

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. The primary HTS statistical reporting number includes both in-scope brake drums and out-of-scope brake drums (e.g., excluded composite or steel brake drums that otherwise meet the weight and size requirements of in-scope brake drums, cast iron brake drums that are lighter or smaller than the weight and size requirements of in-scope brake drums (such as used in passenger cars), etc.).

Figure IV-3
Brake drums: U.S. imports from individual subject sources, by source and by month, January 2021 through April 2024

* * * * * * *

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8708.30.5020, accessed July 2, 2024, as adjusted using proprietary, Census-edited Customs import records to remove data for firms that certified to the Commission that they have not imported brake drums since January 1, 2021. Imports are based on the imports for consumption data series.

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---". The primary HTS statistical reporting number includes both in-scope brake drums and out-of-scope brake drums (e.g., excluded composite or steel brake drums that otherwise meet the weight and size requirements of in-scope brake drums, cast iron brake drums that are lighter or smaller than the weight and size requirements of in-scope brake drums (such as used in passenger cars), etc.).

Figure IV-4
Brake drums: U.S. imports from aggregated subject and nonsubject sources, by month, January 2021 through April 2024

* * * * * * *

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8708.30.5020, accessed July 2, 2024, as adjusted using proprietary, Census-edited Customs import records to remove data for firms that certified to the Commission that they have not imported brake drums since January 1, 2021. Imports are based on the imports for consumption data series.

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---". The primary HTS statistical reporting number includes both in-scope brake drums and out-of-scope brake drums (e.g., excluded composite or steel brake drums that otherwise meet the weight and size requirements of in-scope brake drums, cast iron brake drums that are lighter or smaller than the weight and size requirements of in-scope brake drums (such as used in passenger cars), etc.).

Apparent U.S. consumption and market shares

Quantity

Table IV-7 and figure IV-5 present data on apparent U.S. consumption of brake drums and U.S. market shares based on quantity data. As indicated in Part II of this report, overall demand for brake drums is driven by the demand for trucking in the United States.[8] Apparent U.S. consumption by quantity increased by *** percent from 2021 to 2022, decreased in 2023 to a level that was *** percent below that in 2021, and was *** lower in interim 2024 than in interim 2023.[9] The trend in subject imports is somewhat similar to that of overall apparent U.S. consumption (i.e., increasing from 2021 to 2022, then declining in 2023), although the 2023 decline in subject imports was less than the 2023 decline in U.S. producers' U.S. shipments and overall apparent U.S. consumption.[10] In fact, the U.S. producers' component of apparent U.S. consumption shows a decline in terms of absolute quantity during each annual period from 2021 to 2023.

[8] Parties describe a market transition from drum brakes to air disc brakes in the U.S. trucking industry, though the rate of that transition is described somewhat differently by petitioners and respondents. Conference transcript, pp. 13 and 73 (Begley), 115 (Cullerton), and 137-138 (Marr); ConMet's postconference brief, p. 4. Parties also describe a seasonality in the brake drum market that is a function of temperature variations. That is, brake drum replacements generally increase as temperatures moderate during spring and summer. Conference transcript, pp. 51 (Capps, Begley) and 140 (Hurley, Shroff); DuraBrake's postconference brief, p. 4.

[9] Respondent ConMet reports that the primary demand drivers for the OEM segment are new truck and trailer builds (which they argue increased slightly in 2023 before declining in 2024) and the primary demand driver for the aftermarket segment is shipping volumes (which it argues is the larger of the two segments and declined in both 2023 and 2024). ConMet's postconference brief, app. A, p. 3.

[10] The petitioner argues that, as demand and cost conditions normalized in 2023, subject imports "overshot the market" and gained U.S. market share. The petitioner alleges that the 2023 decline in consumption was further exaggerated by the inventory overhang of subject imports (both by importers and potentially their U.S. customers) that resulted in an oversupply of brake drums in the United States and that was being worked down in 2023. Conference transcript, pp. 7 (Mintzer), 53 (Dougan); petitioner's postconference brief, pp. 1, 25-26. Respondent DuraBrake argues that U.S. consumption increased in 2022 "as a result of pent-up demand following the Covid-19 pandemic" and that "various supply disruptions, including product shortages and long wait times, meant that domestic suppliers of brake drums were unable to meet demand." It added that "{a}lthough the quantity of subject imports may have increased temporarily to fulfill the unmet demand, in 2023 both demand and supply chains began to stabilize and the volume of subject imports began to normalize." DuraBrake's postconference brief, p. 1. Respondent EKU's description of consumption and the trend in imports is similar to that argued by DuraBrake. EKU's postconference brief, p. 10.

The share of the quantity of apparent U.S. consumption held by U.S. producers decreased by *** percentage points from *** percent in 2021 to *** percent in 2023, but was *** percentage points higher in interim 2024 than in interim 2023. The share of the quantity of apparent U.S. consumption held by aggregate subject imports increased by *** percentage points from *** percent in 2021 to *** percent in 2023, but was *** percentage points lower in interim 2024 than in interim 2023. Brake drums from nonsubject sources accounted for *** percent or less of apparent U.S. consumption in each full and partial year period. The share of the quantity of apparent U.S. consumption held by nonsubject sources decreased by *** percentage points from *** percent in 2021 to *** percent in 2023, but was *** percentage points higher in interim 2024 than in interim 2023.

Table IV-7
Brake drums: Apparent U.S. consumption and market shares based on quantity data, by source and period

Quantity in units; share in percent

Source	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Turkey	Quantity	***	***	***	***	***
Subject sources	Quantity	1,817,673	2,473,258	2,118,300	736,834	558,083
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Turkey	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	100.0	100.0	100.0	100.0	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Figure IV-5
Brake drums: Apparent U.S. consumption based on quantity data, by source and period

* * * * * * *

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

Value

Table IV-8 and figure IV-6 present data on apparent U.S. consumption and U.S. market shares by value for brake drums. Apparent U.S. consumption by value increased by *** percent from 2021 to 2022, decreased in 2023 to a level that was *** percent higher than in 2021, and was *** lower in interim 2024 than in interim 2023. The share of the value of apparent U.S. consumption held by U.S. producers decreased by *** percentage points from *** percent in 2021 to *** percent in 2022, but increased in 2023 to a level that was *** percentage points lower than in 2021. The U.S. producers' market share was *** percentage points higher in interim 2024 than in interim 2023. The share of the value of apparent U.S. consumption held by aggregate subject imports increased by *** percentage points from *** percent in 2021 to *** percent in 2022, but declined to *** percent in 2023. The subject importers' market share was *** percentage points lower in interim 2024 than in interim 2023. Brake drums from nonsubject sources accounted for *** percent or less of apparent U.S. consumption in each full and partial year period. The share of the value of apparent U.S. consumption held by nonsubject sources decreased by *** percentage points from *** percent in 2021 to *** percent in 2023, but was *** percentage points higher in interim 2024 than in interim 2023.

Table IV-8
Brake drums: Apparent U.S. consumption and market shares based on value data, by source and period

Value in 1,000 dollars; share in percent

Source	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. producers	Value	***	***	***	***	***
China	Value	***	***	***	***	***
Turkey	Value	***	***	***	***	***
Subject sources	Value	141,253	278,586	199,524	73,229	45,374
Nonsubject sources	Value	***	***	***	***	***
All import sources	Value	***	***	***	***	***
All sources	Value	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Turkey	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	100.0	100.0	100.0	100.0	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Figure IV-6
Brake drums: Apparent U.S. consumption based on value data, by source and period

* * * * * * *

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

OEM brake drums

Table IV-9 presents data on U.S. OEM shipments of brake drums based on quantity. The U.S. OEM market shipments by quantity increased by *** percent from 2021 to 2022, decreased in 2023 to a level that was *** percent below that in 2021, and was *** percent lower in interim 2024 than in interim 2023. The share of the quantity of the OEM market held by U.S. producers decreased by *** percentage points from *** percent in 2021 to *** percent in 2022, but increased to *** percent in 2023, and was *** percentage points higher in interim 2024 than in interim 2023. The share of the quantity of the OEM market held by aggregate subject imports increased by *** percentage points from *** percent in 2021 to *** percent in 2022, fell to *** percent in 2023, and was *** percentage points lower in interim 2024 than in interim 2023. There were no reported OEM market brake drums from nonsubject sources.

Table IV-9
Brake drums: Market for U.S. shipments to OEM based on quantity data, by source and period

Quantity in units; share and ratio in percent; ratios represent the ratio to overall apparent consumption

Source	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Turkey	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Turkey	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	100.0	100.0	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***	***	***
China	Ratio	***	***	***	***	***
Turkey	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***
All sources	Ratio	***	***	***	***	***

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Aftermarket brake drums

Table IV-10 presents data on U.S. aftermarket shipments of brake drums based on quantity. The U.S. aftermarket brake drum shipments by quantity increased by *** percent from 2021 to 2022, decreased in 2023 to a level that was *** percent below that in 2021, and was *** percent lower in interim 2024 than in interim 2023. The share of the quantity of the brake drum aftermarket held by U.S. producers decreased by *** percentage points from *** percent in 2021 to *** percent in 2023, and was *** percentage points lower in interim 2024 than in interim 2023. Likewise, the share of U.S. aftermarket shipments of brake drums held by nonsubject sources, which accounted for *** percent or less of the market for aftermarket brake drums in each full and partial year period, decreased by *** percentage points from *** percent in 2021 to *** percent in 2023, although it was *** percentage points higher in interim 2024 than in interim 2023. Taking market share from both U.S. producers and nonsubject sources, the share of the quantity of the brake drum aftermarket held by aggregate subject imports increased by *** percentage points from *** percent in 2021 to *** percent in 2023, and was *** percentage points higher in interim 2024 than in interim 2023.

Table IV-10
Brake drums: Market for U.S. shipments to aftermarket based on quantity data, by source and period

Quantity in units; share and ratio in percent; ratios represent the ratio to overall apparent consumption

Source	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Turkey	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Turkey	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	100.0	100.0	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***	***	***
China	Ratio	***	***	***	***	***
Turkey	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***
All sources	Ratio	***	***	***	***	***

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Part V: Pricing data

Factors affecting prices

Raw material costs

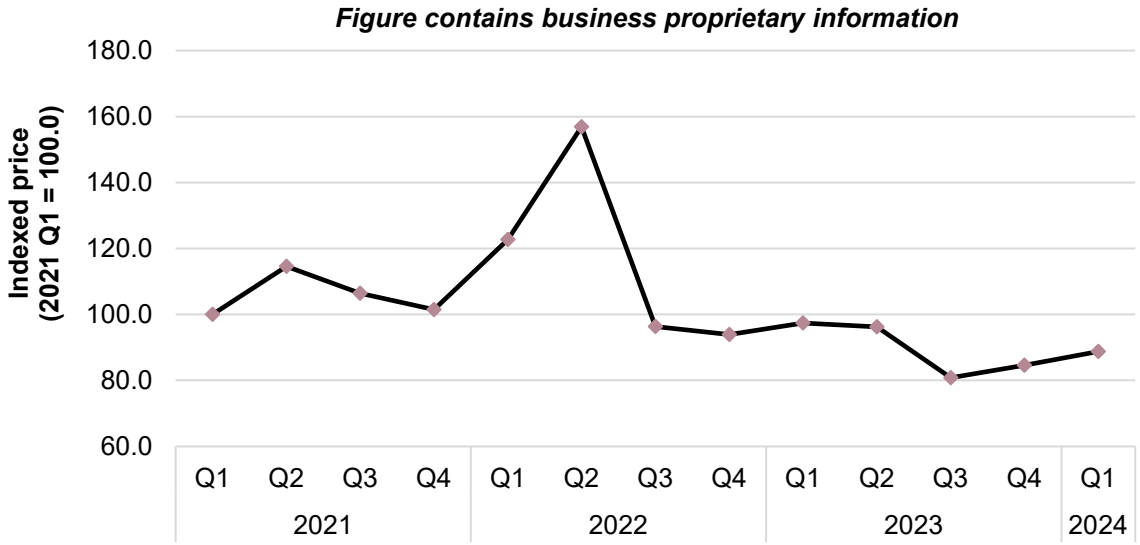
U.S. producer Webb produces brake drums from castings, which it procures from Waupaca. The raw material used to make castings is pig iron. U.S. producer Gunite produces its own castings and reported that its raw materials for brake drums are ***.

Prices of pig iron fluctuated, with a large spike in the first half of 2022, but were lower in Q1 2024 than they were in Q1 2021 (table V-1 and figure V-1). Pig iron prices were impacted by the war in Ukraine because of shortages of imports from Russia and Ukraine, which account for 60 percent of the world's merchant pig iron supply.[1] ***.[2]

U.S. producer Webb reported that raw material prices ***. Gunite reported that raw materials ***. Most responding importers (17 of 28) reported that raw material prices have increased since January 1, 2021.

[1] Webb's postconference brief, pp. 28-29.
[2] Webb's postconference brief, p. 29.

Figure V-1
Raw materials: Price index of pig iron



Source: ***, retrieved July 17, 2024.

Note: ***.

Table V-1
Raw materials: Price index of pig iron

Period	Indexed price
2021 Q1	***
2021 Q2	***
2021 Q3	***
2021 Q4	***
2022 Q1	***
2022 Q2	***
2022 Q3	***
2022 Q4	***
2023 Q1	***
2023 Q2	***
2023 Q3	***
2023 Q4	***
2024 Q1	***

Source: ***, retrieved July 17, 2024.

Note: ***.

Transportation costs to the U.S. market

Transportation costs for brake drums shipped from subject countries to the United States averaged 13.0 percent for China and 17.3 percent for Turkey during 2023. These estimates were derived from official import data and represent the transportation and other charges on imports.[3]

U.S. inland transportation costs

***. Most importers (25 of 32) reported that they typically arrange transportation to their customers. U.S. producer Webb reported U.S. inland transportation costs of *** percent and Gunite reported *** percent. Most importers reported costs of 2 to 15 percent, with the largest importers (***) reporting transportation costs of ***.

Pricing practices

Pricing methods

*** importers reported setting prices using transaction-by-transaction negotiations, contracts, and set price lists (table V-2).[4]

Table V-2
Brake drums: Count of U.S. producers' and importers' reported price setting methods

Method	U.S. producers	Importers
Transaction-by-transaction	***	18
Contract	***	6
Set price list	***	21
Other	***	9
Responding firms	***	31

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

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.

[3] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2023 and then dividing by the customs value based on the HTS statistical reporting number 8708.30.5020.

[4] Some importers reported other methods including bulk quotes, by type of customer, market pricing, pass through pricing, and discounts on a case-by-case basis.

Brakes drums are sold on both a spot basis, particularly in the aftermarket, and on a long-term contract basis, which is more common in the OEM market.[5] Contract prices may be indexed to raw material costs.

U.S. producer ***. The majority of import sales were under long-term contracts (about *** percent), with nearly all of the remainder sold under short-term contracts or spot sales (table V-3). ***.

Table V-3
Brake drums: U.S. producers' and importers' shares of commercial U.S. shipments by type of sale, 2023

Share in percent

Type of sale	U.S. producers	Subject importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

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

U.S. producers reported that their long-term contracts averaged ***. Importers ***. Importers reported that their long-term contracts ***. Importers' short-term contracts ranged from 30 to 120 days, the majority of which did not allow price renegotiation, fixed price and/or quantity, and were not indexed to raw material prices.

[5] Webb's postconference brief, p. 28. Conference transcript, p. 69 (Begley).

Sales terms and discounts

***. Most responding importers (22 of 31) typically quote prices on a delivered basis. ***. Most importers (17 of 31) reported quantity discounts, 6 reported total volume discounts, and 3 reported other discounts (i.e., prompt payment discounts, truck load discounts, discounts to meet competition, stock order discounts, and quantity discounts for promotion items). Thirteen importers reported no discount policy.

Price and purchase cost 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 brake drum products shipped to unrelated U.S. customers during January 2021–March 2024. Firms were asked to report data separately for sales to OEM and aftermarket customers. Firms that imported these products from China and Turkey for own use or for retail sale were requested to provide import purchase cost data.

Product 1.-- Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Product 2.-- Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Price data

Both U.S. producers and 18 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[6] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. shipments of brake drums and *** percent of U.S. imports from subject countries in 2023.

Price data for products 1 and 2 sold to OEMs and to the aftermarket are presented in tables V-4 to V-7 and figures V-2 to V-5. Subject import prices are presented for China and Turkey combined since ***.[7] [8]

[6] 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.

[7] ***.

[8] Many firms submitted revised pricing data following their original submissions, including deducting inland transportation costs and removing data for products that did not fit the pricing product definitions.

Table V-4
Brake drums: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to OEMs and margins of underselling/(overselling), by quarter

Price in dollars per unit, quantity in units, margin in percent.

Period	US price	US quantity	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Table V-5
Brake drums: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to the aftermarket and margins of underselling/(overselling), by quarter

Price in dollars per unit, quantity in units, margin in percent.

Period	US price	US quantity	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Note: Product 1: Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Table V-6
Brake drums: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to OEMs and margins of underselling/(overselling), by quarter

Price in dollars per unit, quantity in units, margin in percent.

Period	US price	US quantity	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Table V-7
Brake drums: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to the aftermarket and margins of underselling/(overselling), by quarter

Price in dollars per unit, quantity in units, margin in percent.

Period	US price	US quantity	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Note: Product 2: Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Figure V-2
Brake drums: Weighted-average prices and quantities of domestic and imported product 1 sold to OEMs, by quarter

Price of product 1 sold to OEMs

* * * * * * *

Volume of product 1 sold to OEMs

* * * * * * *

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

Note: Product 1: Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Figure V-3
Brake drums: Weighted-average prices and quantities of domestic and imported product 1 sold to the aftermarket, by quarter

Price of product 1 sold to the aftermarket

* * * * * * *

Volume of product 1 sold to the aftermarket

* * * * * * *

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

Note: Product 1: Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Figure V-4
Brake drums: Weighted-average prices and quantities of domestic and imported product 2 sold to OEMs, by quarter

Price of product 2 sold to OEMs

* * * * * * *

Volume of product 2 sold to OEMs

* * * * * * *

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

Note: Product 2: Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Figure V-5
Brake drums: Weighted-average prices and quantities of domestic and imported product 2 sold to the aftermarket, by quarter

Price of product 2 sold to the aftermarket

* * * * * * *

Volume of product 2 sold to the aftermarket

* * * * * * *

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

Note: Product 2: Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Import purchase cost data

Ten importers reported useable import purchase cost data for products 1 and 2.[9] Purchase cost data reported by these firms accounted for *** percent of imports from subject countries in 2023. Three importers accounted for almost all the purchase cost data reported for January 2021-March 2024: ***. Landed duty-paid ("LDP") purchase cost data for subject imports are shown in tables V-8 to V-11 and figures V-6 to V-9, along with U.S. producers' sales prices.[10] [11]

Importers reporting import purchase cost data were asked to provide additional information regarding the costs and benefits of importing brake drums themselves. Some firms that did not provide purchase cost data also responded to these questions and their responses are included below.

Seven of 15 responding importers reported that they incurred additional costs beyond LDP costs by importing brake drums themselves rather than purchasing from a U.S. producer or U.S. importer. Of these, five importers estimated the total additional cost incurred; estimates ranged from 2 to 18 percent compared to the LDP value. Firms were also asked to describe how these additional costs incurred by importing brake drums directly compares with additional costs incurred when purchasing from a U.S. producer or U.S. importer. Firms stated importing requires additional inventories because of the longer lead times and the U.S. producer takes responsibility for shipping to selling locations, while if it imports it must warehouse and ship.

Ten importers reported that they compare costs of importing to the cost of purchasing from a U.S. importer and eight compare to the cost of purchasing from a U.S. producer in determining whether to import brake drums. Seven importers reported that they do not compare costs of purchasing from either U.S. producers or importers.

[9] ***.

[10] 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 differences are based on LDP import values whereas margins of underselling/overselling are based on importer sales prices.

[11] Purchase costs are presented for the subject countries combined since ***.

Sixteen importers identified benefits from importing brake drums themselves instead of purchasing from U.S. producers or importers, including: price; quality; availability/reliability of supply (including limited U.S. capacity; U.S. producer denied it an account and were only interested in opening the account in recent weeks; and reduced the uncertainties caused by the pig iron shortage that resulted from the Russian-Ukraine conflict); allows firm to compete with other low priced imports; enabled bulk purchases; not facing "exorbitant" price charged by the U.S. producers; and greater control over cost and supply.

Firms were also asked whether the cost (both excluding and including additional costs) of brake drums they imported were lower than the price of purchasing brake drums from a U.S. producer or importer. Nine importers estimated that they saved between *** percent of the purchase price by importing brake drums rather than purchasing from a U.S. producer, and 11 importers estimated saving between *** percent compared to purchasing the product from a U.S. importer.[12] [13]

[12] Eleven firms reported that they based their estimates on previous company transactions and eight reported basing their estimates on market research.

[13] ***.

Table V-8
Brake drums: Import landed duty-paid purchase costs and domestic prices, quantities of product 1, OEMs, and price-cost differentials, by quarter

Price and LDP value in dollars per unit, quantity in units, margin and price-cost differential in percent.

Period	US price	US quantity	Subject LDP unit cost	Subject quantity	Subject Price-cost differential
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Table V-9
Brake drums: Import landed duty-paid purchase costs and domestic prices, quantities of product 1, aftermarket, and price-cost differentials, by quarter

Price and LDP value in dollars per unit, quantity in units, margin and price-cost differential in percent.

Period	US price	US quantity	Subject LDP unit cost	Subject quantity	Subject Price-cost differential
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Note: Product 1: Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Table V-10
Brake drums: Import landed duty-paid purchase costs and domestic prices, quantities of product 2, OEMs, and price-cost differentials, by quarter

Price and LDP value in dollars per unit, quantity in units, margin and price-cost differential in percent.

Period	US price	US quantity	Subject LDP unit cost	Subject quantity	Subject Price-cost differential
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Table V-11
Brake drums: Import landed duty-paid purchase costs and domestic prices, quantities of product 2, aftermarket, and price-cost differentials, by quarter

Price and LDP value in dollars per unit, quantity in units, margin and price-cost differential in percent.

Period	US price	US quantity	Subject LDP unit cost	Subject quantity	Subject Price-cost differential
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***
2024 Q1	***	***	***	***	***

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

Note: Product 2: Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Figure V-6
Brake drums: U.S. producer prices and import purchase costs, and quantities of product 1 (OEM), by quarter

U.S. price and import purchase cost of product 1 (OEM)

* * * * * * *

Volume of product 1 (OEM)

* * * * * * *

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

Note: Product 1: Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Figure V-7
Brake drums: U.S. producer prices and import purchase costs, and quantities of product 1 (aftermarket), by quarter

U.S. price and import purchase cost of product 1 (aftermarket)

* * * * * * *

Volume of product 1 (aftermarket)

* * * * * * *

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

Note: Product 1: Value or economy brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than or equal to 97 pounds and less than or equal to 106 pounds.

Figure V-8
Brake drums: U.S. producer prices and import purchase costs, and quantities of product 2 (OEM), by quarter

U.S. price and import purchase cost of product 2 (OEM)

* * * * * * *

Volume of product 2 (OEM)

* * * * * * *

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

Note: Product 2: Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Figure V-9
Brake drums: U.S. producer prices and import purchase costs, and quantities of product 2 (aftermarket), by quarter

U.S. price and import purchase cost of product 2 (aftermarket)

* * * * * * *

Volume of product 2 (aftermarket)

* * * * * * *

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

Note: Product 2: Standard brake drums designed with a 16.5 inch nominal braking surface for a 7 inch wide brake shoe, with an 8.78 inch nominal mounting pilot diameter, and a final machined weight greater than 106 pounds but not greater than 113 pounds.

Price and purchase cost trends

Prices and import purchase costs were higher at the end of the period (Q1 2024) than they were at the beginning of the period (Q1 2021). Prices generally increased in 2021 and 2022 and were flat or declined during the remainder of the period. Table V-12 summarizes the price trends, by source, product, and channel. As shown in the table, domestic price increases ranged from *** to *** percent during Q1 2021 to Q1 2024 while subject import price increases ranged from *** to *** percent. Landed duty-paid cost increases ranged from *** to *** percent.

Table V-12
Brake drums: Summary of price and cost data, by product and source

Prices and costs in dollars per unit; Quantity in units; Change in percent

Product/ Channel	Source	Number of quarters	Quantity	Low price/ cost	High price/ cost	First quarter price/ cost	Last quarter price/ cost	Percent change in price/cost over period
Product 1 OEM	U.S. price	13	***	***	***	***	***	***
Product 1 OEM	Subject price	13	***	***	***	***	***	***
Product 1 OEM	Subject cost	13	***	***	***	***	***	***
Product 1 AFM	U.S. price	13	***	***	***	***	***	***
Product 1 AFM	Subject price	13	***	***	***	***	***	***
Product 1 AFM	Subject cost	13	***	***	***	***	***	***
Product 2 OEM	U.S. price	13	***	***	***	***	***	***
Product 2 OEM	Subject price	13	***	***	***	***	***	***
Product 2 OEM	Subject cost	12	***	***	***	***	***	***
Product 2 AFM	U.S. price	13	***	***	***	***	***	***
Product 2 AFM	Subject price	13	***	***	***	***	***	***
Product 2 AFM	Subject cost	7	***	***	***	***	***	***

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

Note: Percentage change in price/cost is from Q1 2021 to Q1 2024.

Price and purchase cost comparisons

Price comparisons

As shown in tables V-13 and V-14, prices for product imported from subject countries were below those for U.S.-produced product in 30 of 52 instances (1,702,275 units); margins of underselling ranged from 0.1 to 45.3 percent. In the remaining 22 instances (1,463,910 units), prices for product imported from subject countries were between 1.5 and 42.3 percent above prices for the domestic product.

Table V-13
Brake drums: Instances of underselling and overselling and the range and average of margins, by product and channel

Quantity in units; margin in percent

Product/channel	Type	Number of quarters	Quantity	Average margin	Min margin	Max margin
Product 1 OEM	Underselling	13	***	***	***	***
Product 1 aftermarket	Underselling	7	***	***	***	***
Product 2 OEM	Underselling	6	***	***	***	***
Product 2 aftermarket	Underselling	4	***	***	***	***
All products	Underselling	30	1,702,275	18.0	0.1	45.3
Product 1 OEM	Overselling	---	***	***	***	***
Product 1 aftermarket	Overselling	6	***	***	***	***
Product 2 OEM	Overselling	7	***	***	***	***
Product 2 aftermarket	Overselling	9	***	***	***	***
All products	Overselling	22	1,463,910	(14.0)	(1.5)	(42.3)

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table V-14
Brake drums: Instances of underselling and overselling and the range and average of margins, by year

Quantity in units; margin in percent

Period	Type	Number of quarters	Quantity	Average margin	Min margin	Max margin
2021	Underselling	7	***	***	***	***
2022	Underselling	4	***	***	***	***
2023	Underselling	15	***	***	***	***
January-March 2024	Underselling	4	***	***	***	***
All periods	Underselling	30	1,702,275	18.0	0.1	45.3
2021	Overselling	9	***	***	***	***
2022	Overselling	12	***	***	***	***
2023	Overselling	1	***	***	***	***
January-March 2024	Overselling	---	***	***	***	***
All periods	Overselling	22	1,463,910	(14.0)	(1.5)	(42.3)

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Price-cost comparisons

As shown in tables V-15 and V-16, landed duty-paid costs for brake drums imported from subject countries were below the sales price for U.S.-produced product in 32 of 45 instances (730,173 units); price-cost differentials ranged from 5.3 to 62.4 percent. In the remaining 13 instances (186,615 units), landed duty-paid costs for brake drums imported from subject countries were between 1.4 and 26.4 percent above sales prices for the domestic product.

Table V-15
Brake drums: Instances of lower and higher import purchase costs and the range and average of price-cost differentials, by product and channel

Quantity in units; price-cost differential in percent

Product/ Channel	Type	Number of quarters	Quantity	Average price-cost differential	Min price-cost differential	Max price-cost differential
Product 1 OEM	Lower than U.S. price	10	***	***	***	***
Product 1 AFM	Lower than U.S. price	8	***	***	***	***
Product 2 OEM	Lower than U.S. price	8	***	***	***	***
Product 2 AFM	Lower than U.S. price	6	***	***	***	***
All products	Lower than U.S. price	32	730,173	25.1	5.3	62.4
Product 1 OEM	Higher than U.S. price	3	***	***	***	***
Product 1 AFM	Higher than U.S. price	5	***	***	***	***
Product 2 OEM	Higher than U.S. price	4	***	***	***	***
Product 2 AFM	Higher than U.S. price	1	***	***	***	***
All products	Higher than U.S. price	13	186,615	(11.5)	(1.4)	(26.4)

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table V-16
Brake drums: Instances of lower and higher import purchase costs and the range and average of price-cost differentials, by year

Quantity in units; price-cost differential in percent

Period	Type	Number of quarters	Quantity	Average price-cost differential	Min price-cost differential	Max price-cost differential
2021	Lower than U.S. price	12	***	***	***	***
2022	Lower than U.S. price	7	***	***	***	***
2023	Lower than U.S. price	10	***	***	***	***
January-March 2024	Lower than U.S. price	3	***	***	***	***
All periods	Lower than U.S. price	32	730,173	25.1	5.3	62.4
2021	Higher than U.S. price	2	***	***	***	***
2022	Higher than U.S. price	7	***	***	***	***
2023	Higher than U.S. price	4	***	***	***	***
January-March 2024	Higher than U.S. price	---	***	***	***	***
All periods	Higher than U.S. price	13	186,615	(11.5)	(1.4)	(26.4)

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Lost sales and lost revenue

The Commission requested that U.S. producers of brake drums report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of brake drums from China and Turkey during January 2021 to March 2024. *** U.S. producers reported that they had to reduce prices and that they had lost sales; *** reported that they had to roll back announced price increases. Petitioner Webb submitted lost sales and lost revenue allegations in the petition. It identified *** firms with which it lost sales and *** with which it lost revenue. All the allegations were with respect to ***. Timing of all allegations involved lost sales in ***. Staff contacted all *** purchasers named in the allegations and received responses from six firms. Responding purchasers reported purchasing *** brake drums during January 2021–March 2024 (table V-17).

Table V-17
Brake drums: Purchasers' reported purchases, by firm and source

Quantity in units, Change in shares in percentage points

Purchaser	Domestic quantity	Subject quantity	All other quantity	Change in domestic share	Change in subject country share
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	***	***	***	***	***

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

Note: All other is all other sources since no firms reported purchases from unknown sources. Change is the percentage point change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years. No responding purchasers reported importing brake drums.

During 2023, responding purchasers purchased 89.9 percent from U.S. producers, 9.7 percent from China, 0.2 percent from Turkey, and 0.2 percent from nonsubject countries. Purchasers were asked about changes in their purchasing patterns from different sources since January 1, 2021 (table V-18). Three of the six purchasers reported increased purchases from U.S. producers and three reported decreased purchases. Four purchasers reported increased purchases of subject imports from China. One purchaser reported increased purchases of subject imports from Turkey but two reported decreased purchases.

The explanation for increased purchases of domestic product in 2021 and 2022 was high demand for brake drums but difficulties getting imports because of freight costs and port congestion. Explanations for decreased purchases of domestic product included overall declining sales and customer demand for lower-priced product. Reasons for increased purchases of imports from China were lower prices and fewer shipping bottlenecks. Reasons for increased purchases of imports from Turkey were fewer shipping bottlenecks, the need to compete in private label markets, and a reason for decreased purchases of imports from Turkey was poor availability.

Table V-18
Brake drums: Count of purchasers' responses regarding changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Increased steadily	Fluctuated increase	No change	Fluctuated decrease	Decreased steadily	Did not purchase
United States	3	0	0	2	1	0
China	1	3	0	1	0	1
Turkey	0	1	0	1	1	3
Nonsubject sources	0	1	0	0	0	5
Sources unknown	0	0	0	0	0	4

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

Four of the six responding purchasers reported that, since 2021, they had purchased imported brake drums from subject countries instead of U.S.-produced product (all four reported purchasing imports from China and two reported purchasing imports from Turkey) (tables V-19 and V-20). Two purchasers indicated that these purchases occurred in all years of the period of investigation, one indicated 2023 as the year of the purchases, and one did not specify the years. All four of these purchasers reported that subject import prices were lower than prices of U.S.-produced product, and that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Four purchasers estimated the quantity of brake drums from subject countries purchased instead of domestic product; quantities ranged from *** units to *** units. No purchaser identified any non-price reasons for purchasing subject imports instead of U.S.-produced product in responding to this question.

Table V-19
Brake drums: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Quantity in units

Purchaser	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity	Explanation
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	Yes--4; No--2	Yes--4; No--0	Yes--4; No--0	89,891	NA

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

Table V-20
Brake drums: Purchasers' responses to purchasing subject imports instead of domestic product, by source

Count in number of firms reporting; Quantity in units

Source	Count of purchasers reporting subject instead of domestic	Count of purchasers reported that imports were priced lower	Count of purchasers reporting that price was a primary reason for shift	Quantity
China	4	4	4	***
Turkey	2	2	2	***
Subject sources	4	4	4	89,891

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

Three of the six purchasers reported that U.S. producers had not reduced prices to compete with lower-priced subject imports and the other three purchasers reported that they did not know if U.S. producers had reduced prices to compete with lower-priced subject imports.

In responding to the lost sales lost revenue survey, one purchaser provided additional information on purchases and market dynamics.[14]

[14] Purchaser *** stated, "***."

Part VI: Financial experience of U.S. producers

Background[1]

Two U.S. producers provided usable financial results on their brake drums operations. Both responding U.S. producers provided their financial data on a calendar year basis and on the basis of GAAP.[2]

Figure VI-1 presents each responding firm's share of the total reported net sales quantity in 2023. Net sales consisted primarily of commercial sales, with *** U.S. producer (***) reporting internal consumption and/or transfers to related firms for all five periods for which data were collected.[3] Non-commercial sales are included but not presented separately in this section of the report.

[1] The following abbreviations are used in the tables and/or text of this section: generally accepted accounting principles ("GAAP"), fiscal year ("FY"), net sales ("NS"), cost of goods sold ("COGS"), selling, general, and administrative expenses ("SG&A expenses"), average unit values ("AUVs"), research and development expenses ("R&D expenses"), return on assets ("ROA")), January 1, 2021 to March 31, 2023 ("period examined"), January 1, 2023 to March 31, 2023 ("interim 2023"), and January 1, 2024 to March 31, 2024 ("interim 2024").

[2] The petitioner (and the *** U.S. producer by net sales quantity and value), Webb is *** and currently has four facilities in the United State. Webb started producing brake drums in 1946; it currently produces brake drums as a non-integrated U.S. producer, using purchased castings (the primary raw material) from *** third parties. Webb's U.S. producer questionnaire, I-5, III-5, and III-9a, and conference transcript, p. 11 (Witkowski) and p. 13 (Begley).

The only other (***) U.S. producer of brake drums, Gunite Corporation ("Gunite") is wholly owned by Accuride Corporation and manufactures brake drums on dedicated production lines in three facilities in the United States. Gunite is vertically integrated and manufactures the primary raw material (castings) at its foundry in the United States. Webb's U.S. producer questionnaire, I-5, III-4, and III-9a and

[3] From January 1, 2021 to March 31, 2023, combined transfers to related firms and internal consumption accounted for *** of total net sales by quantity and value, respectively.

Figure VI-1
Brake drums: U.S. producers' share of net sales quantity in 2023, by firm

* * * * * * *

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

Operations on brake drums

Table VI-1 presents aggregated data on U.S. producers' operations in relation to brake drums, while table VI-2 presents corresponding changes in AUVs. Table VI-3 presents selected company-specific financial data.

Table VI-1
Brake drums: U.S. producers' results of operations, by item and period

Quantity in units; value in 1,000 dollars; ratios in percent

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Total net sales	Quantity	***	***	***	***	***
Total net sales	Value	***	***	***	***	***
COGS: Raw materials	Value	***	***	***	***	***
COGS: Direct labor	Value	***	***	***	***	***
COGS: Energy and utilities	Value	***	***	***	***	***
COGS: Other factory	Value	***	***	***	***	***
COGS: Total	Value	***	***	***	***	***
Gross profit or (loss)	Value	***	***	***	***	***
SG&A expenses	Value	***	***	***	***	***
Operating income or (loss)	Value	***	***	***	***	***
Other expense/(income), net	Value	***	***	***	***	***
Net income or (loss)	Value	***	***	***	***	***
Depreciation/amortization	Value	***	***	***	***	***
Cash flow	Value	***	***	***	***	***
COGS: Raw materials	Ratio to NS	***	***	***	***	***
COGS: Direct labor	Ratio to NS	***	***	***	***	***
COGS: Energy and utilities	Ratio to NS	***	***	***	***	***
COGS: Other factory	Ratio to NS	***	***	***	***	***
COGS: Total	Ratio to NS	***	***	***	***	***
Gross profit	Ratio to NS	***	***	***	***	***
SG&A expense	Ratio to NS	***	***	***	***	***
Operating income or (loss)	Ratio to NS	***	***	***	***	***
Net income or (loss)	Ratio to NS	***	***	***	***	***

Table continued.

Table VI-1 Continued
Brake drums: U.S. producers' results of operations, by item and period

Shares in percent; unit values in dollars per unit; count in number of firms reporting

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
COGS: Raw materials	Share	***	***	***	***	***
COGS: Direct labor	Share	***	***	***	***	***
COGS: Energy and utilities	Share	***	***	***	***	***
COGS: Other factory	Share	***	***	***	***	***
COGS: Total	Share	***	***	***	***	***
Total net sales	Unit value	***	***	***	***	***
COGS: Raw materials	Unit value	***	***	***	***	***
COGS: Direct labor	Unit value	***	***	***	***	***
COGS: Energy and utilities	Unit value	***	***	***	***	***
COGS: Other factory	Unit value	***	***	***	***	***
COGS: Total	Unit value	***	***	***	***	***
Gross profit or (loss)	Unit value	***	***	***	***	***
SG&A expenses	Unit value	***	***	***	***	***
Operating income or (loss)	Unit value	***	***	***	***	***
Net income or (loss)	Unit value	***	***	***	***	***
Operating losses	Count	***	***	***	***	***
Net losses	Count	***	***	***	***	***
Data	Count	***	***	***	***	***

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

Note: Shares represent the share of COGS. Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Table VI-2
Brake drums: Changes in AUVs between comparison periods

Changes in percent

Item	2021-23	2021-22	2022-23	Jan-Mar 2023-24
Total net sales	▲***	▲***	▲***	▼***
COGS: Raw materials	▲***	▲***	▼***	▼***
COGS: Direct labor	▲***	▲***	▲***	▼***
COGS: Energy and utilities	▲***	▼***	▲***	▲***
COGS: Other factory	▲***	▲***	▲***	▲***
COGS: Total	▲***	▲***	▲***	▼***

Table continued.

Table VI-2 Continued
Brake drums: Changes in AUVs between comparison periods

Changes in dollars per unit

Item	2021-23	2021-22	2022-23	Jan-Mar 2023-24
Total net sales	▲***	▲***	▲***	▼***
COGS: Raw materials	▲***	▲***	▼***	▼***
COGS: Direct labor	▲***	▲***	▲***	▼***
COGS: Energy and utilities	▲***	▼***	▲***	▲***
COGS: Other factory	▲***	▲***	▲***	▲***
COGS: Total	▲***	▲***	▲***	▼***
Gross profit or (loss)	▲***	▲***	▼***	▼***
SG&A expense	▲***	▲***	▲***	▲***
Operating income or (loss)	▲***	▲***	▼***	▼***
Net income or (loss)	▲***	▲***	▼***	▼***

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

Note: Percentages and unit values shown as “0.0” or “0.00” represent values greater than zero, but less than “0.05” or “0.005,” respectively. 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.

Table VI-3
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Net sales quantity

Quantity in units

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Net sales value

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

COGS

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Gross profit or (loss)

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

SG&A expenses

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Operating income or (loss)

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Net income or (loss)

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

COGS to net sales ratio

Ratios in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Gross profit or (loss) to net sales ratio

Ratios in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

SG&A expenses to net sales ratio

Ratios in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Operating income or (loss) to net sales ratio

Ratios in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Net income or (loss) to net sales ratio

Ratios in percent

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit net sales value

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit raw material costs

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit direct labor costs

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit energy and utility costs

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit other factory costs

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit COGS

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit gross profit or (loss)

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit SG&A expenses

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit operating income or (loss)

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
Brake drums: U.S. producers' sales, costs/expenses, and profitability, by firm and period

Unit net income or (loss)

Unit values in dollars per unit

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Net sales

As presented in table VI-1, total net sales quantity constantly decreased while total net sales value irregularly increased from 2021 to 2023; both quantity and value were lower in interim 2024 than in interim 2023. Net sales AUVs consistently increased from 2021 to 2023 but were lower in interim 2024 than in interim 2023. U.S. producers sold less brake drums but at higher prices from 2021 to 2023. Table VI-3 shows individual U.S. producer's net sales overall quantity and values trends differed from 2021 to 2023 ***. Table VI-3 show that net sales AUVS consistently increased for *** U.S. producers from 2021 to 2023, with *** U.S. producers' net sales AUVs fluctuating within a range of *** percent or less

(***).[4] [5]

*** U.S. producers reporting lower net sales volume, value, and AUVs in interim 2024 than in interim 2023. Differences in net sales between U.S. producers are largely attributable to differences in level of production, product mix, as well as the impact of COVID-19 on sales of brake drums.[6] [7]

Cost of goods sold and gross profit or loss

As presented in table VI-1, raw material costs accounted for a large majority share of total COGS, ranging from *** percent of COGS from 2021 to interim 2024. In absolute values, raw materials irregularly decreased by *** percent from 2021 to 2023. On a per unit basis, raw materials irregularly increased from $*** per unit in 2021 to $*** per unit in 2023 (an increase of *** percent). Both absolute and per unit raw materials were lower in interim 2024 than in interim 2023. As shown in table VI-3, *** U.S. producers reported consistent increases in their per unit raw material costs from 2021 to 2023 but lower absolute and per unit raw material costs in interim 2024 than in interim 2023. *** reported lower per unit raw material values than *** for all five data periods for which data were

[4] ***. *** U.S. producer questionnaire, III-9b.

[5] ***. From 2021 to 2023, ***. In addition, ***. Email from ***, July 17-18, 2024.

[6] For additional information on the effects of the COVID-19 pandemic on financials, see table VI-5.

[7] *** U.S. producers reported selling *** types of brake drums and *** in their product mixes in 2023. ***. U.S. producer questionnaires, III-4a and III-4b.

collected.[8] [9] As a ratio to net sales, raw material costs consistently decreased from 2021 to 2023 but were higher in interim 2024 than in interim 2023. Castings were the largest share of raw material costs in 2023 (and reported by ***), while *** percent of ***'s 2023 raw material costs were reported in other material inputs.[10] Table VI-4 presents raw materials, by type.

Table VI-4
Brake drums: U.S. producers' raw material costs in 2023

Value in 1,000 dollars; share of value in percent

Item	Value	Share of value
Castings	***	***
Paint and/or coatings	***	***
Other material inputs	***	***
All raw materials	***	***

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

Other factory costs accounted for the second largest share of total COGS, ranging from *** percent of COGS from 2021 to interim 2024. Total other factory costs irregularly increased in absolute value and as share to net sales while consistently increasing per unit from 2021 to 2023; other factory costs' absolute values were lower while as a share of net sales and per unit were higher in interim 2024 than in interim 2023.[11] Direct labor costs, which accounted for the third largest share of total COGS, irregularly decreased in total value and as a share to net sales, but increased on a per unit basis from 2021 to 2023; total direct labor costs were lower in absolute values and on a per unit basis in interim 2024 than in interim 2023 but

[8] As noted earlier, ***. ***. Emails from ***, July 17-18, 2024 and July 24, 2024.

[9] ***. *** U.S. producer questionnaire, III-9b.

[10] ***. *** U.S. producer questionnaire, III-9e.

[11] Other factory costs as a share of total COGS and as a share of net sales were lowest when sales volume was at its highest in 2022 for U.S. producers. As the ***. U.S. producer questionnaires, III-9b and email from ***, July 17, 2024.

remained the same as a share to net sales.[12] Energy and utility costs, which accounted for the smallest share of total COGS, irregularly increased in total value, as a share to net sales, and on a per unit basis from 2021 to 2023.

As presented in table VI-1, total COGS and the ratio of COGS to net sales irregularly decreased from 2021 to 2023, fluctuating mostly from raw material costs and other factory costs. The AUVs of total COGS consistently increased from 2021 to 2023, reflecting the combined increases in per unit raw materials and other factory costs. Total COGS and the AUVS of total COGS were lower while the ratio of COGS to net sales were higher in interim 2024 than in interim 2023.

Based on the data in table VI-1, all presented measures of gross profit irregularly increased from 2021 to 2023 but and were lower in interim 2024 than in interim 2023. The increase in gross profits (from *** in 2021 to *** in 2022 before declining to *** in 2023) reflects net sales AUVS increasing large enough to offset total COGS per unit increases and declines in total net sales volume.[13]

SG&A expenses and operating income or loss

As presented in table VI-1, U.S. producers' total, SG&A expense ratios (i.e., total SG&A expenses divided by net sales), and per unit SG&A expenses increased from 2021 to 2023 and were higher in interim 2024 than in interim 2023. *** U.S. producers' SG&A expenses increased from inflationary pressure and increased travel after COVID-19 restrictions were lifted.[14]

[12] *** direct labor costs as a share of revenue ***. Email from ***, July 17, 2024.
*** direct labor costs irregularly ***. *** U.S. producer questionnaire, III-9b.

[13] ***; as a result, *** reported increasing *** in absolute values, *** gross margins, and increasing *** per unit in all five periods for which data were collected.

[14] U.S. producer questionnaires, III-9b. *** U.S. producer ***. Email from ***, July 17, 2024.

Table VI-1 shows that U.S. producers' operating income irregularly increased from 2021 to 2023 but were lower in interim 2024 than in interim 2023. The trend in the operating performance of U.S. producers is attributable to the same reasons as those for gross profit from 2021 to 2023 (i.e., net sales AUVs increased more than increases in unit COGS and SG&A expenses despite a declining sales volume).

All other expenses and net income or loss

Classified below the operating income level are interest expenses, other expenses, and other income. In table VI-1, these items are aggregated and only the net amount is shown (revealing that net expenses declined) from 2021 to 2023.[15]

Net income had a similar pattern as operating income: the industry reported irregularly increasing net income from 2021 to 2023 but net income was lower in interim 2024 than in interim 2023. The absolute difference between operating and net profits narrowed and widened in conjunction with changes in the net of all other income and expenses.[16]

COVID-19 and financial performance

Table VI-5 presents the U.S. producers' narrative responses regarding the effects of COVID-19 on their financial performance.

Table VI-5
Brake drums: Narrative responses relating to COVID-19 pandemic effects on U.S. producers' financial performance, since January 1, 2021

Firm	Narrative response on COVID-19
Gunite	***
Webb	***

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

[15] U.S. producer *** accounted for all of the other expenses/income, net below operating profits. ***. Email from ***, July 17, 2024.

[16] A variance analysis is not shown due to the different production levels, large variety of product mixes, and cost structures between the two reporting firms.

Capital expenditures and research and development expenses

Table VI-6 presents capital expenditures, by firm, and table VI-8 presents R&D expenses, by firm. Tables VI-7 and VI-9 present the firms' narrative explanations of the nature, focus, and significance of their capital expenditures and R&D expenses, respectively.

Table VI-6
Brake drums: U.S. producers' capital expenditures, by firm and period

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

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

Table VI-7
Brake drums: U.S. producers' narrative descriptions of their capital expenditures, by firm

Firm	Narrative on capital expenditures
Gunite	***
Webb	***

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

Table VI-8
Brake drums: U.S. producers' R&D expenses, by firm and period

Value in 1,000 dollars

Firm	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Gunite	***	***	***	***	***
Webb	***	***	***	***	***
All firms	***	***	***	***	***

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

Table VI-9
Brake drums: U.S. producers' narrative descriptions of their R&D expenses, by firm

Firm	Narrative on R&D expenses
Gunite	***
Webb	***

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

Assets and return on assets

Table VI-10 presents data on the U.S. producers' total assets while table VI-11 presents their operating ROA.[17] Table VI-12 presents U.S. producers' narrative responses explaining their major asset categories and any significant changes in asset levels over time.

Table VI-10
Brake drums: U.S. producers' total net assets, by firm and period

Value in 1,000 dollars

Firm	2021	2022	2023
Gunite	***	***	***
Webb	***	***	***
All firms	***	***	***

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

Table VI-11
Brake drums: U.S. producers' ROA, by firm and period

Ratio in percent

Firm	2021	2022	2023
Gunite	***	***	***
Webb	***	***	***
All firms	***	***	***

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

Table VI-12
Brake drums: U.S. producers' narrative descriptions of their total net assets, by firm

Firm	Narrative on assets
Gunite	***
Webb	***

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

[17] The operating ROA is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value on a product-specific basis.

Capital and investment

The Commission requested U.S. producers of brake drums to describe any actual or potential negative effects of imports of brake drums from China and/or Turkey on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-13 presents the number of firms reporting an impact in each category and table VI-14 provides the U.S. producers' narrative responses.

Table VI-13
Brake drums: Count of firms indicating actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2021, by effect

Number of firms reporting

Effect	Category	Count
Cancellation, postponement, or rejection of expansion projects	Investment	***
Denial or rejection of investment proposal	Investment	***
Reduction in the size of capital investments	Investment	***
Return on specific investments negatively impacted	Investment	***
Other investment effects	Investment	***
Any negative effects on investment	Investment	***
Rejection of bank loans	Growth	***
Lowering of credit rating	Growth	***
Problem related to the issue of stocks or bonds	Growth	***
Ability to service debt	Growth	***
Other growth and development effects	Growth	***
Any negative effects on growth and development	Growth	***
Anticipated negative effects of imports	Future	***

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

Table VI-14
Brake drums: U.S. producers' narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2021, by firm and effect

Item	Firm name and narrative on impact of imports
Reduction in the size of capital investments	***
Return on specific investments negatively impacted	***
Lowering of credit rating	***
Other effects on growth and development	***
Anticipated effects of imports	***
Anticipated effects of imports	***

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

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

Subject countries

The Commission issued foreign producer/exporter questionnaires to 87 firms for which valid contact information was obtained that are believed to produce and/or export brake drums from China and Turkey.[3] Responses to the Commission's questionnaire were received from seven firms: one producer in China (ConMet),[4] four producers in Turkey (Akis, Eker Bijon, EKU, and Safak Dokum), and 2 resellers in Turkey (Altunyay Otomotiv Sanayi ve Ticaret Ltd.Sti. ("Altunyay") and Ford Otomotiv Sanayi A.S. ("Ford Otomotiv")).[5] Table VII-1 presents the number of producers and/or exporters in each subject country that responded to the Commission's questionnaire, their estimated share of total production of brake drums in each subject country during 2023, and their exports to the United States as a share of U.S. imports by each subject country in 2023.

Table VII-1
Brake drums: Number of responding firms, approximate shares of subject country production, and exports to the United States as a share of U.S. imports from subject country, by country, 2023

Country	Number of responding firms	Approximate share of production (percent)	Exports as a share of U.S. imports from subject country (percent)
China	1	***	***
Turkey	6	***	***

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

Note: "Approximate share of production" reflects the responding firms' estimates of their production as a share of total country production of brake drums in 2023. Since not all firms have perfect knowledge of the industry in their home market, different firms might use different denominators in estimating their firm's share of the total requested. For countries in which more than one firm responded, the average denominator for reasonably reported estimates is used in the share presented. Approximate shares are rounded to the nearest whole number.

Note: "Exports as a share of U.S. imports" reflects a comparison of export data reported by firms in response to the Commission's foreign producer/exporter questionnaire with official Commerce import statistics using HTS statistical reporting number 8708.30.5020, accessed July 2, 2024, as adjusted to remove merchandise certified as out-of-scope in response to Commission questionnaires using proprietary, Census-edited Customs import records.

[3] These firms were identified through a review of information submitted in the petitions and presented in third-party sources.

[4] ConMet submitted a combined foreign producer questionnaire response for the following two establishments in China: ConMet Weifang Mechanical Co. Ltd. and China Shandong ConMet Mechanical Co. Ltd.

[5] Six firms—***—certified that they had not produced or exported brake drums at any time since January 1, 2021.

Table VII-2 presents information on the brake drum operations of the responding producers in China and Turkey, by firm. Table VII-3 presents summary data submitted by exporters in Turkey that reported exports to the United States of brake drums that their firm did not produce, but were produced by other firms in Turkey (i.e., foreign resellers). No foreign resellers in China submitted a questionnaire response.

Table VII-2
Brake drums: Summary data for subject foreign producers, by firm, 2023

Subject foreign industry: Producer name	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
China: ConMet	***	***	***	***	***	***
Turkey: Akis	***	***	***	***	***	***
Turkey: Eker Bijon	***	***	***	***	***	***
Turkey: EKU	***	***	***	***	***	***
Turkey: Safak Dokum	***	***	***	***	***	***
All reporting producers in Turkey	***	***	***	***	***	***
All reporting producers	2,127,689	100.0	***	100.0	2,170,684	***

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

Note: Shares and ratios shown as “0.0” represent values greater than zero, but less than “0.05” percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---”.

Table VII-3
Brake drums: Summary data for subject foreign resellers, by firm, 2023

Subject foreign industry: Reseller name	Resales exported to the United States (units)	Share of resales exported to the United States (percent)
Turkey: Altunyay	***	***
Turkey: Ford Otomotivi	***	***
All individual resellers	***	100.0

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. *** reported resales exported to the United States in ***.

Changes in operations

Subject producers were asked to report any change in the character of their operations or organization relating to the production of brake drums since January 1, 2021. *** indicated in their questionnaire responses that they had experienced such changes. Table VII-4 presents the changes identified by these subject producers in their responses to the Commission's questionnaires. Producer *** reported a *** facility acquisition in April 2022. Producer *** reported the opening of *** in *** and a consolidation of firms in ***.

Table VII-4
Brake drums: Reported changes in operations in subject foreign industries since January 1, 2021, by reported change category and firm

Item	Subject foreign industry: Firm name: Narrative response regarding changes in operations
Acquisitions	***
Consolidations	***
Plant openings	***

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

ConMet company representatives pronounced at the preliminary conference that the ConMet manufacturing operations in China, indeed, are wholly owned and are fully integrated throughout the entire production process from the foundry to the machining of brake drums, in addition to other commercial vehicle parts.[6] Industry events that have occurred in Turkey since January 1, 2021, as identified from public sources, are presented in table VII-5.

[6] ConMet, with headquarters in Vancouver, Washington, is a subsidiary of U.S.-based Amsted Industries. Conference transcript, pp. 105-106 (Marr).

Table VII-5
Brake drums: Important industry events in Turkey since 2021

Item	Subject country: Firm name	Event
Plant opening	Turkey: Akis	Akis completed production of its foundry with an 80,000-ton casting capacity in 2022.
Expansion	Turkey: EKU	In the fourth quarter of 2022, EKU initiated investment in foundry and machining to increase its capacity. With completion expected in 2024, it projected a production capacity increase of 200 percent. With the new investment, EKU "aim{s} to continue growing in existing and new markets as Europe's largest heavy commercial brake drum and brake disc manufacturer." EKU reported that 90 percent of its production is exported to 100 countries.

Source: Akis website, https://www.akisasansor.com.tr/en/group-companies/akis-casting, retrieved July 15, 2024; Akis website, https://www.akisasansor.com.tr/en/corporate/history, retrieved July 18, 2024; "One of Us Dr. Mehmet Dudaroğlu," EKU website, https://www.eku.com.tr/en/news-from-us/one-of-us-dr-mehmet-dudaroglu, retrieved July 18, 2024.

Subject producers were asked to report anticipated changes in the character of their operations or organization relating to the production of brake drums in the future. *** indicated in their questionnaire responses that they anticipated such changes. Table VII-6 presents the changes anticipated by these firms in their responses to the Commission's questionnaires.

Table VII-6
Brake drums: Reported anticipated changes in operations in subject foreign industries, by firm

Subject country: Firm name	Narrative response regarding anticipated changes in operations
Turkey: Altunyay	***
Turkey: EKU	***

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

Firms were also asked about the impact of the COVID-19 pandemic on their brake drum operations. Three responding producers (one in China and two in Turkey) reported changes relating to brake drums; their narrative responses are presented in appendix E. The subject foreign brake drum industries generally reported raw material shortages, operational shutdowns, increases in transportation and production costs, higher lead times, and far-reaching disruptions in the supply chain.

Operations on brake drums

Table VII-7 presents data on subject producers' installed capacity, practical overall capacity, and practical capacity and production of brake drums.[7] One producer (***) reported an increase in its installed and practical overall capacity as it ***, while the other responding producers reported no change in installed overall capacity and one producer (***) reported decreases in its practical overall capacity. Installed overall capacity increased by 5.2 percent from 2021 to 2023, and was 1.2 percent higher in interim 2024 compared with interim 2023. Practical overall capacity similarly increased overall by 4.4 percent from 2021 to 2023, and was 1.8 percent higher in interim 2024 compared with interim 2023. Installed and practical overall capacity utilization increased by 1.0 percentage points from 2021 to 2022, but declined by a greater extent in 2023 to levels lower than reported in 2021. Installed and practical overall capacity utilization were both higher in interim 2024 compared with interim 2023.

Table VII-7
Brake drums: Installed and practical capacity and production on the same equipment as in-scope production for producers in subject foreign industries, by period

Capacity and production in units; utilization in percent

Item	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Installed overall	Capacity	7,754,714	7,904,714	8,154,714	2,121,178	2,146,078
Installed overall	Production	6,092,912	6,288,893	5,956,333	1,177,710	1,490,755
Installed overall	Utilization	78.6	79.6	73.0	55.5	69.5
Practical overall	Capacity	6,775,362	6,918,674	7,073,211	1,819,258	1,852,428
Practical overall	Production	6,092,912	6,288,893	5,956,333	1,177,710	1,490,755
Practical overall	Utilization	89.9	90.9	84.2	64.7	80.5
Practical brake drums	Capacity	3,140,850	3,318,786	2,998,535	763,510	776,820
Practical brake drums	Production	2,451,366	2,759,004	2,127,689	368,310	627,277
Practical brake drums	Utilization	78.0	83.1	71.0	48.2	80.7

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

[7] Of the 6 usable responses to the Commission's foreign producer questionnaire, 4 firms are producers of brake drums and 2 firms (Altunyay and Ford Otomotiv) are exporters of brake drums with no production capabilities.

Tables VII-8 and VII-9 present subject producers' reported capacity constraints since January 1, 2021. Reported capacity constraints included production bottlenecks, existing labor force, supply of material inputs, fuel or energy, and other constraints.

Table VII-8
Brake drums: Count of reported constraints to practical overall capacity since January 1, 2021, by subject foreign producing country and type of change in operation

Count in number of firms reporting

Item	China	Turkey	Subject producers
Production bottlenecks	0	2	2
Existing labor force	0	1	1
Supply of material inputs	0	1	1
Fuel or energy	0	2	2
Storage capacity	0	0	0
Logistics/transportation	0	0	0
Other constraints	1	0	1

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

Table VII-9
Brake drums: Subject producers' reported constraints to practical overall capacity, since January 1, 2021

Item	Subject country: Firm name: Narrative response on constraints to practical overall capacity
Production bottlenecks	***
Production bottlenecks	***
Existing labor force	***
Supply of material inputs	***
Fuel or energy	***
Fuel or energy	***
Other constraints	***

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

Table VII-10 presents information on the brake drum operations of the responding subject producers/exporters (aggregate data for both subject foreign industries). One producer (***) reported an increase in its practical brake drum capacity, one responding producer (***) reported an overall decline, and the remaining responding producers reported no change in capacity. Aggregate subject producers' capacity increased by 5.7 percent from 2021 to 2022, but decreased in 2023 to a level that was 4.5 percent lower than in 2021. Production followed a similar trend, increasing by 12.5 percent from 2021 to 2022, and decreasing in 2023 to a level that was 13.2 percent lower than in 2021. Capacity utilization increased from 78.0 percent in 2021 to 83.1 percent in 2022, before declining to 71.0 percent in 2023. Aggregate capacity, production, and capacity utilization were higher in interim 2024 compared with interim 2023. Relative to 2023 levels, subject producers' capacity, production, and capacity utilization are, likewise, projected to be higher in calendar years 2024 and 2025.

As a share of subject producers' total shipments, home market shipments increased from *** percent of total shipments in 2021 to *** percent by 2023, while the share of total shipments held by exports to the United States declined from *** percent in 2021 to *** percent in 2023. Home market shipments as a share of total shipments were lower in interim 2024 compared with interim 2023, whereas the share held by exports to the United States was higher. Exports to all other markets as a share of total shipments fluctuated upward from *** percent in 2021 to *** percent in 2023, and were lower in interim 2024 compared with interim 2023.

Subject producers' aggregate home market shipments[8] increased by *** percent from 2021 to 2023, and were *** percent higher in interim 2024 compared with interim 2023.[9] The aggregate subject producers' exports to the United States increased by *** percent from 2021 to 2022, before declining in 2023 to a level that was *** percent below that reported in 2021.[10] Exports to all other markets by the subject producers fluctuated upward from 2021 to 2023, and were higher in interim 2024 compared with interim 2023. Relative to 2023 levels,

[8] As a share of total home market shipments, subject producers' internal consumption accounted for ***, ***, ***, ***, and *** percent during 2021, 2022, 2023, interim 2023, and interim 2024, respectively. Projections indicate that subject producers' internal consumption is expected to account for *** and *** percent of total home market shipments during 2024 and 2025.

[9] All but one firm, ***, the smallest of the reporting subject producers, reported increases in home market shipments from 2021 to 2023.

[10] Of those firms providing questionnaire responses, the leading exporters of brake drums to the United States during all periods for which data were collected in these investigations were ***. Together, these two firms accounted for *** percent of total reported exports to the United States in 2023.

home market shipments and exports to the United States are projected to be higher in 2024 and 2025, while exports to all other markets are projected to be lower.

Table VII-10
Brake drums: Data on subject industries, by item and period

Quantity in units

Item	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
Capacity	3,140,850	3,318,786	2,998,535	763,510	776,820	3,017,813	3,039,813
Production	2,451,366	2,759,004	2,127,689	368,310	627,277	2,276,050	2,392,113
End-of-period inventories	147,317	119,685	76,690	75,103	76,690	111,350	101,980
Internal consumption	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Exports to the United States	***	***	***	***	***	***	***
Exports to all other markets	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***
Total shipments	2,393,000	2,786,626	2,170,684	412,892	627,277	2,261,944	2,401,483
Resales exported to the United States	***	***	***	***	***	***	***
Total exports to the United States	***	***	***	***	***	***	***

Table continued.

Table VII-10 Continued
Brake drums: Data on subject industries, by item and period

Share and ratio in percent

Item	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
Capacity utilization ratio	78.0	83.1	71.0	48.2	80.7	75.4	78.7
Inventory ratio to production	6.0	4.3	3.6	5.1	3.1	4.9	4.3
Inventory ratio to total shipments	6.2	4.3	3.5	4.5	3.1	4.9	4.2
Internal consumption share	***	***	***	***	***	***	***
Commercial home market shipments share	***	***	***	***	***	***	***
Home market shipments share	***	***	***	***	***	***	***
Exports to the United States share	***	***	***	***	***	***	***
Exports to all other markets share	***	***	***	***	***	***	***
Export shipments share	***	***	***	***	***	***	***
Total shipments share	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of total exports to the United States exported by producers	***	***	***	***	***	***	***
Share of total exports to the United States exported by resellers	***	***	***	***	***	***	***
Adjusted share of total shipments exported to the United States	***	***	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Table VII-11 presents information on the brake drum operations of the responding producers/exporters by subject country.

From 2021 to 2023, the single responding brake drum producer in China reported an increase of *** percent in capacity from 2021 to 2022, a decline in 2023 to a level that was *** percent lower than reported in 2021, and unchanged capacity from interim 2023 to interim 2024. Similar trends, though larger volume shifts, in production resulted in a fluctuating decline in capacity utilization from *** percent in 2021 and *** percent in 2022, to *** percent in 2023. Unchanging capacity and much higher production quantities in interim 2024 compared with interim 2023 resulted in a much higher capacity utilization rate of *** percent in interim 2024 compared with *** percent in interim 2023. The Chinese producer's capacity is projected to remain at the same level as reported in 2023 for 2024 and 2025, but production is projected to be lower.

The responding producers' capacity and production in Turkey increased overall by *** percent and *** percent, respectively, from 2021 to 2023,[11] and was higher in interim 2024 compared with interim 2023, as two producers in Turkey, EKU and Akis, reported capacity expansions and/or plant openings. Capacity utilization in Turkey fluctuated upward since 2021, ranging from a period low of *** percent in interim 2023 to a period high of *** percent in interim 2024. Likewise, the capacity, production, and capacity utilization of responding producers in Turkey are projected to be higher in 2024 and 2025 than 2023 levels. The trends in the data presented for Turkey are primarily driven by the largest producer, ***, which accounted for *** percent of reported brake drum production in Turkey during 2023, although other firms in Turkey reported similar upward trends.[12]

[11] Aggregate reported production in Turkey increased by *** percent from 2021 to 2022, before declining in 2023 to a level that was *** percent higher than that reported in 2021.

[12] EKU, one of the oldest foundries in Turkey, maintains both a foundry and a machining facility under the same roof. It states that "{h}aving an integrated foundry has proven to be an advantage for cost savings, as buying from a separate entity that maintains a casting and machining shop increases overhead and logistics costs." EKU's postconference brief, p. 2.

Table VII-11
Brake drums: Subject foreign industries' output: Practical capacity, by subject foreign industry and period

Practical capacity

Quantity in units

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	3,140,850	3,318,786	2,998,535	763,510	776,820	3,017,813	3,039,813

Table continued.

Table VII-11 Continued
Brake drums: Subject foreign industries' output: Production, by subject foreign industry and period

Production

Quantity in units

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	2,451,366	2,759,004	2,127,689	368,310	627,277	2,276,050	2,392,113

Table continued.

Table VII-11 Continued
Brake drums: Subject foreign industries' output: Capacity utilization ratio, by subject foreign industry and period

Capacity utilization

Ratio in percent

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	78.0	83.1	71.0	48.2	80.7	75.4	78.7

Table continued.

Table VII-11 Continued
Brake drums: Subject foreign industries' output: Share of production, by subject foreign industry and period

Share of production

Share in percent

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Note: Shares and ratios shown as “0.0” represent values greater than zero, but less than “0.05” percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---”.

Table VII-12 presents reported export data of the responding producers/exporters. Exports to the United States by producers in China and Turkey increased from 2021 to 2022 before declining in 2023 to a level that was *** percent lower than in 2021 for exports from China and *** percent higher than in 2021 for exports from Turkey. Exports to the United States from China and Turkey were both individually higher in interim 2024 compared with interim 2023 and projections indicate that they are expected to be higher in calendar years 2024 and 2025 compared with calendar year 2023. Similar trends are reported for total exports by producers in both China and Turkey, with increases reported from 2021 to 2022, decreases in 2023, and levels that were higher in interim 2024 compared with interim 2023.

Exports to the United States accounted for a majority share (*** percent) of China's total shipments in 2023 and about one-third (*** percent) of Turkey's total shipments in 2023. Total exports accounted for the following large majority shares of the individual subject countries' total shipments in 2023 by source: China (*** percent) and Turkey (*** percent).

Table VII-12
Brake drums: Subject foreign industries' exports: Exports to the United States, by subject foreign industry and period

Exports to the United States

Quantity in units

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	***	***	***	***	***	***	***

Table continued.

Table VII-12 Continued
Brake drums: Subject foreign industries' exports: Share of total shipments exported to the United States, by subject foreign industry and period

Share exported to the United States

Share in percent

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	***	***	***	***	***	***	***

Table continued.

Table VII-12 Continued
Brake drums: Subject foreign industries' exports: Total exports, by subject foreign industry and period

Total exports

Quantity in units

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	***	***	***	***	***	***	***

Table continued.

Table VII-12 Continued
Brake drums: Subject foreign industries' exports: Share of total shipments exported, by subject foreign industry and period

Share of total shipments exported

Share in percent

Subject foreign industry	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024	Projection 2024	Projection 2025
China	***	***	***	***	***	***	***
Turkey	***	***	***	***	***	***	***
All subject foreign industries	***	***	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Alternative products

Table VII-13 presents subject producers' overall production on the same equipment and machinery used to produce brake drums. Representing a declining share from 2021 to 2023 and a higher share in interim 2024 compared with interim 2023, brake drums accounted for less than one-half (31.3 to 43.9 percent) of subject producers' overall production in every period since 2021. All four of the producers in Turkey reported the production of other products on the same equipment and machinery used to produce brake drums (e.g., brake discs (rotors),[13] wheel hubs, industrial parts for special machinery, and miscellaneous structural castings), whereas the responding producer in China did not report such production of other products.

Table VII-13
Brake drums: Overall production on the same equipment as in-scope production by producers in the subject countries, by product type and period

Quantity in units; share in percent

Product type	Measure	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Brake drums	Quantity	2,451,366	2,759,004	2,127,689	368,310	627,277
Other products	Quantity	3,641,546	3,529,889	3,828,644	809,400	863,478
All products	Quantity	6,092,912	6,288,893	5,956,333	1,177,710	1,490,755
Brake drums	Share	40.2	43.9	35.7	31.3	42.1
Other products	Share	59.8	56.1	64.3	68.7	57.9
All products	Share	100.0	100.0	100.0	100.0	100.0

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

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

[13] Some truck and trailer manufacturers have transitioned from drum brakes to pneumatic disc brakes, which rely on a rotor instead of a brake drum, and the use of pneumatic disc brakes in heavy-duty trucks and trailers has grown since 2021. Parties estimate that approximately 40-50 percent of heavy-duty trucks and about 10-20 percent of heavy-duty trailers use pneumatic disc brakes today. Although the petitioner describes a slow rate of growth in the transition from drum brakes to pneumatic disc brakes for truck and trailers, respondents estimate the annual growth rate in the use of pneumatic disc brakes since 2021 has been 10 percent and they forecast a future annual growth rate of 5 percent over the next three years that will plateau for OEM trucks at 70-80 percent and at a much lower level for trailers. ConMet testified that it "has made significant investments -- tens of millions of dollars -- in our facilities to accommodate this growth in air disc brake." Parties added that once a vehicle is manufactured with a particular type of brake (either drum brake or pneumatic disc brake), it cannot be switched to another technology. Conference transcript, pp. 13 and 73 (Begley), 115 (Cullerton), and 137-138 (Marr).

Exports

Table VII-14 presents Global Trade Atlas ("GTA") data for exports of "brakes and servo-brakes" from subject countries to the United States and to all destination markets.[14] China was, by far, the larger exporter of the two subject countries, accounting for 97.2 percent of their combined exports to the United States and 93.1 percent of their combined exports to all destination markets in 2023. During 2023, 25.7 percent of exports from China and 10.1 percent of exports from Turkey were destined for the United States.

In terms of value, exports from China and Turkey to the United States were higher in 2023 than in 2021. Collectively, the export value from the combined subject countries to the United States increased by 21.9 percent from 2021 to 2022, but declined in 2023 to a level that was 4.2 percent higher than in 2021. The export value from the combined subject countries to all destination markets similarly increased by 22.0 percent from 2021 to 2022, but declined in 2023 to a level that was 21.4 percent higher than in 2021.

[14] Throughout this report, the presentation of GTA export data is for "brakes and servo-brakes" reported at the 6-digit HS level, which includes not only in-scope brake drums, but also other out-of-scope brake items. Value data are presented for GTA export data, as quantity data are not uniformly available.

Table VII-14
Brakes and servo-brakes: Global exports from subject exporters: Exports to the United States, by exporter and period

Value in 1,000 dollars

Exporter	Measure	2021	2022	2023
China	Value	1,879,896	2,283,265	1,939,468
Turkey	Value	35,798	51,346	56,223
Subject exporters	Value	1,915,694	2,334,611	1,995,691

Table continued.

Table VII-14 Continued
Brakes and servo-brakes: Global exports from subject exporters: Exports to all destination markets, by exporter and period

Value in 1,000 dollars

Exporter	Measure	2021	2022	2023
China	Value	6,242,650	7,634,586	7,554,275
Turkey	Value	440,708	518,930	558,258
Subject exporters	Value	6,683,358	8,153,516	8,112,533

Table continued.

Table VII-14 Continued
Brakes and servo-brakes: Global exports from subject exporters: Share of exports exported to the United States, by exporter and period

Shares in percent

Exporter	Measure	2021	2022	2023
China	Share	30.1	29.9	25.7
Turkey	Share	8.1	9.9	10.1
Subject exporters	Share	28.7	28.6	24.6

Source: Official exports statistics from China and Turkey under HS subheading 8708.30 as reported by various national statistical authorities in the Global Trade Atlas Suite database, accessed June 26, 2024.

Note: Shares represent the shares of value exported to the United States out of all destination markets. Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

U.S. inventories of imported merchandise

Table VII-15 presents data on U.S. importers' reported inventories of brake drums. U.S. importers' inventories of imports from China and Turkey increased by *** percent from 2021 to 2022, before declining in 2023 to a level that was *** percent higher than in 2021. Inventories from subject sources were lower in interim 2024 compared with interim 2023. U.S. importers' inventories of imports from nonsubject sources increased by *** percent from 2021 to 2023, and were *** percent higher in interim 2024 compared with interim 2023. Subject U.S. importers holding the largest amounts of inventories include ***.

Table VII-15
Brake drums: U.S. importers' inventories and their ratio to select items, by source and period

Quantity in units; ratio in percent

Measure	Source	2021	2022	2023	Jan-Mar 2023	Jan-Mar 2024
Inventories quantity	China	***	***	***	***	***
Ratio to imports	China	***	***	***	***	***
Ratio to U.S. shipments of imports	China	***	***	***	***	***
Ratio to total shipments of imports	China	***	***	***	***	***
Inventories quantity	Turkey	***	***	***	***	***
Ratio to imports	Turkey	***	***	***	***	***
Ratio to U.S. shipments of imports	Turkey	***	***	***	***	***
Ratio to total shipments of imports	Turkey	***	***	***	***	***
Inventories quantity	Subject	***	***	***	***	***
Ratio to imports	Subject	***	***	***	***	***
Ratio to U.S. shipments of imports	Subject	***	***	***	***	***
Ratio to total shipments of imports	Subject	***	***	***	***	***
Inventories quantity	Nonsubject	***	***	***	***	***
Ratio to imports	Nonsubject	***	***	***	***	***
Ratio to U.S. shipments of imports	Nonsubject	***	***	***	***	***
Ratio to total shipments of imports	Nonsubject	***	***	***	***	***
Inventories quantity	All	***	***	***	***	***
Ratio to imports	All	***	***	***	***	***
Ratio to U.S. shipments of imports	All	***	***	***	***	***
Ratio to total shipments of imports	All	***	***	***	***	***

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

Note: Ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of brake drums after March 31, 2024. Twenty of the 36 importers responding to the Commission's questionnaire reported that they had imported or arranged such imports, 18 of which reported arranged imports from subject sources. Their reported data is presented in table VII-16. Subject sources accounted for *** percent of U.S. importers' arranged imports of brake drums. China, Turkey, and nonsubject sources accounted for ***, ***, and *** percent, respectively, of U.S. importers' arranged imports of brake drums.

Table VII-16
Brake drums: Arranged imports, by source and by period

Quantity in units

Source	Apr-Jun 2024	Jul-Sep 2024	Oct-Dec 2024	Jan-Mar 2025	Total
China	***	***	***	***	***
Turkey	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Third-country trade actions

There are no known trade remedy actions on brake drums concerning either of the subject countries in third-country markets.

Information on nonsubject countries

Table VII-17 presents global export data for brake parts including in-scope brake drums, as well as out-of-scope brake drums, and other types of brakes and brake parts. The largest global exporter was China, representing 20.2 percent of global export values in 2023, with exports of more than $7.5 billion. The next four leading exporters, which accounted for a combined 38.7 percent of global export value in 2023, were Germany, Mexico, Italy, and Poland. Exports from nonsubject countries, combined, represented about 70.9 percent of total global export values in 2023.

Table VII-17
Brakes and servo-brakes: Global exports, by reporting country and by period
Value in 1,000 dollars; Shares in percent

Exporting country	Measure	2021	2022	2023
United States	Value	2,241,993	2,502,731	2,760,720
China	Value	6,242,650	7,634,586	7,554,275
Turkey	Value	440,708	518,930	558,258
Subject exporters	Value	6,683,358	8,153,516	8,112,533
Germany	Value	4,763,845	4,717,097	5,115,346
Mexico	Value	3,395,085	4,114,183	4,484,288
Italy	Value	2,202,508	2,196,808	2,478,571
Poland	Value	1,725,846	1,819,537	2,367,194
Japan	Value	1,788,399	1,564,558	1,564,110
Czech Republic	Value	1,397,755	1,338,445	1,511,285
France	Value	1,202,829	1,051,214	1,125,128
Spain	Value	1,042,523	1,000,233	1,113,324
United Kingdom	Value	789,260	756,439	788,184
All other exporters	Value	5,839,070	5,797,321	5,942,755
All reporting exporters	Value	33,072,471	35,012,083	37,363,438
United States	Share of value	6.8	7.1	7.4
China	Share of value	18.9	21.8	20.2
Turkey	Share of value	1.3	1.5	1.5
Subject exporters	Share of value	20.2	23.3	21.7
Germany	Share of value	14.4	13.5	13.7
Mexico	Share of value	10.3	11.8	12.0
Italy	Share of value	6.7	6.3	6.6
Poland	Share of value	5.2	5.2	6.3
Japan	Share of value	5.4	4.5	4.2
Czech Republic	Share of value	4.2	3.8	4.0
France	Share of value	3.6	3.0	3.0
Spain	Share of value	3.2	2.9	3.0
United Kingdom	Share of value	2.4	2.2	2.1
All other exporters	Share of value	17.7	16.6	15.9
All reporting exporters	Share of value	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8708.30 as reported by various national statistical authorities in the Global Trade Atlas Suite database, accessed June 26, 2024.

Note: Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. United States is shown at the top followed by the countries under investigation, all remaining top exporting countries in descending order of 2023 data.

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
89 FR 53441, June 26, 2024	Brake Drums From China and Turkey; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations	https://www.govinfo.gov/content/pkg/FR-2024-06-26/pdf/2024-13969.pdf
89 FR 58106, July 17, 2024	Certain Brake Drums from the People's Republic of China and the Republic of Türkiye: Initiation of Countervailing Duty Investigations	https://www.govinfo.gov/content/pkg/FR-2024-07-17/pdf/2024-15713.pdf
89 FR 58116, July 17, 2024	Certain Brake Drums from the People's Republic of China and the Republic of Türkiye: Initiation of Less-Than-Fair-Value Investigations	https://www.govinfo.gov/content/pkg/FR-2024-07-17/pdf/2024-15714.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below participated in the United States International Trade Commission's preliminary conference via videoconference:

Subject: Brake Drums from China and Turkey

Inv. Nos.: 701-TA-729-730 and 731-TA-1698-1699 (Preliminary)

Date and Time: July 11, 2024 - 9:30 a.m.

OPENING REMARKS:

In Support of Imposition (**Sydney H. Mintzer**, Mayer Brown LLP)
In Opposition of Imposition (**Daniel M. Witkowski**, Akin Gump Strauss Hauer & Feld LLP)

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

Mayer Brown LLP
Washington, DC
on behalf of

Webb Wheel Products, Inc.

Johnathon Capps, Vice President of Engineering, Webb Wheel Product Inc.

Brad Begley, President of OEM Business Unit, Webb Wheel Product Inc.

James (Jim) Dougan, Partner, ION Economics

Sydney H. Mintzer) – OF COUNSEL

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

Akin Gump Strauss Hauer & Feld LLP
Washington, DC
on behalf of

Consolidated Metco, Inc.
Weifang ConMet Mechanical Products Co., Ltd.
ConMet Nanjing Mechanical Co., Ltd.
(collectively, "ConMet")

Luke Penskar, Chief Financial Officer, ConMet

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

Mike Hurley, Vice President, Global Business Development, ConMet

Chris Marr, Vice President, Global Manufacturing Strategy, ConMet

Matthew R. Nicely)
Julia K. Eppard) – OF COUNSEL
Daniel M. Witkowski)

Clark Hill
Washington, DC
on behalf of

DuraParts LLC dba DuraBrake ("DuraBrake")

Neil Shroff, Chief Executive Officer, DuraBrake

Scott Cullerton, Owner, DuraBrake

R. Kevin Williams)
Mark Ludwikowski) – OF COUNSEL
Sally Alghazali)

REBUTTAL/CLOSING REMARKS:
In Support of Imposition (**Sydney H. Mintzer**, Mayer Brown LLP)
In Opposition of Imposition (**Julia K. Eppard**, Akin Gump Strauss Hauer & Feld LLP
and **R. Kevin Williams**, Clark Hill)

APPENDIX C

SUMMARY DATA

CONTENTS

Page

Tables

All U.S. producers

Table C-1
Brake drums: Summary data concerning the U.S. market, by item and period
Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted

Item	Reported data: Calendar year 2021	2022	2023	Jan-Mar 2023	2024	Period changes: Comparison years 2021-23	2021-22	2022-23	Jan-Mar 2023-24
U.S. consumption quantity:									
Amount	***	***	***	***	***	▼***	▲***	▼***	▼***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Turkey	***	***	***	***	***	▲***	▼***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▲***	▲***	▼***	▼***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▲***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▼***	▼***
Turkey	***	***	***	***	***	▲***	▼***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources	***	***	***	***	***	▲***	▲***	▼***	▼***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Turkey:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Subject sources:									
Quantity	1,817,673	2,473,258	2,118,300	736,834	558,083	▲16.5	▲36.1	▼(14.4)	▼(24.3)
Value	141,253	278,586	199,524	73,229	45,374	▲41.3	▲97.2	▼(28.4)	▼(38.0)
Unit value	$78	$113	$94	$99	$81	▲21.2	▲44.9	▼(16.4)	▼(18.2)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
All import sources:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
U.S. producers':									
Practical capacity quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Production quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Capacity utilization (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***
U.S. shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▼***
Export shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Value	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Inventories/total shipments (fn1)	***	***	***	***	***	▼***	▼***	▲***	▼***
Production workers	***	***	***	***	***	▼***	▲***	▼***	▼***
Hours worked (1,000s)	***	***	***	***	***	▼***	▼***	▼***	▼***
Wages paid ($1,000)	***	***	***	***	***	▲***	▲***	▼***	▲***
Hourly wages (dollars per hour)	***	***	***	***	***	▲***	▲***	▲***	▲***
Productivity (units per hour)	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit labor costs	***	***	***	***	***	▲***	▲***	▲***	▲***

Table continued.

Table C-1 Continued
Brake drums: Summary data concerning the U.S. market, by item and period
Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted

	Reported data					Period changes			
	Calendar year			Jan-Mar		Comparison years			Jan-Mar
Item	2021	2022	2023	2023	2024	2021-23	2021-22	2022-23	2023-24
U.S. producers': Continued									
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)	***	***	***	***	***	▲***	▲***	▼***	▼***
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)	***	***	***	***	***	▲***	▲***	▼***	▼***
Capital expenditures	***	***	***	***	***	▲***	▼***	▲***	▲***
Research and development expenses	***	***	***	***	***	▲***	▲***	▼***	▲***
Total assets	***	***	***	***	***	▼***	▲***	▼***	***

Source: Compiled from data submitted in response to Commission questionnaires. 508-compliant tables for these data are contained in parts III, IV, VI, and VII of this report.

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.

Related party exclusion

Table C-2

Brake drums: Summary data concerning the U.S. market excluding U.S. producer *, by item and period**

Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted

	Reported data					Period changes			
	Calendar year			Jan-Mar		Comparison years			Jan-Mar
Item	2021	2022	2023	2023	2024	2021-23	2021-22	2022-23	2023-24
U.S. consumption quantity:									
Amount	***	***	***	***	***	▼***	▲***	▼***	▼***
Producers' share (fn1):									
Included producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Excluded producers	***	***	***	***	***	▼***	▼***	▼***	▼***
All producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Turkey	***	***	***	***	***	▲***	▼***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▲***	▲***	▼***	▼***
Producers' share (fn1)									
Included producers	***	***	***	***	***	▼***	▼***	▲***	▲***
Excluded producers	***	***	***	***	***	▼***	▼***	▲***	▲***
All producers	***	***	***	***	***	▼***	▼***	▲***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▼***	▼***
Turkey	***	***	***	***	***	▲***	▼***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources	***	***	***	***	***	▲***	▲***	▼***	▼***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Turkey:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Subject sources:									
Quantity	1,817,673	2,473,258	2,118,300	736,834	558,083	▲16.5	▲36.1	▼(14.4)	▼(24.3)
Value	141,253	278,586	199,524	73,229	45,374	▲41.3	▲97.2	▼(28.4)	▼(38.0)
Unit value	$78	$113	$94	$99	$81	▲21.2	▲44.9	▼(16.4)	▼(18.2)
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
All import sources:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Included U.S. producers':									
Practical capacity quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Production quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Capacity utilization (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***
U.S. shipments:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Export shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Value	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▲***

Table continued.

Table C-2 Continued

Brake drums: Summary data concerning the U.S. market excluding U.S. producer *, by item and period**

Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted

	Reported data					Period changes			
	Calendar year			Jan-Mar		Comparison years			Jan-Mar
Item	2021	2022	2023	2023	2024	2021-23	2021-22	2022-23	2023-24
Included U.S. producers': Continued									
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Inventories/total shipments (fn1)	***	***	***	***	***	▼***	▼***	▲***	▼***
Production workers	***	***	***	***	***	▲***	▲***	▼***	▼***
Hours worked (1,000s)	***	***	***	***	***	▼***	▲***	▼***	▼***
Wages paid ($1,000)	***	***	***	***	***	▲***	▲***	▼***	▼***
Hourly wages (dollars per hour)	***	***	***	***	***	▲***	▲***	▲***	▲***
Productivity (units per hour)	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit labor costs	***	***	***	***	***	▲***	▲***	▲***	▲***
Net sales:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▼***
Cost of goods sold (COGS)	***	***	***	***	***	▼***	▲***	▼***	▼***
Gross profit or (loss) (fn2)	***	***	***	***	***	▲***	▲***	▼***	▼***
SG&A expenses	***	***	***	***	***	▲***	▲***	▼***	▲***
Operating income or (loss) (fn2)	***	***	***	***	***	▲***	▲***	▼***	▼***
Net income or (loss) (fn2)	***	***	***	***	***	▲***	▲***	▼***	▼***
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)	***	***	***	***	***	▲***	▲***	▼***	▼***
Capital expenditures	***	***	***	***	***	▲***	▲***	▲***	▲***
Research and development expenses	***	***	***	***	***	***	***	***	***
Total assets	***	***	***	***	***	▲***	▲***	▲***	***

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

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.

APPENDIX D

HIGH-RESOLUTION IMAGES OF MANUFACTURING PROCESS

Figure D-1
Brake drums: Stacks of rough brake drum castings

* * * * * * *

Source: Petitions, exh. I-3, p.1.

Figure D-2
Brake drums: De-palletizer

* * * * * * *

Source: Petitions, exh. I-3, p.1.

Figure D-3
Brake drums: Machining process step 1: The outer diameter and overall height is machined

* * * * * * *

Source: Petitions, exh. I-3, p.1.

Figure D-4
Brake drums: Step 2: The brake surface is machined

* * * * * * *

Source: Petitions, exh. I-3, p.1.

Figure D-5
Brake drums: Step 3: The inside backface, pilot diameter, and outside backface are machined

* * * * * * *

Source: Petitions, exh. I-3, p.1

Figure D-6
Brake drums: Step 4: The bolt holes and wear indicator (if applicable) are machined

* * * * * * *

Source: Petitions, exh. I-3, p. 2.

Figure D-7
Brake drums: Parts dryer

* * * * * * *

Source: Petitions, exh. I-3, p.2.

APPENDIX E

NARRATIVE RESPONSES ON COVID-19 IMPACT

Table E-1
Brake drums: U.S. producers' narrative responses regarding the impact of COVID-19

Firm	Narrative response regarding COVID-19 impact
Gunite	***
Webb	***

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

Table E-2
Brake drums: Importers' narrative responses regarding the impact of COVID-19

Firm	Narrative response regarding COVID-19 impact
Aurora Parts	***
ConMet	***
D&W Clutch	***
DuraBrake	***
EKU	***
FleetPride	***
Fort Pro	***
KIC	***

Firm	Narrative response regarding COVID-19 impact
Love's Truck Solutions	***
Martec International	***
Newtek	***
Panasia CVS USA	***
SilverbackHD	***
Vanguard National Trailer	***
Webb	***
Wheeler Fleet	***

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

Table E-3
Brake drums: Foreign producers' narrative responses regarding the impact of COVID-19

Firm and (subject foreign industry)	Narrative response regarding COVID-19 impact
Akis Asansor (Turkey)	***
ConMet (China)	***
EKU (Turkey)	***

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