In the Matter of:  
CERTAIN NEW PNEUMATIC OFF-THE-ROAD-TIRES  
FROM INDIA AND SRI LANKA

)  Investigation Nos.:  
)  701-TA-552-553 AND  
)  731-TA-1308 (FINAL)

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Place:  Washington, D.C.  
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BEFORE THE

INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF:

CERTAIN NEW PNEUMATIC OFF-THE-ROAD TIRES FROM INDIA AND SRI LANKA

) Investigation Nos.:

701-TA-552-553 AND 731-TA-1308 (FINAL)

Main Hearing Room (Room 101)
U.S. International Trade Commission
500 E Street, SW
Washington, DC
Wednesday, January 4, 2017

The meeting commenced pursuant to notice at 9:30 a.m., before the Commissioners of the United States International Trade Commission, the Honorable Irving A. Williamson, Chairman, presiding.
APPEARANCES:

On behalf of the International Trade Commission:

Commissioners:

Chairman Irving A. Williamson (presiding)
Vice Chairman David S. Johanson
Commissioner Meredith M. Broadbent
Commissioner F. Scott Kieff
Commissioner Rhonda K. Schmidtlein

Staff:

William Bishop, Supervisory Hearings and Information Officer
Sharon Bellamy, Records Management Specialist
Edward Petronzio, Investigator
Raymond Cantrell, International Trade Analyst
Lauren Gamache, Economist
Jennifer Brinckhaus, Accountant/Auditor
Nataline Viray-Fung, Attorney/Advisor
Elizabeth Haines, Supervisory Investigator
Opening Remarks:

Petitioners (Terence P. Stewart, Stewart and Stewart)

Respondents (Eric C. Emerson, Steptoe & Johnson LLP)

In Support of the Imposition of Antidumping and
Countervailing Duty Orders:
Stewart and Stewart
Washington, DC

on behalf of
Titan Tire Corporation ("Titan")
United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial and
Service Workers International Union, AFL-CIO, CLC ("USW")

Maurice M. Taylor, Jr., Chairman, Titan International Inc.

Paul G. Reitz, President and Chief Executive Officer, Titan International, Inc.

Paul Hawkins, Vice President, Sales, Titan International Inc.

Greg Schoessler, Senior Controller, Titan International, Inc.

Dennis Nutter, Field Sales Manager, Titan

Lester Brewer, General Manager, Des Moines, Titan

Mark Carpenter, Owner and President, Jerry's Tire

Stan Johnson, International Secretary-Treasurer, USW
In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Steptoe & Johnson
Washington, DC

on behalf of

ATC Tires Private Ltd. ("ATC")

Alliance Tire Americas, Inc. ("ATA")

James Clark, President, ATA
Domenic Mazzola, Vice President, Engineering/OE Sales, ATA

Bob Arnold, Vice President, Aftermarket Sales, ATA
Eric C. Emerson, Thomas J. Trendl and Gregory S. McCue - Of Counsel

Arent Fox
Washington, DC

on behalf of

Balkrishna Industries Limited ("BKT")

B.K. Bansal, Director (Finance), BKT
Minoo Mehta, President, BKT Tires Inc. and BKT USA Inc.
Brian Robinson, Vice President, BKT Tires Inc. and BKT USA Inc.
Matthew M. Nolan, John M. Gurley and Aman Kakar - Of Counsel

Baker & McKenzie LLP
Washington, DC
on behalf of
Camso USA, Inc.
Camso Loadstar (Private) Limited
(collectively "Camso")
Robert Bulger, Vice President and General Manager,
Camso USA, Inc.
Catherine Conides, Vice President, Legal Affairs and General Counsel, Camso Inc.
Thomas Van Ormer, Director of Purchasing, East Bay Tire Co.
Kevin M. O'Brien and Christine M. Streatfeild - Of Counsel

Rebuttal/Closing Remarks:
Petitioners (Elizabeth J. Drake, Stewart and Stewart)
Respondents (Matthew M. Nolan, Arent Fox LLP and Kevin M. O'Brien, Baker & McKenzie LLP)
# INDEX

<table>
<thead>
<tr>
<th>Opening Remarks:</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petitioners (Terence P. Stewart, Stewart and Stewart)</td>
<td>10</td>
</tr>
<tr>
<td>Respondents (Eric C. Emerson, Steptoe &amp; Johnson LLP)</td>
<td>14</td>
</tr>
<tr>
<td>Maurice M. Taylor, Jr., Chairman, Titan International Inc.</td>
<td>19</td>
</tr>
<tr>
<td>Paul G. Reitz, President and Chief Executive Officer, Titan International, Inc.</td>
<td>24</td>
</tr>
<tr>
<td>Paul Hawkins, Vice President, Sales, Titan International Inc.</td>
<td>28</td>
</tr>
<tr>
<td>Dennis Nutter, Field Sales Manager, Titan</td>
<td>32</td>
</tr>
<tr>
<td>Lester Brewer, General Manager, Des Moines, Titan</td>
<td>35</td>
</tr>
<tr>
<td>Mark Carpenter, Owner and President, Jerry's Tire</td>
<td>38</td>
</tr>
<tr>
<td>Stan Johnson, International Secretary-Treasurer, USW</td>
<td>41</td>
</tr>
<tr>
<td>Elizabeth Drake - Of Counsel</td>
<td>44</td>
</tr>
</tbody>
</table>
INDEX

Page

Matthew M. Nolan - Of Counsel 129

Brian Robinson, Vice President, BKT Tires Inc. and BKT USA Inc. 132

Domenic Mazzola, Vice President, Engineering/OE Sales, ATA 136

Eric C. Emerson - Of Counsel 142

Thomas J. Trendl - Of Counsel 148

Robert Bulger, Vice President and General Manager, Camso USA, Inc. 155

Thomas Van Ormer, Director of Purchasing, East Bay Tire Co. 162

B.K. Bansal, Director (Finance), BKT 167

Kevin M. O'Brien - Of Counsel 171
INDEX

Rebuttal/Closing Remarks:

Petitioners (Elizabeth J. Drake, Stewart and Stewart) 247

Respondents (Kevin M. O'Brien, Baker & McKenzie LLP) 256

Matthew M. Nolan, Arent Fox LLP 257
MR. BISHOP: Will the room please come to order?

CHAIRMAN WILLIAMSON: Good morning. On behalf of the U.S. International Trade Commission, I welcome you to this hearing on Investigation Nos. 701-TA-552 through 553 and 731-TA-1308 final, involving Certain New Pneumatic Off-the-Road Tires from India and Sri Lanka.

The purpose of these investigations is to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded by reasons of imports of certain new pneumatic off the road tires from India and Sri Lanka.

Schedules setting forth the presentation of this hearing, notices of investigation and transcript order forms are available at the public distribution table. All prepared testimony should be given to the Secretary. Please do not place testimony directly on the public distribution table.

All witnesses must be sworn in by the Secretary before presenting testimony. I understand that parties are aware of the time allocations. Any questions regarding the time allocations should be directed to the Secretary. Speakers are reminded not to refer in their remarks or
answers to questions to business proprietary information.

Please speak clearly into the microphone and state your name for the record for the benefit of the court reporter. If you'll be submitting documents that contain information you wish classified as Business Confidential, your request should comply with Commission Rule 201.6. Mr. Secretary, are there any preliminary matters?

MR. BISHOP: Yes Mr. Chairman. First, I would note that all witnesses for today's hearing have been sworn in. Second, with your permission, we will add to the witness list today Greg Schoessler, Senior Controller for Titan International Incorporated. There are no other preliminary matters.

CHAIRMAN WILLIAMSON: Okay, very well. Good. First, opening statement.

MR. BISHOP: Opening remarks on behalf of Petitioners will be given by Terence P. Stewart, Stewart and Stewart.

CHAIRMAN WILLIAMSON: Welcome Mr. Stewart, and you may begin when you're ready.

OPENING STATEMENT OF TERENCE P. STEWART

MR. STEWART: Thank you Chairman Williamson, Vice Chairman Johanson, Commissioners and staff, first Happy New Year as you continue the second century of the Commission. Petitioners in this case account for the vast majority of
the production in the United States of the domestic like
product.

Titan Tire is believed to be the nation's
largest OTR tire producer and the USW represents not only
workers at Titan's facilities but also at the two
Bridgestone facilities and the one Goodyear facility that
produce certain OTR tires. From the public prehearing staff
report and other record evidence submissions are clear. The
domestic industry has experienced declines in most of the
statutory factors the Commission looks at in trade remedy
cases.

By contrast, imports from India and Sri Lanka
collectively have increased both absolutely and relative to
domestic production in the 2013-2015 time period, and prior
to the preliminary affirmative countervailing duty
determinations in these cases in late June of this year.
Subject imports have undersold domestic product in the vast
majority of price comparisons and all responding domestic
producers have reported price reductions or the rollback of
price increases and lost sales.

While the cost of raw materials has declined
during the Period of Investigation, the domestic industry
has nonetheless faced a price cost squeeze. No party in
their prehearing briefs has challenged the ITC's preliminary
determination of the domestic like product, and no
information has been submitted to warrant a reexamination of
the Commission's preliminary findings of either the domestic
like product and who constitutes the producer of such
product.

Petitioners do not seek the removal of any
domestic producer of certain OTR tires from the industry who
may be related to subject country producers, all of who are
themselves importers of such products. While those in
opposition claim that cumulation is not appropriate, in fact
the information of record in these final investigations
support cumulation both for purposes of material injury and
for threat of material injury.

Petitions on imports from the two countries were
filed on the same day. Only a reasonable overlap of
competition is required, which is fully met by an
examination of the construction industrial subsegment of the
market. Imports from both countries are sold throughout the
United States, being present in every month of the Period of
Investigation.

Purchasers view the subject imports and domestic
product as highly interchangeable, as comparable on most
factors other than price where the largest number report
Indian and Sri Lankan product is lower priced than domestic
product. That said, purchasers report domestic producers
provide aftermarket distribution and services that are
superior to those provided by Indian and Sri Lankan producers, and they report that domestic producers' technical support and customer service are comparable to superior to those provided for tires from India and Sri Lanka.

While demand has contracted overall during the period, led by challenges in the agricultural sector, subject imports have seized significant market share during this period being investigated. Indeed, the growing volume and price-depressing effects of imports from India and Sri Lanka have led to declining domestic shipments and have affected the pricing domestic producers can achieve on remaining shipments whether to OEM or aftermarket customers.

Thus, imports from the two countries have a sufficient causal connection to the injury experienced by the domestic industry, despite the demand contraction in parts of the market. The myriad arguments to the contrary by those in opposition can't hide the large increase in market share, and the pervasive underselling that characterizes their market activity.

Nor does the fact that most producers, importers and purchasers view tires as being in one or more tiers make competition attenuated. Purchasers note various factors relevant in making purchasing decisions between domestic and subject import producers as largely comparable, other than
on price.

At the same time, companies like Titan and the Indian and Sri Lankan producers are viewed by different purchasers as being on the same tier or tiers as reducing a tier premium. Moreover, the size of the overall underselling margins are larger than the alleged price premiums. Next, the increased imports after filing of the petition supports a finding of critical circumstances by the Commission in these cases, and finally the information in our prehearing brief also reviews why the Commission should make an affirmative threat of material injury and determination as well, based on factors like unused capacity, capacity expansions, export orientation and the nature of the subsidies found by Commerce. Thank you.

CHAIRMAN WILLIAMSON: Thank you.

MR. BISHOP: Opening remarks on behalf of Respondents will be given by Eric C. Emerson of Steptoe and Johnson.

CHAIRMAN WILLIAMSON: Okay. Welcome, Mr. Emerson. You may begin when you're ready.

OPENING STATEMENT OF ERIC EMERSON

MR. EMERSON: Thank you. Good morning, Mr. Chairman, members of the Commission and Commission staff, and again Happy New Year to you as well. I'm Eric Emerson of Steptoe and Johnson, and I'm joined today by my
colleagues Tom Trendl and Greg McCue. I'm appearing before you as counsel to ATC Tires Private Limited and Alliance Tire Americas, and am providing this opening statement on behalf of all parties in opposition to the imposition of anti-dumping and countervailing duties on off the road tires from India and Sri Lanka.

Like you, I've just finished listening to the opening statement from the Petitioners, and I have to say if all I knew was what Mr. Stewart had just told you, I'd say that they have a pretty compelling case. But when the Commission looks behind the data, looks at the data behind the simple headlines on which Petitioners' arguments rest, we submit that the Commission will be forced to conclude that subject imports did not cause any harm experienced by the domestic OTR industry.

What makes this case more complex than Petitioners would suggest is the extreme segmentation in the U.S. OTR market, which serves to limit the subject imports' ability to compete with the domestic like product. The U.S. OTR market is segmented in three ways. First, by the industrial sector into which the OTR Tire will be used. Second, by the quality tier into which each producer or brand falls, and third by the nature of the customer. That is, whether it's an original equipment producer or an aftermarket customer.
We are very grateful that in this final phase of the investigation the Commission staff solicited data on the basis of these segments. What this more detailed data show is that the domestic OTR industry’s economic performance resulted from the substantial decline in demand during the POI. In one particular market segment, sales to OE manufacturers in the agricultural segment, which was the single most important market segment for Titan.

As crop prices declined over the POI, sales of new farm equipment fell dramatically, and as a result Titan’s sales volume plummeted. Having failed to invest adequately in the aftermarket, Titan then found itself unable to replace its lost production and sales volume. The root cause of any harm the domestic industry may have suffered cannot be laid at the feet of subject imports.

Market segmentation also goes a long way to explain why subject imports have had no adverse price effects on the U.S. market. Differentiation by quality tier is a very real phenomenon in the U.S. OTR market, as evidenced by the fact that purchasers reported being willing to spend on average 22 percent more for one physically comparable tire over another simply on the basis of branding.

This is consistent with other record evidence that purchasers are not especially price sensitive regarding
their OTR purchases, and while OTR tire prices did decline over the POI, this downward price trend resulted not from subject import competition, but from falling raw materials costs, as Petitioners' counsel just alluded to and as the Commission had previously concluded.

Finally, we will explain why underselling by subject imports did not result in any loss of sales volume by the domestic industry, which was the cornerstone of the Commission's preliminary determination. Now to the extent that the domestic industry has suffered any poor performance, it is solely as a result of this decreasing demand for sales in the agricultural segment of the market that I mentioned earlier.

This is not an argument that was dreamed up by Respondents for purposes of this case. In virtually every one of its SEC filings and investor calls, Titan has identified this downturn in demand, not subject imports, as the cause of its economic difficulties. We very much hope that the Commission will probe this issue carefully during its questioning of Titan this morning, to determine why Titan has consistently said one thing to the SEC and its investors, and is saying something very different to the Commission in this investigation.

Our prehearing briefs also contain a confidential economic analysis, which demonstrates that but
for the volume of sales lost to factors other than subject imports, the domestic industry would be suffering no harm, which is consistent with Titan's statements elsewhere.

Finally, just as the domestic industry was not materially injured by reason of subject imports, neither is it threatened with material injury. Among other points, you'll hear testimony today about prospects for growth outside the United States for the subject producers, and about the likelihood of increase U.S. OTR prices as raw material costs have already started to rise.

In closing, I wanted to note that my comments are based on the assumption that the Commission cumulates imports from India and Sri Lanka for purposes of determining material injury and threat of material injury. But as counsel for Camso will explain later, the Commission should not cumulate these imports for either purposes, because the requisite overlap of competition has not been met.

We appreciate the Commission's time and attention, and we very much look forward to answering any questions that you may have. Thank you.

CHAIRMAN WILLIAMSON: Thank you.

MR. BISHOP: Would the panel in support of the imposition of anti-dumping and countervailing duty orders please come forward and be seated?

(Pause.)
CHAIRMAN WILLIAMSON: I want to welcome this panel this morning, and Mr. Stewart you may begin when you're ready.

MR. STEWART: Thank you, Mr. Chairman. I'm going to read the statement of the Chairman of Titan, Mr. Taylor, because he is suffering at the moment from a cold and he's losing his voice. So he asked me if I would do that too. With apologies, I will proceed.

STATEMENT OF MAURICE M. TAYLOR, JR.

(Read by Terence Stewart)

MR. STEWART: Mr. Chairman, Vice Chairman and Commissioners, good morning. My name is Maury Taylor, and I am the chairman of Titan International, Inc., the parent company of Titan Tire Corporation. In 2008 I testified before the Commission in support of orders on OTR tires from China. At that time, rising volumes of dumped and subsidized imports from China were seizing shipments and market share from Titan and other domestic producers, undercutting prices and adversely impacting the domestic industry and its workers.

I am grateful this Commission voted to impose orders on those imports from China. Those orders have had significant benefits for Titan and for the domestic industry as a whole. Unfortunately, our U.S. market remains an attractive target for foreign OTR tire producers seeking to
offload excess capacity and gain market share at our expense.

After the orders were imposed on China, imports from India and Sri Lanka began to increase, causing us to lose sales and production and driving down prices. I am proud to our company once again took the lead, together with the United Steelworkers, to seek relief. The combined increase from these countries is particularly significant given the sharp drop in demand for OTR tires.

Since 2013, the market for agricultural tires, which are the largest share of the market for OTR tires, has seen a sharp downturn as commodity prices and foreign income have collapsed. Corn prices, for example, are below the peak breakeven point for most farmers, which deeply depresses sales of new agricultural equipment. There has not been a corresponding uptick in aftermarket Ag tire demand to compensate for the deep decline in OEM demand.

Demand for OTR tires in the construction and industrial sectors has also been down sharply at OEs, and essentially flat overall despite some uptick in construction as the economy slowly recovers. In spite of these declines in demand, your staff report shows that combined subject imports rose by 290,000 tires from 2013 to 2015, an increase of 29 percent.

The only way subject imports have been able to
grow in a contracting market is by taking market share from
domestic producers like Titan. These imports are causing
serious harm to our company and to the industry as a whole.
Damage to our industry is significantly beyond what a
cyclical downturn in agriculture and other sectors would
dictate.

As some may remember from my testimony eight and
a half years ago, Titan is a somewhat unique company. We
started with no plants and no employees. We acquired
Pirelli's OTR plant in Des Moines, Iowa in 1994, Goodyear's
farm tire plant in Freeport, Illinois at the end of 2005 and
Continental's OTR plant in Bryan, Ohio in 2006.

We bought these plants when no one else wanted
these assets. We saw an opportunity to turn the plants
around and we invested significant capital and worked
closely with our workers to improve operations. As a
result, we are now the largest single producer of OTR tires
in the United States, and we are the only major western tire
company that focuses exclusively on OTR tires.

We make the full range of OTR tires serving
every segment of the market, covering thousands of SKUs. We
are entirely dedicated to this market and its condition
means everything to our companies and our workers. Unfairly
traded imports from India and Sri Lanka are taking sales
from Titan in both the OE market and in the aftermarket, and
The reason they have been able to increase in a declining market is subsidized low pricing. As a result, we are operating far below capacity and being forced to make sales at rock bottom prices in order to compete. Declining production in prices have forced us to lay off workers and reduce hours, and we've done everything we can to trim administrative expenses and improve our efficiency.

But we are still struggling. No matter what we do, there is simply no way to compete successfully against foreign producers who receive government subsidies, and offload excess volumes without regard to price. Producers in subject countries are expanding rapidly in a global market that already has sluggish demand in excess capacity. Effective relief from these imports is critical to our company, our workers and the industry as a whole.

I want to address a couple of claims I understand those who oppose relief have made to try to blame the indisputable injury we have suffered due to other causes. I believe some Respondents have claimed that Titan has focused on the OE market rather than the aftermarket, harming our company when OE demand declined.

Nothing could be further from the truth. As a preliminary matter, imports compete with us in both the OE market and the aftermarket, as my colleagues will testify.
In addition, we already have as much or more sales to the aftermarket than any other company. The aftermarket is a core part of our business and has been for more than 20 years our company has produced and sold OTR tires. While it's important for us to serve our OE customers, we have made great efforts to expand our presence in the larger aftermarket. Titan has a robust and well-established aftermarket distribution network, and the largest aftermarket sales force of any producer. The only reason we have not been able to generate more sales in the aftermarket has been the aggressive price undercutting by rising volumes of subject imports.

Finally, some of the Respondents have claimed that our injury was self-inflicted due in part to the alleged failure of our low sidewall or LSW tire. LSW tires are near and dear to my heart, so I want to give you some facts. LSWs are a new innovation in OTR technology. This is technology that has been adopted in other markets like passenger car tires and military vehicle tires, and we are excited about the potential it offers our customers.

As farm and other off-road equipment has gotten larger, it has become more difficult for traditional tires to provide smooth ride and stability. We saw the problems our customers were having and we've developed a solution. By expanding the rim diameter and reducing the sidewall, we
get important improvements over a traditional tire with the same overall diameter.

These slides show you LSWs and traditional tires on the same equipment. LSW tires provide much greater stability, reduce power hop, road lope and soil compaction and thus greatly improve performance and productivity. Like any new technology, LSWs have taken some time to catch on because OEs want to be sure there will be demand for them.

So we have been going straight to the customer, to the largest farmers around the country and to other OTR tire users. We have helped them demonstrate our tires and compare the performance. Reviews have been extremely positive, allowing us to increase sales and giving us confidence in the future of this technology. LSWs are still a relatively small but growing part of our portfolio, and they have done very well for us.

The reason we have suffered declining sales production, employment and profits since 2013 is not LSWs. It is the surge in unfairly traded subject imports from India and Sri Lanka. Thank you.

STATEMENT OF PAUL G. REITZ

MR. REITZ: Thank you Terry, Maury. Good morning. My name is Paul Reitz. I am the president and CEO of Titan International, the parent company of Titan Tire. I've been with Titan since 2010, becoming president in 2014
and then CEO at the beginning of this year. Imports from India and Sri Lanka are highly interchangeable with Titan's own tires. Titan competes across the market, including the OEM and aftermarket, and the agricultural, construction and industrial markets.

Wherever subject imports are penetrating the market, we feel the impact directly. Your staff reports shows that the majority of firms rate domestic and subject tires as comparable across nearly every purchasing factor. More than 80 percent of firms reported that U.S. and Indian tires are always or frequently interchangeable, and 78 percent of firms reported the same for tires from U.S. and Sri Lanka.

The vast majority of purchasers reported that tires from the U.S., India and Sri Lanka usually or always meet minimum quality specifications. The majority of firms also reported that differences other than prices are only sometimes or never significant when comparing domestic tires to those from India and Sri Lanka. Price is a key factor in our ability to compete with this highly interchangeable tires.

More than 68 percent of purchasers report that price is a very important factor in purchasing decisions. For OTR tires in 78 percent of purchasers listed price as one of their top three purchasing factors. When asked to
compare prices between domestic tires and subject imports, the majority of purchasers reported domestic tires had inferior, that is, higher prices.

The U.S. market for OTR tires has become more price sensitive in recent years, as demand has declined and farm income has dropped. Customers have become more willing to purchase the lowest-cost product, been more aggressive in pushing us to match import prices.

This market is characterized by very transparent pricing. We know what our competitors are offering and we must compete to make those sales. The competition is fierce. Even when we believe our quality or services are superior, and even if we had well-known brands, any such advantages are simply overwhelmed when imports are being priced as low as they have been.

We are forced to review every request for a price reduction very carefully to see if we can meet it. In some cases we've been forced to make sales at a loss in order to keep our plants operating. Overall, we have lost significant volumes of sales and production because the import price is simply too low to meet.

The staff report shows that tires from India and Sri Lanka undersold domestic tires 96 percent of available comparisons, by margins ranging as high as 47-1/2 percent. Imports have also depressed prices to a significant degree.
This cannot be explained solely by declining demand, as we have seen aggressive price depression by subject imports across the board, regardless of the demand trends in any particular segment.

While raw material prices have also been declining, we believe total costs have not fallen nearly as quickly as prices. This has had a dramatic impact on our operations. We are operating far below capacity, with many tire-building machines and curing presses sitting idle. We've had to lay off workers and reduce hours, and even with our reduced production we are carrying high inventories.

Though raw material costs have been declining over the period, the decline in tire prices combined with the high, fixed overhead we have to spread over our lower production volumes has deeply eroded our profitability. Without sufficient profits, we've been forced to slash capital expenditures and R&D expenditures by more than half from 2013 to 2015. These trends are simply not sustainable or healthy for a capital intensive industry like ours.

The declines we've suffered far outstripped what we've otherwise be expected if we had merely been following the cyclical downturn in demand. Unfortunately, agriculture demand is not expected to rebound significant any time soon, and construction and industrial remains sluggish. This will only intensify the injury to our
industry if relief is not provided.

If imports continue to flood our market and continue to use price aggression to buy market share, we will have to make very difficult decisions about how we keep our operations viable in the near future. In other words, Indian and Sri Lankan producers have taken our market share by deeply underselling our products across the board.

In an increasingly price sensitive market with declining demand, these low prices were simply too attractive for many of our customers to resist. The only way for us to combat this unfair competition was to file these petitions. The future of our company and our workers demand on effective relief being provided in this case.

Thank you, and I look forward to any questions you may have.

STATEMENT OF PAUL HAWKINS

MR. HAWKINS: Good morning. My name is Paul Hawkins and I am Vice President of Sales at Titan Tire Corporation. I have been with Titan ten years and have overseen the company's off-the-road tire business on the operation side and the sales side.

More than 8 years ago I testified before the Commission Staff and appeared at the Commission's hearing in the investigation on OTR tires from China. We are grateful the Commission voted in the affirmative in that case and we believe the facts once again support an affirmative
determination here. Since the orders were imposed on OTR tariffs from China, producers in India and Sri Lanka, both major producing nations for certain OTR tires have increasingly focused their growing capacity on expanding exports to the United States.

Companies such as BKT and Alliance in India and Solid Deal, now known as Camso in Sri Lanka have been inundating the market with exports of OTR tires in recent years. As our Chairman testified, this increase is even more significant given the overall decline in demand for OTR tires over the period. The way these Foreign Producers were able to gain market share was through aggressive price undercutting. The underselling data in your Staff Report confirms this as our president and CEO Paul Reitz has just testified.

The data the Commission has collected is consistent with my own day-to-day experience as Vice President of Sales for Titan. Because price is such an important factor in our market we are constantly trying to gather information on competitor's pricing and doing everything we can to match those prices. We documented those efforts in my declaration included in my prehearing brief.

Alarmed by the sales we were losing to BKT and Alliance, we put together a special team to map out exactly
which accounts of ours carried those tires and at which
prices they were being offered. We found the product from
BKT and Alliance at the majority of the accounts we examined
and always at lower prices. We have also worked to identify
accounts where we compete with product from Camso and
Solideal and at what prices and we found them in a dozen
accounts at much lower prices.

Much of this information is based on what our
customers share with us sometimes in direct effort to get us
to reduce our prices. When we see we are losing volume to
competition with tires from India and Sri Lanka, we act
quickly to compete and maintain whatever volume is possible.
It is common in our industry to put up periodic price
promotions on certain tire models.

One of the ways we choose which models to include
in these promotions is driving products in which we are
losing demand and volume to low-priced imports from India
and Sri Lanka. Unfortunately, when import prices get too
low, even at these deep discounts they are not enough to
help us maintain volume. We have taken a double hit on our
pricing and volume as a result of import competition.

Our brands do not insulate us from this injury.

Titan sells some Ag tires that are Goodyear brand and some
that are Titan brand. We also sell OTR tires under the
Titan brand. Goodyear is often identified as a Tier 1
brand. Titan, a Tier II brand. Many Indian and Sri Lankan products are also identified as Tier II brands as your staff report shows. Thus, Titan and Subject Imports are competing directly with each other in the middle tier of the market.

There is also competition among tiers. Sales of our Goodyear Tires have been affected by imports from India and Sri Lanka and also have been included in the price promotions I have mentioned above. While they may be a small premium for tires in the higher tier, this premium cannot stand the kind of deep price undercutting we have seen in the market.

In the investigation of OTR tires from China the Commission estimated that the brand premium was 10-15 percent. In my experience, any brand premium over this time has disappeared. This is because of increased price sensitivity in our market as President and CEO Paul Reitz testified to. Nonetheless, even if the premium was 10-15 percent, this was dwarfed by the underselling margins of Subject Imports which averaged 25.6 percent and ranged as high as 47.5 percent. Such deep price undercutting affects producers throughout the market and higher tier brands must react if they want to maintain volume.

Finally, I want to address Camso's attempt to minimize the impact of imports on U.S. Producers by claiming it only sells into a narrow segment of the industrial
construction market. Even if Camso's sales are concentrated in the industrial construction segment. This is a very important segment of the market for OTR tires for our company.

Titan produces a broad array of industrial construction tires that directly overlap with those produced by Camso. We are forced to compete with Camso at many of our customers and that competition is always based on price. The injury we have suffered is due to imports from both countries. That is why we respectfully request that the Commission make an affirmative determination on OTR tires from India and Sri Lanka. Thank you.

STATEMENT OF DENNIS NUTTER

MR. NUTTER: Good morning. My name is Dennis Nutter. I'm a Field Sales Manager at Titan Tire Corporation. I've been with Titan since 1988. I have worked on operations side, managing tire manufacturing, worked on quality control with Titan's engineers and for the past eleven years I have overseen sales to our largest OEM customers as well as aftermarket sales. I have negotiated with Titan's major customers during that time.

In its prior investigation on OTR tires, the Commission found that price is likely to be the primary factor in purchasing decisions for many purchasers of OTR tires. That continues to be the case today. The market for
OTR tires is extremely price sensitive and we are engaged in
negotiations over price with our customers on a daily basis.

As my colleagues testified, OTR tires from India
and Sri Lanka compete directly with Titan's OTR tires in the
market and are highly interchangeable as a result when we
compete with tires from these countries for sales the
competition comes down largely to price. In the
aftermarket, many sales are on spot basis and there is a
consistent price pressure from imports.

Imports are consistently priced substantially
below our prices and our customers force us to lower our
prices in order to continue to make sales. For example, our
own internal data on distributor prices for our own tires
and for tires produced in India by BKT and Alliance show
that the Indian tire undersold Titan's own competing model
in every available comparison.

Our records on tires sold by Camso/Solideal also
show persistent underselling. This is consistent with the
data in your prehearing staff report. We also face import
competition at our original equipment customers. Though
most of our OE accounts are covered by multiyear contracts,
these contracts do not shield us from price competition.

First, all of our contracts with our major OE
customers have had to be renegotiated at least once since
2013 and when the contracts are up for renegotiation everything is on the table, including price.

Second, even with the contract in place there is no guarantee we will actually get the price we agreed to in the contract. Many of our contracts contain escape clauses that permit the customer to notify us when they have been offered the same tire we are under contract to provide at prices that are below the contract price. When this happens we have two choices, we can lower our prices to make the sale or we can lose that sales volume.

Even when contracts do not have a formal escape clause we face pressure from OE customers to lower our prices when competitors offer the same tire at a lower price. Since 2013 we have been under constant price pressure at our OE accounts including agriculture, earth moving and construction and industrial. Our prehearing brief shows that customers who are shopping for new off-road equipment can choose different tire options.

The options often include our own Goodyear and Titan Tires as well as tires from India and Sri Lanka for the same piece of equipment. The major differences between those options is price. We have had to make significant price concessions to make sales. We have also lost volume where we are not able to match the import price.

This pervasive price undercutting has forced
Titan to sell some of its OTR tires at a loss, simply to hold onto some sales volume. In short, subject OTR tire imports from India and Sri Lanka have seized market share from Titan and we believe other Domestic Producers by persistently undercutting their prices.

In a market where all OTR tires from all sources are interchangeable and prices is a key purchasing factor, this undercutting has caused Titan to lose sales volume and forced us to lower our prices to unsustainable levels. We have faced this unfair import competition in the aftermarket and the original equipment market and in all kinds of OTR tires including tires for agricultural, construction and industrial applications.

Disciplining these imports is essential to the ability of Titan and other Domestic Producers to compete on a level playing field. Thank you.

STATEMENT OF LESTER BREWER

MR. BREWER: Good morning. My name is Lester Brewer. I am the General Manager of Titan Tire Corporation's OTR Tire Plant in Des Moines, Iowa. I also oversee the mounting and distribution of OTR Tires in Des Moines and Pendergrass, GA. I started with Titan in 2001 and I have been involved in overseeing tire manufacturing, mounting and distribution.

The types of vehicles that OTR tires are used on
include farm tractors, combine harvesters, irrigation equipment, log skidders, off-road dump trucks, front-end loaders, graders, mobile cranes, lift trucks and skid-steer mini-loaders. Covered tires include a wide spectrum of sizes and features but they are all designed specifically for off-road applications. By definition, OTR tires in the aftermarket need to be able to fit the same machines that are served by OTR tires sold in the original equipment market.

At our plant in Des Moines we produce almost every type of tire covered by this case, including agricultural, earth-moving, construction and industrial tires. We produce tires for both the OEM market and aftermarket. We also produce both Goodyear and Titan brand tires. Tires destined for different end-use segments are produced by the same workers on the same equipment using the same production processes.

We also produce both radial and bias tires with bias tires making up the majority of our production. Though the construction of the tires are different we produce radial and bias tires on the same equipment with the same workers. The tire sizes there will be both radial and bias options that can be used in the same application.

Our tire production operations have experienced significant difficulties as unfair trade imports have eroded
our market share and driven down prices. Our customers have been ordering fewer and fewer tires with each order, forcing us to reduce our lot runs to 50-100 tires a run for smaller tires and 10-50 tires for larger tires.

This imposes significant costs on our plant. With each changeover we have to change the tooling for tire-building machines and we often have to change molds in our curing presses. Changing out a mold in a curing press has to be done manually and can take one to four hours depending on the size of the mold. As Titan has lost sales to rising volumes of low-priced imports, our plant has seen production fall dramatically, much more than what the cyclical downturn in demand would warrant.

Many of our tire-building machines and our rows of curing presses are standing idle. This represents a significant loss of potential revenue and non-overhead cost on every sale. Unfortunately, we have also had to put many of our tire manufacturing employees on layoff. The decline in revenue has also forced us to shelve plans to upgrade mixing, building and curing equipment. Capital expenditures have been cut drastically. At this point we are only investing in maintenance and not even meeting depreciation.

Our plant has the equipment and the capability to produce many more OTR tires than we are currently producing.
If the tide of imported tires from India and Sri Lanka is stemmed and if prices reflect fair competition rather than unfair trade, we could quickly ramp up our production using existing equipment as well as new hires we could be operating at much higher levels of capacity utilization within a couple months under conditions of fair trade.

I hope the Commission will give us the opportunity to do so. Thank you.

STATEMENT OF MARK CARPENTER

MR. CARPENTER: Good morning. My name is Mark Carpenter. I'm the Owner and President of Jerry's Tire. It was founded by my father in 1948. We are a wholesaler of OTR Tires, including Ag and off-road tires. We have six locations throughout the State of Michigan and we sell to about 40 to 50 different independent dealers every week.

Most of what we carry is Goodyear and Titan Tires, though in some cases our customers will specifically request an imported tire, which we will purchase for them. Though we do not deal in a large volume of imported tires we compete directly with other wholesalers who do. We also compete for sales to dealers who are carrying imported products alongside our own product.

Traditionally, imported OTR tires sold at about 8-10 percent discount to domestic tires. In the last three to four years however imported tires are selling anywhere
from 20 to 40 percent below domestic. This puts enormous
pressure on our business to try and match the import price
or lose sales volumes. While the decline in demand over the
past few years has impacted our business, rising volumes of
low-priced tires from India and Sri Lanka has also taken a
heavy toll and dragged prices down.

I do my best to educate dealers about the
benefits of Titan and Goodyear tires in terms of quality,
performance and service but they can also source imports
from India and Sri Lanka at significantly lower prices and
market those tires side-by-side as interchangeable products
to their price-sensitive customers. Dealers have a huge
influence on what tires their customers buy regardless of
brand and country of origin. When the import prices get as
low as they'd been it far overwhelms any advantage I hope to
have held domestic brands in the market.

Price differences this big have driven big shifts
in volume away from domestic tires to the imports. I have
seen this competition cross the market in both Ag and
industrial tires and both from India and Sri Lanka.
Camso/Solideal for example now has an exclusive national
account for the tires that Fedex uses on its airport carts.
I also see them competing in market for mounted tires.
I had a contract to provide mounted tires to an
OEM that makes portable beehives and I lost that account to
Camso/Solideal on price. In my experience, Titan has been a forerunner in quality and service. If anyone were to switch from Titan to imported tires it would not be to get better service.

Four years ago I started selling tires from Alliance in India to try to retain some of my customers who are switching to imports. I had so many problems to try to get Alliance to service any of the warranty claims on their tires that I ended the arrangement two years later. Dealers who are switching to these tires are not getting better service but they are willing to accept them because the prices are so much lower.

I also do not see brand tiers playing a big role in protecting our Domestic Tire Producers. I have lost business on both Goodyear and Titan tires to imports from India and Sri Lanka regardless of which tier folks claim they are in, in the end it comes down to price. Our company has been carrying Goodyear Tires since 1962 and Titan Tires since the 1990's. Goodyear and Titan have extensive established and top-notch distribution relationships in the aftermarket.

I am proud of our long relationship and the value we provide together to our customers throughout the State of Michigan. I hope the Commission will vote in the affirmative so Domestic Producers will finally have a fair
chance to compete with imports from India and Sri Lanka.
Thank you.

STATEMENT OF STAN JOHNSON

MR. JOHNSON: Good morning. My name is Stan Johnson. I am the International Secretary Treasurer of the United Steel Workers Union. I also Chair the Rubber and Plastic Industry Conference of the USW. I have extensive experience in the tire industry. I have worked at Armstrong's passenger car and light truck tire plant in Madison Tennessee for more than 20 years. I left the plant to join the USW in 1996 after the rubber workers merged with the USW.

As part of my responsibilities I have been involved in major bargaining with the tire companies that employ USW Members. Our union is proud to join with Titan to file these petitions. Unfairly-traded imports with OTR tires from India and Sri Lanka have caused serious injury to the Domestic OTR Tire Industry and to many USW Members that work in that industry.

In addition to Titan's three facilities, the USW also represents workers that produce OTR tires at Bridgestone Plants in Bloomington, Illinois and Des Moines, Iowa and workers that make a smaller amount of construction tires at Goodyear's Topeka, Kansas plant. Together, USW Members represent over 58 percent of the domestic capacity...
to produce OTR tires.

Titan's witnesses have testified today that growing volumes of Subject Imports have seized shipments in market share and substantially undersold and depressed domestic prices. As a result, Titan has lost shipments and production volume and has seen its capacity utilization rate decline. This has forced Titan to lay off hundreds of workers since 2013.

We have also seen reductions in the production schedule and reduced hours in overtime. All of these changes reduce take-home pay, even for those workers still lucky enough to be employed. Those workers who were laid off were entitled to some benefits for a set period of time but many of those periods have now expired.

Based upon the USW's experience, Titan's story is not limited to one company alone. It is the story of the entire domestic OTR tire industry. USW Members produce OTR tires for Agriculture, Forestry, Construction and Industrial applications at Bridgestone's two plants in Bloomington and Des Moines. These tires are sold into both the aftermarket and to the original equipment suppliers.

As Subject Imports have increased and taken market share, the daily production ticket at both plants has dropped dramatically. This has forced the facilities to let the workforce shrink through attrition and also to put
dozens of workers on voluntary lay-off. Even the workers
who are left are sometimes assigned just to do clean-up or
general maintenance in order to keep earning pay when there
is insufficient production to keep them productive.

The Des Moines plant has had to reduce its
production schedule from 7 days a week to 5 and the
Bloomington plant has had to reduce shifts in its bias tire
operations. As a result of the decline in production, many
tire-building machines and curing presses are currently
sitting idle at the two Bridgestone plants. Some equipment
has been idle for so long that the company has actually
decided to scrap it.

In 2010, the company made a major five-year
investment in a new curing room at the Des Moines Plant but
by 2015 about half of this new curing equipment was simply
sitting idle. Plans to upgrade and expand the capacity of
the two plants have been put on hold.

Our retirees also suffer, because their ability
to get adjustments in the retiree health care plan depends
upon a contribution formula that is key to the total hours
worked. When our hours are cut, contributions fall and our
retirees are forced to bear more of the rising health care
costs on their own.

The reason for these declines in production,
hours, employment, investment and benefits is a rising
volume of low-priced imports. In our conversations with
management at the plant level and bargaining and in our
meetings that constantly raise the issue of import
competition. They have specifically mentioned each of the
countries we are discussing today and pointed to the growing
market share of Foreign Producers like BKT and Alliance.
They monitor the imports continuously and they notify us
when new plants are being built abroad.

The OTR Tire Industry provides high-paying,
high-skilled jobs with family-supporting benefits. Many of
our members have been working in these same plants for
decades and their hard work has helped families buy homes,
send their kids to college and save for retirement. All of
that is now at risk because of the subsidized imports from
India and Sri Lanka.

That is why the Union joined in these Petitions
and that is why I am here today to ask you for an
affirmative determination. Thank you.

STATEMENT OF ELIZABETH DRAKE

MS. DRAKE: Good morning, Mr. Chairman, Vice
Chairman, Commissioners, this is Elizabeth Drake of Stewart
and Stewart for Petitioners.

I would like to go through a brief PowerPoint
presentation that puts a number of the facts that our
witnesses testified to within the context of the legal
factors that the Commission will examine in this case.

I would like to cover a number of issues with some short discussion of some threshold issues, reasons why subject imports from both India and Sri Lanka should be cumulated, a review of some of the major conditions of competition in the OTR tire market, a discussion of why the volume of subject imports is significant, and those imports are having significant adverse price effects, that they are causing material injury to the domestic industry and threaten further injury if relief is not imposed.

In terms of threshold issues, the scope of these investigations is the same as the 2008 case on OTR tires from China. The only difference is that this case includes imports of mounted tires, but even when they enter mounted only the tire itself is covered by these investigations.

As in the prior case and in the preliminary determination here, the Commission should find a single domestic like-product co-extensive with the scope. No party has contested the Commission's preliminary domestic like-product and domestic industry definitions in this proceeding so far.

In addition, imports from India and Sri Lanka clearly exceed the negligibility threshold so that is not an issue in these cases.

The Commission should make an affirmative
critical circumstances determination with regard to both India and Sri Lanka. Commerce preliminarily found that critical circumstances exist for all Indian producers except for those who are individually examined, and for all Sri Lankan producers.

Your record shows that imports from both countries increased in the six months after the petitions were filed, and ahead of the preliminary CBD determinations. And absent a finding of critical circumstances these increased import volumes are likely to seriously undermine the remedial effect of the Orders.

Turning to cumulation, there is more than a reasonable overlap of competition among imports from India and Sri Lanka, and they should be cumulated.

Tires from the United States, India, and Sri Lanka meet all the criteria for cumulation. They are fungible. They are available in the same channels of distribution. They are available in every geographic region. And they have been simultaneously present throughout the period.

Turning first to fungibility, most firms report tires from India, Sri Lanka and the U.S. are interchangeable, with 78 percent of responding firms reporting that tires from the U.S. and Sri Lanka are always or frequently interchangeable. 81 percent reported the same
for tires from India and the United States. And 80 percent
reported the same for tires from India and Sri Lanka.

Most purchasers also agree that tires from India
and Sri Lanka are comparable across all of the 17 purchasing
factors contained in the Commission's questionnaire. And
most purchasers rate domestic and subject tires from each
country as comparable across at least 13 of the 17 factors
excluding price, because of the lower price of subject
imports.

The percent of purchasers that report OTR tires
from different sources usually or always meet minimum
quality specifications is how for each of the three sources,
ranging from about 90 percent to 100 percent. And a
majority of firms that responded to the Commission's
questionnaire also agree that differences other than price
are only sometimes or never significant in sales of OTR
tires, comparing tires from all three sources.

In addition to being fungible, tires from all
three sources are available in the same channels of
distribution, including the aftermarket and the original
equipment market. Tires from all three sources are
available in every geographic region of the country, and
they have been simultaneously present throughout the Period
of Investigation.

Now those in opposition to relief claim, Camso in
particular, claim that there are certain factors that weigh
against cumulation. But only a reasonable overlap in
competition is required in order to cumulate subject
imports, and that standard is clearly met here.

Looking at the construction and industrial
segment where the vast majority of Sri Lankan tires are
centrated, there is a broad overlap with the other
sources as well. Your prehearing staff report shows that 41
percent of Indian tires are also shipped to the construction
and industrial segment, and that a substantial portion of
domestic tires are also shipped to the same segment where
Sri Lankan tires are sold.

And tires shipped to this segment from all three
sources overlap by specific sizes. And as Mr. Hawkins
testified, most of the OTR tire sizes in Camso's Catalogue
are met by exactly the same sizes in Titan's own catalogue.
There is therefore more than a reasonable overlap of
competition, and subject imports should be cumulated.

Turning to conditions of competition, first with
regard to demand. As we heard this morning, demand has
declined over the Period of Investigation, and this has made
consumers of OTR tires more price-sensitive over the period.

Looking at supply, there's more than ample
supply. For U.S. producers, low and declining capacity
utilization gives domestic producers the ability to respond
with large increases in supply. And as your staff report shows, foreign producers also have the ability to respond to changes in demand with moderate to large increases in supply due to a range of factors.

Another important condition of competition has been trends in raw material prices over the period. They have declined since 2013, but as your staff report shows on page V-3, those prices have started to stabilize in 2016 and they are expected to increase in the near future based on future markets that were reviewed in Exhibit 23 of our prehearing brief.

Another important condition of competition is the high degree of substitutability between domestic tires and subject imports. As we reviewed in the cumulation section, the majority of firms report that these tires are always or frequently interchangeable, comparable across the majority of factors, usually or always meet minimum quality specifications, and that differences other than price are only sometimes or never significant.

And domestic and subject tires are also present in the same end-use segments and the same channels of distribution as our witnesses testified.

This high degree of substitutability makes OTR tire market very price sensitive. Your staff report shows that 78 percent of purchasers listed price as one of their
top three purchasing factors, and nearly 69 percent report
price is a very important factor in their purchasing
decisions.

Respondents have claimed that, despite this high
degree of interchangeability that brand tiers or quality
tiers somehow attenuate competition between subject imports
and domestic tires.

The Commission's questionnaire responses
solicited information on these tiers from purchasers,
domestic producers, and importers. And while some reported
that there are no such tiers, there were some who also
reported that these tiers do exist with a range of brands
identified in different tiers by different responding firms.

Your staff report summarized these responses,
looking at where sort of the majority of people named
different brands in different tiers, and as you can see
tires from all sources are present in the same tiers.

The largest domestic producer, Titan, is reported
as being in both Tier II and Tier III, and the brand that it
produces--another brand that it produces, Goodyear, is
reported as being in Tier I.

Major foreign producers, Alliance, BKT, and
Camso, are also reported as being in Tier II and Tier III,
the same as Titan and other domestic producers. Trelleborg
is also reported as being in Tier I, a brand produced in Sri
Lanka and now also produced in the United States.

So there is direct competition between subject imports and domestic producers within the same tiers. There is also competition between brands in different tiers. This is because dealers and original equipment manufacturers offer tires in all tiers to the same consumers side by side.

This is an excerpt from the website of Pumps Tire, and this is their farm tire website. This is included in our prehearing brief at Exhibit 5, and it shows that they market domestic brands and imported brands side by side with no differentiation or ranking.

You've got Goodyear, Titan, Alliance, Camso, Trelleborg, Michelin, all offered side by side. And the same is true at original equipment manufacturers, as was testified in Exhibit 6 of our prehearing brief. Customers can go on the website of OEMs and order their equipment with options for tires that include brands of tires in all different brands and all different tiers being used interchangeably on the same equipment.

Further supporting the conclusion that there is competition between brands in different tiers is the fact that prices—when prices for tires in one tier change, prices for tires in other tiers must respond with similar changes in order to compete.

While the estimates the Commission received of
price differences between the tiers varies widely, several
firms reported to the Commission that any premium that may
exist has shrunk or disappeared as demand has contracted and
consumers have become more price sensitive.

This isn't just Titan's own statement, but
statements that have been made by others. For example, your
staff report quotes one purchaser who reported that imports
erode the margin normally made on Tier I tires and in many
cases eliminate the ability to sell Tier I or Tier II tires.
And as Mr. Hawkins testified, Titan has had to reduce prices
on both Goodyear Tier I tires and Titan Tier II tires in
response to competition from subject imports, showing that
there is direct competition between brands in allegedly
different tiers.
And this competition is based largely on price.

Turning to volume, the volume of subject imports
is significant by any measure. Cumulated imports were at
1.3 million tires in 2015 valued at $279 million. The
volume of subject imports increased by 29 percent from 2013
to 2015. And though imports did decline in the interim
period in 2016, looking at the monthly data that is in our
prehearing brief you can see that that decline only began
after preliminary CBD relief was imposed in June of this
year.

The increase in subject imports is particularly
significant given the decline in demand over the period, which has allowed subject imports to gain market share.

During the same time, domestic shipments declined absolutely and lost market share to subject imports, as Titan testified regarding its own experience. These declines were greater than what would have occurred if all suppliers reacted proportionately to the decline in demand, as is demonstrated in our prehearing brief.

And subject imports were the only growing source in the market, as nonsubject imports declined over the period based on the public information in your staff report. And all domestic producers reported lost sales to subject imports, confirming that the loss in shipments in market share was due to the increase in subject imports.

Subject imports thus increased relative to both consumption and production at the expense of domestic producers. Subject imports have also had adverse price effects. There has been pervasive underselling across all products and channels.

In the OEM market there was underselling in 94 percent of comparisons; 97.6 percent of comparisons in the aftermarket; and 96 percent of comparisons overall. So nearly universal underselling regardless of how it's looked at.

The margins of underselling are significant, and
they exceed any brand premium. The first orange bar here (indicating) is an average of the 10 to 15 percent premium found in the OTR case on China. The second bar is the average of the premiums reported in your prehearing staff report which ranged from an average of 13 to an average of 22, which gets us to 17.5 percent.

The first red bar is your average underselling margin of 25.6 percent, and the last is the maximum underselling margin of 47.5 percent. Both the average and the maximum far in excess of any brand premium reported to exist, showing that tiers and brands are not the reason for price differential but underselling is.

Turning to price depression, we believe there's also been significant price depression by subject imports over the period. The average unit value of subject imports, based on the public prehearing staff report, was about $240 in 2013, and was less than $205 in the interim period in 2016.

Looking at just the 2013 to 2015 periods, average subject import unit values fell by 10 percent. And as they seized increasing share in the declining market, they drove down domestic prices as well.

Of the 20 purchasers that reported shifting from domestic to subject imports during the period, most of these reported that imports were priced lower. And most of these
reported that price was the primary reason for the shift.

All responding domestic producers also reported that they had to either reduce prices or roll back price increases to compete with subject imports.

In the Preliminary Determination, the Commission found--did not find price depression partly because of the decrease in raw material costs, but including all costs, labor, overhead, et cetera, prices have declined more quickly than the cost of goods sold, leading to a growing cost price squeeze for the domestic industry despite the decline in raw material costs which as we discussed is ending. Subject imports thus caused significant price depression and suppression during the period.

Turning to material injury, as the subject imports increased their presence in a contracting market and entered at ever declining prices, they have caused material injury across a broad array of indicators.

The domestic industry from 2013 to 2015 has seen declines in shipments, production, capacity utilization, number of workers, the hours worked, net sales, gross profits, operating profits, net income, and capital expenditures. Most of these indicators continued to decline in the 2016 period.

Faced with this strong record of material injury, those in opposition to relief have raised a number of
arguments to try to attribute the injury to other causes, causes other than subject imports. We do not believe that these arguments have merit.

First of all, the declines in domestic industry indicators were not due solely to declines in demand, as the domestic declines exceeded those demand declines, and as the volume and market share of subject imports rose despite declining demand.

In addition, the declines in domestic industry prices were not due solely to declines in raw material costs, as prices declined more quickly than overall costs as subject imports pervasively undersold depressed and suppressed domestic prices.

In addition, the injury the industry has suffered is not due to nonsubject imports. Your prehearing staff report shows that nonsubject imports declined in volume over the period, and that they entered at higher unit values than subject imports.

By looking specifically at imports from China, those imports are subject to AD and CBD Orders, and your Preliminary Determination showed that Chinese imports actually declined in volume over the period and therefore would not be an alternative theoretical cause of material injury during the period of investigation.

And finally, injury to the domestic industry in
terms of declining indicators is apparent across segments and channels. Therefore, even if the Commission does look at individual segments or channels as urged by Respondents, I believe you will find material injury across the board.

Turning to threat, subject imports threaten further injury if Orders are not imposed. Producers in both India Sri Lanka benefit from export subsidies, as Commerce preliminarily found. We understand that Sri Lanka argues that its export subsidy programs have terminated. This is an issue that is being contested at the Commerce Department as to whether or not those programs actually meet the standard for Commerce to find them to be terminated. So that is not concluded at this point, but we may find out later today what Commerce thinks about that issue.

The tire industry in India and Sri Lanka has also been growing rapidly. Your prehearing staff report shows that their capacity has increased, while capacity utilization has declined, resulting in a growing excess capacity in subject countries, and shows that they are highly export dependent.

Rapid market penetration and price aggression by subject producers during the period indicate that such trends will continue unless relief is imposed.

Looking at some of the recent capacity expansions underscores the severity of the threat that is posed to
domestic producers. BKT opened a new OTR tire plant in India in 2015, which will be operating at full capacity at some point this year. Apollo is switching its capacity at one of its truck tire plants in India over to specialty and industrial tires. Alliance opened a new OTR tire plant in India in late 2014, and in 2015 TVS, another Indian producer, announced plans to increase its OTR tire capacity at two plants.

Camso, since changing its identity from Solideal to Camso, has introduced a new series of OTR tires and expanded its distribution network in the U.S. Trelleborg enlarged its OTR tire plant in Sri Lanka in 2010, and we just found out in an article published late yesterday that was too late to add to this slide, a company called "Rigid Tire Corporation" is making a new $75 million investment in a tire plant in Sri Lanka that will include capacity to produce OTR tires, and they will be laying the foundation stone for that new plant tomorrow.

Looking at other factors that support an affirmative threat determination, India and Sri Lankan governments have publicly announced plans to increase exports with Sri Lanka in particular focused on the rubber sector, a strategic sector for that country which includes tires.

Global exports of OTR tires from both India and
Sri Lanka increased from 2013 to 2015, while exports from other sources declined. And those exports were particularly focused on the U.S. market, which is the top export market for both countries, and has seen larger increases in exports than other export markets and which has higher average unit values than most other major markets, making it highly attractive for further increases in the imminent future.

Finally, an affirmative threat determination is supported by the high degree of vulnerability of this domestic industry. Demand is projected to continue to be depressed in the near future in the U.S. market. The domestic industry is already operating at very low levels of capacity utilization and at unsustainably low profit margins, and the projected increases in raw material costs in the imminent future will only exacerbate injury to the domestic industry if Orders are not imposed.

In conclusion, OTR tires from India and Sri Lanka are highly fungible and meet all other requirements for cumulation. Rising volumes of imports have seized market share in a declining market, and these imports have pervasively undersold domestic producers causing both price depression and price suppression.

These subject imports have driven down domestic sales, production, employment, and profitability, causing material injury and threatening further injury if Orders are
mot imposed.

Thank you.

MR. STEWART: That concludes our direct presentation, Mr. Chairman.

CHAIRMAN WILLIAMSON: Thank you very much. We thank the panel for their testimony. This morning we will begin questioning with Commissioner Broadbent.

COMMISSIONER BROADBENT: Thank you, Mr. Chairman.

I want to welcome the witnesses and thank you for your presentation.

Let's see. I think this would be probably for Ms. Drake or Mr. Stewart. As we sort of try to sort through this, looking at subject imports being present in different quality tiers from U.S. producers, and if demand trends cause purchasers to be more willing to source from lower quality tiers, they have less money to spend, is it really injury due to subject imports? May this just be injury due to the lower demand and change of consumer preference?

MR. STEWART: Well the record and the testimony, Commissioner Broadbent, indicate that there's direct competition. You heard from one of the distributors or wholesalers in the United States that when they're offering tires they are losing sales of these tires to both OEM accounts and after-market accounts directly on price. And that's been the testimony of both the CEO and the sales team.
from Titan that are here.

So while there is allegedly price differentials based on tiers, certainly for the Titan organization they directly compete with that tier differentiation, if you will, on their Titan brand with the India and Sri Lankan major brands that are here in opposition.

With regard to the Goodyear brand, I think you've heard that there has been direct price competition that has occurred with reduced sales and reduced pricing. So we believe that this is—when markets decline, people maybe become more price conscious. It doesn't mean that there aren't lost sales, or there's not price depression that flows from underselling by imported product.

COMMISSIONER BROADBENT: Well, Mr. Stewart, how do you—you're sort of saying "alleged tiers," pricing tiers in this industry—how do you define the way the tires are priced? You're disagreeing that there are tiers of pricing?

MR. STEWART: Well I think in all of the tire cases that have been before you that there is disagreement amongst purchasers, there's disagreement among importers, there's disagreement amongst domestic producers as to how one sorts the market.

Clearly there are tires that are perceived to be higher quality tires, and where companies try to obtain a higher price for those tires. Sometimes that can be backed
up with information as to hours of service that a particular
tire will provide versus another tire.

But the inconsistency that exists is not of my
making. It's simply of the comments that have been made by
purchasers and importers and domestic producers, many of
whom have very different perceptions.

For example, Bridgestone, who is another major
domestic producer here in the United States and has both the
Firestone and Bridgestone labels, is typically viewed as a
Tier I. But in your staff report, the majority view was
that they were both a Tier I and a Tier II company.

Titan, that produces both Goodyear and Titan
product, is viewed as Tier I for Goodyear, but Tier II and
Tier III for Titan, even though the products come out of the
same facilities. And similarly you see the Indian and Sri
Lankan products being ranked as Tier II and III for BKT and
Alliance and Camso, as well as other producers from those
countries.

So obviously different purchasers, different
importers, have different views as to where you put these
products. You can see some price premium for a product like
Goodyear in some applications, but there is information that
was submitted in our prehearing brief from a distributor
that shows pricing of both Camso product and both Titan and
Goodyear product, and it shows that in some situations the
Goodyear product is priced below the Titan product.

So I guess the--

COMMISSIONER BROADBENT: Well I get that it's a difficult question and there's different perspectives on it, but I think it's our responsibility to try to come up with an assessment. I mean, if you look at the refrigerators cases, there's -- I mean, if we think there's tiers, we really need to tease it out. And--

MR. STEWART: And you have --- my own point is that you have domestic competition across the tiers. And so within a tier, presumably there is no price premium that is being alleged. There's premiums being alleged between Tier I and Tier II and between Tier II and Tier III, but there's not a premium that is alleged between Tier II and Tier II, as I understand the record.

So Titan is a major producer, and obviously in their volume they're viewed by some as being a Tier II, a Tier III, but they're always viewed as being in the same Tier as Camso and BKT and Alliance, the three companies who are here at the moment. Obviously there's other Indian producers.

So if you can take you --- even if you assume that the premium that's in your staff report, the 13 to 22 percent, if you take the average 17-1/2 percent and you assume that that applied to all U.S. sales, versus the
imported sales, the reality is that your price underselling shows that there is significant price underselling vis-a-vis, even with that premium. And that's what our people are telling us that they're experiencing in the marketplace.

Day in and day out they are losing sales because the prices are so low that whatever premium they might like to think they get for selling the Goodyear brand, they don't get. And whatever premium they might think they would get for a Titan brand versus maybe a Tier IV brand, or if there is a Tier IV, or one of the lesser brands they're not getting.

MS. DRAKE: Commissioner Broadbent, if I may, I don't think we're trying to argue that the Commission should ignore tiers, or that tiers don't exist. I think it's more that these are not rigid tiers; that there's some objective empirical definition of who belongs in what tier.

And there clearly is competition between the tiers. I mean when the Commission has looked at cases where it acknowledged there were tiers, such as the first OTR case on China, or the case on canned pineapple, or color televisions, the existence of tiers does not mean that there's not competition. It's just a facet of that competition. And I think that's how we look at it.

COMMISSIONER BROADBENT: Okay. Mr. Carpenter from
Jerry's Tires, why does your firm not handle imports?

MR. CARPENTER: Oh, it isn't that we haven't handled imports, we have.

COMMISSIONER BROADBENT: You had a bad experience?

MR. CARPENTER: Well, basically imports, most of them, to get their very best price was by ordering large quantities. And they call it "container loads."

COMMISSIONER BROADBENT: Right.

MR. CARPENTER: And, you know, timing to get the product. In Michigan, of course we're not like Florida. We have such a short season as far as weather goes and like that, that we'd have to order our products say in September to get the product by April, or by March to have them for the season. And we've had several very bad cases that we got the product in June or July, and obviously we lost that sale presence there.

So we neglected—or we just said we're staying out of it. So basically all the imports that we purchase for our company are buying through wholesalers in the U.S.

COMMISSIONER BROADBENT: Okay. How do we weigh the decrease in demand and the decrease in raw materials costs versus your position that there's price suppression?

MR. STEWART: Well, looking at prior Commission decisions, the existence of cost price squeeze is pretty clear from the data. Certainly, the decline in demand is a
part, but it's a part in many of your cases and it's not a
factor that typically is separated out.

Much of the data in the pre-hearing staff report
is, obviously, redacted in the public version; but your
Section D, to the extent that there are claims are made that
there are different movements in different segments of the
market the Commission can look at the subject imports as a
share of apparent consumption. I believe you will see on a
volume or value basis the combination of the subject imports
have increased in virtually every category, which means
there has been lost market share throughout the issue.

We're not aware that the Commission has ever
attempted to do the kind of "what if" type of analysis that
Respondents have put in their model and their model doesn't
reflect lost market share in various subcategories, nor does
it reflect the price depression that has occurred. So
there's substantial injury to the domestic industry, whether
you do it on a disaggregated basis, such as is urged by
those in opposition or whether you look at it on an
aggregated basis, such as was presented in our pre-hearing
brief.

We have not argued that the majority of the harm
is from increased imports, but that's not the statutory
standard. The only statutory standard is that injury be
significant and we believe that any way you slice it you
will see that the loss of market share to subject imports has been significant during the period.

COMMISSIONER BROADBENT: Okay. Is this the first case you've filed against Sri Lanka?

MR. STEWART: It is the first case we've filed against Sri Lanka.

COMMISSIONER BROADBENT: We don't see them very often. I don't think we've ever seen them before. Okay, thanks a lot.

CHAIRMAN WILLIAMSON: Thank you. Commissioner Kieff.

COMMISSIONER KIEFF: Thanks. And I join in welcoming both teams to come and present today and we look forward, not only to the testimony, but to the transcripts and post-hearing submission.

Let me, if I could, just dive in with two lines of questions. First, with Ms. Drake, your slide wrap-up gave what the lawyer in me thinks of a prima facie case or maybe more than that, but in a time-efficient way. So much so that it then left me with the following question and so I'm hoping this comes as no surprise and is helpful to both sides in focusing our discussion.

So am I hearing you correctly in understanding that you could basically agree with many of the factual views offered by your opponents and still take the position
that nonetheless you win?

MS. DRAKE: Well, I believe the factual record clearly supports an affirmative determination.

COMMISSIONER KIEFF: No, I get that. I guess that's what I'm saying is could the components of the record that they are focusing on have the view they want us to adopt, but not drive a negative determination.

MS. DRAKE: I think it depends on which pieces they're looking at.

COMMISSIONER KIEFF: Okay, tell me which ones are the key ones?

MS. DRAKE: So you could find that Sri Lanka is concentrated in the construction industrial segment and so cumulate subject imports.

COMMISSIONER KIEFF: Yes.

MS. DRAKE: You can find that demand has declined and that that has been an important factor and that Titan has cited that in its investor conference calls and still make an affirmative determination. You can find that raw material prices declined and still make an affirmative determination because, overall, there's a cost price squeeze.

COMMISSIONER KIEFF: And we could find your agricultural sector impact could be as they describe, but still be compelled to an affirmative.
MS. DRAKE: Because there are impacts in other sectors as well and there is an impact, overall, in the market that has harmed the industry. Overall, they haven't argued for separate domestic-like products or what have you that would limit the inquiry to just one segment.

COMMISSIONER KIEFF: Gotcha. Okay. And I'm sorry, Mr. Stewart, you wanted to add?

MR. STEWART: Just that we will, of course, in the post-hearing give you a breakdown of the subcategories. And so while we might agree that there has been a significant decline in OEM demand and agriculture, which as not been contested, that doesn't mean we haven't lost market share in virtually of the categories.

COMMISSIONER KIEFF: Yeah, I mean -- look, everyone with a microphone has a buzz phrase, but mine, for years, has been where the rubber hits the road, ha-ha, cha-ching. So it just seems to me asking both sides, concretely, what is the nature of your disagreement with the other side is it factual and if so, on facts that actually matter to the legal outcome you're seeking? And it sounds like you could largely agree, not that you do, but you could largely agree with many of the points, as we've just discussed, that they've made on the facts and still, in your view, present a case that we are compelled to reach an affirmative on.
Let me, if I could then -- and I invite the other side to explain to us why the rubber hits the road differently on those points, what we're missing.

Let me, if I could, ask a different line of questions that's going to sound kind of business and tech oriented and maybe it gets to the legal issue. So let me start, if I could, with Mr. Carpenter because you were describing your personal experiences in sales interactions relating to what you called, in effect, customer service.

So for me, I drive a regular passenger vehicle, not the vehicles that use your tires. And just recently the building renovated their garage and I must have like a super-duper magnet built into my tires, so I managed to draw in one week three separate nails in three separate tires, so no worries. Like the first time, of course, I just pulled into a local gas station and the attendant very easily pulled the screw out. It was a screw, not a nail, so it actually required a lot of yanking with pliers and then plugged the tire and pumped it back up and I was good to go.

And my economic thinking, my practical thinking on the first round was I'm wearing a business suit. I don't really want to get down on my hands and knees and I don't have either the lung capacity or an automatic device to really get enough air pressure going, despite my training as
a lawyer. And then, of course, I did the same calculations
three times over and found on Amazon that there are little
kits that you can buy that will, of course, plug a tire and
you can buy an automatic pump that you can plug into your
dashboard cigarette lighter.

So I would imagine that the analysis is pretty
different if you're buying your tires because you're
probably not going to carry one of those under your arm to a
local vendor who's going to provide customer support. My
guess is people who buy these tires have on site equipment
to service them. Am I getting that?

MR. CARPENTER: Oh, absolutely. I mean if
you're going to be in the farm tire business you've got to
have the equipment to install the tires properly on the
tractors.

COMMISSIONER KIEFF: So what is service in the
best case? Like what would be gold star service from any
vendor?

MR. CARPENTER: Having a properly equipped
service truck available 24/7 to the farmer.

COMMISSIONER KIEFF: I see. And people do that?

MR. CARPENTER: Oh, absolutely.

COMMISSIONER KIEFF: Okay.

MR. CARPENTER: If you're in the business, yes.

COMMISSIONER KIEFF: So for the Titan folks, do
you have those kinds of service trucks or are those provided
by third-party -- what is the industrial organization of
your industry? Is this a make or buy industry? Do you have
your branded service trucks or is there an AAA version for
the farmer?

MR. HAWKINS: We sell ours to dealers like Mr. Carpenter, who support our end user customers.

COMMISSIONER KIEFF: I see. So they'd have his brand?

MR. CARPENTER: If you're in the business, no matter what brand you're selling you have to have the equipment to install the tires.

COMMISSIONER KIEFF: Okay. And the FedEx deal that you described, I take it, they have shops on site on their end and they do all the work and that's why they bought -- they were less concerned about service -- .

MR. CARPENTER: That's a mounted tire and wheel assembly.

COMMISSIONER KIEFF: I see.

MR. CARPENTER: Or they'll send the tires to us, the solid deals and then we will press them on their wheels.

COMMISSIONER KIEFF: Gotcha.

MR. CARPENTER: And then their mechanics basically screw them on the vehicle.

COMMISSIONER KIEFF: And when they have a bunch
of bad tires is their business model to recycle them, to
send them all back to Sri Lanka to have them fixed or does
the Sri Lankan competitor have its own on site truck?

MR. CARPENTER: Well, those, basically, are all
solid tires. When they're bald, we' have to dispose of
them.

COMMISSIONER KIEFF: So you don't even retread
them?

MR. CARPENTER: No.

COMMISSIONER KIEFF: Alright. So I think then I
get that the value that you're describing for the service is
real, but you can imagine no matter how real it is and no
matter how much of a premium there is it's still, in effect,
reduced down to something akin to overall price.

MR. CARPENTER: In the farm tire business, I
mean it's all tied to service and people buy from people
that have serviced them over the years, okay. And over the
years, we've sold Goodyear since 1962 and that's been our
primary brand and then Titan bottomed out and then we
started a wholesale network. And unfortunately, our dealers
are the selling point at that point.

So when we have, say, a tractor that needs eight
tires and say the price is, say, $8,000 to replace those
tires. We'll say a Tier 1 Goodyear and even a Tier 2
Goodyear. I mean it doesn't make any difference. It's
$8,000, okay. And if the private brand at that point, you
know, say it was 15 percent less we had a good talking
points about the features, the benefits, the warranty, like
that. But right now when we're at this 30 and 40 percent
differential there's really no talking. It's just a matter
of economics. So we're at the mercy of the customer saying
I'm saying the money.

COMMISSIONER KIEFF: Great. And I look forward
to the rest of the discussion with others. I see that my
time is about up. Thank you so much.

CHAIRMAN WILLIAMSON: Thank you. Commissioner
Schmidtlein.

COMMISSIONER SCHMIDTLEIN: Alright, thank you.
Good morning and Happy New Year to you all.

I want to continue with this line of questions
about the impact of the decline in the Ag OEM market. And
Mr. Stewart, I thought I heard you say, I think, in response
to Commissioner Broadbent that the Petitioners have not
argued that the majority of harm is from subject imports,
but that there is material injury. Did I hear that
correctly?

MR. STEWART: I think in our pre-hearing brief,
looking at the macro level, we would argue that the majority
of loss sales at a macro level in terms of market share
simply would be from subject imports. So in that case, the
pre-hearing brief would state it that way.

If you do a disaggregated 20-segments analysis like the staff has generated reports, then the answer would be the latter. There's still substantial harm in terms of loss volume. There's even more harm when you put in the depressed pricing that the industry has faced. So there is a quantum of harm however one wants to look at it that is meaningful within the statute and certainly cognizable in terms of relief.

COMMISSIONER SCHMIDTLEIN: Okay, so when we look -- and I know this is confidential, so we can't talk about the specific numbers, but just looking at the "C" Table, that makes this easy, and when you look at the loss of market share that the domestic industry incurred, so some portion of that you would agree, I assume, is due to the decline in the OEM Ag segment, right? So that has nothing to do with subject imports?

MR. STEWART: That's correct.

COMMISSIONER SCHMIDTLEIN: Those sales just disappeared. So is there any way for us to get a ballpark on how much of their lost market share is due to subject imports? And as you said, we do have Appendix D that breaks down these segments.

MR. STEWART: I think that a simple analysis that assumes that the segments are properly viewed is
hermetically sealed and that you don't attribute losses in
one to losses in the other, but if you just look at each of
the segments that you have and you look at the market share
change 2013 to 2015 for subject imports and then look at the
interim period, 2016 versus where we were in 2013, what you
will find is for subject imports, collectively, whether you
do it on a volume or value basis there is loss of market
share in virtually every agriculture and construction and
industrial segment, okay. I think there may be one or two
where that's not true, but significant in the amount of
market share that gets lost varies between OEM and after
market, but you can add those figures up and those figures
come to a significant portion of the total decline in
domestic shipments. Not a majority, but it's a significant
portion of the domestic decline.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. STEWART: We did that before the hearing,
but, of course, it's confidential and so we'll explain it in
the post-hearing.

COMMISSIONER SCHMIDTLEIN: Right, okay, that
would be helpful.

MR. STEWART: In our view, however you want to
slice and dice this, if you view that as relevant and we can
make arguments as to why people ought to have been able to
expect not only that they would maintain market share in
some of these segments, but grown market share because of improved timing ability for reduced overall demand, et cetera, that the domestics would obviously have versus imports. But even if you assume that their hermetically sealed and that you look at each of them separately, there are large losses of volume that have happened from market share shifts from domestic to subject imports.

COMMISSIONER SCHMIDTLEIN: So I assume then that you do not agree. The Respondents allege that the domestic industry has actually gained market share in the construction segment and the Ag after market, and we don't have that. We have all these breakdowns, but we actually don't have breakdown by segment by market share.

MR. STEWART: We will present that in the post-hearing.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. STEWART: I was a Math major in college, and so I typically like to think that I do my math well, but unless I have done my math incorrectly, those are not correct statements from the data that you have.

COMMISSIONER SCHMIDTLEIN: Okay. I guess I would invite you to address that in the post-hearing.

MR. STEWART: We will do that in post-hearing.

COMMISSIONER SCHMIDTLEIN: Okay. With regard to the different segments, switching gears a little bit here,
the difference between the Ag segment and the construction segment can one of the fact witnesses talk about whether or not prices in the Ag segment affect prices in the construction segment and why that is the case? So can you use tires that are labeled farm tires? I mean that's what the pricing products describe them as. Can those be used in the construction segment? Like why would those segment prices affect each other? Mr. Hawkins, it looks like you want to respond?

MR. HAWKINS: There are some products that do switch over. I think they're kind of limited and I don't really believe that a lower price on a construction product would affect an Ag product directly.

COMMISSIONER SCHMIDTLEIN: You don't think so?

MR. HAWKINS: No.

COMMISSIONER SCHMIDTLEIN: So the prices in these different segments have their own supply and demand?

MR. HAWKINS: Well, from a supply and demand point, you know they're made in similar plants. You know I think probably low volume, overall, would tend to make a factory want to make more aggressive pricing on all their products.

COMMISSIONER SCHMIDTLEIN: So in that regard it would?

MR. HAWKINS: In that regard.
MR. STEWART: And you're pricing the sample
products on which you got pricing for both early and after
market. You have three that are construction and industrial
and you have five that are agricultural, okay, and you have
very similar underselling situations in all of those. But
we've not made the argument you knock down a price of one
particular tire and it has the domino affect across all
tires regardless of who the customer is.

COMMISSIONER SCHMIDTLEIN: Right. So did the
decline in the Ag OEM segment have an affect on prices in
the construction, mining, or the other category that we have
in the staff report?

MR. HAWKINS: I think from the aspect of as
business declined and plants became less busy it gave more
volume to move to other segments that were -- you know you
had the anticipation of picking business. I think in that
way the supply made the after market more competitive. When
the demand for tires in the OEM market went down, there
became more supply available that was used in the after
market and then helped --

COMMISSIONER SCHMIDTLEIN: In the same segment?

MR. HAWKINS: Yes, in the same segment.

COMMISSIONER SCHMIDTLEIN: But would it affect
the other segments?

MR. HAWKINS: To the extent that you had a plant
that was capable of making both tires, and some plants are like that, the capacity could be moved from an Ag tire to a construction-type tire.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. STEWART: Let me just take a moment. If you take a look at imports from India, while the majority of their imports are in the Ag sector, 41 percent of their imports are in the construction sector. And so if a company is engaging in price aggression to move large amounts of additional product, one would expect that they may use similar tactics. That has not been the allegation that we've made because we don't believe we've had to do that, but what we have alleged is that we've faced significant price underselling in all sub-segments of the market in both OE and after market.

And Mr. Nutter's testimony and in the post-conference brief in the preliminary phase he put in an affidavit that reviewed some specifics. In the OE side, even where market share may be much lower for imports, we have experienced significant price reduction demands from customers because of the price availability from the imports. So you can both lose market share and even if you're not losing market share you can have significant downward price pressure placed on you because of import options and the fact that you either have escape clauses or
gentlemen's agreements with the customers that you'll meet
the competition or they'll walk.

COMMISSIONER SCHMIDTLEIN: So along that line
before my time runs out here, can one of the witnesses talk
about how the cost of raw materials affects the prices in
practical terms? So you mentioned escape clauses and so
forth. Are customers quoting publicly available information
about raw material costs to you and is there a lag time in
terms of how that gets translated into the price of the
tires?

MR. REITZ: Yes. I mean the components that go
into the tire are all priced based upon publicly available
information, so we have different mechanisms that we have to
uphold in our OEM contracts in regard to your question
about the lag in adjusting your pricing as well as we have
different lags in the timing of our price adjustments with
our supply chain. So that can vary anywhere from 90 days to
180 days, depending again on the customer and the type of
the component that goes in there, but as far as the -- you
know we made a comment earlier about the transparency of the
pricing in our industry. That's very true because you have
dealers that carry multiple lines going along the path as
well with raw materials. All that information is very
available and public information, so you know on that front
raw materials play an impact in pricing, but it's so
transparent that it's kind of consistent across all companies, all manufacturers. Unless you have an advantage through your supply chain, the transparency of the information just basically puts everybody on a level playing field with raw materials.

COMMISSIONER SCHMIDTLEIN: Okay. Okay, I just have one more question along this line. I think this might be for Ms. Drake or Mr. Stewart.

In the slide presentation, you made the point that price declines have exceeded or happened at a faster pace, I think is what you said, than the decline in raw material costs. And so my question is are you looking at the unit value on the C Table of U.S. shipments versus the absolute decline in unit value of raw material costs? Is that how you get that conclusion?

MR. STEWART: I'll have Ms. Drake refer to it a second but my understanding of what we've argued is that there's been a price cost squeeze and you can see that on the traditional way, which is COGS, which is not simply raw materials, but also is labor and factory overhead.

MS. DRAKE: That's exactly right. The slide was perhaps too shorthanded and so if you look at unit cogs versus unit sales values that's where you see the cost price squeeze. Although there's been a decline in raw material prices, there hasn't been a similar decline in overall costs
that would eliminate the price cost squeezing.

MR. STEWART: And it is not the case that for Titan that there is a cost adjustment automatic for all customers. There may be for some customers in terms of price movement, so it's not the case that simply because there's been price declines that necessarily you would have price -- in raw materials that you would have price declines to your accounts and so you can face either at OEM or after markets you could face forced reductions due to import competition, whether or not you're seeing declining raw materials or rising raw material costs.

COMMISSIONER SCHMIDTLEIN: Okay. Alright, thank you.

CHAIRMAN WILLIAMSON: Thank you.

Before I begin, I just want to thank you very much for this book. It's really great to have each statement right there and you can follow the statement as you listen to the witness, so I really appreciate that.

Following on Commissioner Schmidtlein's last series of questions, are there differences in the way the costs or the prices that are determined in the OEM and replacement market? I think you talked about with the contracts there are certain factors in the OEM. Are there similar factors with regard to the replacement market? I mean are you dealing with large distributors who do the
same thing?

MR. REITZ: That was my comment was about raw materials being on a level playing field because of the transparency of the pricing. We have contracts with the OEMs, not all, but many that drive the pricing based upon fluctuation of raw materials, but because of the competition in the market on the replacement side the dealers have access to the same information and pricing changes that may be going on in the market with raw materials.

So as Mr. Stewart just mentioned, raw materials are only part of the equation, but the level of information and the transparency goes through contracts, but it also extends into the dealer side of the equation as well. So our business is not all contractually based either on the OEM side and we have no contracts on the after market side that force us to make price reductions based upon pricing. So my point was, though, that information is so readily available that the transparency is there and it's on the table for everybody to see.

MR. TAYLOR: You have the fabric, which is nylon, you know how much is in every tire, carbon black and natural rubber and the bead wire or the belt steel --- steel belts, those four are there in a contract with how much weight per every tire. So in big corporations we -- our NOE, they get a printout every quarter, every month because
it's commodities. So if natural rubber went up, they know they're going to get an increase. If natural rubber went down, they know exactly what your new tire is going to be. What we do not do is adjust in reference to labor costs because labor costs, generally, the cost of living always goes up. We have to become more efficient because we have to eat that.

Now when you get to the after market, they know because there's not only imports there's domestic competition and you're always battling that one there and so you know they're kind of like each one knows you're going down. If the pricing goes down, you pass it down and it's the same in the after market.

CHAIRMAN WILLIAMSON: Okay, thank you. And I'm very conscience of your voice, so before it goes I would like to ask this question. Mr. Emerson, in his opening remarks, noted that Titan did not mention import competition in its SEC filings and I was wondering if imports have had a major impact on the financial conditions why wasn't that affect not discussed.

MR. STEWART: Before Mr. Taylor responds, let me just say that the claim of the Respondents is not factually accurate.

CHAIRMAN WILLIAMSON: Okay.

MR. STEWART: In both the third and fourth
quarter investor conference calls, Mr. Taylor reviews, at some length, the fact that the company is pursuing cases to deal with unfair trade practices and cases where the cases are before you right now.

CHAIRMAN WILLIAMSON: Okay, thank you. That might save your voice.

MR. TAYLOR: It comes and goes, you know.

CHAIRMAN WILLIAMSON: Okay, I hear you. Thank you.

Talking about labor, Mr. Johnson, I was just wondering in your experience how are the workers in the factories. Has there been much technological change and how have they kept up with that? I'm thinking about the competitiveness of the workers in your factories versus workers in India and Sri Lanka.

MR. JOHNSON: I think by and large we believe that the technology that's being used and the Indian technology being used, Indian and the Sri Lanka, and the technology being used in the States, is comparable. There have been many, many facilities built in both of these countries in recent years, so we think there is not a significant advantage or disadvantage between the countries.

CHAIRMAN WILLIAMSON: Thank you. I was also struck by a statement you made on Page 3 this morning. "Our retirees also suffer because their ability to get
cost-of-living adjustments in the retiree health plan
depends on the contribution formulated as key to the hours
worked."

It sounds like if you get cut during your
working life, you're stuck with that cut for the rest of
your -- all during your retirement. Is that what's
happening here?

MR. JOHNSON: Generally speaking and in most of
the contracts--and there is some variation between--but
generally speaking, there is an amount that is allocated on
a per hour basis, which has been negotiated that goes into
retiree healthcare. So if hours are cut, that amount goes
down, but that's usually adjusted on either an annual or a
contract basis. So it wouldn't necessarily last a lifetime,
but it very well could. Because the amount of money that's
available to help fund those benefits is diminished
significantly. Does that answer your question?

CHAIRMAN WILLIAMSON: Yes, it does. Thank you
for that. I was looking at Page 1-7 of the staff report
where they talk about the dumping margins and the CVD rates.
And I've been doing this for a long time. This is some of
the lowest margins I've ever seen. What should we make of
this? Is it true also that Sri Lanka's not dumping?

MR. STEWART: Well, there was not a dumping case
filed against Sri Lanka, so there will not be that fighting.
The preliminary dumping finding was negative vis-à-vis India and so we'll find out later today whether or not that holds up in the final or not.

But the margins are not lower than many of the cases that you have looked at. I was looking at a series of cases the other day with low margins that the Commission has looked at and made affirmative determinations and margins that we have on India, and for that matter Sri Lanka. Sri Lanka's number of 2.9 was actually increased, based on a program that was examined post-preliminary I believe to 378. So those margins are lower than many cases you see with China. But they're not necessarily low for a lot of CVD cases.

CHAIRMAN WILLIAMSON: Okay. I was just wondering. I mean it's the pricing data's quite different, but usually you see some -- I usually think I see more correlation. Thank you. Going back to the product's distributors, I was wondering, are there separate distributors for the mining sector and for the construction sector, as opposed to the agriculture sector? I believe Mr. Carpenter, are you primarily selling to ag sector?

MR. CARPENTER: Yes. We are. And in regard to the OTR, we handle small OTR, but not the large stuff for the mines and like that. That's more of a specialty.

MR. TAYLOR, JR: The construction industry is
separate and they have dealers that handle for them. When you hear of the mining, you sell right to the mining company. They service their own tires.

So BHP's the world's largest miner. They buy direct and they'll buy -- and you will ship tires to their mines around the world. Nobody buys tires cheaper than them. They buy more tires than Caterpillar, more tires than John Deere.

To get to the customer, you have an ag dealer who has equipment to put it on, goes out in the middle of the night, changes the combine or whatever. When you deal with construction, which you see all that yellow equipment all around here, depending on, there'll either be one, maybe two independent companies that are tire distributors that will service, but there are a lot of large construction companies that have their own team, their own truck, and they will buy from a big, generally speaking, wholesaler. And mining I just covered. So that's how the end person gets the tire.

CHAIRMAN WILLIAMSON: Thank you.

MR. STEWART: If I could just add a -- if you look on many web pages for the wholesalers and middlemen, they often will carry many of the types of tires, both farm and OTR. So it's a question of whether you're looking at the end-user or whether you're looking at the first level of
distribution.

MS. DRAKE: May I just clarify? This is Elizabeth Drake. Sometimes the term OTR is being used to refer to a subset of what we are calling OTR in this case. I believe Mr. Carpenter, when you referred to OTR, you were talking about industrial, and then there's farm. And so I believe you will find wholesalers that have both agricultural and industrial, sometimes the industrial is called OTR.

CHAIRMAN WILLIAMSON: Okay.

MS. DRAKE: Just to confuse matters a little bit more. Thank you.

CHAIRMAN WILLIAMSON: Okay, good. I take it, if there's so much transparency then I guess you can't say, yeah, that segmentation of that pricing -- or at least, you know, people know what prices are. That's what I was getting at by raising the question. Okay, thank you.

VICE-CHAIRMAN JOHANSON: Thank you, Chairman Williamson. And I would like to thank all of you for appearing here today. Are there any differences in the importance of branding in the off-the-road tire market, as compared to the passenger tire market? Is there anything in the nature of the products or in the types of consumers or purchasers that give the off-the-road tire market a
different dynamic than the passenger tire market in terms of branding?

MR. HAWKINS: I think in the consumer market the large tire companies are much more selling to -- there's so many more, there's a lot of advertising geared toward individual consumers. So that you'll see a lot of TV commercials from Michelin and Goodyear on TV appealing to those consumers. And they're also sort of changing the distribution methods where they're trying to appeal directly to those consumers and have tires just serviced at a service center.

On the commercial side or the OTR side, there's a sort of a different set of characters, and the advertising and how you go about branding is a lot different. You're not doing big-mass media stuff. You're doing stuff that's a lot more specific within our industry.

VICE-CHAIRMAN JOHANSON: Would you contend that purchasers of off-the-road tires are more sophisticated than the average consumer who is purchasing for a passenger vehicle? That is my impression.

MR. HAWKINS: Yes, I would think so.

VICE-CHAIRMAN JOHANSON: And would that affect marketing of off-the-road tires?

MR. REITZ: I think one important point--and Mark had mentioned this earlier in his testimony--is that
farmers need service when they need service. And so that's one of the key elements of how you go to market, is through your dealer network has to be able to provide the service to take care of your end-users, so I think that's the big difference, and not everybody can do that.

There are wholesalers that do nothing more than operate as a middleman that aren't going to take care of that end-user, whereas there's full-service dealers that do provide that service and so, when a farmer's in planting cycle or they're in harvest cycle and that equipment goes down, you absolutely need a dealer that can stand behind you and take care of you. And not every dealer can do that.

VICE-CHAIRMAN JOHANSON: Thank you, Mr. Reitz. And I don't think this issue was addressed in the briefs. It might have been; if it was, I missed it. But I assume service is provided for the subject product and domestic product is comparable? Because if the products are sold by dealers, is that correct?

MR. REITZ: The way I would characterize that from Titan's perspective is that your statement is correct. As Mr. Stewart mentioned earlier, there's not service trucks that are designated with a Titan brand on the truck per se. But what we need to do to support the brand premium that you've seen of, you know, 12, 17%, different numbers and different studies, but for us to support the premium that we
have, we can't simply just take our product based upon price and to sell it to wholesalers or lower-end dealers that are not going to provide that service. We have to be able to support the premium that you see.

Unfortunately the decline in the pricing in the market far exceeds the value that we can get, but we're very protective of that brand, so in order to do that, we have a dealer network that supports our brand position in the marketplace.

VICE-CHAIRMAN JOHANSON: Thank you, Mr. Reitz. Respondents rely on the descent in certain passenger vehicle and truck tires from China, and this in their brief at Page 7, Footnote 9, for the proposition that "branding attenuates a competition between domestic off-the-road tires and subject imports from India and Sri Lanka."

Do you all see any factual differences in the two records and differences between the two different markets? That is, off-the-road tires versus passenger and light truck tires?

MR. STEWART: Why don't we address that post-hearing?

VICE-CHAIRMAN JOHANSON: Okay, thank you. I look forward to seeing that, Mr. Stewart. Are branded tires more highly preferred in certain channels or industries, let's say, the agriculture versus construction versus mining
sectors?

MR. STEWART: I missed the front part of the question.

VICE-CHAIRMAN JOHANSON: Certainly. Are branded tires more highly preferred in certain channels or industries?

MR. HAWKINS: I would say mining has the most brand recognition. There's several major competitors there that are well-known in that industry by brand. In my opinion, probably ag is the next tier down, and probably construction is a little less brand-intensive than ag.

VICE-CHAIRMAN JOHANSON: How important overall would you all put branding, or brands in purchase decisions?

MR. HAWKINS: Well, as we make pricing decisions, which I guess is the opposite of the purchase decision, you know, we have to make decisions about where we price our products in the marketplace and we tend to think that there's a premium for a Goodyear product, and we think it's in the line of 5 to 8%.

MR. REITZ: We make a significant investment into our brand to support the premium that it drives. The issue that we deal with on a consistent basis is the value of that branding to the ultimate purchaser decision does not match the pricing element that they're seeing from, in this case, the subject imports and competition.
VICE-CHAIRMAN JOHANSON: All right, thank you, Mr. Reitz. The Balkrishna brief at Page 9 writes about SEC filings of Titan would state that Titan is concentrating on increasing its presence in the aftermarket, which is historically tended to be somewhat less cyclical than the OEM market. And the brief goes on to state that Titan's ability to shift into the aftermarket is limited by the fact that it commands a higher price due to its higher tier rating, and lacks relationships with distributors established by producers to have historically sold into this market. Can you all address that issue? The whole issue of trying to build greater access to consumers through distributors and the aftermarket?

MR. STEWART: If we could, Vice-Chairman, why don't we start with the customers here who probably disagrees with the characterization that's in the brief.

VICE-CHAIRMAN JOHANSON: Certainly.

MR. CARPENTER: Could you ask that question again?

VICE-CHAIRMAN JOHANSON: Well, what I'm trying to get at is the Balkrishna brief at Page 9 notes that Titan is trying to increase its presence in the aftermarket, but that they foresee problems in that occurring due to Titan lacking relationships with distributors in that sector of the market, in the aftermarket. Can you address that issue?
MR. CARPENTER: Oh, yes. I mean since I came on board with Titan purchasing, you know, the Goodyear brand, I've been fortunate to be on their dealer council, and we meet once a year, and we talk about everything but pricing. Sales programs, warranty issues and like that.

And since that time, they put what they call a Grizz Squad. They put specific people in every state. In our state, we have two dedicated people to go to our farmers to address their issues. And there isn't another farm tire company out there that does this. So yeah, they address the aftermarket more than any other company that we deal with.

MR. HAWKINS: Can I say, I believe we have the largest aftermarket sales force in North America. And I would put up the list of dealers that we have significant volumes of business with, with any group of aftermarket dealers in the United States. I think we do business with probably 80% of the significant agricultural dealers in North America.

MR. REITZ: I think, Commissioner, in all due respect, what we're trying to say is, that they're throwing ridiculous thought out there on the table trying to make it stick. During the investigation period, we've been fully committed to the aftermarket. We have a dealer network can provide service to our end-users that's equal to anybody that we compete against.
VICE-CHAIRMAN JOHANSON: Thank y'all for your responses.

MR. TAYLOR, JR: I'd like to add, there is no such thing in North America where any dealer who sells to farmers is just a farm dealer. There's no one that even has 25 percent of their business that way. Mr. Carpenter sells auto, truck, recaps. He loves the farm business and he's one of the bigger farm dealers, but it's not even -- what percentage of your business is farm tires?

MR CARPENTER: Twenty-five.

MR. TAYLOR, JR: No one ever hits thirty. And when you get into the construction business, it's the same situation. Mining is, as I said earlier, is direct. We are only exclusive. We make no automotive, no highway, no truck. If you look at the world, the market in pneumatic tires, which is what we're talking about, is $160 billion market. If you take all of the construction, all the mining, all the farming in the whole freaking world, you're going come up a little over $5 billion.

So we have concentrated in that business and when we showed you the slide with two identical tractors, one was a LSW Super Single, and the other was a standard. When you look at that standard, those are tires, they're forty years old. Those tires are like for a brand-new tractor. You pay two hundred and some thousand for that,
and you've got forty-year-old tires.

That is the differential. You still have to make that forty-year-old tire. Those on that other are brand-new. And the reason we can do it is because we're also the world's largest manufacturer of the steel wheel. And eventually, hope I live to it, everything will be that.

Because if you go out in your car, whether you have a pickup, whether you have an SUV, whether you have a Mercedes, whatever car you have, it's got radials on it, and it's an LSW. And we're the ones that came up with that in 1997. Automotive took off with it. Cars took off with it. We're finally getting the Ag and the construction and the mining. But that's why we have the Grizz Squad.

And you'll never get it through OE. You have to go to that farm and the biggest farmers in the world and we're actually down in Brazil, and we can't make enough of them down there. But you have to make your tire and your wheel in Brazil. And Europe is iffy because the farms are so small. I hope that explains what it is.

VICE-CHAIRMAN JOHANSON: Certainly. My time's expired, but thank you for your responses.

CHAIRMAN WILLIAMSON: Thank you. Commissioner Broadbent?

COMMISSIONER BROADBENT: Just to kind of put a fine point on what we were discussing with Alliance set on
Page 35 of its prehearing brief, that Titan never mentioned subject imports as a factor affecting its financial performance and its pre- or post-petition financial reports, press releases or earnings calls, and you're differing with that because there was an earnings call where it was mentioned?

MR. STEWART: I believe there were several.

COMMISSIONER BROADBENT: During what time period?

MR. STEWART: Third and fourth quarter of 2015, ahead of the filing of the case.

COMMISSIONER BROADBENT: Okay. But since subject imports don't really reflect themselves as a concern in Titan's business materials until that time? With those earnings calls? I mean we can't cite other places in financial materials where they're talking about the competition?

MR. STEWART: I haven't looked, going back in time, but I knew that there were ones in the third and fourth quarter of 2015, so the statement that they never mentioned it was not factually accurate.

COMMISSIONER BROADBENT: Okay. But if you just check and when they've been talking about it, that would be helpful. All right. Do you, Mr. Reitz, do you expect income from agriculture and mining to increase in 2017?
MR. REITZ: I think where we sit today with corn and soybean prices being relatively flat going into 2017, subject to any significant changes in the commodity prices, I do not see any type of significant movement in the agriculture market in 2017.

COMMISSIONER BROADBENT: Okay. And then what about the construction spending in 2017? Will that continue to grow?

MR. REITZ: If there's some infrastructure products that get kicked off, obviously we have a pretty significant change going on here in Washington, D.C., so some of that's to be determined. But I think, you know, with that market, there are some changes. You'll see some changes in the infrastructure projects and spending that goes on there.

MR. TAYLOR, JR: Just to add to that. He's referring, I believe, to North America. We do believe South America farm is going come up. Mother Dearest said that and we believe that. But we're talking North America right now.

COMMISSIONER BROADBENT: Got it. Thank you. Appreciate that clarification. Let's see. Please respond to arguments about supply constraints by U.S. producers that were raised in ATC and BKT briefs, and instances where sales of subject imports have been made because U.S. producers have been unwilling or unable to supply the market.
MR. STEWART: Let me just comment on that.

It's not the position identified from Titan, so we can't comment on the indications of other domestic producers as to what issues they may have had in this period of investigation. But it's not true of Titan, as you can see. We had lots of unused capacity.

COMMISSIONER BROADBENT: Okay.

MR. STEWART: I believe that any indications, as I recall from the confidential part of the record, were from the 2013 period for the other people. And some of the comments about access seem to apply equally to imported product based on long lead times to get product across the sea, so I'm not sure all of the relatively small number of comments that were in the questionnaire responses, some clearly were about domestic producers, but others seem to be potentially about imports as well.

COMMISSIONER BROADBENT: Okay. This is on raw material costs again. The Commission has collected data on a number of raw material price indices as a way of assessing whether prices for tires changed due to decreases in various raw material prices. Which raw material prices have the Commission paid most attention to in this assessment?

MR. STEWART: When we first make reference, there is a reference, I believe in one of the opposition briefs to a misstatement in the prehearing staff report that
synthetic rubber declined 91%. It refers to a chart, and the chart, if you look at the chart, suggests that the decline is more in the neighborhood of 40 to 45%, I believe. So hopefully that'll get corrected in the --

COMMISSIONER BROADBENT: Natural rubber is the --

MR. TAYLOR, JR: Natural rubber is what is used in the tires before this Commission. Synthetic rubber is used in automotive and over-the-highway truck tires for high-speed temperature.

COMMISSIONER BROADBENT: Now what makes it necessary to use natural rubber for this product?

MR. TAYLOR, JR: Because natural rubber is so much more adaptable for the product. It's not going real fast and there's very, very little synthetic rubber.

COMMISSIONER BROADBENT: Okay. And there was a significant price decline in the natural rubber?

MR. TAYLOR, JR: Yes. Your staff report shows it being around 50%.

COMMISSIONER BROADBENT: 50%?

MR. STEWART: I think that's what the staff report says.

MR. TAYLOR, JR: And when I talk shortages, it was a total fake situation back in '11, '12, Caterpillar had -- they'd never be able to make enough trucks,
everything else. And so everybody started ordering everything -- so there's excess capacity in North America right now by -- Bridgestone invested a billion five, and Michelin invested a billion. And those are mothballed.

MR. REITZ: Commissioner, as Mr. Taylor stated earlier, it's very well known within the industry, the components that go into the tire, and so in my testimony and my prior comments in response to a question, it makes for a very transparent marketplace in regards to raw materials. So if raw materials are down a few percentage points and company reduces price by 10%, it's very transparent to know that that is not driven by raw materials.

COMMISSIONER BROADBENT: Okay. This is for Mr. Brewer, the general manager. You stated that you have been forced to reduce runs of tires due to customers reducing their orders. You state that this imposes significant costs on your plant. Does this indicate that your average costs per tire increases as your sales volumes have declined?

MR. BREWER: Yeah, I mean the significant increase comes when you can extend your production runs out. There's more changeovers within the factory so the statement with the shorter runs would increase the cost of those tires, yes.

COMMISSIONER BROADBENT: So would it be fair to
argue that the cost price squeeze suffered by Titan is
partially the result of lower sales volumes?

MR. STEWART: The answer is that yes, that would
be true.

COMMISSIONER BROADBENT: Okay.

MS. DRAKE: And we believe, as we discussed
earlier, that those lower sales volumes are due, not just to
demand, but to the loss of market share, to subject imports,
which were the only source of increase in volume in the
market.

COMMISSIONER BROADBENT: Okay. I think that's
what I've got right now. No more questions.

MR. TAYLOR, JR: I don't know if anybody has
actually discussed what it takes to build a tire. This
pitcher for the water -- that's done with a mold. It
injects the plastic and it heats it, it pops out like that.
A tire, you actually build it by hand. The rubber is put
onto the nylon. You have speed wires. You make it, it's
all hand. So if you look at Mr. Lester back there, he puts
his arms up, because he ran the tire room. He has a set of
forearms you would not want to shake hands or try to arm
wrestle him. Ok?

COMMISSIONER BROADBENT: Should we get him to
stand up?

MR. TAYLOR, JR: He has big arms, trust me. And
I think the people in the back -- the steel workers can tell you. It is a very highly intense labor. And generally, your younger workers have to be the ones that build the tires, because though Lester's real young, he's already burned out. So it's very, very labor-intense.

COMMISSIONER BROADBENT: Okay. Actually I had one more question. How should we interpret the presence of new U.S. capacity in light of your comments that the industry is being forced to reduce its production due to subject import competition?

MR. STEWART: Well, as you know, to build a plant takes a long time, a long time of planning, and so it's not uncommon for a plant to come on line when the cycle of business has changed. Obviously, the new plant that's come on board is the plants that Mr. Taylor were referring to were both super-large mining tire facilities, which are not part of the case.

CHAIRMAN WILLIAMSON: Commissioner Kieff?

COMMISSIONER KIEFF: Thanks. So to follow up on something I think has almost come up a couple of times. I just want to confess that I'm puzzling over something. So you've talked a lot about how -- in my last exchange, for example, you talked about how, as well as in your opening, you talked about how a normal kind of 20% price reduction might be made up for by a service premium, but a 40% gap is
just too great. Or something close to that.

And what I'm struggling with is the following, that 40% number is still in my head. Versions of it are on Slide 18 from your presentation. But what's also in my head is that the margins that Commerce found are a lot less than that. So if the preliminary margins become the final margins, and they may not, but if the preliminary margins become the final, for Sri Lanka, for example, it would be a 2.9% countervail tariff, and what I'm trying to wrestle with is how the 2.9% fills the 40% gap.

MR. STEWART: Let me take the first shot at that.

COMMISSIONER KIEFF: And maybe that's irrelevant to our analysis on injury as a legal matter.

MR. STEWART: Well, historically, it has been based on prior Commission decisions where the Commission views margins of underselling is constructed differently than margins of dumping or subsidization and hence not directly comparable. In the statement of Mr. --

CHAIRMAN WILLIAMSON: I just want to acknowledge -- I didn't realize that the Union workers were here. And before they leave, I wanted to acknowledge them and thank them for coming. And since I see they were getting up, I just wanted to thank you for being here. Thank you.

MR. STEWART: Thank you, Mr. Chairman, for
acknowledging them. Mr. Carpenter's comment was that historically there was an 8-10% differential between imports and domestic product that could be sold against. All right? If you take a look at a lot of --

COMMISSIONER KIEFF: Let me try it this way, because I -- it was not designed to be a "gotcha" question, and I'm not trying to pin anybody on the specifics. Let me just invite, for the post hearing, if either side thinks that that difference matters or doesn't matter, please explain how or why, and I take it, Mr. Stewart, your lead point is, first of all, our legal precedent gives us a lot of healthy distance that we're supposed to maintain between our analysis and the Commerce analysis. And then I take it your follow-ups are to explain in effect that even the details don't quite add up that way.

COMMISSIONER KIEFF: Is that basically what you're --

MR. STEWART: Yes, that's a fair summarization.

COMMISSIONER KIEFF: No problem, and again if the --

MR. STEWART: We'll address it in the post-hearing.

COMMISSIONER KIEFF: That's perfect, and then the second, the last question I have, which I recognize as well may be either for the post-hearing or for class, in
which case that's fine. But it is something I'm very
curious about, so I'll just ask it, and if you think it's
really not pressing to the case, by all means that's a fair
response from either side.

Is there anything that we should make of the on
the ground market and political differences, if any,
between India and Sri Lanka?

MR. STEWART: I'm not sure I get, I get the gist
of your question.

COMMISSIONER KIEFF: So yeah. So like both are
democracies, but they kind of run slightly differently as
democracies, and both, they -- I think they each have
different views of themselves and each other with respect to
each other. So one might see itself as more market oriented
and less interventionist with the other. They might
disagree with each other about which one that is.

If those differences are right, which way do they
tilt as between the two, and does that tilt matter to our
analysis?

MR. STEWART: I believe the answer is that it
doesn't matter, but we will reflect on it and give you
greater thought when we do our post-hearing.

MS. SMITH: This is Jennifer Smith from Stewart
and Stewart. I'll just add to our prehearing brief notes
that the governments in both countries have targeted exports
according to their government plans, and Sri Lanka in particular has a rubber industry plan that's promoting value-added exports of rubber and the rubber industry.

COMMISSIONER KIEFF: So you're saying that even if there were differences, they would be eclipsed by those similarities?

MS. SMITH: Yes.

COMMISSIONER KIEFF: Okay, gotcha. All right. Those are all the questions from me. Thank you all so much.

CHAIRMAN WILLIAMSON: Okay. Commissioner Schmidtlein.

MR. TAYLOR: I'd like just to throw one thing out to you. When Mr. Carpenter mentioned the differential, he's talking about what he can do in reference on the other side of what, and because he is a full time guy, he can -- the farmer will pay more because it's him doing it. But when the farmer knows that well, I can get a tire here and get Willie Smith here to try to do this thing, he can't take 40 points.

COMMISSIONER KIEFF: Gotcha.

MR. TAYLOR: That's a differential of what he's paying on both sides.

COMMISSIONER KIEFF: I appreciate it very much. Thank you.

CHAIRMAN WILLIAMSON: Thank you. Commissioner
COMMISSIONER SCHMIDTLEIN: Okay, thank you. I have a few questions here. I think we'll start with the ones for the post-hearing brief. There are two pricing analysis in the Respondent's briefs. One is in Alliance's brief at page 27, and the other is in Sri Lanka's brief at page 28 I believe. Yeah, 28. If you could respond to those two arguments. It has to do with looking at the individual pricing products. You may be already familiar with this.

MR. STEWART: We will do that in the post-hearing.

COMMISSIONER SCHMIDTLEIN: Okay. It would be easier to do that in the post-hearing. That would be helpful, and then along those lines, if you could also respond to the argument that when you look at the pricing data, there's no correlation between the shifts in volume and underselling. Again just --

MR. STEWART: We actually addressed that in our prehearing brief. Where we basically flagged was that where there was significant head to head competition on individual products, there was deeper price discounting that occurred than where there was limited price competition. So we have addressed that directly already, but we'll be happy to look at it again.

COMMISSIONER SCHMIDTLEIN: Okay, all right.
Thank you. One issue I don't think that we've covered this morning, that is the question about the impact of non-subject imports, and I know in the slide presentation, you have a bullet point addressing China, and make the point that China declined in volume and that they entered at higher unit values than subject imports.

So my question is though how do you respond to the Respondents' argument that although they declined in volume, there was still a substantial volume of non-subject in the market, and when you look at the pricing data from China, which we collected, you see that China undersold -- they undersold domestic, but they undersold subject roughly half the time.

  MR. STEWART: Yeah, mixed picture.

COMMISSIONER SCHMIDTLEIN: It was mixed.

MR. STEWART: Yeah. Let me respond to that.

COMMISSIONER SCHMIDTLEIN: So how do we not attribute, you know, pricing pressure from China or even loss of market share? The Respondents make the argument that well, they could have taken market share from China and not the U.S. because China was declining?

MR. STEWART: Well, typically when the Commission looks at cases where there are products under order, one looks at the volume that's coming in to determine if the volume is increasing or decreasing, and in the prelim you
did carve out China in terms of the data that showed a very sharp contraction in supply into the U.S. market in the 2012-2014 January-September 2015 and '14 comparisons.

So that is consistent with the orders having effect. If you take a look at the pricing comparisons that they talk about in the spread about over- and under-selling, what you will find is that in the Chinese examples, the volume that is there goes to almost zero in virtually every case, okay. So yes, you may have had a handful of sales, and there may have been a low price on some, but there's virtually no volume.

So I would say that the data that has been collected on China suggests that the orders are having the type of effect, which is if there's very low prices, they're likely to be found to be dumped enhanced orders, will have the effect of assessing duties and that you will see a reduction over time, and that's exactly what you see in the pricing sheets for the products where China is involved. But we'll explore it more in the post-hearing if that's not sufficient.

COMMISSIONER SCHMIDTLEIN: Okay. But I'm sorry. The point is this as a result of the orders?

MR. STEWART: Correct.

COMMISSIONER SCHMIDTLEIN: Yep, and okay. So the last thing I wanted to revisit was the price suppression
argument. I know this has been talked about already, but
the cost-price squeeze that you've mentioned and pointing to
the COGS/net sales ratio, which increased over the POI, I
guess my question is how ^^^^ You know, given that raw material prices were
going down, raw material prices are transparent, as you've
made that point, would you really be able -- would you
really expect to be able to raise prices in a market where
costs are going down and overall demand is going down?
So do you have -- in other words, are you asking
the Commission in this instance to actually look at the
different segments? Wouldn't we have to segment the market
and look at demand in order to really get to a price
suppression argument?
MR. STEWART: The answer is one could have -- one
could have selected price increases on products that are
either novel, or where there's limited competition. So you
could have some price increases that could occur even in
this type of a market. But clearly you have price
depression, and the oftentimes the Commission finds no price
depression because there is not a cost price squeeze.
So at a minimum the cost-price squeeze shows that
declining prices are in fact a form of real depression
versus simply reflecting reduced cost. So I would say, I
would say that that's the case, and you can see that at --
you have collected the data at the aggregate level, not at a sub-aggregate level.

COMMISSIONER SCHMIDTLEIN: Okay. That covers it all. Thank you very much.

CHAIRMAN WILLIAMSON: Thank you. Just a couple of questions. You've already addressed or disagreed with Respondent's argument that Titan's business model focuses predominantly on sales to OEMs in the Ag sector, and you just said -- you've already disagreed with that. I was just wondering, and this ^^^^ I think Commissioner Schmidtlein got at this earlier. You had said you were going to look at how do we attribute, you know, if you have lost revenue, how do you determine what's the causes of it.

But in that, in the context of doing that, how do we -- the decrease in Titan's revenues, how much of that or how do we -- what can we contribute, can be contributed -- what can be attributed to the decline in demand in the agricultural segment? So in looking at this whole question of, you know, how do you attribute --

MR. STEWART: What I tried to say earlier, Mr. Chairman, was that we will put it in the post-hearing brief. But if you take a look either at the -- on a volume or value basis in the subaggregate, in the subsectors that the data in the Appendix D goes through, what you will find is that the domestic industry, and that's after all you're looking
at the industry not at Titan, has lost market share in
virtually every one of the categories that are significant
volume categories, and that's true on a volume basis or
value basis, and that those losses are not insignificant.

They don't have to be the majority. They are not
the majority if you look at it on a subaggregate basis. But
they are a significant percentage.

So just looking at the volume loss you can see it
that way, and as our witnesses have testified and as your
record as compiled by the staff demonstrates, there has been
price depression at accounts by domestic producers, both
Titan and others, and that is reflected both in your pricing
information and in the cost-price squeeze that you see in
the overall P&L, and that some portion of that is attributed
to the pricing practices of the imports.

There, we don't have the ability to segregate it
out. The other side has come up with selective tools that
they would suggest you should use, which in our view are
inappropriate, which we will address in the post-hearing.

CHAIRMAN WILLIAMSON: Okay, thank you. And also
given that you're ^^^^ are you saying the case for price
depression is maybe stronger and clearer than the case for
price suppression?

MR. STEWART: Yeah. Price suppression usually
has to do with whether you haven't been able to raise your
prices as much as you wanted, and usually you don't look at
that in situations where raw material costs are going down.

But obviously where you have a cost-price
squeeze, that is an indication of harm, and that harm flows
from a loss of volume and the declining prices. Some part
of the declining prices are import-driven, and some portion
of the decline in volume are import-driven. We think that
there's more than enough in both of those to support an
affirmative determination.

CHAIRMAN WILLIAMSON: Okay, thank you. One last
question. Okay. Table 2-1 establishes that most
domestically produced tires are sold the OEM market, while
most subject and non-subject imports are sold to the
aftermarket. Now you've already talked about this topic,
but I would just curious. Is there any reason why this
trend was there?

MR. REITZ: Well I think first off, the comment
"most" is not accurate. We are equally focused on the OEM
and the aftermarket. It would be an inaccurate thought to
think that as a business we would ignore one segment because
both of them are --

CHAIRMAN WILLIAMSON: I'm not suggesting that.

MR. REITZ: Yeah, and I think the word "most" is
what made me uncomfortable with the question and really
1 driven by the Respondents, not your question.

2 CHAIRMAN WILLIAMSON: Shall we say the domestics
3 have a larger share of the OEM market relative to the share
4 that --

5 MR. REITZ: And that goes to the brand, you know.
6 You look at the large investment that the end users are
7 making in the equipment and obviously the brands that the
8 OEM manufacturers want to protect. We've expressed in, you
9 know, all of our testimony that there is a brand premium
10 associated with the Tier 1, you know, Firestone, Goodyear,
11 Michelin, and really it's really brand-driven more than
12 anything else. It's not Titan-specific, any of our actions.
13 They're really the domestic industry actions, and
14 I'm speaking on behalf of Firestone, Titan, Michelin. We're
15 all equally focused on OEM and aftermarket.

16 CHAIRMAN WILLIAMSON: And but that brand. Does
17 that mean that the seller of the finished product usually
18 wants to have a branded tire on his fancy machine that he's
19 selling?

20 MR. REITZ: That's true. I mean there's
21 significant pieces of equipment that are big investments
22 made by the manufacturer, and John Deere, just think of the
23 value of green in their brand, and you know. So obviously
24 the companies are making big investments, but the end users
25 at the same time are making significant investments. So
they want a product and a brand that they know will stand
behind them.

   CHAIRMAN WILLIAMSON: They don't want any
no-named tires on their new vehicle. Okay. This is a
curiosity question. I think Titan has grown by acquiring
actually the off the road tire business of a number of other
companies. This is not during the Period of Investigation
but earlier. I was just wondering, does that tell us
anything about the nature of this particular industry, the
off the road tire business? In other words, why did the big
guys get out?

   MR. TAYLOR: Why we did it?

   CHAIRMAN WILLIAMSON: No. Why were the bigger
companies selling that segment of their business? I know it
was a while ago, but just out of curiosity.

   MR. TAYLOR: Well originally, you know, we really
only had two in North America, Goodyear and Firestone, and
there was Armstrong-Pirelli and I'm the dummy who bought
them when they went on strike. We made the wheels and you
can't change something. I can change a wheel, but then I've
got no one to sell it to because there's no tire.

   So I wanted to get a tire, and if you look past
the last 30 years, worldwide more innovation have come from
us than everybody else put together. So Pirelli, who bought
Armstrong, they were getting out of the farm tire business.
But because they were on strike, we made a deal and the deal was pretty simple. I figured I could scrap the plant out if I failed, you know.

So we thought it was mismanaged and we proved that was the case. Then the Rubber Workers, as Mr. Carpenter back there said, Johnson rather excuse me; sorry about that. He worked for Pirelli. Well, the Rubber Workers went belly up. So they were taken over by the Steelworkers, and lo and behold we also have a little disagreement. We're friends now, but we set the record for the longest strike in the history of the Steelworkers.

We run our factories. I'm a factory rat. I'm a toolmaker by trade, a welder by trade, engineer by schooling. So in the end, -- and I to came to an agreement. At that time, Mother Goodyear was in trouble, and they were screwed up. So the Steelworkers helped me acquire that facility, and they helped me acquire the facility in Bryan, Ohio, and that's --

We also have another facility that we didn't even know had closed, and that's in Union City, and that's the largest plant. That tire plant made 55,000 tires a day in its peak. These plants are huge, and we just focus on that and that's what we do, and to answer one of he questions, if you've got -- if you look back, there was never any imports from the two countries we were mentioning about.
So if you would take that 200 and some million, which the domestics could take care of, if we were to take even a half, we might not make a lot of money, but we wouldn't be losing money and we would have one hell of a lot more people back to work. It's mind-boggling how, in a down market, they can increase them. It happens folks if you're dropping prices, and that's really what the story's about.

But we're the true American story, and our employees work hard, our employees are paid well. But they earn every dollar, and that's -- and we have a new President coming and that's because of the people in the Midwest.

CHAIRMAN WILLIAMSON: Okay. My time is about to expire, but thank you for that. It's useful to have the context.

MR. REITZ: Well Commissioner Williamson, the other thing is we made reference earlier about Lester's massive arms. They're really two different industries. There's not the natural synergies between a passenger tire and an OTR tire. Our tires are manually built. It's small production runs. It's a high volume of products that are required to meet the demands of the market.

And so passenger tires, as you know, higher volume, limited SKUs that they're dealing with. So as a result, Lester's got massive arms, as do all of our employees, because they build these tires by hand.
CHAIRMAN WILLIAMSON: Yeah, I think I did the factory tour in the first case, so it's coming back now.

MR. REITZ: Okay, very good.

CHAIRMAN WILLIAMSON: Good.

MR. JOHNSON: Yes. I wanted to respond to your, I think what was your initial question about is there a mass exodus of manufacturers from the OTR markets, in the OTR building in the U.S.

CHAIRMAN WILLIAMSON: Excuse me? Okay, yeah.

MR. JOHNSON: From my perspective at least, and I can't speak for all the manufacturers specifically, I don't think there is a mass exodus. There was a mass consolidation of the industry and a significant purchase from overseas, Continental, Pirelli and others that bought into the markets and didn't really have an interest in running some of the facilities that were OTR-related.

Therein came the opportunity for Titan to start purchasing facilities as others chose to exit that particular segment, because that wasn't why they bought into the U.S. markets. But I think the manufacturers that are here today and some that are looking at the possibility of building sites are interested in this market and have not chosen to exit.

I think Michelin, Bridgestone and others that I have personal relationships with and business relationships
with have no desire to exit the U.S. market. I think they're here to stay and here to operate.

CHAIRMAN WILLIAMSON: Good, okay. Thank you very much for all those answers. Vice Chairman Johanson?

VICE CHAIRMAN JOHANSON: Thank you, Chairman Williamson. Mr. Taylor, I'm sorry to have you speak further. I know that your voice is tired, but you've been -- you've done a very good job so far today, and the information you've given has been very useful. So I'm going to ask you one more question.

You spoke this morning on Titan's investments in low sidewall tires, and this is obviously an important issue to you. To the extent possibly today, and if you can't discuss it today if you could put it in the post-hearing brief, could you talk about how large a portion low sidewall LSW tires are, how large a portion they are of Titan's overall production?

MR. TAYLOR: I believe -- what's their total volume? We're over 25 million today, and it's been growing double digits every year, and we expect that to eventually be the biggest driver, mainly because it sounds stupid and we just -- Paul and I heard about it and ran down to Missouri, what was going on.

A dealer, equipment dealer who was a big farmer, which is the pictures are those. That was at his farm.
He's a grain dealer, he ended up getting six bushels of soybeans extra just switching up the tires because it's compaction, and he got five bushel extra of corn. When you take that with someone with thousands of acres, he just got his tires for free and they should last him four to five years.

So we see, and that's why I'm going to South America. He's got to take care of everything else now, but I'm going to South America because I'm a little strange guy. But I don't speak English as well as I should, let alone Portugese. But they understand me down there and we're running them, and we think we have big farms? A big farm in America is 100,000 acres. There's only a few farms that big.

You go to South America, they go up to a million-three. So you just go see them and I'm going to sell direct to him, tires, wheels and then the OEs can figure out what's going on. But I think eventually it's going to happen. It's happening -- you look at all your aerial lifts out here. That's where a man's up on the top up there fixing. You look at the tires, you'll see they're real short.

Those are LSW tires, and they perform much better. GD is big, all of them are big in it. So but it takes time.
VICE CHAIRMAN JOHANSON: From what I recall, I believe that the Respondents insinuated that one reason Titan is having difficulties is due to insufficient sales of LSW tires. Is that an accurate contention on their part, and if you want to answer this post-hearing, you can do that.

MR. TAYLOR: No. I don't have any problem answering. No. That's increase in sales. That's not decrease. We're still in the aftermarket. When your factories are only running 30 percent of us, you know, there's no problem making LSWs. That has no bearing whatsoever. It's a good thing we're making them because you see, we make a profit on those. Every one of those, the wheel and the tire, we make them both.

We expect it to be double digit up this year too. But that has no bearing. You still have to produce for all the other equipment that's out there, and that's what we have. So it's -- I don't know how to say it. If in one pocket, you know, you found some money that you didn't know, you put it in a suit coat or something, that's like the LSWs. It's helping us survive and keep some employment.

VICE CHAIRMAN JOHANSON: Well thank you for your

MR. REITZ: We stated that publicly in our announcements as well, the double-digit gains that Mr.
Taylor's referencing on LSW sales.

VICE CHAIRMAN JOHANSON: All right. Well, good luck with that Mr. Taylor. Also, I hope you enjoy your time in Brazil. It's a long flight down there, so I hope you get over your cold before you get on that plane.

MR. TAYLOR: Down and back.

VICE CHAIRMAN JOHANSON: Okay, very good.

Respondents have made arguments about domestic supply constraints, and they've listed instances in which sales of subject imports have been made because they contend that U.S. producers have been unable to or unwilling to supply these products, and these contentions could be found in ATC Brief at page 16, the BKT brief at page 10 and the Camso brief at page 12. Could you all respond to these contentions of the Respondents?

MR. STEWART: Yeah. We'll do that in the post-hearing, Vice Chairman, if that's okay. Some of the data is confidential, and obviously we haven't been able to share most of the stuff with our client. But we'll go back through the record and provide responses.

As I said before, most of the allegations go to, that I recall, go to 2013, the beginning of 2013. That wasn't the situation for Titan in 2013. So I can't speak for other domestic producers in terms of whether, what kind of issues they were having. It's also the case that there
was some discussion about private label. Private label is an issue where there are some accounts that Titan does do private label for.

So as you would know from all of the cases that you see, companies often have distribution issues and they may decide to do something for Customer A that they won't do for Customer B, because Customer B may conflict with current distribution plans that they may be satisfied with in a given jurisdiction, or maybe an OE versus an aftermarket issue.

But so some of the claims are facially not correct. Others seem to be at the beginning of the period and don't apply to our client. And so -- but we'll try to respond more in the post-hearing.

MR. TAYLOR: If you notice, that's a Bobcat skid steer. If you go look at a Caterpillar skid steer, you'll see Cat-branded tires. They've been on there for well over ten years, 15 years. We're the ones that make all the Cat-branded tires.

VICE CHAIRMAN JOHANSON: Okay, very good. I think I have just one question left. We've heard a fair amount today about how labor intensive it is to produce off the road tires. Do you all have any perspectives on the economic advantages or disadvantages associated with the manufacturer of OTR tires in India and Sri Lanka compared to
U.S. production costs? For a product that is so labor intensive to manufacture, do subject imports have a significant price advantage in terms of labor?

MR. TAYLOR: There is no question that they're labor intense over there compared to here. But what generally balances out and has for years is the fact that it's a long ways to ship the product from there to here. It comes by boat and it's very expensive. Airplane's really expensive, and that basically makes up the differential between our extra labor to theirs, and the same was true with China.

But we have a tendency in this country from business side to have to fight our own government, and with all the regulation and every other thing in the world, where that's not the same situation over there. So same if you go to the Chinese plants. None of this product that you've got coming into the U.S. is for the Indian market. It's the same that's going on in Europe. Europe's in worse shape. That's just my open handed honesty about it.

VICE CHAIRMAN JOHANSON: All right. My time is about to expire. I would like to thank all of you for appearing here today.

CHAIRMAN WILLIAMSON: Do any Commissioners have any further questions? If Commissioners have no further questions, does staff have any questions for this panel?
MS. HAINES: Elizabeth Haines. Staff has no questions.

CHAIRMAN WILLIAMSON: Okay. Do Respondents have any questions for this panel?

MR. EMERSON: No, we do not. Thank you sir.

MR. TAYLOR: Mr. Pinkert, is he sick?

CHAIRMAN WILLIAMSON: Yeah he's -- I'm actually not sure why he's not here. Yeah, okay. He's not participating in this case. Okay, fine. Well, I want to thank the panel for your testimony. We appreciate very much y'all coming today. It's now time for a lunch break, and we will resume at 1:25, and I want to remind everybody that this room is not secure, and so please take any business proprietary or business confidential information that you have with you. Thank you all and we'll now take a lunch recess.

(Whereupon, a luncheon recess was taken to reconvene that same day at 1:30 p.m.)
AFTERNOON SESSION

(1:30 p.m.)

MR. BISHOP: Will the room please come to order.

CHAIRMAN WILLIAMSON: Good afternoon, and welcome to this panel. You may begin when you're ready.

STATEMENT OF MATTHEW NOLAN

MR. NOLAN: Alright. Thank you, Mr. Chairman, members of the Commission. Hi, I'm Matt Nolan with Arent Fox appearing on behalf of Balkrishna Industries, or BKT for short, and I am going to kick us off for the afternoon session.

Happy New Year to you all. I hope you had a good time. I was having visions of OTR tires dancing in my head all during the holidays.

I'm going to start us off very briefly and then turn it over to our witnesses. Just for preliminary remarks, I'd like to say the Petitioner's case, as Mr. Emerson started off this morning, is all about a very broad-brush picture. He wants you to look at aggregate numbers. They don't want you to dig in behind those numbers.

And the reasons for that are simple. If you look at the numbers on an aggregate basis, they certainly seem to favor the Petitioners. However, there's a big problem with what they've been telling you. And that is, the market for
OTR tires is not a singular market. The market includes agricultural products, construction products, mining products. Those products operate in completely separate markets. You would never use an agricultural tire on a mining piece of equipment. Nor would an agricultural product react to the same conditions of competition or market factors that a construction or mining tire would.

Each of these sectors has different applications. Each sector has different requirements, physical attributes, different market characteristics, and demand variables. In short, if you put all these tires together in one big bundle, you are mistaking the market factors that affect each of these markets separately. And that would be a mistake, in our view.

One size tire does not fit all. In this market you have giant tires. You have small tires. Each with different price points. I would dare say that a big factor the Commission needs to consider here is the mix of product coming from a particular producer.

A producer that makes large tires predominantly is going to be selling tires in the thousands of dollars per tire. A company that makes more smaller tires is going to be selling $200 tires. There's a big difference. So be careful about unit values that are aggregate without digging
in behind them as to what exactly that consists of.

One size does not fit all. The largest tire I've ever seen is one of these big mining tires. They do it up at the oil sands in Canada, if you've ever been up there. But that just gives you another sense of the size range for these tires.

And of course we have the OEM, original equipment market, versus the aftermarket. And you can see on the left side the original equipment. That's a John Deere Tractor plant. And I dare say, I would ask the Commission a basic question: Have you ever seen a brand-new John Deere Tractor with anything but a Goodyear, Michelin, Bridgestone, or Firestone tire on it? Those are the U.S. brands. That makes a difference to the OEM network.

On the other side, you have the aftermarket. That market is very different. Small suppliers, lots of them. Distribution networks are critically important to that equation. So you need to think about those differences as you mull this over.

And again, this sort of sums it up. We have several different sectors, agricultural, construction, mining, and other such as airports--that's a separate sector. We have the OEM and aftermarket for each of those sectors.

We have brand tiers for each of those sectors.
And we have large versus small radial versus bias in each of those sectors. In short, there is no unified theory or market here. It needs to be broken apart, as Ms. Schmidtlein indicated in her questions earlier this morning. And we urge the Commission to undertake that analysis, and we are happy to assist.

With that, I'm going to turn it over to Brian Robinson, the Vice President of BKT USA.

STATEMENT OF BRIAN ROBINSON

MR. ROBINSON: Ladies and gentlemen of the Commission, good afternoon. My name is Brian Robinson. I'm Vice President of BKT USA, Incorporated, and we are the U.S. marketing arm for Balkrishna Industries.

By way of background, I have more than 20 years experience in all facets of the tire industry. I am very familiar with the tire markets in the U.S., and the OTR market in particular.

The OTR market is not simply a collection of off-the-road tires. They are in fact many markets. We have agricultural, mining, construction, industrial, and others. Each market is different and reacts to different variables.

BKT is primarily focused on agriculture where the demand for tractor tires is greatly affected by farm incomes. In the mining sector, sales are affected by the price of copper, iron ore, and other basic commodities. In
construction, demand is driven by construction trends. These markets do not overlap.

Large tractor tires are very different from 10-inch mining tires, and prices range from $20 to $2000. You cannot make general statements about demand, prices, or market share in the OTR market.

Brand identity and the perception of making high-quality tires are key in this market. We all strive to have name recognition—the name recognition of top-tier brands like Michelin, Bridgestone, and Goodyear. They command a premium price because of their name, perceived quality, and ability to source a large variety of products quickly.

Based on my experience in the market, the perception for Tier I, II, and III have not changed in the last 10 years. The brand allows these producers to charge a significant premium price in the market. U.S. producers operate in multiple tiers.

In the United States, for example, Bridgestone Tier I makes Firestone Tier II. Titan, which was a Tier II brand, bought the naming rights for Goodyear so that they could have Tier I status. Brand matters, and it does affect price.

These companies will make essentially the same tire at different price points. Brand perception has always
resulted in different pricing based on tier. But BKT has just one brand, BKT. BKT India has sold OTR for the U.S. market for many years, and has established itself as a reliable, high-quality supplier in the agricultural aftermarket. Over 90 percent of our sales are to the aftermarket, and our adjustment rates are less than one-half a percent.

But we compete for that replacement set of tires that the farmers buy for their used tractors. In my experience, U.S. farmers are generally pretty conservative and gravitate toward U.S.-made name-brand tires for their original equipment.

BKT competes on the basis of quality, reliability, and depth and breadth of product. We sell 1,000 different skews of tires from an 8-inch industrial to a 54-inch tractor tire. We make high-quality tires and have invested heavily in developing brand recognition and strong relationships for our primary customers, distributors, and installers.

We do not sell a lot into the OE market because, quite honestly, we lack some of the critical attributes. OE buyers require just-in-time delivery, inventory availability, price flexibility, and long-term contracts tied to raw materials indexes. Most BKT tires are sold on the basis of 120 days from order date, which is four months.
We do not offer any financing, and we do not carry just-in-time deliveries domestically.

I understand that U.S. producers have had some challenges the last few years. Farm economies are way down, and farmers are economizing. They are not buying new equipment, but they are buying replacement tires in the aftermarket.

The drop in demand for new farm equipment is well known and has had a far greater impact on companies like Titan because they also rely heavily on the agricultural OE tractor market.

Titan is a large wheel producer that decided to get into the tire business. Its pursuit of the Goodyear naming rights allowed them to secure a top position, top-tier position in OE. While the perception is that Titan operates predominantly in OE, it does sell tires in the aftermarket. But that creates a challenge for them. Titan has not focused on developing the aftermarket and is known to ignore it when the OE market is good.

That does not make for strong dealer relationships. And pricing the aftermarket is fundamentally different than OE which is driven by long-term contracts and volume discounts.

And then there is the issue of quality. Titan's former CO should be commended for publicly acknowledging
quality issues which have affected customers' perceptions.

Finally, Titan's ongoing foray into the LSW tires is particularly ill timed. The use of LSW technology requires you to buy a Titan wheel and tire, and then you are locked into Titan for any replacement tires. This is an expensive choice, and in the current down-cycle farmers will be hard-pressed to buy this technology.

BKT is a responsible participant in the U.S. aftermarket. We sell on the basis of quality and relationship built over several years. We have not reduced our prices in the aftermarket. Indian imports are not the problem in the United States market. U.S. producers, and particularly Titan's, reliance on the OE market is in fact the issue.

I would be happy to answer any questions, if you have any.

STATEMENT OF DOMENIC MAZZOLA

MR. MAZZOLA: Good afternoon. My name is Domenic Mazzola. I am Vice President of Engineering and OE sales at Alliance Tire America, Inc. I am joined today by my colleagues James Clark, President of ATA, and Bob Arnold, Vice President of Aftermarket Sales at ATA.

Together we have over 60 years of experience in the tire industry with a number of different tire producers. ATA is the U.S. sales affiliate of the Alliance Tire Group
which manufactures OTR tires in Israel and India. The Alliance Tire Group is a highly innovative company that introduces more than 150 new tire products each year. ATA itself employs over 100 people across the United States, supports a large and diverse U.S. dealer network, and acts as a valued partner to a number of global OE manufacturers.

Alliance and its predecessor companies have been a fixture in the U.S. OTR market for more than 80 years. Brian Robinson of BKT has already discussed how the U.S. OTR market is segmented on the basis of end use, on the basis of quality and brand perception.

I fully agree with his comments, and I also agree that these factors reduce the impact of any competition between imports and sales by the U.S. industry. I would like to focus my testimony on another, but just as critical, manner of market segmentation. Specifically, the difference between the OE market and the aftermarket, which Mr. Robinson mentioned briefly in his testimony.

Historically, U.S. OTR producers have dominated the OE market. While foreign producers, including Alliance, have primarily focused their commercial efforts on the aftermarket. Understanding how these market segments are different is critical for the Commission to evaluate the impact of imports from India and Sri Lanka on the U.S. OTR
While I am responsible for ATA's OE sales, I would like to start by discussing ATA's sales activities in the aftermarket. Since its inception, Alliance's U.S. sales efforts have been focused on the aftermarket, and as a result our U.S. business operations have been structured to meet the demands of this segment.

A significant factor in our success has been our ability to optimize our delivery capability. Since our aftermarket customers cannot provide long-term forecasts of their own customers' needs, demand in this segment is somewhat unpredictable.

For that reason, we are obligated to maintain an inventory and a distribution network in the United States so that we can service our clients' needs efficiently. Aftermarket customers also tend to buy in smaller shipment quantities, meaning that we have to learn how to deliver smaller lots, sometimes just one tire, in a cost-efficient manner.

Being successful in the aftermarket also requires us to have a broad marketing strategy. There are dozens of major distributors and hundreds of dealers throughout the United States. We have invested heavily in developing relationships and brand recognition with this customer base, and ultimately with their customers.
For example, we provide extensive product training programs. We offer a best-in-class warranty. We sponsor dealer conferences, concerts, and tractor pulls, and we actively participate in industry events and trade shows, all in order to raise awareness of our Alliance, Galaxy, and Primex Brands.

Finally, ATA has developed and maintains a wide range of programs to encourage aftermarket customers to consolidate their purchases with us. While the tires we sell to the OE market are physically identical to those we sell in the aftermarket, the way in which they are sold is substantially different.

First, the number of potential customers in the OE market is far smaller, meaning that we can focus our customer development activities on a smaller group of companies.

Second, we are not required to engage in the same type of marketing for OE sales as for sales in the aftermarket, as OE manufacturers handle the marketing for their own equipment and to their own end-use customers.

Where the level of involvement is more intense, though, is with respect to product development and technical issues. We frequently meet with OE customers to help them better understand the technical and performance specifications of our products, and we also work with
Alliance's own product development team to develop new tire designs to satisfy our OE customers' demands for tires with improved performance characteristics.

It is well known in the industry that historically Titan has focused its efforts on the OE segment of the U.S. OTR market, and has placed relatively less emphasis on developing its sales network in the aftermarket.

The reason for this focus is because Titan's business is uniquely structured to serve that market. Titan began as a wheel producer and later added the capacity to produce tires, which makes them the only major OTR producer who can internally produce and sell a complete tire and wheel assembly.

These assemblies are sold primarily to OE manufacturers for direct installation on new equipment, and sales of complete tire wheel assemblies typically result in a higher margin to the producer.

This dependence on sales to OE manufacturers has tightened significantly over the Commission's Period of Investigation as demand in the OE segment of the market has declined substantially over this time.

Sales by OE manufacturers are closely tied to the performance in downstream markets and both the agricultural and mining sectors have suffered a severe cyclical downturn since 2013. It is therefore not surprising to anyone in the
OTR industry that Titan's sales have also declined, since this is the market segment to which its commercial strategy has been most closely tied.

I understand that Titan has argued it has recently developed a strategy of trying to expand sales in the aftermarket, but Titan cannot expect to see immediate results. As I explained earlier, developing customer relationships, product offerings, and brand recognition relationships and recognition in the aftermarket takes an investment of time and resources, and cannot be quickly established to fill capacity when its bread-and-butter OE share of sales has declined.

I would like to close my testimony with a comment about the prices for tires during the Commission's POI and their linkage to raw material costs. The vast majority of the costs of any OTR tire consists of just a few raw material inputs, and our own internal index of raw material costs, which is in turn based on publicly available data, dropped by nearly half since January 2013.

And just as these costs have declined, so too have prices. What this means for us and other suppliers is that during the POI our customers are in a strong position to negotiate for price reductions.

Our OTR customers follow raw material prices quite carefully, and they're not shy about approaching us
when input prices have gone down. In fact, prices in our contracts with large OE manufacturers are explicitly tied to raw material cost indices and are subject to periodic revision.

We understand that these raw material indexed prices are common in the industry and that Titan's contracts are structured in a similar manner.

These price declines are not limited to sales in the OE segment. Aftermarket purchasers are also well aware of these raw material trends and they expect to see our prices react accordingly.

For that reason, in my experience any decline in the price of OTR tires over the past several years can be directly tied to declines in raw material prices. What the future holds for raw material costs is not clear, but there are indications that raw material costs have hit the bottom of their cycle and are already on the rise. If that is true, we expect that OTR producers will be able to raise prices in order to pass along these price increases.

I appreciate the opportunity to present this testimony to you today, and my colleagues and I look forward to your questions.

STATEMENT OF ERIC EMERSON

MR. EMERSON: Thank you, Domenic. I am still Eric Emerson with Steptoe & Johnson and I'd like to talk to you a
little bit about how the impact—about the impact of market
segmentation on the volume and price effects that the
Commission needs to examine for this investigation.

As to volume effects, there's little question--
there's no question that there has been an overall increase
in the volume of subject imports during the POI. But given
the clear segmentation in the market, these overall trends
tell the Commission very little about true competition in
the marketplace.

In the final phase of this investigation, and at
the request of Respondents, the Commission staff collected
shipment data for sales in four industrial end-use
categories: agriculture, construction industrial, mining,
and other, each of which was then split by channel of
distribution: original equipment sales and aftermarket
sales, for a total of eight separate market segments.

The volume to shipment data collected by the
Commission demonstrate what Respondents argued in the
preliminary phase of this case. Namely, that the decline in
the U.S. industry's shipment volumes was almost entirely due
to a downturn in demand in the agricultural OE sector.

The downturn in demand in this one segment alone
accounted for the vast majority of the domestic industry's
total decline in shipment volume, and was the fundamental
cause of any injury experienced by the industry during the
POI, just as Titan itself has explained in numerous investor
calls and securities filings throughout the POI.

Compared to the volume of sales lost in this
segment, the volume of sales lost by the U.S. OTR industry
in the remaining segments is inconsequential. Moreover, any
meaningful volume growth by subject imports occurred in
segments that have been largely overlooked by Titan. And
the specific figures are confidential and are contained in
our brief.

We therefore urge the Commission to look beyond
the headlines and examine volume trends on a segmented
basis, just as it has in cases such as bottom mount
refrigerators from Korea and Mexico. If it does so, we
believe the Commission will find that imports did not
displace any meaningful quantity of U.S. shipments, and that
any decline in U.S. shipments was due almost entirely to
significantly decreased demand in that one sector.

Let me talk a little bit about price effects, as
well. Just as overall trends of import volumes tell the
Commission little about the real impact of subject imports
in the market, the overall summaries of the numbers of
quarters of underselling, or the size of the underselling
margins that were quoted extensively by the Petitioner this
morning, equally provide little insight into the real impact
of the price of subject merchandise in the U.S. market.
To understand that impact, the Commission must engage in a much closer analysis.

First, we believe the Commission should reaffirm its preliminary determination that subject imports did not cause price depression or price suppression. In the Preliminary Determination, the Commission found that any price declines that occurred during the POI were not caused by subject imports but were instead caused by declining raw material costs which again in turn pulled down the price of OTR tires.

That really hasn't been very much in dispute in testimony so far. Questionnaire responses in this final phase confirm this linkage, and Titan has offered no rationale to explain how any U.S. OTR producer could have raised its prices when all parties in the market understood that manufacturing costs were substantially and continuously declining. And this is a point that Commissioner Schmidtlein was asking about this morning: How could price increases have been pushed through when demand was down and raw material costs were down?

Purchases also overwhelmingly indicated that subject imports were not responsible for any of the domestic industry's price decline.

The Commission should also reaffirm its Preliminary Determination that imports did not cause price
suppression. In a market characterized by sharply falling demand, as well as falling raw material costs, the Commission preliminarily found no evidence that U.S. producers could have pushed through any price increases. And the fact that Titan may have experienced a cost-price squeeze doesn't change this fundamental logical economic conclusion.

Having thus determined that price—the subject import pricing did not adversely affect prices in the market during the POI, the last point to consider is whether the underselling seen during the POI caused the domestic industry to lose sales volume. And to do that we will look closely at the underselling data in the staff report.

Now first off, as a preliminary matter, we not that the price comparisons generated by the Commission staff should be given relatively less weight in the Commission's analysis.

First, the existence of brand tiers which were talked about extensively this morning undermine the significance of perceived underselling. Staff report noted that prices between suppliers and different tiers can yield price differences of up to 22 percent on otherwise identical tires in the mind of the purchaser.

Second, because of the highly differentiated
nature of OTR tires, the underselling data collected by the Commission cover only a small fraction of total imports and total U.S. shipments during the POI. And for that reason, there's less basis for the Commission to infer that these price comparisons are indicative of overall market activity.

And finally, purchasers have consistently reported that price is much less important in their purchasing decisions than factors such as quality and reliability. And on this point we very much joint issue with the Petitioner's characterization of the price sensitivity of purchasers in the prehearing report.

But leaving all that aside, even the levels of underselling seen in the prehearing report do not support a conclusion that imports caused the industry to lose sales volume. As already explained, the domestic industry lost sales volume not because of unfair import competition but because demand declined.

But just as critically, the pricing data themselves reflect no relationship between underselling and a loss of import volume. The relationship between price underselling and volume is discussed on pages 30 to 33 of Alliance's brief. It's confidential, and it shows that there is no logical relationship whatsoever between underselling and any changes in volume for either the U.S. producers or for subject imports.
And finally, the prehearing report shows that only a trivial quantity of product--of purchases were shifted from domestic producers to subject imports for reasons of price. In numerous cases, the Commission has concluded that evidence of underselling, even if pervasive, must be given little weight where that underselling cannot be correlated with other indicators of injury.

The Commission should reach the same result in this case, as well. Thank you.

STATEMENT OF TOM TRENDL

MR. TRENDL: Chairman Williamson, Commissioners, Happy New Year and good afternoon. My name is Tom Trendl, and I am with Steptoe & Johnson here on behalf of Alliance.

I appreciate the opportunity to appear before you today, and in the few minutes I have I intend to discuss issues pertinent to the condition of the U.S. industry and the causal factors involved.

As you know, there's just one petitioning company in this investigation, Titan. Titan is the only company which filed a prehearing brief arguing that it is materially injured by reason of subject imports.

The fact that Titan stands alone normally would make a public discussion of injury and causation somewhat difficult. However, in this case we are aided by a wealth of public and extremely pertinent statements made by Titan...
itself over the POI, including a number of statements made
after they filed the Petition which brings us all here
today.

Looking at Titan's published financial
statements, I have no doubt that Titan is not happy with its
financial condition or the trend lines of its major
financial indicators. Alliance does not dispute that
Titan's financial performance likely has not been what they
wanted, though industry-wide there are some positive data
points and developments.

Titan's choice to file another petition against
imports, perhaps with the goal of further reducing imports,
is not illogical. That said, imports from India and Sri
Lanka are not the cause of what ails Titan, or the reason
for the state of their financial condition.

And we know this because Titan has told us year
after year, in quarterly report after quarterly report, in
earnings call after earnings call. For years, after filing
the Petition, and as recently as the third quarter of 2016,
Titan has told us exactly why it hasn't performed as well as
it had expected.

Titan has consistently and squarely blamed its
deteriorating financial position on factors other than
imports. Specifically, the decline in demand for its most
important products. Our prehearing brief on pages 37 to 38,
and Exhibits 4, 5, and 6, provide numerous examples of Titan identifying a decline in demand is the reason its sales and volumes and revenues were flat or down.

I will highlight just a few of these. You will see them on the board now, and I will also address some other recent statements.

If you look at the top example there (indicating), I'll read just part of it: Ag was a key driver in our sales decline. At a gross level, North American ag represents this entire decline of $30 million. Nearly three-quarters of North American ag decline is driven by OES as they continue to scale back production commensurate I assume with the lower demand. As a result, they--meaning the OES--are putting more pressure on suppliers like us to lower price.

That came from the CFO. That was done in May of 2016. Similarly, the second example up there, the CEO says: Continued weakness within each of our end markets, and discusses that it's in a cyclical downturn.

In their 2015 Q-4 earnings call, the third example, from their CFO, the second bullet point: Ag continues to be the key driver in our sales decline. Ag in total is down $208 million. If you look at the import value we're discussing here, that decline in ag is strongly close to that. $177 million of that is driven by reductions
associated with our OE customers.

Finally, the 2014 example, their CEO says: The drop in demand for large agricultural equipment had a significant impact on our business. In addition, regarding some pricing as Mr. Emerson was talking about, raw material prices continue to fall and price reductions were passed on to customers.

When you look at this, on their face and in a vacuum these statements are highly relevant to ascertaining the cause of any injury to the Petitioner. But what makes these statements even more instructive is that these are the only statements outside of the context of this very litigation that Titan ever made on it.

Commissioner Broadbent, I believe you asked about--you asked counsel for Petitioners, did you say anything else? And was I correct in what I said here? And they cited the third and fourth quarter of 2015. Well if you look at pages 40 and 41 of our brief, I include those quotes for the fourth quarter of 2015, as well as Q-1 2016 report.

I will note, however, that even the Q-4 2015 just acknowledging the litigation, that statement was actually issued in February of 2016 after the Petition was filed.

And in response to the question, I looked up what they said because it was consistent in their Q-3 2015
statement, and we'd be happy to put this in our
post-hearing, but I'll read you a quote. This is from their
CEO:

But we should know pretty close between now and
the end of the year—clearly contemplating filing the
Petition, which they must have been drafting by November 6
when this was issued—our success in reference to adding the
duty. When you get a political campaign going in the Obama
Administration, it's going to be difficult for anyone to
feel sorry for the Chinese or the Indians as they're
subsidizing with the damn things.

Again, this is from their Q-3 report, not my
words. So I think our timing is real good, and the results
will be good.

For these reasons, Alliance respectfully suggests
that the Commission place far more weight on Titan's three
years of consistent statements on what has impacted its
financial condition, rather than the narrative it has
proposed in its Petition and told to you this morning.

Alliance actually agrees with Titan's statements
in that regard as to why its financial condition worsened
over the POI. The decline in demand for Titan's key
sectors, OEM, ag, and mining. The lost volume due to a
declining market no doubt dramatically impacted their
financial data. The vast majority of sales volume lost by
U.S. producers was due in fact to exactly what Titan has
told it was due to: Overall changes in demand, and not an
increase in subject imports.

It was explained by Mr. Mazzola and Mr. Emerson,
and you will hear from others this afternoon. The
overwhelming majority of the decline in U.S. producers' net
sales volume was unrelated to subject imports.

For these reasons, increase in domestic
producers' unit cost and consequent decline in profitability
cannot be attributed to subject imports. To understand this
better--and I will walk carefully because this is
essentially all APO information, so I've sanitized it--we
through our counsel calculated the estimated impact of the
reduced demand on domestic OTR producers.

If you look at pages 42 to 46 of our prehearing
brief in Exhibit 10, we set this out. And I will try to
summarize it. And all of this data comes from data in the
staff report.

Alliance estimated the impact of the decline in
demand and prepared an estimate of that impact--sorry, the
impact of that decline on U.S. producers' operating margins.
Alliance identified how the decline in net sales volume
further impact labor on a factory cost and SGNA.

We specifically described that methodology and
provided the confidential data supporting our findings in
our exhibit, but I will note that the financial data comes
from Table VII-1 and the volume declines not due to subject
imports comes from Table III-6, as well as D-1, D-4, and
Purchaser Questionnaires.

Essentially, though, when you look at that you
will see a very different and much improved picture of the
profitability of the domestic industry when the decline in
demand is taken into account.

U.S. producers' injury is due almost entirely to
market conditions, and specifically the decline in demand
that Titan has so often described, not subject imports.

Thank you for your time today, and I look forward
to answering your questions.

MR. O'BRIEN: Good afternoon, Chairman
Williamson and Commissioners. My name is Kevin O'Brien.
I'm with Baker & McKenzie and we represent Camso USA and
Camso Loadstart, Ltd. of Sri Lanka. To my left is Mr.
Robert Bulger, the Vice President and General Manager of
Camso USA. To my immediate right is Thomas Van Ormer, the
Director Purchasing of East Bay Tire Company. To Mr. Van
Ormer's right is my colleague, Christine Streatfeild from
Baker & McKenzie on my fair right is Catherine Conides, the
Vice President of Legal Affairs and General Counsel for
Camso, Inc. So we'll now hear from Mr. Robert Bulger and
then from Tom Van Ormer.
STATEMENT OF ROBERT BULGER

MR. BULGER: Alright, thank you.

Mr. Chairman, Commissioners, and Commission staff, good afternoon. My name is Bob Bulger and I am the Vice President and General Manager of Camso USA, which is a division of Camso.

When I testified in this case early last year, I was the Vice President and General Manager of the Construction Business Unit. Since then, I've taken on a new role at Camso. I'm still based out of our Charlotte, North Carolina location, which is one of eight locations in the United States where Camso employs 700 employees.

We are here today to reaffirm our view that Camso does not compete with the U.S. producers in a meaningful way when considering the size of the U.S. OTR market. The Commission has collected import quantity and pricing data that we believe should show differences in what we sell to our U.S. customers and how U.S. pricing is skew specific. We stressed during the preliminary conference that the U.S. OTR market was segmented and there's little overlap between Camso's Sri Lankan imports and Titan's products.

Camso sells into a small slice of a sub-segment of the U.S. market; namely, bias ply compact construction tires of a specific weight range less than 25 inches in
diameter predominately into the after market. With a
correct focus on these sales, it is difficult to conclude
that we have significantly contributed to Titan's financial
woes. Moreover, our overall exports to the U.S. have not
increased during the past few years. In fact, the opposite
is the case, underscoring that we have a limited and
focused U.S. customer base and we do not compete on price.

Camso is not a low-price leader. We have
submitted information about our customer support offering in
the preliminary phase of this investigation. We have
focused on the compact construction after market for years
and concentrated our efforts on establishing relationships,
providing excellent service and quality products, and
support to our dealer network.

In limited instances of direct competition with
the U.S. producers, we expect the results to be mixed where
Camso is sometimes the more expensive tire and sometimes
not. I would stress that there is a high degree of
differentiation in this market. If the Commission is
comparing products with different ply ratings, different
tread patterns, or noticeably different weights, then they
are not likely to be looking at an apples-to-apples price
comparison in those situations.

Further, we continue to believe this case should
not be about Sri Lanka. The Petitioners filed this case
claiming an injury from imports from three different
countries, two of which involve dumping and subsidies. It
did not allege that Sri Lankan imports were dumped. Now
after a year of investigation, a minimum subsidy margin has
been found for Sri Lanka based largely on programs that have
since been discontinued. The large and well
differentiated U.S. market it is difficult to see where
decreasing volumes of Sri Lankan imports fit into any
allegations of material injury to U.S. producers.

Camso Sri Lankan imports do not generally
compete in the market segments that Titan and other U.S.
producers focus on. Camso Imports, which represent the
large majority of Sri Lankan imports, are sold in the after
market compact construction sector. You have seen the split
between the OE in the after market and within those markets
we have identified three sectors: agriculture,
construction, and mining.

Camso does not compete in agriculture or mining.

Now throw in two distinct build technologies, radial and
bias. Again, Camso only competes with bias tires. We do
not have a radial tire line. So of the 12 segments, if you
look at it in that manner, Camso competes with Titan in one
of them, construction tires less than 25 inch of bias
construction.

Now just to clarify, a point was made earlier
this morning about an ability to shift focus if one sector
is down. Well, clearly, with the constraint that we have in
construction tires less than 25 inch, bias construction
only, we have no ability to shift our production to Ag or
mining if those sectors were performing at a higher level.
So within this narrow sub-segment of the U.S. market, our
customers come to us for specific reasons unrelated to price
and we're going to give a couple of examples.

For example, a large quantity of our sales are
to Blackstone OTR. Blackstone buys small construction lift
tires known as AWP, Aerial Work Platform, tires from us and
they are entirely private label tires. We have heard Titan
does offer private label production to OEs, but they do not
offer private label production to after market, to the best
of my knowledge.

Another key customer of ours is here with us
today, Tom Van Ormer from East Bay Tire, and Tom will
explain how we fill an important gap left by the U.S.
producers. So there are two important points about the lack
of head-to-head competition. First, the customer mix is
different in this portion of the market and this is a sector
in which Titan has not blamed its injury and is not Titan's
primary market.

All things being considered, the construction
segment is relatively stable and healthy. To quote from
Titan's latest 10-Q filing, "The Company's earth-moving construction market net sales were $128.9 million for the quarter ending September 30, 2016, in increase of 3 percent." The company's earth-moving construction market income from operations was 4.4 million for the nine months ending September 30, 2016 as compared to 1.8 million in 2015, representing more than a doubling in segment profitability. This does not appear to be indicative of lowering prices to unsustainable levels as was alluded to this morning.

Second, the demand needs of the private label customers haven't been met by the U.S. producers. We're not competing with them for these sales because they're either not at these customers or not willing to sell them the same product we are.

I'd also at this point like just make a couple points of clarification on some of the things that were brought up this morning. There was a slide that talked about a new series of construction tires. Yes, we are updating our construction tire line. It is a replacement of an older technology line with newer technology, new tread patterns, new chemistry. This is something that happens periodically as tires goes through a life cycle like any other product does.

There was a comment that we are expanding our
distribution network. This is not the case. What we have
done is we've split the company, Camso, into a wholesale
operation and a service operation, which we call SOS,
Solideal Onsite Service. The SOS operation services end
users directly with material handling tires. Material
handling tires are not part of this investigation.

It was also mentioned FedEx in terms of a
national account. Again, we do have a number of national
accounts and Federal Express is one of them, again, with
material handling tires. We are the industry leader in the
material handling market supplying service and tires to
forklift companies and customers who utilize forklifts,
again, not pertinent to this current investigation.

Finally, in the Petitioners' pre-hearing brief,
they made a comment about Camso receiving an OE award from
Toyota. Again, Toyota Material Handling gave us an award,
which we're very proud of, but it relates to our material
handling business and is not pertinent to this discussion.

Another related point is the OE market and the
after market operates quite differently. In the OE market,
you might see customers like John Deere and Caterpillar and
other very large corporations that buy in very large
volumes. Some of these are likely Titan's main customers.
In contrast, the largest customers in the after market are
normally distributors and tire dealers handling much smaller
volumes, but a much greater spectrum and number of skews.

We also continue to believe that the Commission should look closely at the raw material cost trends during the investigation period. Both synthetic and natural rubber prices declined and these declines put downward pressure on the price of tires. Our pricing, and I would believe Titan's as well, relates to raw material costs for all components -- rubber, carbon, nylon, and steel. In other words, imports have not been driving down the U.S. prices; declining raw material costs have.

The Commission may have also seen that contracts often have raw material index pricing clauses, particularly, with OE customers. This is clearly the case for Camso. Through these, the supplier and purchaser agree upon a formula that gets reviewed periodically. In Camso's case, it's every six months. If the index goes up, then so does the price. If the index comes down, then so does the price.

My final point is with respect to the allegations made by the U.S. industry in general. Camso has endeavored to establish itself as a loyal, reliable partner with its after market customers and the success we've experienced with them is grounded in much more than pricing. Titan is perceived first and foremost as an OE supplier where the products and competitive considerations are quite different. The after market customer base knows this and
has experienced a lack of priority given to the after market
by Titan.

As a testimony of the next witness will make
clear, a significant portion of Camso's business is with
customers that have had poor experiences with domestic
suppliers, whether it is private label business, limited
product availability, or other reasons after market
customers have repeatedly expressed dissatisfaction with
U.S. suppliers.

Camso's success is due to sound business
practices, excellent product, and a high level of customer
services, not due to price.

Thank you for the opportunity to present my
testimony and I'm also happy to take any questions.

STATEMENT OF THOMAS VAN ORMER

MR. VAN ORMER: Good afternoon, Mr. Chairman and
Commissioners. My name is Tom Van Ormer. I'm the Director
of Purchasing for East Bay Tire Company, which is located in
Fairfield, California. I appreciate the opportunity to
speak today in opposition to Titan's petition.

East Bay Tire is a San Francisco area
family-owned business that was started in 1946. East Bay is
primarily a distributor of OTR tires for commercial,
industrial, and agricultural after market applications; but
I make the point that we are a wholesaler and a commercial
tire dealer as well. We do put tires on. We have service trucks, et cetera, that go to site or on our own pad. We have 150 plus employees in California, Hawaii, and Arizona. We sell virtually all major brand products from most of the major suppliers to the U.S. market and about 50 percent of our own sales are under our own Dog Pound private label tire.

I've worked in the wholesale and commercial tire business since 1976, all with my present employer East Bay Tire. I've held positions as salesman, sales manager, international sales manager, and my current position as director of purchasing for over 10 years and serve on our company's board of directors. During college I even worked in the tire business at the tire plant in Cumberland, Maryland.

I've dealt with all the major U.S. suppliers as well as most of the largest non-U.S. based manufacturers and have bought and sold tires worldwide. EBT, I think, is a dealer in good standing with Titan still, I hope, after today with whom EBT values our relationship of over 20 years and over 50 years dating all the way back to the Pirelli Armstrong days and the factories that they purchased, Good year, et cetera.

Also with Camso, the Alliance Tire Group here, ATG and BKT as well as Michelin, all four divisions,
1. Bridgestone, Firestone, Goodyear, Continental, General, Yokohama, Toyota, and the newly formed Trelleborg Mitas, to name a few.

2. I understand that East Bay Tire is one of the largest U.S. customers for Camso, which I am always glad to hear. The large majority of Camso's tires sold to East Bay carry the Dog Pound brand name and are sold under or trademark private label. Our website Dog Pound Tires.com has a great deal of information on these tires if you're interested.

3. East Bay has been selling under the Dog Pound label since 1994; however, from its inception and particularly the past 10 years, we've had difficulty obtaining production from U.S. producers. Denman Tire and Rubber Company, which closed in 2010, produced tires for Dog Pound for eight years. But after they closed, selling their assets to Titan, we've repeatedly asked Titan and other U.S. suppliers to partner with East Bay for supply of at least some of these tires that we sell. There's been no interest shown, particularly by Titan, to our proposals regarding private label and we understand it.

4. No discussions regarding price volume or other terms have taken place for many years regarding our private label product lines. Instead, Titan has been unwilling to even address our proposal for at least the past five years.
Faced with this, East Bay or Dog Pound has had no choice but to source from non-U.S. suppliers. Fortunately, East Bay has found in Camso a loyal partner for our construction and Skid-Steer tire lines. We greatly value superior loyalty, supplier loyalty, and service and over the years we've forged a strong relationship with Camso built on this quality and service.

Our experience with the unwilling U.S. suppliers could not be more different. And it's not just Titan, as our proposal for a private brand supplier has also been rebuffed by Bridgestone and Firestone, STA, which is Specialty Tires of America, and Goodyear prior to their Ag industrial sale and with small exceptions Carlstar. In reality, there is not enough interest to produce these types of products available in the U.S. It is not just a question of price.

The next area I would like to address is after market competition. You've already heard about the high degree of differentiation in OTRs, which I fully agree with. From my viewpoint in the market, customers such as East Bay Tire value reliability, availability, and consistent quality at least as much as price. Other factors that must be present are reasonable delivery times and after sales services, such warranty and returns provisions. To say that price alone drives or controls decision-making would not be
accurate.

As a further point regarding pricing, some suppliers, like Camso, price their product with very few additional programs, other than warranty and return, so the invoice price, in general, is quite close to the actual or final net price. Others like Titan have a complex web of discounts, rebates, allowances, offsets, customer-specific reductions, prepaid expenses, and promotional programs that seem to impact virtually every purchase. To actually compare prices on a net/net basis, one would need to do an extensive analysis of all programs, including year-end adjustments and not just look at the invoice price to the customer.

My experience is that if such analysis were conducted Camso and Titan's pricing would show a mix bag across the Skid-Steer line, with Camso sometimes higher than Titan and sometimes lower, but for the reasons I stated above, comparative pricing between Camso and Titan is not something I look at because of the greater importance of other factors that I've already covered.

And as to the other suppliers in the after market, I can state with confidence that the low pricers that we see in the market are not in this room today. They're from China and still are from China and we get offers from them every single day and are selling into the
U.S. at increasing volumes and few restrictions as to tread
patterns, copies, quality, compounding, et cetera. Indeed,
if all I wanted was the lowest price, I would not be doing
business with any of these companies in this room.

That completes my statement. I would be glad to
answer any questions that you might have.

MR. GURLEY: Good afternoon. My name is John Gurley of Arent Fox representing BKT.

We have heard this afternoon why the U.S.
industry is not injured by reason of subject imports. We
will hear now from Mr. B.K. Bansal of BKT. Mr. Bansal has
come all the way from very warm Mumbai to very chilly D.C.
to provide some context on development in the Indian market
as well as third markets. His comments go to the heart of
Petitioners' threat analysis and help demonstrate that
imports from India are no threat to the U.S. industry. Mr.
Bansal.

STATEMENT OF B. K. BANSAL

MR. BANSAL: Good afternoon, Chairman, Commission, ladies and gentleman. My name is B. K. Bansal. I'm the CFO of Balkrishna Industries Ltd. I have worked with BKT for over 12 years. BKT is a 30-year-old company and has customers around the world. In fact, BKT sells OTR tires to customers in 130 countries.

I want to talk today about the market situation
in India and third countries. As you saw from the legal brief we filed, BKT has substantial export markets, including key countries in Europe and Asia. In fact, the stock report confirms that almost 88 percent of India exports were sold to markets other than the U.S. This is consistent with BKT's own experience. Our most important market is European Union. Indeed, exports to European Union accounts for over 55 percent of BKT's total exports.

We have heard today that there has been a downturn in the OEM markets in the U.S. To some extent, that has been true in Europe for certain sectors; however, India's and BKT's exports to Europe have actually increased during the last one to two years. BKT's exports to Asia have also grown over the past year and we expect this to trend to continue. We already have a strong relationship in key countries such as Philippines, Vietnam, and Indonesia. As these countries continue to invest infrastructure and full production, we expect that demand for our OTR tires will increase.

I also want to say a few words about the Indian home market for OTR. Indian is one of the fastest developing markets in the world. For the last three years, its GDP has increased by an average of 6 percent. We believe GDP will increase by 7 percent over the next two, three years. With a population of over 1.2 billion this
kind of growth makes the Indian market increasingly attractive.

BKT sales in the home market have increased over 35 percent in last year. We expect that trend to continue. In fact, with this year's heavy and widespread monsoon rains and an increasing infrastructure and construction projects sales of OTR tires in India are projected to increase over 15 percent in 2017. This will help all Indian producers of OTRs.

Petitioners mentioned that there some new capacity in India. It is correct that BKT built a new facility about 18 months ago. Some other Indian companies have also increased capacity; however, such increases are understandable. We made the decision to build the Bhuj plant in 2010 when there was a significant shortage of capacity globally and because we wanted to manufacture higher grade, larger tires for which the older plants did not have capacity. BKT's new Bhuj plant was built for specific reasons that go beyond the U.S. market. The Bhuj plant has been opened since 2015; however, BKT's exports to United States have actually declined since we opened this new plant.

We firmly believe that because of the growth in Indian home market and our exports to key markets in Europe, Asia, and Africa that the vast majority of our new capacity
will be used on sales in those markets. As stated in the
public staff report, capacity utilization for Indian
products is around 80 percent. Given the nature of OTRs
where there are thousands of SKU, this is a high amount.
Our industry is not like the steel industry. The many
variants of OTR tires require BKT and other Indian producers
to change molds and other equipment on a constant basis.
This factor limits the effective actual products and
capacity of BKT and other Indian producers.

As we have heard today, the demand for OTR in
the United States has changed in last two, three years and
BKT has adjusted its commercial practices accordingly. In
reaction to changing market condition in the United States,
BKT pulled back in the United States because the U.S. market
could not support additional sales. As a result, BKT
shipments to the United States have declined as much as 50
percent from 2012. This trend started well before the
petition was filed and was the result of precisely decline
and demand.

We do not want to imply today that the U.S.
market is unimportant to us; however, U.S. sales for BKT was
a clear minority of total sales and we think for most
exporters in India this is the same situation.

Thank you for allowing me the opportunity to
speak today and I look forward to any questions you might
STATEMENT OF KEVIN O'BRIEN

MR. O'BRIEN: Mr. Chairman, in the few minutes remaining, I'd like to just briefly address the issue of cumulation. This is Kevin O'Brien from Baker and McKenzie. The staff report in the final phase of this investigation was much more detailed and specific in the data that it was able to obtain, and for that we very much thank the staff for doing an excellent job.

When the Commission looks at that data, what it will see in particular are the myriad sub- and sub-sub segments of the market, of which you've heard quite a bit this afternoon. Camso, which is the overwhelming producer and exporter from Sri Lanka, occupies essentially one of those sub-sub segments, aftermarket, small-sized, bias ply, construction.

Now within that market, you've heard a very large percentage of Camso's sales are private label. The data is in the confidential submissions and the staff report. But when you take OTR Blackstone, which is a private label customer, and you take East Bay, which is a private label customer, it is quite clear Titan is not even trying to get that business.

You take those sales, in our view, completely off the table, and they are a considerable amount of the
sales. You then look at sales that Titan does make of its LSW tire, and those are absolutely unique products. There is no competition from Camso or anybody else for those sales. So when you start to look at the subsection that we actually operate in, it is tiny compared to the OTR market. Then when you do look at whatever else is remaining, you have the testimony East Bay Mr. Van Ormer and the Commission record, which shows that issues like customer loyalty and reliability and quality are all involved.

So there is no, in our view, reasonable way to conclude that there is price to price competition between either Camso and Titan or Camso and the Indian producers, because essentially the same facts apply. The other point that I will mention is that as the staff report notes, the sales from Camso and from Sri Lanka are declining.

The notion that we are causing injury is simply at odds with our sales volumes and with our market share volumes. So that speaks to the different channels of trade and the different segments in which we operate, and we believe speaks quite clearly to the fact that Sri Lanka imports should not be cumulated with Indian imports. Thank you very much. That completes my testimony.

MR. NOLAN: I think we're out of time.

MR. BISHOP: You have 30 seconds remaining.

MR. NOLAN: I think we'll let the question and
answer start. Thank you very much.

CHAIRMAN WILLIAMSON: Thank you. I want to thank all of the participants in this afternoon's panel, particularly those who have traveled from very far away to come today. We very much appreciate having your testimony. This afternoon, we'll begin the questioning with Commissioner Kieff.

COMMISSIONER KIEFF: Thank you very much, and as I mentioned to some of you during the break. I have to leave in a few moments, and I, like my colleagues, greatly appreciate Everyone coming and presenting, as well as following up in the post-hearing. So I want to ask the flip side of my rubber hits the road question from the morning.

So as I understand the arguments for negative, they basically boil down to gosh, there are many segments and there are some real differences, and you and your opponents are not meeting each other in the exact same segments in a way where if you were absent, they would be getting more. I get that. That's fine. It seems to me given the combinations of the attributes evidenced on this slide presently up, there's some quick math we can do.

There's a decent number of pair-ups we have to explore. That's a lot, and instead of having conversation about the many where there isn't a match, I would like to instead ask this question where there might be a match. So
on page 4-15 of the staff report, which is Table 4-5, I see some numbers. It's BPI so I won't give specifics.

But I would invite both sides to glance at this page and then explain. It seems to me for the negative case to win, the following has to be shown. Number one, the horizontal columns where there are more than trivial numbers that show the presence of both imports and domestic, so there is in effect a match-up, that in those areas there's some concrete reason why the domestics are already in effect at their max, that they could not do more.

Because it seems to me their argument is they want to do more, they can do more, and they are present in these horizontal rows in the chart where you are present, and therefore you're hurting them. Now there are all sorts of interesting questions about, you know, all of the other stuff. But just on this, just this kind of prima facie match-up, isn't that in effect where the rubber hits the road to get to a negative?

MR. NOLAN: I'll start us off. It's Matt Nolan for BKT and I'm sure Eric will weigh in on this too. For starters, that is part of the equation. That is not, in our view, all the equation for the simple reason that the pricing patterns that you have is not really highly representative -- because it's so many SKUs it's hard to get a good example with a small number of tires.
However, I would point you to a couple of things when you're looking at those pricing series charts. One, look at what happens when only the U.S. petitioners are in a market, and what happens to pricing and what happens -- what happens through the market in that situation, where there's no import competition?

COMMISSIONER KIEFF: I mean I get that.

MR. NOLAN: Yeah.

COMMISSIONER KIEFF: I'm just trying to confess my legal problem with what you're arguing. In other words, I'm not factually disputing your argument. I love economic analysis of data. I mean to suggest that as I understand our precedent, there have been -- there seems to be law that either guides us or compels us to reach an affirmative in a case where there is this kind of head to head competition shown on chart page 4-5, if I'm reading the chart right, that as long as that volume effect is present and there's a colorable overall impact effect, that even if the pricing effect didn't quite line up, we'd still be probably compelled to go affirmative.

MR. NOLAN: I guess part of my -- I mean I confess I can't look at the chart because I have witnesses right next to me.

COMMISSIONER KIEFF: That's fine. No, no, no, that's all right, and again I'm not trying to --
MR. NOLAN: You put your finger -- but you put a finger on a piece of this equation in the last statement, volume. This case really comes down to all about volume, what happened to volume, right? The U.S. says they lost volume. They lost sales. For starters, if you look at Titan's financials, just their financials without looking at any BPI, the degree to which they lost sales far outweighs any increase in imports during the POI, that it's almost incredible to suggest that that could be a contributor to injury.

For you to find that the volume effect was really substantial, you have to find that that volume had an impact, the import volumes had an impact, a material impact.

COMMISSIONER KIEFF: I really -- I'll go back and I'll rethink the way I asked the question, and I really invite you to tell me in writing later why it's a bad question, because I'm totally open to that. But as I understand the law and I get that stuff wrong too a lot, so I have no problem with you telling me why I got that wrong.

But as I understand it, the law may require us to merely ask not the questions you're rebutting, but a different question. The different question is not -- I mean you're putting out that there are lots of segments where what you're saying is right, and what I'm saying back to you
is let's assume, as I did with the morning panel, that on
these arguments you're totally right.

  Couldn't they still win, unfortunately for you,
if and unless you can explain why either in the few -- in
the couple of -- in the couple of horizontal rows where your
product and their product are both present, there's some
concrete reason why the number for their product could not
be larger? Now I understand that's an alternative state of
the world. We're not living in that state of the world, and
we're going to -- both sides are in effect are going to have
to ask us to make inferences about that alternative state of
the world.

  But what I'm trying to figure out is is there
something in the record that should make us really
comfortable that either your absence would lead to better
performance by them, or would not lead to better performance
by them? So for example, are there particular ties between
the folks who are buying from you and you that means they
wouldn't switch to them? They might switch to non-subject
or they might do something else. They might roll their own,
whatever.

  I'm trying to figure out, because I think
that's, I think at least as I understood the answers to my
questions in the morning, they would be happy winning on
that thread alone.
MR. EMERSON: This is Eric Emerson. Again, I also can't look at the confidential table; otherwise, I would go to APO jail. But I guess there are -- there is I think also an issue of materiality as well.

COMMISSIONER KIEFF: Okay, all right.

MR. EMERSON: I don't think it's necessarily fair to say that a Petitioner wins if it is demonstrated that imports sold any product in the marketplace. I don't think a Petitioner can win if -- I don't think the Commission's question has been in the past that unless you can demonstrate that a Petitioner was unable to sell one more unit that, you know, the presence of imports in the marketplace is necessarily --

COMMISSIONER KIEFF: And I get materiality points, and the question is are the numbers on that chart so low that they're below a threshold?

MR. EMERSON: I would ask you to turn to the confidential version of our brief, pages 18 and 19, where what we do is we set out again both segments, and we identify what portion of the domestic industry's total shipment, the volume decline was in one particular segment, ag OE, what percentage of it was there relative to our import increase in that particular segment.

COMMISSIONER KIEFF: But I think that's a different segment than the ones where the numbers match up
on the chart. I think it's --

MR. EMERSON: Again, the chart I don't have in front of me.

MR. NOLAN: I think we need to put that in a post-hearing.

(Simultaneous speaking.)

MR. NOLAN: --without opening our books up.

COMMISSIONER KIEFF: And I don't mean to -- again, I don't want anyone to be either on the spot or these are not gotcha questions. These are questions that are designed to --

MR. NOLAN: Well, you're making us put our thinking caps on. That's fine.

MR. O'BRIEN: Commissioner Kieff, if I can just really briefly for Sri Lanka, again it's just worth noting briefly. Our largest client by far and away is a private label client that Titan has no interest in supplying. Same with our second largest client.

So in terms of is there any there there, is there any materiality there, we believe that when you actually look at a customer by customer, there simply isn't and Titan wouldn't be selling any more product.

COMMISSIONER KIEFF: And I'll just invite both sides in the post-hearing on that particular component of it. If there happens to be any contemporaneous business
records in your files that can confirm your respective
interpretations of that issue that would be very helpful,
because I take it your view is going to be your particular
relationships are sticky and they wouldn't switch, and their
view they're going to be oh my gosh, we want to sell to
those people and we've been trying to sell to them.

So my question to both sides back would be so
show us that in your business records, that you tried to do
the sales and that your people aren't switching. Anyway, I
apologize for going over and that I have to leave, but I
will review the rest of the transcript and look forward very
much to the post-hearings as well, and thank you all for
coming.

MR. O'BRIEN: Thank you.

CHAIRMAN WILLIAMSON: Okay. Commissioner

Schmidtlein.

COMMISSIONER SCHMIDTLEIN: Okay, thanks. I
think I want to try to follow up on this line of questioning
if I can. This was going to be also my primary question,
and I know you don't want to turn to these confidential
tables because you have the witnesses sitting besides. But
if I could just sort of lay the premise here.

If you look at Appendix D, which I'm sure you're
all familiar with because that is where this segmented data
is, and you look at D-27, which shows the shipments from all
sources, right? So this is essentially apparent consumption broken down by segment. So when you look at each of these segments, you see that each of them increased over the POI except Ag OEM, right.

So the only segment where we see a decrease in demand is Ag OEM. Every other segment is actually increasing slightly, right. So then you look back and you look at D-3, which shows U.S. shipments, and you compare that to D-7 which shows India, and then you've got Sri Lanka on D-11, and you see that -- let's put aside ag OEM for a moment. But in each of these segments, U.S. has lost volume, right. Volume has gone down for the U.S. in the Ag aftermarket, construction and industrial OEM, construction and industrial aftermarket.

Now U.S. did go up in Mining and Other categories. Then when you look at India, you see that India has gained in ag aftermarket in the construction/industrial OEM, in the construction/industrial aftermarket and in the mining, which was very small compared to the others. So I guess my question, and you can look at Sri Lanka as well. Sri Lanka gained in the construction/industrial OEM, as well as Ag OEM. Frankly, there's a small increase there.

But given that you've got the U.S., and we don't have a breakdown of market share by segment over the course of the POI, so we can't see that kind of detailed data. But
given that they've lost volume in each of these other
segments and subject imports have gained volume, is that
evidence of injury?

If the argument here is materiality, why is that
not material, because I think that is the Petitioners'
argument. They said we're not claiming that the majority of
the injury came from subject imports. We're just claiming
that some of it did and what did come from it is material.
So I understand the numbers are confidential, but presumably
you've looked at this already and have some idea. Like why
is that not material?

MR. NOLAN: And I guess I would start off by
saying if you ^^^^ we're not disputing that Indian imports
did increase during the POI. That would be an inescapable
conclusion because the facts support that clearly. The
facts also support the fact that the degree to which demand
declined during this period far outshines --

COMMISSIONER SCHMIDTLEIN: But it only declined
in OEM Ag, right. You all ^^^^ we have the breakdown. We
can see.

MR. NOLAN: That is probably the principal
market for Titan.

COMMISSIONER SCHMIDTLEIN: Let's put that aside.
Let's talk about the other, because India gained in that
segment too, which is my second question. Why is India
gaining in Ag OEM when demand is falling off a cliff? So let's put that aside for a second. Let's just look at the other segment where demand is not declining, and we know that because we have all of this segmented information. Why are imports gaining volume?

MR. EMERSON: This is Eric Emerson. Some of this goes a little bit to some of what Mr. Mazzola spoke about earlier, which was the degree to which the domestic industry, in particular Titan, had failed to invest sufficiently in the aftermarket segment of the market throughout the POI. I think that -- and I'd ask maybe Mr. Clark to speak to this as well, the relationship of Titan to the aftermarket over perhaps a slightly longer period of time, to put this, the POI in a little bit of context. Can you talk about that Jim for a minute?

MR. CLARK: Yeah. This is Jim Clark with Alliance Tire. The discussion that Mr. Emerson's referring to is if you went back to the 2005-2007 period, when the industrial sector, agricultural sector was booming, Titan enjoyed quite a benefit during that time and left the aftermarket sector on its own. So if an aftermarket customer came in and asked for tires, they were told to get in line and if they had any available after they were doing supplying their OE customers, they'd be happy to provide them.
They created an open door for supplies to be brought in from other locations. When 2009 came around, 2007, 2008 and things collapsed, 2009 came around, Titan was back into the market with their hand out, looking at the aftermarket.

As things continued to improve, we get to 2012-2013. Titan was doing well again with OEM providers. There was a gap created in the aftermarket sales. It wasn't being filled domestically, and it created an opportunity for aftermarket suppliers from other countries to come in and provide that.

We're in the same situation here right now, and I know that it's difficult. I can't see the chart. I don't know what the chart looks like. I can speculate that it shows some, you know, gross drop, you know, increase in India imports and a gross drop in U.S. sales.

I think what, and again I'm absent of the chart. I think what Mr. Emerson and my colleagues behind us are trying to outline is is that if you take it in its singular context of just looking at that chart, it's going to look like yeah, India sales increased and U.S. sales decreased. What actually happened is yeah, U.S. sales decreased and they lost share because OE customers went away.

The India sales increased because they were providing a sector. They were providing tires to a sector
of the market, that Titan and other manufacturers here had
no interest in providing.

COMMISSIONER SCHMIDTLEIN: The Ag aftermarket
you're talking about?

MR. EMERSON: The Ag aftermarket, that's
correct. And to an extent the construction market too. As
the Commission looks at this --

COMMISSIONER SCHMIDTLEIN: So okay.

MR. EMERSON: I just, you know, I sit here
frustrated that that behavior can be rewarded by a
Commission like this and ^^^^

COMMISSIONER SCHMIDTLEIN: Can you be a little
more specific though? When you say "Titan has no interest
in the ag aftermarket" --

MR. EMERSON: I hope I didn't say "no interest."
I said that in their priority, they sell wheels and tires.
When they sell a wheel, when they sell just a tire, they're
already behind the eight ball, because they have
infrastructure and manufacturing capability that requires
them to sell the wheel and tire together.

When they go to the aftermarket, they're not
selling wheels. They're only selling tires because the
wheel already exists on the machine. They have very little
interest. It's a survival mechanism at this point to sell
just tires, and the minute the OE market picks up again,
they'll do the same thing they did in 2007. They'll do it again. They'll abandon ^^^^ they'll put the aftermarket as a secondary position. They'll sell their wheels and tires to their OEs. They'll max out their production and their capability based on their existing infrastructure, and when OE collapses again in 2025 or 2027, they'll come running back to the aftermarket again, and they'll come running back to this Commission like they did with the Chinese imports.

COMMISSIONER SCHMIDTLEIN: So I just want to understand exactly what you mean. So is Titan turning down customers? Are they not, their sales people aren't calling on customers with regard to aftermarket tires? Like how exactly is it that -- when you say they -- their priorities are such that this isn't a priority for them and that's why they gave up sales? What do you -- exactly what do you mean?

MR. CLARK: Okay, so two points to that. Mr. Van Ormer, one of the customers with Camso back there just said to the Commission that for five years he's been asking them to come in and talk to him. If they've got the grizz squad and all these resources on the ground, then why can't Mr. Van Ormer, who's a guy that's been in business for 50 plus years, get Titan to come in and talk to them about sales?

Specific to the resources they have on the
ground, I hope the Commission heard this morning. They talked specifically about the grizz squad going directly to end users. An end user is a farmer. I don't sell to farmers. I sell to tire distributors and dealers. The tire distributor and dealer then goes to the farmer with the services they have, the ability to mount the tire, to change the tire out in the field and put that tire on.

I don't go to end users. Our industry doesn't go to end users. Titan though feels as though they need to change the dynamics of the industry and go to the end user to try to sell tires. It frankly upsets the industry as a whole, and I don't think that you get a lot of support from the aftermarket industry for Titan's behavior.

COMMISSIONER SCHMIDTLEIN: Okay, and do you think this is the same case for the construction/industry segment, that they don't have the priority is not that segment, and that's why they lost volume?

MR. CLARK: It's so easy to -- if you really look at the foundation of the company, there's two points I want to make. Titan started as a wheel manufacturer. Just for clarity to the Committee, a wheel is that steel rim that the tire mounts to. That's what they started with. They then added tires and they became Titan Tire.

Every time they sell only a tire, they're behind the eight ball. They have the wheel that they wanted to
sell with the tire but they're not able to. So their
priority in selling, whether it's to OE or the aftermarket
is always going to be OE first because the OE customer takes
the wheel and the tire together. An aftermarket customer
only wants the tire 99 percent of the time, because the
wheel already exists.

MR. EMERSON: And just one final point,

COMMISSIONER SCHMIDTLEIN: Yeah.

MR. EMERSON: I do think that dealers know this.
I mean these dealers have been in business for decades.
They see the cyclicality of Titans' interest in the
aftermarket. I do know that one of the witnesses from Titan
testified earlier today that during the POI, they were quite
interested in the aftermarket. I'm sure that's true, and
they were interested in the aftermarket because the OE
market has died down.

But these dealers have been in business, you
know, the ones you've heard testimony from today, for
decades and decades and have seen this, you know, coming and
going. Dealers, distributors need a reliable source of
supply year-in and year-out. They can't have a supplier
who's going to be here for a few years and then pull back
for a few years, when they then have to go on allocation.

They do need to stick with suppliers who are
committed to the aftermarket, who have invested in the aftermarket like Alliance, like BKT, that they know they can count on as time goes by.

COMMISSIONER SCHMIDTLEIN: So you think all of the entirety of the decline that we see for U.S. producers, not just Titan because there is obviously more than just one, and these numbers are inclusive of all of them, is because dealers don't want to do business with them because they're not a reliable supply?

MR. EMERSON: I don't know that I am in a position to say that that's the full answer, the full explanation to that question. But I -- but from what I understand from speaking with my client, I believe that to be a contributing factor.

MR. NOLAN: And just to add to that, there's a pretty powerful incentive here. You know, one long term contract with Deere, Caterpillar or C&H will feed a lot of production. To get that same thing in the aftermarket, you have dozens of distributors and dealer relationships you've got to deal with, and you've got to constantly work those relationships.

It's a very different dynamic between those two markets. If you flip back and forth, you're not going to breed the degree of loyalty necessary to say well, I'm always going to go back to Titan because they're always
going to be there when I need them. If they're there when I
need them when it's, you know, certain times, but they're
not going to be there when I need them other times, but
these other producers are always going to be there when I
need them.

The factors that you've seen in the staff report
on availability, reliability, those types of things start to
become a much bigger part of the equation. Frankly, Titan
hasn't done a very good job of promoting their reliability
or availability on a consistent basis.

COMMISSIONER SCHMIDTLEIN: And what about the
other producers, Goodyear?

MR. NOLAN: I mean we can't comment on everybody
particularly, but I think those producers are design their
programs for the OE market. What are you going to seen on a
John Deere tractor? You're going to see a Goodyear, a
Firestone, maybe a Titan tire. You're never going to see a
BKT tire on it, you're never going to see an Indian tire on
that new tractor, and that makes sense.

But if you invest your time and energy in that
market, in that OE market, which is very lucrative when the
times are good, then you can't cry foul too much when times
are bad because you've put your eggs in that basket. Maybe
not solely, but if it's a principle focus of your marketing
program to go into that sector, and that sector goes down,
it's not so easy to flip a switch and say well, we're going
to go over to the other market when the other people have
been working that market for ten years.

COMMISSIONER SCHMIDTLEIN: Okay, all right.

MR. BULGER: Maybe one other comment, too. You
mentioned the others like Goodyear, outside of the farm side
or the Michelins or what have you, and these companies made
a conscious effort to move upmarket. They're selling larger
tires, they're selling radial tires. They're not
manufacturing bias ply tires anymore for the market place,
because there is a hundred manufacturers of bias ply tires
globally, and it's a more commoditized market.

So it doesn't bring the margins, it doesn't
bring the profitability. So where you see these folks
investing is in new technologies, larger tires, you know,
what you'd call giant tires where there's much better
profitability in that range of products. So that's the
reasons why you -- they're not here today.

COMMISSIONER SCHMIDTLEIN: Uh-huh, okay. All
right. I apologize for having gone over so --

CHAIRMAN WILLIAMSON: That's okay. Continuing
on the same line, and I don't want to go into a long tirade,
but I would want to ask you to explain Mr. Carpenter this
morning, who I think has been a long-term distributor of
these products, and has -- I guess had a long-term
relationship with Titan. I can invite him post-hearing, if
he wants to -- they want to put anything on the record, kind
of what you're saying.

But is he an exception? I mean are there other
folks like that out there? I mean I know Mr. Van Ormer's
got a different perspective but --

MR. CLARK: I would defer to Mr. Van Ormer to --
this is Jim Clark, Alliance Tire. I'd defer to Mr. Van
Ormer to add some comment. But there's only one thing or
two things I wanted to mention. When you heard Mr.
Carpenter this morning, he's on Titan's Dealer Council. I
can easily --

(Simultaneously speaking.)

MR. CLARK: Yeah. He is a dealer-distributor in
Michigan, so he represents, you know, a five location shop
in Michigan. He does specialize in agriculture and he
specializes in putting agriculture tires on products out in
the field. He buys our products. He buys them today. He
stated that he no longer deals with us. He does.

I think that in his written testimony or his
beginning testimony, he spoke to the fact that there were
quality issues. We looked through our warranty records. We
didn't see anything but --

(Simultaneous speaking.)

MR. CLARK: What I wanted to say was here, what
I thought was interesting is he said later, he said that the problem wasn't that I didn't want to order for him or anything. I had to order six months in advance to get container orders, and sometimes they arrived in July when I needed them in April.

MR. CLARK: I don't know what else to say to you except after the Commission's over, I'm going to go back to him and tell him I'll guarantee him -- .

CHAIRMAN WILLIAMSON: We've had lots of these Family Feud things. I didn't know they were on both sides. I don't want to get -- I'm just trying to get to this concept that, you know, what Titan was talking about, it sounds like they had to have distributors about the country in order to -- I mean you're talking with themselves direct.

MR. CLARK: They absolutely have to. They have to have distributors in order to sell their tires because they do not have a servicing capability. We were having a discussion about this earlier. I don't know if there's a misunderstanding by the Commission, but they don't have the ability to change a tire out in the field. They don't have the trucks or the people.

CHAIRMAN WILLIAMSON: No, they made that perfectly clear this morning.

MR. CLARK: Okay, very good.
CHAIRMAN WILLIAMSON: So I'm saying I understand.

MR. CLARK: Right. So I think what you would ask, a good question to ask Titan would be -- well, I don't think you can ask it fairly either, because he'll tell you they have hundreds of distributors and hundreds of dealers. So do we. I mean I don't know how to answer the question. I'm sorry.

CHAIRMAN WILLIAMSON: Both of y'all are set up, or at least, if you're going to play in this market, you have to have a certain type of infrastructure and certain type of network.

MR. CLARK: Absolutely. And I'll even compare our infrastructure network -- as Mr. Mazzola mentioned earlier today, we introduced 125 new products this year.

CHAIRMAN WILLIAMSON: I'm not disagreeing. I'm saying you've got to have some kind of -- but sometimes y'all were talking as if they didn't have any. And that just didn't square. You can talk about quality, who's better and all that kind of stuff, and I understand that's --

MR. BULGER: Mr. Chairman, maybe I can -- I'd like to chime in on this. Bob Bulger from Camso. One of the things that we have seen over the last ten years anyway is, really the wholesaler channel has been squeezed to some
degree, because there are companies, and Camso is one of them, and some of the other people in the room. But we have DCs in the U.S. market. We are the distributors.

CHAIRMAN WILLIAMSON: DCs?

MR. BULGER: Distribution Centers. And we sell to tire dealers, as well as wholesalers. And there are a few of them who do very well at it, but they have a particular brand. They have a particular way of going to market.

Mr. Van Ormer with EBT is one of those, where they've developed a private brand, they developed a marketing program behind that.

It is much more difficult for a distributor to buy a branded product and differentiate that to a tire dealer, when that tire dealer has that same access to buy direct from that manufacturer. So in many cases over the last number of years, you've seen these wholesalers get squeezed. And in a lot of cases, many of them disappeared.

So that is one of the things that you have to take into account when you're talking about a wholesaler versus a tire dealer. There's many very large tire dealers in this market that aren't going to be buying -- they don't buy from wholesalers. When you talk about the smaller tire markets of this world, they're the Les Schwabs, they buy directly from the manufacturers. Most major tire dealers
do.

And in that environment, there's no room for a wholesaler. A wholesaler has to create their value, and again, I think in certain cases, and EBT's an example, they've been able to do that. But they're the exception. Tom, I don't know if you wanted to say a couple words?

MR. VAN ORMER: The only thing I wanted to be clear with Titan is, Titan did not choose to build private brand tires for us. That is all that I said.

CHAIRMAN WILLIAMSON: And I heard that loud and clear.

MR. VAN ORMER: And so it is -- but it is not -- I'm also a dealer for them, and I do get very good supply from them on their Titan, or Goodyear brand product.

CHAIRMAN WILLIAMSON: Thank you. That helps clarify it some.

MR. ROBINSON: If I may shed a little of light. I think that the --

CHAIRMAN WILLIAMSON: Sir, you better identify yourself.

MR. ROBINSON: Brian Robinson from BKT. I think the customer that we're referring to, the person that we're referring to this morning, was in a unique situation in that they were both a distributor and an installer. And what they spoke to was their inability to make profit on a
premium brand product.

What he didn't differentiate was, was that through a distribution channel or was that through an installation channel. And I think that's very relevant to the conversation, because he would be doing all the value-add services to put the tire into service versus reselling it, like a traditional distributor would. So that's something that we probably should ask that customer.

CHAIRMAN WILLIAMSON: Okay. You have identified barriers that prevent subject imports from adding significant share of the OEM market. What, if any, barriers prevent domestic producers from gaining a larger share of the aftermarket?

In other words, what advantages do subject imports have in the aftermarket that domestic producers do not share? And I guess you would sort of say, well, if you haven't been spending the last twenty years or fifteen or ten years trying to sell in the aftermarket, you're not gonna get it. Is there anything else --

MR. EMERSON: This is Eric Emerson. I think that's exactly right, Commission Williamson, is the -- I don't know, and again, I would defer to anyone here from the company side. I don't know that anyone from the companies would suggest that they have inherent advantages. Again, I'll be corrected if I'm wrong there.
But I do think it's the consistent commitment to that segment of the market that has allowed them to, you know, to be able to continue to make sales and be viewed as a valuable and valued supplier in that segment of the market.

MR. CLARK: This is Jim Clark from Alliance Tire again. And I'll speak only for Alliance Tire in this case. But our commitment to the domestic industry is 125 new products that we released this year to help the vehicles perform better.

It is five warehouses that we've expanded from two. It's availability because I think when you look at the average farmer in the United States, and the tire dealer that's intermediary between them, when a piece of equipment is down in the field, everybody is losing revenue and the ability to service that farmer becomes critically important.

Having a product available and having the right product available is key. I think that some of the Tier 1 competitors that we have talked about today, and you talk about the U.S. market and their investment, they are happy to work with the OE providers, provide a tire to that OE provider, have the equipment come out and hope to get the sale after, when that tire wears down or has a failure.

And what we, how we earn our right to that business every day is a good quality product that's
specifically oriented and tailored to their needs. I do not force my customers to buy a proprietary wheel and tire product. I offer them a substitute product for the product that they currently have, and I do it in an efficient manner by having it available in inventory and accessible to them. That's my investment.

CHAIRMAN WILLIAMSON: Okay. Thank you. Yeah?

MR. BULGER: Mr. Chairman, Camso may be a little unique in this respect in that we are first and foremost a material handling tire manufacturer. It's for tires that go on forklifts. Construction is a smaller business than our material handling business; where we have an advantage would be that we can bring that full basket of products to service both the material handling customers of a tire dealer, as well as their compact construction, and not only in tires for construction, but we also manufacture construction tracts for CTLs and mini-excavators.

So we have a different range of products that covers a sizeable opportunity with some of our dealers. And you've got to keep in mind at the end of the day, the products we're talking about -- when we're talking to tire dealers -- represent 5% of their volume altogether. I mean it's just not a huge piece. So if they can go to one vendor and pick up all those products and not have to deal with multiple vendors, then that's an advantage, and it's one
that certainly that we push at Camso.

CHAIRMAN WILLIAMSON: Okay, thank you.

MR. O'BRIEN: And Mr. Chairman, the material handling tires are not part of the case. That's the point.

CHAIRMAN WILLIAMSON: Okay, let's stick to what's part of this case. But thank you for those answers.

And I realize --

MR. ROBINSON: While it is a matter of focus on us for BKT to focus primarily on the aftermarket, I would say that the plaintiff has an advantage, simply because there's an OE tire on there to begin with, and once that tire wears out, provided that the user had a good experience with the tire, chances are they'll replace with the same tire that was on there when it came from the factory. And we're vying to replace that tire with an alternative. So we actually have to sell against what's already on that vehicle to start with.

CHAIRMAN WILLIAMSON: Thank you for those answers. My time has expired. Vice-Chairman Johanson?

VICE-CHAIRMAN JOHANSON: Thank you, Chairman Williamson, and I would like to thank all of the people on the afternoon panel for participating today. In particular, Mr. Bansal, thank you for coming all the way from India. I know that it's a very long way to travel here.

In his opening statement of this morning,
Terence Stewart stated that the underselling margins in this investigation are greater than tier premiums for the domestically-produced product. Could you all please discuss this contention of Mr. Stewart?

MR. EMERSON: This is Eric Emerson. It's difficult to discuss in an open forum. Certainly we have done our best to calculate in our brief what we consider to be the tier differences between the U.S. producers as a whole and the Indian and Sri Lankan producers as a whole, and I do believe that that was a question that Commissioner Schmidtlein had asked about earlier, pointing to a particular page in our brief as to how that calculation was done, or asked the petitioners to comment on it.

I think once you take that into account, I think that some instances—not all—but some instances of underselling are reversed essentially, but not all. But I think really the most, as important, I would say as the tier differences, is the information you have in the record about how customers in this industry are not as price-sensitive in their purchases as they are in other industries. And I think this is a point where we and petitioners have a fairly strong disagreement with how to characterize the record that was developed in the pre-hearing staff report.

So I think, in terms of the underselling analysis, I think the tier issue, the quality issue, knocks
down a number, though not all of the instances of
underselling. But I think our more fundamental point is
that the underselling analysis tells you less in this case
because of the relative lack of price sensitivity of U.S.
purchasers.

VICE-CHAIRMAN JOHANSON: Thank you, Mr. Emerson,
for your response. The volume of subject imports was 1.3
million tires in 2015, valued at $279 million and had
increased by 29% from 2013 to 2015, and this can be seen in
the staff report at Table C-1. Why isn't this volume of
subject imports particularly in a market with demand
declines significant?

MR. NOLAN: I think we'd start with -- obviously
we're going to go back to the segmentation issue. If you
look at the volumes, I think in the BKT brief, the Exhibit
13, there's a chart where we actually kind of break out
between the construction markets and the mining markets and
that may be part where Commissioner Schmidtlein's questions
are coming from.

What you see is such a huge change in relative
market shares based on what's happening with demand
patterns, right? And it just -- physical you cannot account
for it with imports. I mean we're talking quantum changes
in demand. The degree of the drop in demand in OE for
agriculture is so much larger than the increase in imports,
subject imports, that you start asking yourself the question, well, even on a gross basis, what else is going on here, because obviously the demand drop had a significant impact here.

Then if you start looking at it from the standpoint, well, okay, how much of those subject imports went into that OEM market when the demand was dropping? And then you start to calculate out, well, how much of the percentage of the drop-in demand was really the reason why that the U.S. industry was having an issue? And you start coming to the conclusion that the subject import increases in those segments was so small relative to the drop-in demand in that segment, that the drop-in demand was the reason for the issue.

And that takes us back to the regression analysis that Tom was talking about earlier that was done about, what happens if you factor out -- Assume prices were what they were in 2015. Assume that imports did come in at the rate that they came in. But let's assume out the drop-in demand, and what happens to that industry? And the answer is, they've fared pretty well.

Now, of course, we're running an analysis, and the staff can run the same analysis independent of ours if they would like and we would encourage them to do that, because I think you'll come up with the same conclusion.
The changes in the volumes are much less impactful, if you look at it from the standpoint of what's happening in market segment changes that are occurring during the period.

VICE-CHAIRMAN JOHANSON: Thank you, Mr. Nolan.

Respondents cited Titan's SEC filing that explains that Titan has concentrated on increasing its presence in the tire aftermarket. And this can be found in the BK brief at Page 9. So it's clear, not only from the SEC filing, but from other information provided in this investigation that Titan has a presence in the aftermarket. How is competition attenuated in the aftermarket?

MR. EMERSON: I think that the -- when we look at -- I don't think there's -- just to make sure our position is clear, I don't think anyone on this panel is suggesting that Titan is not present in the aftermarket. Titan is present in the aftermarket. It's in their filings. It's in the data that the Commission has collected.

I think the question is whether or not Titan is being viewed as a reliable supplier in the aftermarket, and I think that to the extent there may be attenuated competition there, you may be looking at dealers, for example, who are viewing -- dealers and distributors who are looking at Titan on the one hand, and companies like Alliance, BKT, Camso and the other, in terms of their reliability and commitment to that particular market
I don't know that I've got a better answer for you right now as to attenuated competition in the aftermarket. I'll turn it over to other counsel if they do. But I would note that.

MR. NOLAN: I would just add to that, that if you look at the breakdown of the degree to which the OE market was relevant to the U.S. producers relative to the aftermarket at the start of the period of investigation, where it went by the end of the period of investigation, obviously there was a change that took place, but to me, that change took place because they realized Deere & Company, C&H and Caterpillar aren't buying.

And so we either have a plant that's not going to be doing anything because our regular customers have decreased their shipments, their orders by 30%, or we've got to change our stripes and move back into the aftermarket again. But the problem with that is, is you can't be a fare-thee-well aftermarket participant. You've got to either be there or not.

And you can be there at a small percentage rate with a set number of regular dealers that you're going to supply. Or you can be there in a much larger context. And I submit to you that they were not there in a larger context, and they tried to get there in the larger context
because their original equipment market collapsed.

You just can't do that quickly. Especially if you've developed a reputation as somebody that'll drop you the second the OE market comes back. And clearly their focus was on the OE market.

MR. O'BRIEN: I would just add, again, in the aftermarket you do have the private label issues that are not in the OE market that we've discussed before. And you've also got -- when a Titan tire has to be replaced, there really isn't competition for that tire, if it's an LSW tire because it's a unique design to Titan.

So there's no competition under those circumstances. Either in the private label instance, Titan's not interested, or in the LSW, there's really nobody else that can supply it. And then beyond that are all the other issues of loyalty, reliability, consistency that we've spoken about earlier.

VICE-CHAIRMAN JOHANSON: All right. Thank you for your responses. The yellow light is coming on right now, so I'm going to come back with some further questions later. Thank you.

CHAIRMAN WILLIAMSON: Okay. Thank you.

Commissioner Broadbent?

COMMISSIONER BROADBENT: Thank you, Mr. Chairman. Let's see. Mr. Van Ormer from East Bay Tire.
You stated that you rely on imports from Camso to serve your private label Dawg Pound tire label. Have you seen an increase in your sales of Dawg Pound tires? Do you compete with Titan with you sell Dawg Pound tires?

MR. VON ORMER: I'm sorry? Do I compete with Titan?

COMMISSIONER BROADBENT: Yeah.

MR. VON ORMER: No. I don't really compete with Titan with Dawg Pound. The Dawg Pound label is designed for our wholesale division to have and build our own value in our own product. And we very much go with our own personality on it. Now, I do sell Titan products when they're requested. I sell Goodyear and Titan, you know, like skid steers and etcetera like that. And we stock them.

COMMISSIONER BROADBENT: What is the personality of a Dawg Pound tire?

MR. VON ORMER: The personality? It's -- oh boy, that's a good question -- it's to be able to provide a great deal of variety and dependability on product to customers who don't want to be selling the same tire as everybody else. In other words, if we sell a -- if we have a Dawg Pound dealer in an area and he knows that he'll be the only one selling the Dawg Pound tire, and that's what we've tried to do. We've tried to build this -- I have a built force by many different people and we try to, so that
they can build a value in it and sell the tire and not be competing against --

COMMISSIONER BROADBENT: I know when I go to the dog pound, I'm never really sure what I'm going to get.

MR. VON ORMER: I beg your pardon?

COMMISSIONER BROADBENT: I'm just kind of teasing a little bit. I'm just trying to get the marketing label, just to understand it.

MR. VON ORMER: Well, the dog pound was probably, basically created after a round of golf with beers and --

COMMISSIONER BROADBENT: Great.

MR. VON ORMER: -- dinner afterwards to decide with who we are, we came up with great names like Dirty Dog and, you know, Bad Dog and Big Dog. At some point, yeah, but it was just designed to have something that was differentiated from other tires.

COMMISSIONER BROADBENT: Understood. Yes, that's great. Thank you. Are your tires, are the sales of Dawg Pound increasing right now?

MR. VON ORMER: Yes.

COMMISSIONER BROADBENT: Great. And this is probably, maybe for you, Eric Emerson. Do end-users of vehicles using OTR tires generally replace OEM tires with aftermarket tires of the same make and brand? How prevalent
is aftermarket replacement using identical brands and SKUs?

MR. EMERSON: I'm going to turn it over to Jim first.

MR. CLARK: And I would ask that the others chime in on this also, but as already been said today, generally the tire that's on the vehicle, if you take a look at, let's say, four tires that are matching, we'll just call them Tire A, if one of them fails, you don't wanna have three As and a Z on there. So the natural inclination is to replace it with the tire that's on there. And as we brought up earlier today, we have to have some pretty compelling reasons for that customer to want to change. And I don't know. Brian, you want to chime in?

MR. ROBINSON: First changeover is exceptionally high. Second changeover, third changeover, you tend to start selling other products. Unless, of course, the consumer had a poor experience with the tire to begin with, at which point they would be looking for an alternative when it came time for changeover.

COMMISSIONER BROADBENT: Okay. Good. Thank you. We have seen a lot of arguments about quality tiers or brand categories within this investigation. Just as we've seen in other tire investigations. How important are quality tiers in this market compared to the other investigations on tires that the ITC has analyzed? I'll
throw that open, maybe Matthew? Mr. Nolan?

MR. NOLAN: I'll let our witnesses gather themselves, because they should be answering this more than the lawyers, but I would say for starters, it matters a great deal. Walking into this investigation, I had never heard of Camso or BKT, but I have heard of Michelin, Goodyear. I've heard of Bridgestone, Firestone, and those brand names mean a lot.

And if you're a farmer in the Hinterland, you're probably going to know those names, probably better than we do. But you're not necessarily going to know some of these other names nearly as well. And so what's your predilection going to be? If I buy a new set of tires, I'm looking for the brand that I know, right?

Even on a passenger tire, so brand makes a big difference. And that affects tier, and it's not -- part of it's quality, part of it's reliability, part of it's after sale service. But part of it is advertising, right? You've developed this brand. Why did Titan buy the Goodyear name? If not to secure that Tier 1 brand, which allows you to charge a premium for essentially the same tire made in the same place. Right? So brand matters.

MR. CLARK: Specific to Titan and Goodyear, I hope the Commission understands that the way a tire is constructed is, it starts off as a, a blank donut, if you
will. Or what we call a green tire. And then it's placed into a mold, and the mold shapes the tire, puts the name on the side of the tire and the tread pattern.

In Titan and Goodyear's cases, they have many tires where they put it in the mold and it comes out as a Goodyear, and then they take a plate and they put it over the Goodyear name, they take the same mold, press the same tire and it comes out as a Titan tire. So the only difference between that tire that's coming out of the same factory, every component of it's the same except for the name on it.

They have a premium that is driven by the Goodyear name, and a second tier that is driven by the Titan name, but it's the same tire. So when you look at brand preferences, and whether or not brand carries an opportunity for them to sell at a higher or premium price, it's clearly demonstrated there.

COMMISSIONER BROADBENT: Okay. Let's see. I think this is for Mr. Bulger with respect to Sri Lanka. What accounts for the decrease in subject imports from Sri Lanka during the period of investigation?

MR. BULGER: In terms of the decrease in imports, really it's been more related to the overall market. I mean, again, we saw some declines in the construction market where we sell our products. We are
seeing, you know, it's a very, as everyone can attest in
this room, it's a very competitive market and I think we're
all scrambling to get a -- maintain a share of a shrinking
pie.

Now, as I said earlier, it does appear that the
construction business has more or less flattened out. We're
hoping that we're going to see some new investment with the
new administration coming on board, and some new
infrastructure investment that will essentially float all
ships. But it has been a very interesting last couple of
years in terms of the market.

COMMISSIONER BROADBENT:  Okay. I'm kind of
wrestling with market share shifts in a lot of these sub
segments of the market. Even if the Commission were to
attribute much of the industry's decrease in sales to demand
trends, wouldn't market share shifts and specific sub
segments of the market suggest that the U.S. industry lost
market share in part as a result of subject import
competition?

MR. NOLAN:  I guess part of the answer to that,
from my perspective is, is you're both looking at an
absolute drop in demand overall, but precipitated by
particular sectors in particular, which is causing a lot of
other factors. People are trying to shift from OE to
aftermarket, right? That's part of what Titan's been trying
Other producers that can produce other products are trying to shift. And so what makes this case so devilish and difficult for the Commission, and you guys are putting your fingers on it as we're having this discussion is, because there's so many pieces to this puzzle, it's really hard to say that taffy can pulled and this is going this direction and this is going this direction.

They're all, in the sense of they're all being tires, yes, but they're all different markets and are reacting to different dynamics and so, you know, we could be talking about four different cases here easily. And the change in the markets, you know, on an absolute basis -- did imports increase? Yes. Did their market share increase somewhat? Yes. Is the demand decline far outweighing any of those factors? Yes.

If demand had maintained its current pattern, would we be sitting here? And I submit to you, we probably would not be sitting here having this discussion. If they had not lost as much of the market, the OE market, there would not be a case brought.

MR. EMERSON: Let me add if I could just two other comments to that. The first is, particularly again in the agricultural OE segment, it's important for the Commission to keep its eye also on nonsubject imports and
movements in nonsubject import volume, so it's not necessarily the case that an increase in subject import volume necessarily came at the expense of the domestic industry.

The second point that we didn't really get into in our brief, because candidly the world was already complex enough, but we did talk about at the preliminary stage, Mr. Mazzola spoke about in the agricultural original equipment market, an even further level of granularity in that market, whereas over the POI sales of very large tractors declined significantly.

In fact, sales of smaller tractors increased during that period of time. Small for perhaps dairy farms. There is testimony from the preliminary transcript that suggested that grain farmers, you know, bought fewer to the big, big, big tractors. But as grain prices decreased, that's a boon to dairy farmers who are able to increase their production and they invested then in smaller tractors as well. Which take smaller tires.

Now, again, the Commission staff got good, more granular data, but even at the level that you have it, it maybe isn't even as clear as it could be because, even within the ag OE segment, not all of those tires are equally interchangeable. There are size differentials, further end-use differentials. It just becomes a little bit too
burdensome to collect data on. But that's also important to keep in mind, too. Those are not perfectly fungible, perfectly interchangeable tires.

MR. CLARK: I do want to add -- I know we're out of time, but I want to add one last comment. As the OE market declined, the aftermarket improves. The reason why this happens is because new equipment coming into the field usually supplants and retires old equipment.

As the purchasing of new equipment declined, farmers were forced to -- end-users construction people were forced to take older machines and put more tires on them. So you're going to see a natural increase in the aftermarket sales as the decrease happening in OE. Whereas we were primary supplier to aftermarket, our sales did improve. Because there was more aftermarket sales occurring. OE declined, Titan naturally felt that impact.

I think it's very important and I don't think that we've talked about it a lot today, but I hope that the committee can see that that decline in OE is very important to look at because aftermarket did improve because they're taking machines and asking them to work longer, and when you take a machine and ask it to work longer, things are out of alignment, tires wear quicker, all kinds of other things, so aftermarket sales where we were focused on, improved. OE sales declined. Share shifted.
MR. O'BRIEN: Commissioner Broadbent, can I just make two quick points? One is the Sri Lankan market share dropped. As the overall volume dropped, so did the market share. So it's a little different from that perspective. But I also wanted Mr. Van Ormer to speak about the sourcing of the other U.S. producers, such as a Michelin and Bridgestone and Firestone, which also has affected the data.

MR. VAN ORMER: I believe that Michelin and many of the other ones are taking some of this production out of Europe, that they were, you know, that they were not necessarily bringing into this country with the economy in Europe, you know, going down and taking some of this production away. I think that's, you're starting to see some of that with a lot of these multi, you know, the larger companies that have worldwide operations.

CHAIRMAN WILLIAMSON: Commissioner Schmidtlein.

COMMISSIONER SCHMIDTLEIN: Okay, thanks. So I'd like to go back to that question that we were speaking of, the OEM markets and what was going on in those markets. As we discussed in the first round, demand declined in Ag OEM. Demand actually went up in construction/industrial OEM. So can you talk to me about why subject imports increased their volume in the Ag OEM?

MR. MAZZOLA: This is Dominic --

COMMISSIONER SCHMIDTLEIN: When demand was going
MR. MAZZOLA: This is Dominic Mazzola of Alliance Tire, and I'm the Vice President of OE Sales for Alliance, so I'll try to answer this. In the segment that Eric, one of the segments that Eric mentioned where demand is increasing is utility tractors. These are smaller tractors that typically use bias ply tires, and this is a segment where we are, you know, we are strong I would say over a long period of time, not just the POI. We've been selling these type of tires to regional equipment companies including John Deere and Case New Holland going back well before the POI. So there's been some increase in our business due to the increase in demand for that segment that is counter-cyclical because the dairy farmers and cattle farmers are -- their input costs have gone down because the grain that they need to feed the animals is cheaper. So they're buying more equipment. So that's one segment.

Another area we've seen some gains in original equipment has to do with the type of tires being used on some of the secondary equipment for liquid manure tanks and other secondary equipment, fertilizer spreaders. We've seen increases in those markets because we're particularly strong in the type of tire that the market is moving more to, which is floatation tires.
Alliance is actually known as perhaps the world leader in the manufacture of floatation tires. We have the broadest product line in the market and many of the machinery that typically might have been sold on a tire that has say, you know, been in the market 50 or 60 years, 40 years, their equipment manufacturers are switching to these floatation type of tires, to give better performance to the farmer.

They get less ground compaction when you move the equipment through the field, which is what Titan is talking about with the LSW. The same thing applies to the secondary equipment. We are very well positioned in terms of our product offering to supply that market.

COMMISSIONER SCHMIDTLEIN: So does the U.S. industry not produce a tire that competes with these tires that you're talking about?

MR. MAZZOLA: They have a relatively limited product line compared to what we supply and what BKT supplies in the floatation market. BKT and Alliance are probably number one or two, and Trelleborg also, you know, which is -- that started in Europe is also strong in that market.

COMMISSIONER SCHMIDTLEIN: In this OEM segment?

MR. MAZZOLA: Yes.

COMMISSIONER SCHMIDTLEIN: Okay, and for
construction, do you have any products that compete in OEM construction/industrial?

MR. MAZZOLA: Yeah. We're a supplier of skid steer tires and backhoe tires, you know. Those markets have been up and down. And again, we're a long-time supplier to most of those companies, John Deere and Case, Bobcat, Caterpillar. We supply all of those customers with skid steer tires.

COMMISSIONER SCHMIDTLEIN: So in your view, the sales that were lost by the domestics in these OEM segments didn't have anything to do with price? It was more your product line is broader?

MR. MAZZOLA: I'm saying that specifically in the agricultural segment, yes.

COMMISSIONER SCHMIDTLEIN: And construction?

MR. MAZZOLA: In construction I can't say with certainty that that's the only reasons.

COMMISSIONER SCHMIDTLEIN: Okay. Anybody else would like to comment on this panel with regard to why subject imports gained volume in either of those OEM segments, in the Ag segment or construction/industrial?

MR. MAZZOLA: Let me back up on the construction/industrial. A lot of the small utility tractors, like in our case we classify those tires as industrial type of tires. The 40 horsepower and under
market segment had a huge increase in demand over this
period. So in our case, if you looked at skid steer and
backhoe tires, if you pulled those out you would see that
we have not increased but we've actually decreased on the OE
side in those segments.

But it's been somewhat overwhelmed by the
increase that we've seen in these utility tractors. Again,
and this is all business that we've had going back to 2005.
It's just that the customers that we have, John Deere in
particular, has made great strides in that market, and
that's what's driving our sales increase.

MR. NOLAN: I would add that this is actually
reflected in Titan's own investor presentations. Their
2015, which I think is Exhibit 12 in the BKT brief, if you
look at page 15 on the section "Agricultural Drivers," their
first bullet point is "mixed shift, large horsepower
equipment," what they call "big iron," four wheel drive
tractors and combines continue a cyclical downturn which
began in 2014.

Smaller HP tractor demand remains strong, but at
lower ASP and gross margins, which is where Titan did not
invest a lot in production. They're known as -- I think
they're known as a big iron producer, right? That's their
niche, right, the big tractor tires, those big John Deere
tractors, the larger models with the wheels, with the wheel
assemblies on them.

So you know, there's a mixed shift. Again, I kind of I'm not being very artful about this. But if the mixed is shifting and Titan is admitting that there's a mixed shift in size tire demand, and they specialize in the big section of the market and the market's going to the smaller section where these guys are more predominant as a historical matter, you're going to see volume shifts that occur.

But I might add that the volume shift that you witnessed, again if you think of it in terms of factoring out the tremendous drop in demand, that increase is a lot smaller. And remember, if you start from 100 units and then the total demand goes to 60 units and one stays the same and you had 20 units, you go from 20 percent to 30 percent of the market just because of the demand curve going down.

So we've got to be a little bit careful about making sure we're, you know, what we're -- and that's again makes this one complicated, because the demand shift is so pronounced here that you're trying to isolate and tear it apart, right?

COMMISSIONER SCHMIDTLEIN: Well no. Actually, I'm responding to you all wanting to segment this market overall. That is why we're looking at all of these different market segments.
MR. NOLAN: Yes, and it makes it more difficult, because the easier thing to do is to collapse it all into one piece. But obviously that just seems intuitively incorrect to me, because of the way -- because there's so many pieces to this market, and because they are behaving differently. Even on a basis of just looking at the volume trends, you yourself said they're behaving differently. So something else has to be going on here, and you need to pull that apart.

COMMISSIONER SCHMIDTLEIN: Right, and that's why I'm trying to get to are these -- is this loss in volume for the U.S. subject to the subject imports based on price or based on something else?

MR. CLARK: Jim Clark again from Alliance. Just for sake of clarity, the image that's up on the screen right now, the green tractor is what we would call a mid-size or a low horsepower tractor. You can see the size of the tires on that. If I was standing next to that machine, it would be very small. The big tire in the rear would come up to my hip.

Now if you come to this machine on the far left, you would see the size of that machine. That tire would be as tall as me. There are 12 tires on that machine and 12 wheels. This is where Titan sells. This is the market that got impacted.
COMMISSIONER SCHMIDTLEIN: Yeah, I understand that. But I know you can't look at the numbers --

MR. CLARK: Right. But you look --

COMMISSIONER SCHMIDTLEIN: I'm sorry. I don't want to run out of time again. I've run too far over again.

MR. CLARK: Absolutely.

COMMISSIONER SCHMIDTLEIN: But the number of tires that they're selling in the aftermarket is not insubstantial, right.

MR. CLARK: No. I'm not debating --

COMMISSIONER SCHMIDTLEIN: Arguing that -- so that's why, I mean and I know you can't look at the numbers. But arguing that, and sometimes these terms aren't really helpful, that are like that's not their interest or that's not, you know, and then you look at the numbers and it doesn't really ^^^^ that sort of characterization doesn't really help me understand what's going on.

Now I know you've argued that these sales that they ^^^^ the volume that they lost in the aftermarket was because they're not viewed as reliable. At least that's how I understood the argument from the first round, right, that when they lost volume over the POI in the aftermarket, that was because they tried to increase their sales and people didn't think that they were reliable and therefore they couldn't increase their sales, right? That's sort of how I
understood it.

MR. CLARK: Right.

COMMISSIONER SCHMIDTLEIN: And I'm thinking I probably know what your answer to this next question's going to be, but when you look at the pricing products, right, and you look at the aftermarket breakout, which we've done for farm and for the three construction/industrial, if you're arguing that they're losing sales because they're not reliable, and people are coming to us because we're more reliable, why do we see such consistent underselling?

MR. EMERSON: But I think, Commissioner Schmidtlein, when you do look at those pricing charts, and we analyze the four largest ones in our brief, I think it's important not to look just -- and I'm sure you will -- but it's important to look not just at the price levels of price, but the volume trends that accompany those price series.

It's hard to square the trends in underselling, the increases in underselling in some instances and decreases in subject import volume, or decreases in -- decreases in the amount of underselling, and yet decreases in -- got that backwards, sorry. Yeah, increases in margins of underselling, yet decreases in subject import volume.

COMMISSIONER SCHMIDTLEIN: Yeah, but I guess my question is --
MR. EMERSON: Those two don't go together.

COMMISSIONER SCHMIDTLEIN: Yeah. That goes to -- I'm just really responding to your argument, that in the aftermarket it's all about reliability, and the U.S. is losing sales or losing volume because they're not viewed as reliable and these suppliers are. They're viewed as reliable. They've been in the market. They've got established relationships.

And so my question is if that's true, why do we see such consistent underselling, because in the U.S. market, right, why wouldn't you be pricing your product if you are able to offer this superior aspect of reliability, and the market already knows that according to you, because you're ^^^^

MR. EMERSON: Yeah.

COMMISSIONER SCHMIDTLEIN: Why are you underselling to the extent you are? Why aren't you selling -- you know, I understand like, you know, there's a tier difference and your argument that well, within each of these pricing products, regardless of how specific the description is there are tiers, and therefore, you know, the subject imports are always going to be a lower tier and that explains part of the underselling. Does it explain all of the underselling, especially when you're telling me you're more reliable? Why would you undersell the U.S. product?
MR. EMERSON: I think the tier, I think the quality differences as expressed in the differences in tiers account for a substantial portion, certainly not all, but a meaningful portion let's say of the underselling that you see. I think that you've got differences -- you've got a lack of price sensitivity in on the part of purchasers, a lack of --

COMMISSIONER SCHMIDTEIN: So wouldn't that suggest you'd be pricing higher, right? You're reliable, they're not that price sensitive. Let's price our product, you know. Why is there such a margin?

MR. EMERSON: Alternatively it suggests that they're not buying us because we're low priced. Yeah, that price is a relatively less significant driver in their purchasing decision.

MR. NOLAN: Yeah. I mean this story goes back to the -- sort of I mean how we're asking the question. If the underpricing, underselling is really as a significant factor, then why isn't the Indian market just taking the U.S. to town right now? Why didn't those numbers quadruple? Why didn't they go up a lot more, because you would think logically with the underselling that is persistent and pervasive in the market, that there would be a significant trend upwards?

We see a modest trend here, not you know, I hate
to say go back to steel because that's where I get killed all the time. But this is not like a steel case. This is a much more moderate trend, particularly if you factor out the demand decline. If you try to figure out how to isolate that factor and just look at the increase in imports based on 2013, the numbers are not nearly as significant.

I'm not saying they didn't go up, but the impact is much less than one would expect compared to just looking at 2015 in a static environment. But you go back to one, there have been price differences in this market for a long time. Certainly precedes this case. So there's always been some degree of price differential, and we'll say well, is it completely up to the tiers or the brand or not? We can argue how much is attributable to brand identity, how much is attributable to tier.

But let's start with the premise that there is a difference in the price. Did that delta change during the POI or did it remain stable? If it didn't change very much and the volumes didn't change that much, then what is the impact of the underselling at that point? The underselling, it can't ^^^^ you can't attribute that to price suppression or price depression, because the effect doesn't seem to be apparent.

There's no volume effect to it and it doesn't seem to have affected patterns in behavior, much less though
if any -- if anything compared to whether you're predominantly an aftermarket supplier and have developed those relationships, which would be a more cogent answer to me, because the pricing itself would lead you to believe that volumes should quadruple during the POI, and that just didn't happen.

COMMISSIONER SCHMIDTLEIN: Okay. I'm sorry. And now we're down to three here so thank you very much. I've greatly exceeded my time.

CHAIRMAN WILLIAMSON: No, that's okay. You've kind of clarified. To follow up on that, now Petitioners have argued that domestic and imported brands are reported as being in the same tier, and there therefore is no premiums expected for those brands where you have the, you know, the domestic brands being say at Tier 2 and imports being at Tier 2.

So that's sort of suggesting is there -- so if there's not underselling, what else could explain the price variance between tires that are in the same tier, and I think it's -- I think from the charts that we're showing that there are -- there are cases, there are tiers where you have imports and domestic product.

MR. O'BRIEN: Chairman Williamson, maybe I can start.

CHAIRMAN WILLIAMSON: Yeah, yeah. Identify
MR. O'BRIEN:  Kevin O'Brien for Camso.

CHAIRMAN WILLIAMSON:  Mr. O'Brien, I'm sorry yeah.

MR. O'BRIEN:  Because we did want to mention several issues we have with the pricing data, in addition to what you're saying, which maybe it can explain it. The Sri Lankan product does not show up very much in the product-specific data requested by the staff. But more than that --

CHAIRMAN WILLIAMSON:  You have the pricing tables don't you?

MR. O'BRIEN:  Yes.

CHAIRMAN WILLIAMSON:  Okay. I've looked at three or four of them and they sure are there.

MR. O'BRIEN:  Yeah. But one of the big problems is that the Titan product does not follow the definition in every situation. So if we report a product that is of a certain profile, and then Titan reports that same product but with a very different profile that's outside of what the staff asked, you're going to get very different pricing.

CHAIRMAN WILLIAMSON:  And I assume we need to raise that with the staff.

MR. O'BRIEN:  That's what we've got. That's exactly -- it's quite evident from the staff report.
CHAIRMAN WILLIAMSON: Okay. We'll see post-hearing what, yeah.

MR. O'BRIEN: Yeah, and then the other -- just the other, two other just quick points. You know earlier today, Titan dismissed the issue of Chinese low prices by saying in part oh these are small volumes. You can't really draw any conclusions. But that's -- that same argument should be looked at very closely with respect to the products that were selected, and I'll go into that more in the post-hearing brief.

But this whole issue of how representative the pricing data is is to our mind a very open question. You heard both of the Camso witnesses, Mr. Bulger spoke about Camso prices on basically a net basis, whereas Mr. Van Ormer said that Titan has myriad allowances, rebates, discounts, etcetera. There is a very, very strong concern that we have two different prices being reported.

We're reporting a net price on a Product A, they are reporting -- I don't know what they're reporting. But it's not the same Product A, that's for sure. So that's part of the issue that we have.

CHAIRMAN WILLIAMSON: Okay. So we'll see, but hopefully post-hearing we'll sort out some of that particular issue. But what about the other -- there are other products that are -- where there's this tier overlap.
I mean those are the -- the ones you're talking about are just from Sri Lanka. What about the others?

MR. EMERSON: Commissioner Williamson, this is Eric Emerson. At pages eight and nine of our brief, what we've tried to do is we've tried to help the Commission. So when the Commission asked the question and put in I think it was Table 2-1 in the brief, where the Commission basically arrayed all of the answers for each of the producers into Tier 1, Tier 2, Tier 3 by domestic and import, in our view some of those categorizations were perhaps not as accurate as they could be.

For example, one company might have been put into, for example, Tier 2. When if you take a look at the purchaser data, which we think is the more accurate data for determining which company's brands, pardon me, fall into which tiers because after all it's the purchaser that's making those determinations, not a producer on its side.

CHAIRMAN WILLIAMSON: And the marketers who are, through advertising the product, they're the ones making the distinctions.

MR. EMERSON: Exactly, exactly, and the purchasers are the target of that marketing. So we focused on the purchaser. What we did was rather than take what I think the staff did was let's assume you had, you know, Brand X and it received more votes for Tier 2 than it did
for Tier 1, it got put into Tier 2 in the summary chart. To our mind, that wasn't quite fair, because that really it was floating somewhere between Tier 1 and Tier 2 in terms of the number of votes that it received, obviously an inexact science. So in pages eight and nine what we tried to do is calculate a bit of a weighted average tier assignment for each of the brands that was there. We then later tried to do a weighted average of all the U.S. brands together and all of the Indian and all the Sri Lankan brands together, so that you could use that tier difference to help understand some of the underselling data a bit better. CHAIRMAN WILLIAMSON: Okay.

MR. EMERSON: I don't know if that helps but --

CHAIRMAN WILLIAMSON: We'll take a look at it, because after five cases I've become very skeptical about the concept of tiers.

MR. EMERSON: Well I think --

CHAIRMAN WILLIAMSON: But that's -- that's not going to help us here.

(Simultaneous speaking.)

MR. EMERSON: No, no, no.

CHAIRMAN WILLIAMSON: But I will take a look at that. I get your point, that but it's -- marketing is everything I think, and how people market the concept of tiers is also interesting. Let's take a bigger picture,
though. The producers assert that increases on the volume of subject imports came at the direct expense of domestic producers, which bore the full brunt of the increases, the average price effects and lost sales and margins, you know, their argument.

If you do take a look at the numbers, whether it's by categories or, you know, of OE or aftermarket in agriculture and construction and all, you would seem to think that okay, overall demand went down, went down quite a bit, but the imports, their shares either held their own or went up in general. And so why isn't this, their argument credible here?

I mean what you tried to do is by -- what you've been arguing is you disaggregate all this stuff, and that's not the story. But then when you still look at the numbers they still -- the end result is that's what you're seeing.

MR. NOLAN: Let me start, maybe start from a slightly different premise, and I'm using data completely from the public version of the staff report in Titan's 2015 annual report. According to Titan, between 2013 and 2015 they lost something like $770 million in sales because of the market decline, okay. $770 million, the decline in net sales.

CHAIRMAN WILLIAMSON: That's their allocation to the market?
MR. NOLAN: That's their net, that's just their annual report, but you know, it has agriculture, construction, it has all the sectors in it.

CHAIRMAN WILLIAMSON: But you said due to market decline?

MR. NOLAN: Due to market -- well, due to just decline in sales.

CHAIRMAN WILLIAMSON: Right, yeah.

MR. NOLAN: The total increase in imports value during that period, $38 million. 768 million down, 38 million up.

CHAIRMAN WILLIAMSON: Okay.

MR. NOLAN: How is it possible that the imports were the driver in this equation when so much of this is attributable to, by their own admissions in their annual reports, softness in the markets, declines in the market, rapid declines in demand from OE sector. You look at time and time again, in every report that they issue, they're attributing this to the market going south on them.

So if you accept the fact that they had just a tremendous -- this is just Titan. I'm not talking about the other U.S. producers, because I haven't looked at their reports. I just have the Titan annual report in front of me while you were talking this morning. But that's just one, and we're talking over $700 million in decline, and they're
attributing this to softness in their markets.

CHAIRMAN WILLIAMSON: Okay.

MR. NOLAN: And I'm just saying imports, which is less than five percent of that decline, is a material factor.

CHAIRMAN WILLIAMSON: Okay. I get your point, although the numbers of ^^^^ at least the volume numbers would suggest that, you know, the imports.

MR. EMERSON: But Commissioner Williamson, if I could then trouble you after the hearing to take a closer look at our brief, the Alliance brief at page 34, this is, you know, really our getting down to the, I think the core issue of causation here. On page 34, one of the things that we do is tally the total volume of sales lost due to foreign -- that was shifted from domestic producers to foreign producers on the basis of price. So this really is the specific question, I think, that in particular Commissioner Schmidtlein that you were asking about as well.

You see subject imports going up; you see the domestic shipments going down, you know. Is there a causal link here between those two? I think here on page 34, we've looked at the purchaser data. There's one anomalous purchaser that we think maybe didn't quite understand the question correctly, setting them aside for a moment.

The balance of purchasers who said I shifted
from U.S. to an import source because of price is an absolutely trivial amount. Now you would expect that if you saw these large shifts in market share from domestic to foreign because of this massive underselling, this question 228 out of the purchaser's questionnaire should have been loaded with examples from --

You had 50 purchaser responses. Loaded with examples where a purchaser said yeah, I switched a lot because of this lower price. You don't see that. Again, the figures are confidential, so I'm characterizing. But I would point you to that place.

CHAIRMAN WILLIAMSON: Good, good, and I invite Petitioners to respond to those points post-hearing.

MR. EMERSON: Sure.

CHAIRMAN WILLIAMSON: My time has expired. Vice Chairman Johanson.

VICE CHAIRMAN JOHANSON: Thank you Chairman Williamson, and I guess I'm the last Commissioner up today. I know it's been a long hearing, but I have to say it's a very interesting subject, so you all work in a very interesting field. I've been looking all day at these six people and that one tire right there. It's very impressive, and then I look at the little tire. So I do realize that you all make all sorts of interesting products.

Could you all please comment on the Petitioners'
assertion at page four of their brief that the export
orientation of foreign producers is primarily targeted at
the United States, their largest and most valuable export
market, even in a period of weak demand. What makes the
United States such an attractive market?

MR. NOLAN: I'll start out for BKT. It is a
market for BKT and for India at large, but it is certainly
not their largest market by a fairly-well. I think Mr.
Bansal already testified this morning that over 88 percent
of Indian exports go to markets other than the United
States. So the U.S. is not their predominant market. In
fact, Europe is the predominant market, correct?

And that they operate a fairly robust market in
India, which is a rapidly growing country and I think BKU
said that the Indian market is expected to go up 15 percent
next year. Those are pretty impressive numbers, and would
support expansion or upgrading of plants over there, because
you're not building the plant to satisfy demand last year.
You're anticipating where it's going to go next year and the
year after.

If you're looking at 15 percent growth rates in
your home country, you're going to want to build a better
plant to make sure you can satisfy that demand when it comes
into effect, or as it comes into effect. I think a couple
of other things. John, you want to chime in?
MR. GURLEY: Yes. I think Matt said it correctly. I think the staff report does say the U.S. is the largest market when you compare it to a specific country, and so I think what Mr. Bansal was saying is that we consider the EU to be a much larger market for us. I know it's represented over 55 percent of our exports.

MR. EMERSON: And this is Eric Emerson on behalf of Alliance. I think I'd like to answer this in the post-hearing brief because of the confidentiality. But I think our figures should bear out very similar trends.

VICE CHAIRMAN JOHANSON: All right. Thank you, Mr. Emerson. I look forward to reading that, and that brings me to my next question, and that is are the off the road products produced in India and Sri Lanka, which are exported to the U.S. market, are those capable of being used in the Indian and Sri Lankan home markets, or are they different products, because I understand that farm sizes in India and Sri Lanka are probably different than those in the United States.

MR. BANSAL: Not entirely. But as I said or somebody said, that almost 1,000 SKU we export into U.S. market. But in there out of it, only maybe 100 or 200 can be used. So we know it is altogether different market.

VICE CHAIRMAN JOHANSON: Okay. That's what I would assume.
MR. BULGER: Just Bob Bulger for Camso. With regards to Sri Lanka, we only produce the construction tires, and those are used, you know, around the world in the same, you know, the same sizes for the range that we manufacture.

VICE CHAIRMAN JOHANSON: Okay, thanks. I would assume that. I was getting more at the farm market, the agricultural market.

MR. MAZZOLA: This is Domenic Mazzola for Alliance Tire. I want to also state that the tires that we manufacture in India that we ship to the United States, we ship the same type of tire. The sizes may be different, but the same type of tire made with the same type of materials anywhere in the world and they will work, and that includes India. India may have some unique sizes specific to their market that might not be used in other markets, but they are the same materials, the same type of construction, the same types of treads. So the tires, the same types of tires, made for the U.S. market we sell and can be used anywhere in the world.

VICE CHAIRMAN JOHANSON: Alright, thank you, Mr. Mazzola.

Petitioners noted in their prehearing brief that Indian, Sri Lankan, and domestic producers have all received quality and performance awards from original export
manufacturers. This can be found at page 28 of the
Petitioners brief.

I know that at least one witness today spoke on
awards received by, I believe it was, Sri Lankan producers.
But it does appear to me that if producers in all three
countries receive any similar types of awards, if that is
indeed the case, that it would show that there are quality
issues that all producers apparently are producing tires of
comparable quality? And so the issue of price would be
important?

Can you all address this issue?

MR. O'BRIEN: Commissioner Johanson, this is Kevin
O'Brien for Camso. The main point we were making is the
award that was referred to by Toyota to Camso is for a solid
tire. It's not a pneumatic tire. And you can extrapolate,
but it's simply an incorrect statement to say that we got
the award for a tire that's relevant to this case.

I mean we would consider that we make a high
quality product, but the evidence we would put forward would
not be that award from Toyota.

VICE CHAIRMAN JOHANSON: How about some of the
other awards?

MR. NOLAN: I think BKT has gotten a few over the
years, but frankly everybody in the industry gets awards.
So I guess I'm not so sure, just as Commissioner
Williamson's not so set on the idea of quality and branding being such a big deal, I'm not sure that gets you that far, either, in a way. And I shouldn't be saying that because brand I think does matter here. But personally I think it's more of an advertising thing, as much as anything else. Because really it's the perception that you're creating the market. I have to have that Goodyear tire because, well, it's a Goodyear tire. And I'll pay more for it. And there are a lot of people who think that way. That's not abnormal.

You've done a great job of building your brand name. I think BKT would like to say it's striving very hard to close the gap with people like Titan. They are pushing hard on quality. They're pushing hard on marketing. They're trying to develop presence.

I would expect them to try to be closing the gap over the next 5 to 10 years and becoming more and more accepted in the market, and probably reducing any price difference that exists as a result of that process. But they're not there yet.

BKT still isn't necessarily a household name, not the way all these other producers are.

VICE CHAIRMAN JOHANSON: But I assume that it would make the products relatively easier to sell, right, if you are recognizing the quality of the product.
MR. NOLAN: And over time they will be more and more accepted. And as they're more accepted, sales will increase. And if your competitor isn't producing as good a product, then they'll lose volume and sales.

And is that because of unfair pricing? Or is that because you're making a better mousetrap and doing a better job selling it in the marketplace?

VICE CHAIRMAN JOHANSON: Alright. Well that concludes my questions. I'd like to again thank all of you for appearing here today.

CHAIRMAN WILLIAMSON: Commissioner Schmidtlein?

COMMISSIONER SCHMIDTLEIN: Okay, I do have a couple more. These pictures of all this farm equipment makes me sort of homesick. I grew up in a farm town in Missouri, and I spent many summers in my youth hoeing soybeans with a hatchet, which was good money for a teenager, until Monsanto created Round-Up Ready, and then put all those teenagers out of business. So no one does that anymore, but I did.

So I wanted to actually go through--well, we can't go through the chart because it's confidential, but to sort of lay it out and then maybe you can follow up in the post-hearing brief.

In particular I'm looking at page D-29, which is a chart that shows all sources of product sold in the United
States, and has a breakdown of the unit values of those products. And it breaks it down by market segment.

And so in particular what I'd like—and both sides can address this in the post-hearing—when you look at the agricultural OEM unit values, right? So this is for the entire U.S. market. And you see a decline. And I understand that the Respondents' argument is that the decline in prices and unit values is due to the decline in raw material cost, right?

So when you look at the ag OEM segment, you see a decline in unit values. When you look at ag aftermarket, you see a much bigger decline in the unit value, almost triple, not quite but almost. And so one question is:

Why is the decline in the Ag aftermarket so much bigger than the Ag OEM market? And does that suggest that subject imports are having an impact on pricing there since, as you all have testified, that's where subject imports are focused? So you see a bigger decline in unit values in that segment, according to this chart.

My other question is: When you look at the construction industrial aftermarket unit values, again aftermarket, you see an increase in unit value. So if raw material costs are being passed through, it's transparent what the price of rubber is and so forth, why are we seeing prices increase, or unit values increase in the aftermarket
for construction industrial? Which again this chart is, you know, total consumption. It's all sources of product.

And the point of that question is, so really how are raw material costs affecting price? Right? So if you see this, like you've got one segment really dropping, or subject imports play a larger role, you could argue that's because of subject imports, right? But then you've got another segment aftermarket that actually isn't going down at all. Why isn't that going down? Aren't those tires made of rubber?

You know, so I invite both sides to try to answer that.

MR. NOLAN: We will certainly address it in the post-hearing brief on our side. There are a couple of comments that just come to mind as you're sort of speaking to us.

One is, during the presentations this morning the folks at Titan alluded to the contracts, their long-term contracts with the OE suppliers and how those have indices, raw material indices, that are factored into the pricing, and you'll have some grace period, but then it has to reflect the changes in raw material prices. So it's built into the contracts there to some extent, right?

But it's not built into the aftermarket. The aftermarket, there is no--you know, the farmers--the
wholesalers aren't requiring that degree of certainty in the
market. They're not reacting in the same way. A Deere or a
Caterpillar is building it into their contract. And so
you're going to see some decline as a result of that, but
what happens in the aftermarket functions differently.
And I guess we need to address that for you in
the post-hearing, because I'm definitely not satisfying you
with the answer.

COMMISSIONER SCHMIDTLEIN: Well, like you said,
we've looked at consumption overall, and those other
segments besides Ag OEM you see consumption is strong.
Right? So wouldn't that be a bit of a balance, a
counterbalance to the decline in raw material costs?

MR. NOLAN: It would, but there's also the other--
there are so many other factors. I mean, this gets so
difficult. Brian has just been whispering, what about
product mix? How does the product mix change and affect the
pricing patterns?

COMMISSIONER SCHMIDTLEIN: But aren't they all
made of rubber?

MR. NOLAN: But they weigh different amounts.

Different amounts of rubber in a different tire.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. ARNOLD: This is Bob Arnold, Alliance Tire.

Generally when you see swings like that in unit prices,
you're either seeing a decline in larger sizes, or a big increase in smaller sizes. And that's kind of the fallacy of looking at units. That's why we break it down into smaller segments where we can really analyze comparable sizes.

So that's generally what happens when you're seeing that kind of swing.

COMMISSIONER SCHMIDTLEIN: Okay.

MR. MAZZOLA: This is Domenic Mazzola with Alliance Tire. I think another factor to consider is that the decline in the production of all the producers for the Ag OE segment is so big that everyone's looking for somewhere to sell those tires. And that in itself, the slowdown in OE, there's so much extra capacity it puts pressure on the aftermarket. There are more players trying hard to sell tires in the aftermarket.

COMMISSIONER SCHMIDTLEIN: Okay. Alright, I don't have any further questions. Thank you all very much.

CHAIRMAN WILLIAMSON: If there are no further questions from Commissioners, are there any questions from staff?

MR. PETRONZIO: This is Ed Petronzio, Office of Investigations. Staff has no questions.

CHAIRMAN WILLIAMSON: Okay, there are no questions from Staff.
Petitioners, do you have any questions for this panel? I see a 'no' there?

MR. STEWART: No questions.

CHAIRMAN WILLIAMSON: Then I want to thank this panel for their testimony. We appreciate very much you all coming, especially those who traveled, as I noted before. And I will dismiss you, and we will come to time for closing statements.

I note that Petitioners have five minutes from direct, and five minutes for closing, for a total of 10 minutes. And Respondents have no time from direct, and they have five minutes for closing, for a total of five minutes. So we will have to have concise statements. We will begin closing statements as soon as the room has settled.

(Pause.)

If you'll sit down, we'll have the closing statements. Ms. Drake, you may begin when you're ready.

CLOSING REMARKS OF ELIZABETH DRAKE

MS. DRAKE: Thank you very much. Elizabeth Drake for the Petitioners.

First I'd like to thank the Commissioners for their attention throughout today's hearing, especially the strong survivors still with us at this late hour. And I would really also like to thank the Commission staff for all
of their hard work compiling the record in these investigations.

We believe the record strongly supports an affirmative determination on both India and Sri Lanka.

Turning first to the issue of cumulation, the Commission should cumulate subject imports from both countries. The imports are highly fungible and they meet all other factors for cumulation.

Contrary to Camso's claims, there is more than a reasonable overlap of competition among OTR tires from all sources. They claim to be focused in the construction industrial market. In particular, they said this afternoon that aftermarket for compact construction bias ply tires under 25 inches in diameter. This is not a small niche market. More than 40 percent of Indian imports are shipped to construction industrial, as well as a substantial portion of domestic OTR tires.

As Mr. Bulger admitted, he competes with Titan in this segment of the market. And there is no support for the idea that Titan or any other domestic producers have abandoned this market or been unable to serve this market for, for example, an unwillingness to provide private labels.

Mr. Van Ormer testified that Denwen used to produce private label for him but went out of business. One
question is, maybe those prices for those private label
tires weren't quite sustainable and that may be one reason
that Denwen went out of business, and the reason that Titan
has not provided those tires is because of price not because
of an unwillingness or inability to produce those tires.

And beyond those accounts, as Mr. Hawkins
tested and in his declaration they've identified dozens
of accounts where they compete directly with Camso's tires. We included in our prehearing brief a copy of price
comparisons that one particular account between Camso's
tires and Titan Goodyear tires. There are many models
represented. And in all instances, Camso's tires are the
lowest priced and that competition is based on price.

Your prehearing staff report shows there's not
only overlap in the segment but there's overlap in specific
sizes and specific weights. There's no inability to produce
bias tires. Mr. Brewer testified this morning that the
majority of what they produce in Des Moines is bias.

Camso also appeared to focus solely on the
aftermarket in terms of claiming a lack of overlap, but of
course Camso is also in the OEM market, as your staff report
shows. And there's also substantial overlap among the tiers
for Sri Lankan product and Indian and domestic product.

Camso also raises the issue of volume trends as
being something that should be considered in cumulation.
The Commission's practice is not to consider differences in volume trends in cumulation for present injury. Potentially for threat it may be relevant, but we would ask the Commission to not just look at absolute volume trends but also volume relative to domestic production and to domestic consumption, and also to look at pricing trends and future projections of volume, all of which support cumulating Sri Lanka and India.

Moving on to volume, the volume of imports is significant both absolutely and relative to domestic consumption and production. And that's clear whether you look at the market overall or whether you look at particular market segments. These increases came at the direct expense of domestic producers.

The number of purchasers who decided to report that they actually did this is less probative than the actual data that the Commission has collected regarding the extent of the loss of market share to subject imports.

Moving on to price, we do think this is a price sensitive market. And while the Respondents this afternoon said well there are other factors that are also important, of course that is true. But domestic and subject tires are rated as comparable, and most of those factors again reaffirming that price is the one where they're not rated comparable because subject imports are priced lower.
Obviously we have pervasive, near universal underselling at significant margins, and so the Respondents ask the Commission to ignore its own underselling data, or to discount that data. We don't think that there's any reason to do so here.

First of all, claims that Titan may have failed to include discounts in its reported data are just not true. They worked very hard to make sure that all of their discounts were included to comply with the Commission's instructions, and that is just pure speculation on behalf of Respondents.

Yes, there is small product coverage, but that is just the nature of the market, and it was the nature in the first China OTR case and the Commission still looked at underselling data there.

We also looked at categories where there was more import competition and compared those to those without import competition, and showed that the price declines that occurred were more steep where import competition was prevalent.

We believe this record supports a finding of price depression, and particularly given the fact that the industry's cost price squeeze increased. There were several comments about the products that were chosen were not representative. There was an opportunity to comment on
draft questionnaires. Staff took those comments into account.

We think these are representative enough. And it's true that, yes, Titan for a product order or two might have had to report a slightly different product, but that's what the Commission's instructions are, to try to get as comprehensive pricing data as possible. When they don't produce a particular product, they report for the closest product that they do produce and identify what that is.

And the subject imports that have risen in volume in a declining market and broadly undersold, and depressed prices have caused material injury. Nearly every domestic indicator has declined over the period. And while declining demand has also harmed the domestic industry, rising subject imports have only exacerbated these challenges by seizing domestic market share and driving down prices.

The fact that demand declined does not prevent an affirmative determination. The fact that a CEO or a chairman would mention an investor conference call that demand is declining obviously does not prevent an affirmative determination.

I also don't believe that injury can be blamed on nonsubject imports. In order to make an affirmative determination, subject imports must be more than a minimal or tangential cause of injury, a threshold that is easily
met here.

    The Commission need not isolate the injury caused by other factors. It need not find that subject imports are the principal cause of the injury, and need not weigh the injury caused by subject imports against the injury caused by other factors.

    As our witnesses testified and the Commission record shows, highly interchangeable subject imports took domestic market share through pervasive price undercutting, forcing domestic producers to lower prices, lose sales, reduce production, lay off workers, and suffer declining profitability.

    I would like to briefly address some of Respondents' arguments that maybe this injury was self-inflicted by various mistakes that the domestic industry particularly Titan has made.

    First there's the argument that Titan is not a good aftermarket supplier, that they prefer the OE market where the loss of--decline in demand was concentrated.

    First, this idea that Titan is a bad aftermarket supplier is simply completely unsupported, or the domestic industry as a whole is completely unsupported by the record. Table 2-14 in the Commission's staff report shows that domestic suppliers are rated as superior to subject suppliers and aftermarket services and distribution.
Seventy-nine percent of purchasers report that they are superior or comparable to Indian suppliers. Eighty percent report they are superior or comparable to Sri Lankan suppliers.

Second, this idea that somehow domestic suppliers can't supply directly to dealers but can only do so through wholesalers is simply untrue. Respondents cited Les Schwab as a dealer that wants to source directly. That's a major customer of Titan's. There's simply no barrier to serving those types of customers.

Titan has been serving the aftermarket ever since Titan was created for 20 years. They have not gone in and out of the market. They have never abandoned the market. They have been a major, one of the biggest players in that market for decades. There is simply no support for this contention that they have abandoned the market.

They have one of the largest sales forces. They have people in every state to service their aftermarket customers. There simply is no basis to claim that they have abandoned the market.

And I would just like to note, even in the OE market that's not a place where subject imports are absent. The idea that you'll never find a Deere Tractor with an imported tire on it is simply false. After that, the Alliance witness said, oh, yeah, we serve Deere. We serve
CNH. We serve Case. We"ve served Bobcat. So, yes, you will find them on OEMs as well as in the aftermarket. The same with domestic producers.

Second, moving on to this idea that the injury is self-inflicted because of low quality of domestic tires, or low availability of domestic tires? Again, simply not supported by the facts. The Commission staff report shows that domestic producers are rated as superior or comparable to Indian and Sri Lankan suppliers on availability. Ninety percent to ninety-three percent of purchasers reporting that U.S. suppliers are superior or comparable to Indian and Sri Lankan suppliers on reliability, 87 percent to 93 percent of purchasers. Superior on quality meeting minimum specifications, 100 percent.

Superior or comparable on quality exceeding expectations, 90 percent to 93 percent. Superior or comparable on technical support and customer service, 80 to 90 percent. And 100 percent of purchasers report that domestic producers usually or always meet minimum quality specifications.

This is clear in the responses you have gotten, and it is clear in the testimony of Mr. Carpenter this morning, and it was clear in the testimony of Mr. Van Ormer this afternoon where he said that Titan is a great supplier and meets quality and service.
So the material injury that the domestic industry has suffered is not due to any of these other red herring factors, but due to subject imports, and that's why we respectfully ask for an affirmative determination.

Thank you.

CHAIRMAN WILLIAMSON: Thank you.

Mr. Nolan or Mr. O'Brien, you may begin when you're ready.

MR. NOLAN: Do you want to go first?

CLOSING REMARKS OF KEVIN O'BRIEN

MR. O'BRIEN: Yes, I'll go first.

Thank you, Chairman Williamson and Commissioners, just a few quick points. I did want to at least read into the record, we did get the Commerce final determinations this afternoon, and Camso's subsidy margin is 2.18 percent. The Commerce Department found zero dumping margins for Alliance or BKT. And subsidy margins of 4.9 percent for Alliance, and 5.36 percent for BKT. So that record is complete.

Just very quickly, there are so many broad-brush statements made by Titan today and in its brief that we just urge the Commission to drill down into the facts. Ideas as if Camso has an exclusive national contract with FedEx, can't really stay on the record when that tire is not part of this case. It's a complete misstatement.
As I say, I would go on and on, but the reference to Rigid building a plant in Sri Lanka, those are for passenger tires. And that's a plant that won't be up for another two years at best. So overstatements, while they might be appropriate in some cases, in this case are particularly inappropriate.

You have to drill down. When you do that, you see that many—that Camso occupies one subniche of the market, and a very large proportion of its sales are private label; that Titan admittedly has no interest in. It speculates it's because of price, but that's pure speculation, absolute speculation. The hard fact is they have no interest to even respond to inquiries.

There are additional facts that are in our brief, and we've mentioned before on cumulation, and we just urge the Commission to give it careful consideration. Thank you.

CLOSING REMARKS OF MATTHEW NOLAN

MR. NOLAN: Alright, so this is Matt Nolan. I will keep it short and sweet, hopefully. Thank you for listening to us today. This has probably been more exhausting than usual in a lot of respects because there's a lot of moving parts to this, and that always makes the analysis more difficult.

So let's try to put this back into context where we started. It is clear that this market exhibits a high
degree of segmentation. There is no such thing as a single OTR market. There's an ag market, a construction market, a mining market, an original equipment market, an aftermarket, et cetera, et cetera, et cetera.

It seems clear that there are also brands and tiers. Whether you believe that the brand should exist, or whether it really is worth what you put into it, the fact of the matter is there is such a thing as brand, and brand does matter. And it does affect price. And most purchasers would submit that that is a true statement. And the market at large indicates that that's a true statement. Because if you look at a tire that's a Titan and a Goodyear and they look like the same tire, one will cost more than the other. It's a truism.

So it is hard to escape that fact. Titan seeks to maximize the fact that imports are the problem. And they like to not tell you about the other side of this equation, which is the 25 percent decline in OEM demand during one year; the 30 percent decline in Titan's OEM dedicated production in 2015. Their declines in OTR OEM production by their own reports, the declines in construction tires for the OE market by their own annual reports. All significant double-digit losses in production in the OE market where they specialize.

We have never said that they are not present in
the aftermarket. But if you just look at the numbers, the
relative percentage of production that goes into the OE
market versus the aftermarket, at the beginning of this POI,
or go back to the Prelim and look at 2012, you will see a
very distinct pattern over where the focus of the energy is,
where the focus of the production is, and clearly where the
focus of the marketing is.

So if you're focusing your energy in the original
equipment market, and in that market the bottom falls out of
that market, then you don't have a market. You have lost
market share because of something that happened other than
subject imports. Subject imports did not cause the decline
in farm incomes. Subject imports did not cause the pause in
construction activity. Subject imports did not cause the
decline in commodity prices leading to the collapse or
reduction in demand for original equipment in the mining
sector.

What those things did do was cause farmers and
equipment buyers to hang onto their equipment longer and
replace old tires with other tires. In other words, they're
going into the aftermarket. And the aftermarket is more
well represented by imports. Quite simple.

The U.S. likes you to think that underpricing is
an issue here. However, the Commission has already found as
a preliminary matter that underselling did not cause price
depression or suppression, and we think that that should continue in the final.

There simply is not volume effect associated with the underselling that went on, and we believe that that finding should be affirmed in the final.

Thank you very much. We look forward to providing post-hearing briefs.

CHAIRMAN WILLIAMSON: Thank you. I again want to thank everyone for participating in today's hearing and closing statement. Post-hearing briefs, statements responsive to questions, and requests of the Commission, and corrections to the transcript must be filed by January 11, 2017.

Closing of the record and final release of data to parties is January 27, 2017. Final comments are due January 31st, 2017. And with that, this hearing is adjourned.

(Whereupon, at 4:29 p.m., Wednesday, January 4, 2017, the hearing was adjourned.)
CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Certain New Pneumatic Off-the Road-Tires from India and Sri Lanka

INVESTIGATION NOS.: 701-TA-552-553 and 731-TA-1308

HEARING DATE: 1-4-17

LOCATION: Washington, D.C.

NATURE OF HEARING: Final

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

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