

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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In the Matter of:  
STEEL WHEELS FROM CHINA

) Investigation Nos.:  
) 701-TA-602 AND 731-TA-1412 (PRELIMINARY)

Pages: 1 - 193  
Place: Washington, D.C.  
Date: Tuesday, April 17, 2018



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UNITED STATES OF AMERICA  
BEFORE THE  
INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF: ) Investigation Nos.:  
STEEL WHEELS FROM CHINA ) 701-TA-602 AND 731-TA-1412  
) (PRELIMINARY)

Main Hearing Room (Room 101)  
U.S. International Trade  
Commission  
500 E Street, SW  
Washington, DC  
Tuesday, April 17, 2018

The meeting commenced pursuant to notice at 9:30  
a.m., before the Investigative Staff of the International  
Trade Commission, the Douglas Corkran, Acting Director,  
Office of Investigations, presiding.

1 APPEARANCES:

2 Staff:

3 William R. Bishop, Supervisory Hearings and  
4 Information Officer

5 Sharon Bellamy, Records Management Specialist

6 Tyrell Burch, Program Support Specialist

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8 Douglas Corkran, Acting Director, Office of  
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10 Craig Thomsen, Supervisory Investigator

11 Jordan Harriman, Investigator

12 Dennis Fravel, International Trade Analyst

13 John VerWey, International Trade Analyst

14 Amelia Preece, Economist

15 Charles Yost, Accountant/Auditor

16 Michael Haldenstein, Attorney/Advisor

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1 APPEARANCES:

2 Opening Remarks:

3 In Support of Imposition (Terence P. Stewart, Stewart and  
4 Stewart)

5 In Opposition to Imposition (Jay Campbell, White & Case LLP)

6

7 In Support of the Imposition of Antidumping and

8 Countervailing Duty Orders:

9 Stewart and Stewart

10 Washington, DC

11 on behalf of

12 Accuride Corporation

13 Maxion Wheels Akron LLC

14 Gregory A. Risch, President, Accuride Wheels North  
15 America

16 Chad Monroe, Senior Vice President Sales & Marketing  
17 and Business Development, Accuride Corporation

18 Craig Kessler, Vice President of Engineering, Accuride  
19 Corporation

20 Cemal Aydogan, North America Operations Director,  
21 Maxion Wheels

22 Matthew Kominars, Sales Director - North America,  
23 Maxion Wheels

24 Terence P. Stewart, Nicholas J. Birch, Mark D. Beatty  
25 and Stephanie T. Rosenberg - Of Counsel

1 APPEARANCES (Continued):

2 In Opposition to the Imposition of Antidumping and

3 Countervailing Duty Orders:

4 Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP

5 Washington, DC

6 on behalf of

7 Trans Texas Tire

8 Amanda Walker, Executive Vice President, Trans Texas

9 Tire

10 Max F. Schutzman, Jordan C. Kahn and Neil S. Helfand -

11 Of Counsel

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13 White & Case LLP

14 Washington, DC

15 on behalf of

16 Zhejiang Jingu, Co. Ltd.

17 Zhejiang, China

18 Jiayan Jin, Chief Executive Officer, Steel Wheel,

19 Zhejiang Jingu Co., Ltd.

20 David Saylor, Technical Director, Zhejiang Jingu Co.,

21 Ltd.

22 Tom Cunningham, President, The Cunningham Company

23 Jay Campbell, Keir Whitson and Allison Kepkay - Of

24 Counsel

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1 APPEARANCES (Continued):

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3 Washington, DC

4 on behalf of

5 Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise")

6 Thomas J. Trendl, Eric C. Emerson and Claire M. Blakey

7 - Of Counsel

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9 Rebuttal/Closing Remarks:

10 In Support of Imposition (Terence P. Stewart, Stewart and  
11 Stewart)

12 In Opposition to Imposition (Thomas J. Trendl and Eric C.  
13 Emerson, Steptoe & Johnson LLP)

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1 P R O C E E D I N G S 9:31 a.m.

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

3 MR. CORKRAN: Good morning and welcome to the  
4 United States International Trade Commission's conference in  
5 connection with the Preliminary Phase of Antidumping and  
6 Countervailing Duty Investigations Nos. 701-TA-602 and  
7 731-TA-1412 concerning steel wheels from China.

8 My name is Douglas Corkran and I'm the Acting  
9 Director of the office of investigations and I will preside  
10 at this Conference. Among those present with the Commission  
11 Staff are from my far right Craig Thomsen the Supervisory  
12 Investigator, Jordan Herriman the Investigator and to my  
13 left Michael Haldenstein the Attorney, Amelia Preece the  
14 Economist, Charles Yost will be here presently -- he is the  
15 Accountant, Dennis Fravel the Industry Analyst and John  
16 Veteran Wey the Industry Analyst.

17 I understand that the parties are aware of the  
18 time allocations. Any questions regarding time allocations  
19 should be directed to the Secretary. I would remind  
20 speakers not to refer in their remarks to business  
21 proprietary information and to speak directly into the  
22 microphones. We also ask that you state your name and  
23 affiliation for the record before beginning your  
24 presentation or before answering questions for the benefit  
25 of the court reporter.

1 All witnesses must be sworn in before presenting  
2 testimony. Are there any questions?

3 Mr. Secretary, are there any preliminary matters?

4 MR. BISHOP: Mr. Chairman, I would note that all  
5 witnesses for today's conference have been sworn in. There  
6 are no other preliminary matters.

7 MR. CORKRAN: Very good. Let us begin with  
8 opening remarks.

9 MR. BISHOP: Opening remarks on behalf of those  
10 in support of Imposition will be given by Terence P. Stewart  
11 of Stewart and Stewart. Mr. Stewart, you have five minutes.

12 STATEMENT OF TERENCE P. STEWART

13 MR. STEWART: Good morning. I'm Terrence Stewart  
14 of Stewart and Stewart representing the Petitioners Accuride  
15 Corporation and Maxion Wheels Akron, LLC the U.S. Producers  
16 of 22.5-inch and 24.5-inch steel wheels for use with  
17 tubeless tires.

18 As the Petition reviewed and as our witnesses  
19 will testify this morning the Domestic Industry has  
20 experienced during the 2014 and 2017 time period declines in  
21 a wide variety of factors that the Commission looks at in  
22 examining material injury and have large amounts of unused  
23 capacity.

24 While demand overall is believed to have declined  
25 from 2015 to 2016 and recovered somewhat in 2017 Domestic

1 Producer declines have occurred at a time of increasing  
2 imports from China. The significant volume of imports from  
3 China are believed to be dumped and subsidized at  
4 significant margins similar to those found in the 2011-2012  
5 investigations on a larger grouping of imports.

6 Petitioners know that imports from China have  
7 significantly undersold Domestic Product and are confident  
8 that the record being compiled by the Commission will  
9 confirm the extent of underselling and also confirm that the  
10 Chinese Imports have captured increased market share in  
11 parts of the market that account for over 80 percent of  
12 total U.S. demand and have caused lost revenue for Domestic  
13 Producers in all sectors of the market.

14 Since the final ITC determination in 2012 when  
15 imports of a broader group of Chinese wheels, Petitioners  
16 have seen a significant increase in imports from China, a  
17 matter noted in Accuride's last 10K report covering 2015 and  
18 its last 10Q reports for the third quarter of 2016. U.S.  
19 Import statistics while covering more than the subject  
20 merchandise support that conclusion and we are confident  
21 that a full response by Chinese producers and U.S. Importers  
22 will similarly confirm that fact.

23 While the scope of these Petitions is different  
24 than the 2011 Petitions we believe the Commission should  
25 find the domestic like product that is coextensive with the

1 scope of these investigations. While there may be arguments  
2 that the domestic like product should include other wheels  
3 the six factors the Commission considers will, in our view,  
4 once again support a finding that the domestic like product  
5 should be limited to the domestic production that is the  
6 same as the scope.

7 The domestic like product should not include  
8 aluminum wheels, steel wheels for tubes, tires or steel  
9 wheels for class 1-5 commercial vehicles. Since the  
10 2011/2012 case many Chinese steel wheel producers have  
11 produced high strength or alloy steel wheels as well as more  
12 standard carbon steel wheels. Petitioners compete against  
13 these lighter Chinese wheels in the marketplace every day  
14 thus the claim that China does not produce lighter weight  
15 steel wheels is not factually accurate during the current  
16 time period.

17 Moreover, as our witnesses will testify at many  
18 accounts, both OEM trailer OEM bus and aftermarket weight of  
19 the wheel is not an important issue and heavier steel wheels  
20 often are selected because of the low price despite  
21 availability of a lighter domestic or imported wheel.  
22 Chinese wheels were found to be moderately to highly  
23 substitutable in 2012 and are even more substitutable today  
24 as a result of these product developments in China.

25 While purchasers in 2012 identified quality as a

1 top consideration and price is the second most important  
2 consideration in purchasing decisions the reality is that in  
3 2015 to 2017 most major Chinese exporters have quality that  
4 is viewed as acceptable to the vast majority of customers,  
5 meaning competition at many accounts is simply on price  
6 amongst available product.

7 Chinese Producers have continued to increase  
8 their dominance in the aftermarket and have made significant  
9 end roads in two of the important parts of the OEM market;  
10 OEM trailer the largest part of the market in 2015 to 2017  
11 and OEM bus. Even in the OEM truck segment Chinese Imports  
12 have improved their position and/or exerted significant  
13 downward pricing pressure on Domestic Producers as is  
14 confirmed in confidential information we submitted in the  
15 Petition.

16 Petitioners have provided very extensive  
17 information on lost sales and lost revenue across market  
18 segments and are confident that the record compiled in these  
19 cases will confirm that large volumes of sales of it go to  
20 Chinese Producers because of lower prices. While the  
21 Commission shouldn't need to reach the issue of threat as  
22 laid out in the Petition there is strong information  
23 supporting the finding that the Domestic Industry is facing  
24 the threat of additional material injury from Chinese  
25 Imports absent relief.

1           Many subsidy programs are export subsidies.  
2       There has been significant expansion of capacity in China.  
3       There is some 32 companies producing these exact size wheels  
4       in China. China is the world's largest exporter. Such  
5       wheels, fully 35 percent of their exports come to the U.S.

6           For all these reasons we urge the Commission to  
7       reach an affirmative preliminary determination. Thank you.

8           MR. BISHOP. Thank you, Mr. Stewart. Opening  
9       remarks on behalf of those in opposition to imposition will  
10      be given by Jay Campbell of White and Case. Mr. Campbell,  
11      you have five minutes.

12                               STATEMENT OF JAY CAMPBELL

13           MR. CAMPBELL: Good morning. I'm Jay Campbell  
14      with White and Case counsel to Zhejiang Jingu a respondent  
15      in this investigation.

16           Six years ago the Commission determined in a  
17      unanimous vote that imports of steel wheel from China  
18      neither injured nor threatened to injure the Domestic  
19      Industry. The key facts supporting the prior negative  
20      determination continue to apply today.

21           In particular, competition between Subject  
22      Imports and the domestic like product is attenuated. As in  
23      the previous investigation, U.S. shipments of the Domestic  
24      Product are concentrated in the OEM segments of the market  
25      while U.S. Shipments of Subject Imports are concentrated in

1 the aftermarket; and too, the record lax evidence of a  
2 causal link between the Subject Imports and the Domestic  
3 Industry's performance.

4 Rather the U.S. Industry's performance follows  
5 the trends in U.S. demand for steel wheels as it did in the  
6 last investigation. A review of the volume, price and  
7 impact factors also supports a negative determination in this  
8 preliminary phase. Initially it is important to note that  
9 the HTS categories petitioners use to measure import volume  
10 are as they concede overbroad and should not be relied upon.

11 Rather, the Commission should use the import data  
12 reported in the importer questionnaire responses as it did  
13 in the previous investigation. In terms of absolute volume,  
14 Subject Imports increased modestly over the POI but the  
15 trend followed U.S. consumption.

16 In terms of market share, Subject Imports did not  
17 show any increase in the principle segments: truck OEMs,  
18 trailer OEMs and the aftermarket. With respect to price  
19 Subject Imports generally undersold the Domestic Product but  
20 this result is mitigated by the attenuated competition.

21 The data reported for the four pricing products  
22 shows that U.S. Producers' shipments encountered very little  
23 competition for sales of the product accounting for a large  
24 majority of their sales, 60-75 pound wheels for OEMs or  
25 product one. Also, despite underselling, the reported data

1 indicate that there were not any adverse price effects. The  
2 prices of all four products follow the trends in U.S.  
3 consumption, not the Subject Imports and there is no  
4 evidence of price suppression.

5 Just as in the previous investigation evidence of  
6 underselling should not preclude a negative determination  
7 under the facts of this case. Regarding impact it is  
8 difficult to see how the Domestic Industry is injured given  
9 that it had solid financial results throughout the POI.

10 In any event, the Domestic Industry's key  
11 performance indicators tracked the trends in U.S. demand,  
12 not Subject Imports volumes or prices. In the absence of  
13 any significant adverse effects from the volumes and prices  
14 of Subject Imports there is no basis to find a causal link  
15 between Subject Imports and the Domestic Industry's  
16 performance.

17 Because competition is attenuated, the Subject  
18 Imports also do not pose a threat to the Domestic Industry.  
19 This is particularly true given that the Chinese industry's  
20 shipments in China and to third country markets are growing  
21 preventing substantially increased imports to the United  
22 States.

23 Although much has stayed the same since the last  
24 investigation there have been some changes. Most notably,  
25 aluminum wheels continue to replace steel wheels for use on

1 commercial vehicles. Alcoa, one of the largest producers  
2 forecasted aluminum wheels with what would account for 50  
3 percent of the commercial wheel market during this year.

4 Accuride and Maxion have both invested in  
5 aluminum wheels showing that they expect the commercial  
6 vehicle market will continue to shift from steel wheels to  
7 aluminum. All in all, based on the substantial record  
8 compiled in this case the Commission has more than enough  
9 information to conclude that there is not a reasonable  
10 indication of injury or threat of injury by reason of  
11 Subject Imports from China. Thank you.

12 MR. BISHOP: Thank you, Mr. Campbell. Would the  
13 Panel in Support of the Imposition of Antidumping and  
14 Countervailing Duty Orders please come forward and be  
15 seated? Mr. Chairman, this Panel has sixty minutes for  
16 their direct presentation.

17 MR. CORKRAN: Mr. Stewart you may begin when you  
18 are ready.

19 MR. STEWART: Thank you, Mr. Chairman. We will  
20 start right away. I'm going to turn it over to our first  
21 witness. Greg?

22 STATEMENT OF GREGORY A. RISCH

23 MR. RISCH: Good morning. My name is Greg Risch  
24 and I am the President of the North American Wheels Business  
25 Unit for Accuride Corporation. My responsibilities include

1 overall responsibility for the wheel business of the company  
2 in the North American area. I've been with Accuride for  
3 more than 23 years and in my current position since October  
4 2017.

5 In the United States we have one manufacturing  
6 facility that produces steel wheels. That facility is in  
7 Henderson, Kentucky. Nearly all of its production is of  
8 steel wheels that are 22.5-inch or 24.5-inch in diameter  
9 used on Class XI, XII or XIII; commercial trucks, buses and  
10 trailers. Those two wheel sizes are the same as the scope  
11 of the Petitions we and Maxion have filed against imports  
12 of certain steel wheels from China.

13 For shorthand I will simply refer to these  
14 products as "certain steel wheels". The certain steel wheel  
15 business is a derived demand business and follows the  
16 cyclical demand trends of the Class XI through XIII trucks,  
17 buses and trailers. For the 2015-2017 period that is  
18 covered by the Commission's preliminary injury investigation  
19 the OEM portion or the original equipment manufacturing  
20 portion of the business has declined in 2015 and 2016,  
21 rebounded some in 2017 and the aftermarket portion is  
22 believed to have been steady to increasing.

23 While there are no published statistics on  
24 apparent consumption of the certain steel wheels it is our  
25 company's estimate that during the 2015-2017 period sales to

1 OEM trailer producers accounted for 40 percent of demand.  
2 Aftermarket sales accounted for 35 percent and OEM truck and  
3 bus accounted for 25 percent of demand.

4           Within OEM truck and bus, bus is believed to be  
5 1/3 of the total demand. Throughout the period covered by  
6 this preliminary investigation Accuride has faced intense  
7 price competition from what we believe is unfairly traded  
8 imports from China in virtually all areas of the market.

9           While market penetration is highest in the  
10 aftermarket where imports are believed to control a majority  
11 of the sales, Chinese Imports have also captured a sizeable  
12 share of the business with OEM trailer manufacturers with  
13 OEM bus manufacturers and are increasingly causing lost  
14 revenue at OEM truck customers.

15           A great deal of confidential information has been  
16 provided by Accuride in the contest of the Petitions as well  
17 as in the lost sales/lost revenue submission made at the  
18 time of the Petition filing and additional information was  
19 being provided in our questionnaire response.

20           Our Henderson facility is operating way below its  
21 capacity and we have reduced our work force during the  
22 Period of Investigation. We consider the Henderson Facility  
23 to be state-of-the-art and internationally competitive. We  
24 have done everything we can do within our four walls to make  
25 our operations as efficient as possible but the drag on

1 capacity utilization and the serious pricing pressures we  
2 experience in the market are making capital expenditures  
3 increasingly difficult to justify.

4 Our shipments and revenues are down and Chinese  
5 Imports significantly undersell us on many accounts across  
6 the country. In short, our company and we believe our  
7 industry is being materially injured by Chinese Imports that  
8 our analysis indicates are at dumped or heavily subsidized  
9 prices.

10 The current petitions are not the first ones  
11 filed on steel wheels. There was an earlier case on a  
12 broader category of steel wheels from China in 2011 and 2012  
13 and there were cases back in the 1980's on different groups  
14 of steel wheels. One case in Brazil in 1986/1987 tubeless  
15 steel disc wheels from Brazil had a scope that was  
16 essentially identical to that in this case.

17 Let me review a few of the known differences  
18 between the 2011/2012 case and the present one. No. 1, high  
19 strength low-alloy steel wheels. At the time of the earlier  
20 case Chinese Producers claimed that they didn't produce high  
21 strength low-alloy steel wheels and that their wheels were  
22 accordingly heavier than domestic wheels. Today, a number  
23 of the Chinese steel wheel producers provide high strength,  
24 low-alloy wheels as well as wheels from high carbon steel.

25 Thus, the reality today is that Chinese Producers

1 both produce and offer U.S. customer the lighter weight  
2 steel wheels. While it is true that there are customers  
3 where wheel weight is a purchasing consideration, there are  
4 many market segments where that is not true today and was  
5 not back in 2011/2012.

6 Thus there are various trailer manufacturers who  
7 show their standard wheel to be a heavier-weight wheel. For  
8 example, 80 pounds for a 22.5 x 8.25-inch wheel. Chinese  
9 Producers have also taken other steps to improve their  
10 quality and close the gap with the U.S. Product.

11 For example, Chinese Producer Jingu purchased the  
12 assets and IP of Hess Industries, a company that makes the  
13 rim production equipment that we all use. That allowed  
14 Jingu to access Hess' production knowledge and capabilities  
15 to improve its own wheel production.

16 Number two, presence of Chinese product in  
17 different channels of distribution. In the 2011/2012 case  
18 the U.S. ITC had a poor response rate from Chinese Producers  
19 and from importers and purchasers. It was true back then  
20 that Chinese Product was not present in OEM truck segment  
21 but the record did not fully reflect the size of the  
22 aftermarket or the size of the OEM trailer or OEM bus  
23 segments of the market or the Chinese penetration in those  
24 segments.

25 In the Petition and in Accuride's lost sales/lost

1 revenue data we have reviewed the large number of accounts  
2 where Accuride's business has declined and where there is  
3 active Chinese presence during the current Period of  
4 Investigation. This is true in the largest segment of the  
5 market, OEM trailer. Pervasive in the second largest market  
6 -- the aftermarket -- including the OES business which is  
7 the OEM service arm and is also true in OEM bus. Moreover  
8 we have provided information in the Petition on the price  
9 effects at various of the OEM truck customers we have  
10 suffered because of imports from China.

11 No. three, different scope. In the 2011/2012  
12 case the Commission identified as many as five Domestic  
13 Producers not all of whom provided questionnaire data for a  
14 scope that was broader in size range, included off the road  
15 and light truck wheels and included wheels for tubed as well  
16 as tubeless tires.

17 The present Petitions, similar to the petition in  
18 the 1980's on certain steel wheels from Brazil, is limited  
19 to steel wheels that are 22.5-inch or 24.5-inch for tubeless  
20 tires. This is the heavy duty commercial truck, trailer and  
21 bus segment of the market.

22 The Chinese Product has improved in its quality  
23 over the last six years, it remains highly competitive with  
24 the U.S. Produced steel wheels, is sold at prices that are  
25 far below Accuride's and is causing material injury to the

1 Domestic Industry producing the like product.

2           Moreover as the Petition makes clear, the  
3 Industry is threatened with further material injury if  
4 relief is not granted. One of the indicators of injury the  
5 Commission looks at is when the Domestic Industry is in a  
6 cost/price squeeze. We have already seen the raw material  
7 cost for our wheels significantly increase in 2018 with  
8 hot-rolled steel prices up approximately 40 percent in the  
9 second quarter of 2018 over pricing in the 4th quarter of  
10 2017.

11           If we are unable to increase our prices due to  
12 competition from unfairly traded Chinese Imports which we  
13 are and will be absent relief, we will be under a cost/price  
14 squeeze in the coming year, specifically this year. On  
15 behalf of our workforce in Henderson, Kentucky and the sales  
16 force and management of Accuride we ask the Commission to  
17 make an affirmation determination in these cases.

18           STATEMENT OF CEMAL AYDOGAN

19           MR. AYDOGAN: Good morning. Good  
20 morning, Commission staff. My name is Cemal Aydogan. I  
21 have been with Maxion and/or Hayes Lemmierz since 2007,  
22 starting in the Hayes Lemmierz Turkish operation before  
23 their acquisition by Iochpe Maxion. I have been in the  
24 United States since 2014 as North America Operations  
25 Director.

1                   In the United States, Maxion Wheels has two  
2 plants, one of which is relevant to the current  
3 investigation--our facility in Akron, Ohio, which produces  
4 22.5 and 24.5 inch steel wheels for the large commercial  
5 truck, bus, and trailer markets.

6                   Our other U.S. facility in Sedalia, Missouri,  
7 produces steel wheels for passenger cars and light trucks  
8 from 14 to 18 inches, products which are not the subject of  
9 these investigations.

10                  To highlight the differences, the type of wheel  
11 we produce in our Akron plant will weigh around four times  
12 more and cost up to three times more than the passenger  
13 vehicle and light truck wheels like we produce in our  
14 Sedalia facility.

15                  No one looking to buy a wheel for a passenger car  
16 or light truck would consider a wheel for a commercial  
17 truck. These are separate markets, and our Sedalia facility  
18 cannot produce the larger wheels for the commercial truck,  
19 bus, and trailer market, nor is our Akron facility  
20 structured to produce products from the passenger car or  
21 light truck markets. So my comments this morning are  
22 limited to our Akron facility.

23                  Maxion is a co-petitioner in these cases because  
24 of the adverse effects Maxion has experienced from the very  
25 low-priced imports from China of these 22.5 and 24.5 steel

1 wheels which we believe are both dumped into the U.S. market  
2 and heavily subsidized. Over the years, Maxion has seen  
3 continued erosion of its market position in the United  
4 States and the continued growth of imports from China.

5 As you will see from our questionnaire response,  
6 the statutory criteria that the Commission is required to  
7 examine in evaluating whether a domestic industry is  
8 materially injured or threatened with material injury by  
9 reason of dumped and/or subsidized imports are met at least  
10 as far as Maxion is concerned.

11 Maxion is operating its Akron facility far below  
12 its capacity and has seen nearly all of the statutory  
13 criteria decline for it during the 2015-2017 period,  
14 including production, shipments, employment factors, and  
15 profitability while inventories have increased.

16 The poor performance for our U.S. facility over  
17 the Period of Investigation has meant that we have not been  
18 able to justify capital expenditures at the level we should  
19 be making to keep the Akron facility highly competitive.

20 For example, because of poor profitability we  
21 have been unable to replace internally the paint line  
22 which was not replaced a number of years ago because of lack  
23 of resources. Instead, Maxion has been having the painting  
24 of its steel wheels done by an outside contractor in recent  
25 years.

1           We also have been unable to invest in the tooling  
2           for some additional product permutations because the sales  
3           volume is too low to justify the tooling expenditures to  
4           permit the production of additional products in the Akron  
5           facility.

6           Let me expand for a moment on the paint line. We  
7           shut down the paint line in our Akron plant in 2009,  
8           outsourcing the work rather than investing the \$5 million  
9           that would have been needed to replace pain equipment.

10           Maxion very clearly has wanted to bring the  
11           operations back into the Akron plant since that time. This  
12           is a critical operation for the commercial truck, bus, and  
13           trailer steel wheel product line. Because of the continued  
14           depressed pricing situation and loss of market share, Maxion  
15           has not been able to justify the needed expenditures despite  
16           the obvious desire and need to reincorporate the paint line  
17           into the Akron facility for longer term efficiency.

18           The problems faced by Maxion and the challenges  
19           to our investment strategy for our U.S. operations are  
20           caused in significant part by low-priced imports from China.

21           It is our understanding that there are a huge  
22           number of steel wheel producers in China. The Petition  
23           identifies 32 Chinese companies that identify themselves as  
24           producing 22.5 and 24.5 steel wheels in China.

25           That compares to just two plants, one for Maxion

1 and one for Accuride, in the United States. A large and  
2 increasing volume and value of Chinese production of steel  
3 wheels are exported to the U.S. and other countries as can  
4 be seen in the Chinese Government export statistics included  
5 in the Petition at Exhibit I-20.

6 For the various categories reviewed, exports to  
7 the U.S. were roughly 35 percent of the total, with  
8 increases of over 10 percent by value and over 17 percent by  
9 quantity/weight between 2015 and 2017.

10 While I understand that the Chinese Government  
11 data are likely broader than the product under  
12 investigation, the trend lines are likely reflective of what  
13 is being shipped to the U.S. that are subject to these  
14 investigations.

15 And while some companies in China still make  
16 heavier wheels like the Commission looked at in the  
17 2011-2012 case, now there are companies that make the  
18 lighter steel wheels using high-strength, low-alloy steels.  
19 For example, Jingu, who is a major Chinese producer of steel  
20 wheels, offers wheels produced with these steels.

21 Indeed, our experience has been that the Chinese  
22 product has been systematically eroding the market share for  
23 domestic product during the Period of Investigation,  
24 2015-2017, just as they had been for the last decade or  
25 more.

1           For example, large parts of the aftermarket have  
2           been captured by Chinese imports, regardless of any weight  
3           differences between Chinese and domestic product.  
4           Similarly, Maxion's experiences has been a significant  
5           deterioration in its market position in the OEM trailer  
6           segment of the market during the last three years. That  
7           deterioration is due in large part to increased imports from  
8           China.

9           In my view, relief from the dumped and subsidized  
10          imports from China would provide Maxion and the rest of the  
11          domestic industry the opportunity to improve existing  
12          capacity utilization, to improve bottom-line performance,  
13          and to justify the capital expenditures that have been being  
14          put off in recent years. Increased sales would similarly  
15          improve employment and the various other performance  
16          criteria that the Commission collects and examines in trade  
17          remedy cases.

18          On behalf of the many Maxion employees in the  
19          United States working our Akron facility and involved in  
20          sales or management of our U.S. business, I ask the  
21          Commission to render an affirmative preliminary injury  
22          determination in these cases.

23                 Thank you.

24                         STATEMENT OF CHAD MONROE

25                         MR. MONROE: Mr. Corkran and members of the

1 Commission staff, good morning. My name is Chad Monroe. I  
2 am the Senior Vice President of Sales & Marketing and  
3 Business Development for Accuride Corporation.

4 I have been with the company for 11 years in a  
5 variety of positions. I am currently responsible for all  
6 corporate sales and marketing activities, as well as  
7 business development activities in the global truck, bus,  
8 and trailer OEM and aftermarket segments.

9 Looking at the United States market, Accuride  
10 believes that it is the largest steel wheel producer in the  
11 United States. Many of our customers have operations  
12 throughout North America, and in some cases around the  
13 world.

14 My testimony today will be limited to the adverse  
15 effects our company has felt in the United States from what  
16 we believe are dumped and subsidized imports of steel wheels  
17 from China. But in fact we face extreme pricing pressure  
18 from Chinese producers throughout North America and in other  
19 parts of the world.

20 Many original equipment, OEM, customers who  
21 service the U.S. market do some of their assembly in Mexico  
22 and/or Canada, and then export their products into the U.S.  
23 Accuride, however, has been careful to limit data provided  
24 in the Petition and in its questionnaire response to sales  
25 to U.S. customers.

1           The U.S. marketplace for certain steel wheels is  
2 divided into a number parts and different channels. The OEM  
3 market has at least three segments: heavy truck, bus, and  
4 trailer. The trailer segment of the OEM market is quite  
5 diverse and includes both large trailer producers and many  
6 specialty trailer producers.

7           Some of the smaller trailer OEM customers will  
8 purchase their needs through distributors versus buying from  
9 wheel manufacturers or importers.

10           The aftermarket is split between original  
11 equipment service sales, which can be either through OEM  
12 product distribution centers or sales from producers and  
13 importers directly to OEM dealers--so-called the  
14 dealer-direct shipments--and sales to independent  
15 distributors and dealers, those working through buying  
16 groups and other retail/service entities.

17           While the scope of the 2011-2012 case was broader  
18 than the scope of our Petition filed on March 27th, the  
19 responses received by the Commission in 2011-2012 resulted  
20 in data that in my view did not reflect the actual size or  
21 operation of the marketplace in which we compete here in the  
22 United States.

23           There are four OEM truck customers, a number of  
24 OEM bus customers, several dozen OEM trailer customers, and  
25 literally hundreds of aftermarket customers--although there

1 are some large aftermarket customers among them.

2 When there are only partial questionnaire  
3 responses, the size of the aftermarket and the size of the  
4 OEM trailer market are likely to be understated, potentially  
5 seriously. As Mr. Risch testified, our company's estimate  
6 of the market during the 2015-2017 period, the period being  
7 examined by the Commission in this preliminary injury  
8 investigation, is that the OEM trailer segment of the market  
9 was roughly 40 percent of the total market, the aftermarket  
10 was some 35 percent, and OEM truck and bus was 25 percent.  
11 Our experience is that the bus market can be as much as  
12 half of the volume of OEM truck.

13 We have lost the most volume and found ourselves  
14 undersold the most aggressively and sometimes unable to bid  
15 on business because of the extent of price depression in the  
16 aftermarket

17 We believe that imports from China have the  
18 majority of the aftermarket, including having business at  
19 some of the OES accounts. During the Period of  
20 Investigation, we have lost business at many aftermarket  
21 accounts and reduced prices to some major accounts--  
22 including distributors, buying groups, and large dealers.

23 Accuride has invested in significant resources to  
24 serve the aftermarket segment. We employ a national sales  
25 force in all regions of the country. Accuride sales people

1 regularly call on aftermarket customers.

2 We maintain a distribution center to service the  
3 aftermarket so that we can maintain the inventory to supply  
4 these customers' needs. We also have a number of special  
5 programs aimed at the aftermarket such as quantity discounts  
6 to build relationships with aftermarket customers and  
7 maintain Accuride's business in the aftermarket segment.

8 Competition in the aftermarket is first and  
9 foremost about price at most accounts and for most needs.  
10 Because of the life of steel wheels, replacement sales of  
11 steel wheels often are occurring on vehicles four, five, or  
12 more years after their purchase.

13 Because Chinese and U.S. steel wheels are  
14 generally viewed as highly interchangeable for replacement  
15 purposes, Accuride is often shut out of business or finds  
16 itself being unable to maintain its volumes at acceptable  
17 prices.

18 Indeed, while quantities for many aftermarket  
19 accounts are much smaller than for various types of OEM  
20 accounts, pricing pressure in the aftermarket results in  
21 prices that are very similar to OEM prices--a sharp  
22 departure from the historic pattern and, I would suggest, a  
23 significant deviation from the normal price distribution  
24 found in many automotive and truck parts.

25 In recent years the trailer OEM market has been

1 by far the biggest market for steel wheels. Trailers are  
2 often on the road for longer periods than trucks and serve  
3 many different needs. There is a segment of the trailer  
4 market where weight is a critical issue.

5 Generally those applications will take aluminum  
6 wheels. For a large portion of trailer applications, weight  
7 and/or fuel efficiency are not the drivers of the purchase  
8 decision.

9 Steel wheels are what are typically used in this  
10 segment of the market. For the vast majority of the steel  
11 wheel demand in the trailer segment, price is king, assuming  
12 the steel wheel will meet the quality and weight-carrying  
13 demands of the trailer manufacturer.

14 For some trailer applications, the trailers will  
15 be relatively stationary in their use. For example, a water  
16 tanker that sits at an oil field to provide water. Weight  
17 of the wheel is not critical for many applications.  
18 Moreover, there are now lighter weight steel wheels offered  
19 by some Chinese producers that are closer to the weight of  
20 Accuride product. But even where weight differences are  
21 significant, a number of important trailer manufacturers  
22 maintain as their standard wheel for their trailers a  
23 Chinese wheel significantly heavier than Accuride wheels of  
24 the same size.

25 We have brought today several steel wheels here

1 this morning of the largest volume selling size, 22.5 by  
2 8.25 inches, and pictures are attached to my testimony for  
3 the record. One of these wheels is from Accuride and weighs  
4 64 pounds. Two others are from Chinese producers and each  
5 weigh 67 pounds. A fourth wheel is from a Chinese producer  
6 and weighs 80 pounds. You can see that they look virtually  
7 identical despite the weight differences and, of course, are  
8 interchangeable in use.;

9           There are many accounts--aftermarket, OEM trailer,  
10 OEM bus--where Accuride loses sales or is unable to generate  
11 sales of any of its wheels because of the low prices of the  
12 Chinese wheels, regardless of any weight advantage that  
13 Accuride may have.

14           This low pricing has allowed Chinese wheels to  
15 generate significant market penetration in the OEM trailer  
16 market, and Accuride has lost business and experienced  
17 significant pricing pressure in this very large segment of  
18 the market.

19           A similar story is true for OEM bus customers. A  
20 number of the major producers have increased the share of  
21 their consumption that goes to imports from China at prices  
22 significantly below Accuride's prices.

23           The last tranche of demand is from the OEM truck  
24 producers. There are four major producers in the United  
25 States--Navistar, Daimler, PACCAR, and Volvo. In the

1 2011-2012 investigation, the Commission found that the  
2 Chinese had not yet achieved sales penetration at any of the  
3 OEM truck accounts.

4           Since then, certain Chinese producers seem to  
5 have made significant progress in moving towards obtaining  
6 contracts from the OEMs. In the Petition, we have provided  
7 information showing the price effects Accuride has  
8 experienced in the OEM truck segment and the progress the  
9 Chinese steel wheel producers have made in being qualified  
10 to supply the OEM truck segment in the United States.

11           Thus, during the current Period of Investigation  
12 Accuride has encountered increased competition from Chinese  
13 steel wheels in all segments of the market. We believe that  
14 Chinese steel wheels now have captured more than 20 percent  
15 of the total steel wheel market in the United States for the  
16 heavy truck--heavy steel truck, bus, and trailer market.

17           The loss of market share and pricing pressure are  
18 the result of what we believe are large dumping margins and  
19 large countervailable subsidies on Chinese product imported  
20 into the United States. Both large dumping and actionable  
21 subsidies were found in the 2011-2012 cases. We are  
22 confident they will be found again in these present cases.

23           With conditions of fair trade, Accuride and we  
24 believe the entire domestic industry would be able to better  
25 utilize our existing facilities, continue to innovate in

1 order to improve steel wheel performance and value, maintain  
2 our talented workforce, and generate the returns needed to  
3 remain viable participants in the market.

4 I join my colleagues in asking the Commission to  
5 render an affirmative preliminary injury determination.

6 Thank you.

7 STATEMENT OF MATTHEW KOMINARS

8 MR. KOMINARS: Good morning. My name is Matt  
9 Kominars. I am currently Sales Director-North America for  
10 Maxion Wheels, a position I have held since late 2014.

11 I have been involved in our steel wheels sales  
12 area since 2001, first as part of ArvinMeritor's Fumagalli  
13 Division, which was acquired by Iochpe Maxion in 2009.

14 In my current position, I have sales  
15 responsibility for, among other products, the 22.5 and 24.5  
16 inch steel wheels produced by Maxion's Akron facility, and  
17 for the sale of such wheels in the United States, as well as  
18 in Canada and Mexico regardless of manufacturing facility  
19 from which the goods are shipped.

20 The structure of the market for the 22.5 and 24.5  
21 inch wheels in the United States has already been described  
22 by others, but let me repeat: There is an OEM market that is  
23 divided between truck manufacturers, bus manufacturers, and  
24 trailer manufacturers.

25 The trailer OEM sector is further divided amongst

1       literally dozens of producers, including many specialty  
2       trailer producers, some of whom may do their purchasing  
3       through aftermarket distributors.

4               The aftermarket is characterized by literally  
5       hundreds of purchasers, some large distributors, some  
6       independent operators, some of whom work through buying  
7       groups, and aftermarket business that goes to OEM truck  
8       distributions centers or directly to OEM dealers.

9               That OEM aftermarket is typically referred to as  
10      Original Equipment Service, or OES. During the Period of  
11      Investigation of this preliminary injury investigation--  
12      2015-2017--demand within OEM declined from 2015 to 2016 in  
13      general, and rebounded in 2017, though likely somewhat lower  
14      than in 2015.

15              OEM business obviously follows the trends for the  
16      OEM manufacturers. Data on OEM production by class of truck  
17      and for trailers are available from various services. Data  
18      for 2015-2017 are shown on page I-25 of the Petition.

19              While there was a large decline in the class 8  
20      truck builds during the period, the effect on steel wheels  
21      is less pronounced because of the large portion of class 8  
22      trucks that are sold with aluminum wheels for fuel  
23      efficiency and load capacity reasons.

24              Other commercial truck builds saw an increase and  
25      a proxy for the aftermarket. Freight movement showed a

1 small increase. Trailer builds were also down. Thus in a  
2 market that could be characterized as flat to declining,  
3 Maxion experienced what it believes were significant losses  
4 in market share. We attribute much of the loss and the  
5 increased pricing pressures and reduced pricing levels to  
6 competition from imports from China.

7 For example when we look at the aftermarket,  
8 that's where I believe you see the largest presence of  
9 imported Chinese products, which has put a severe damper on  
10 volume and price. The Commission in the 2011-2012  
11 investigations understood that there was a significant  
12 volume of Chinese steel wheels in the aftermarket.

13 That penetration has only increased since that  
14 time, and we believe that the Chinese now have a majority of  
15 the aftermarket for 22.5 and 24.5 inch steel wheels.  
16 Because somewhat more than one-third of total demand is  
17 believed to be in the aftermarket, the loss of such a  
18 sizeable portion of the aftermarket to the Chinese product  
19 has been very problematic for Maxion in terms of reduced  
20 sales volume and underutilized manufacturing capacity.

21 Prices in the aftermarket can be so low that we  
22 cannot afford to supply from our U.S. facility despite the  
23 large unutilized capacity. At one time we were bringing  
24 small quantities of steel wheels in from China ourselves,  
25 but the prices kept falling to where it was uneconomical to

1 do so and we discontinued imports of steel wheels from China  
2 in 2015.

3 I should note that what a manufacturer might  
4 consider aftermarket sales can, in some instances, be sales  
5 to distributors who are reselling to smaller OEM trailer  
6 manufacturers where volume requirements are better served by  
7 purchasing from a distributor rather than buying directly  
8 from the manufacturer.

9 At some major trailer accounts, business has been  
10 lost not because our product isn't the recommended or  
11 standard product for the OEM trailer company, but because  
12 their customers--who are fleet operators--may either supply  
13 the OEM producer with the wheels of their choice, which  
14 often will be a lower cost product from China, or because of  
15 logistics reasons have the OEM trailer manufacturer  
16 directly import or purchase the product to ensure smooth  
17 operations at the trailer manufacturing facility.

18 This has been a significant problem in recent  
19 years at various accounts. We believe it is also an issue  
20 for OEM truck producers where major fleet operators dictate  
21 the wheels wanted on their orders. Indeed, such losses  
22 through customer directed buys can be as high as 10 percent  
23 of the OEM truck and trailer demand.

24 We are also seeing significant inroads by the  
25 Chinese in the OEM bus portion of the market. When one

1 looks at the Chinese imports versus Maxion's product, one  
2 sees the number of Chinese producers are producing steel  
3 wheels that are significantly lighter than the standard  
4 wheel they were producing in the 2011-2012 case.

5 While weight is often not a relevant factor in  
6 the aftermarket where ready availability and price tend to  
7 drive considerations to permit vehicles to get back on the  
8 road quickly, it can be a relevant factor in parts of the  
9 OEM market.

10 It is in the trucks' OEM market for sure, but  
11 also part of the trailer market where fuel efficiency or  
12 load-carrying capacity support lighter weight wheels. In  
13 such situations, the lighter weight wheels from China are  
14 competitive with Maxion's wheels which are typically lighter  
15 weight.

16 For trailer and bus applications where weight is  
17 not a driving concern, any Chinese wheel meeting the  
18 diameter and width criteria will compete with products that  
19 our company is selling. Major Chinese wheel producers are  
20 also selling to OEM truck producers for OEM use in China and  
21 for OES use in the U.S. and other markets. Thus, in all  
22 market areas Chinese product and its very low prices puts  
23 enormous pressure on Maxion's ability to obtain a fair price  
24 for its product.

25 So what we are seeing at Maxion in the U.S.

1 market is increased volume of low-priced Chinese product,  
2 much of it lower weight than was true in 2011-2012,  
3 capturing market share from Maxion's U.S. operation and  
4 resulting in declining performance across a wide range of  
5 manufacturing, sales, employment, and profitability  
6 criteria.

7 Our company, and we believe our industry, is  
8 being materially injured by imports from China that we  
9 believe are dumped and subsidized. I join my fellow  
10 panelists in urging the Commission to make an affirmative  
11 preliminary determination.

12 Thank you. I am pleased to respond to any  
13 questions.

14 STATEMENT OF CRAIG KESSLER

15 MR. KESSLER: Good morning everyone. My name  
16 is Craig Kessler. I am the vice president of Engineering in  
17 Accuride Corporation, with responsibility for product  
18 development, process engineering for the company covering  
19 both steel and aluminum wheels. I also periodically test  
20 competitive products to understand performance of competing  
21 products in the market.

22 I've been with the company for nearly 33  
23 years. In the United States, Accuride has one manufacturing  
24 plant producing heavy steel wheels used on the larger  
25 commercial truck and trailers and in many bus fleets. The

1 Henderson, Kentucky plant has undergone many modifications  
2 and improvements during my years at the company, and the  
3 production process at the plant is highly automated with  
4 extensive use of robotics in a continued effort at product  
5 improvement from both the quality and manufacturing  
6 efficiency perspective.

7           In the 2011-2012 investigation, it is my  
8 understanding that the record before the Commission showed  
9 that there was broad interchangeability between domestically  
10 produced and Chinese imported steel wheels. For example, in  
11 looking at various factors of potential relevance to  
12 purchasers, purchasers viewed U.S. and Chinese wheels are  
13 comparable on the vast majority of criteria, availability,  
14 delivery terms, discount offered, extension of credit,  
15 maintenancies, product consistency, quality meets or exceeds  
16 industry standards, product range and reliability of supply.

17           The same would continue to be true today,  
18 certainly for product performance and physical  
19 characteristics. While some Chinese wheels are heavier than  
20 domestic steel wheels, all major brands have seen  
21 improvements in their products over the last six years.

22           Indeed, heavier wheels will permit the wheel  
23 to hold up better, all things being equal, as they are  
24 capable of carrying heavier loads. Stated differently,  
25 heavier wheels are viewed from an engineering perspective as

1 over-engineered for the market needs. But as such products  
2 clearly also meet the performance needs of many customers,  
3 our testing of other wheels, including wheels from Chinese  
4 vendors, generally shows that Chinese product meet minimum  
5 industry standards, that is of course what the Commission  
6 found six years ago from purchaser questionnaire responses.

7 Over the last six years, Accuride has  
8 introduced new coatings and continues to search for improved  
9 performance from its wheels. As Mr. Risch testified,  
10 Chinese producers have made improvements in their products  
11 as well, including some companies such as Jingu, introducing  
12 high strength low alloy steels and improved coatings on  
13 their products.

14 So from an engineering perspective, imports  
15 and domestic wheels are interchangeable in the marketplace  
16 for the vast majority of end users and in the replacement  
17 market. Accuride does not produce in the United States  
18 wheels for use with two wheels, nor does it produce in the  
19 United States steel wheels for passenger vehicles or light  
20 trucks. While Accuride has a plant in Erie, Pennsylvania  
21 that produces aluminum wheels, such wheels are dramatically  
22 different in materials, production process, resulting in  
23 weight and price.

24 Steel wheels cannot be produced in Erie, and  
25 aluminum wheels cannot be manufactured in Henderson. Allow

1 me to explain the two production processes to highlight some  
2 of the differences between steel and aluminum wheels. To  
3 start with, a steel wheel is made from two components, the  
4 disc and the rim. The disc is the center portion of the  
5 wheel that allows you to mount it to the hub and eventually  
6 the axle. The rim is what the tire gets mounted on.

7           For steel wheels, the rim and the disc are  
8 produced separately, then welded together to form the wheel.  
9 The disc starts out as a blank that is cut from a coil of  
10 steel and then spun on a special piece of equipment to spin  
11 it into a bowl. The spun bowl is trimmed and the various  
12 holes, including center hole, bolt holes and various hand  
13 holes are punched into the disc.

14           The rim, we start with a coil of steel cut to  
15 a pre-determined width and then we cut it to length. We  
16 then bend it into a circle where the ends are welded  
17 together. Then the rim goes through a series of five roll  
18 stands to flare the edges, shape the profile and expand the  
19 rim. Then we punch a valve hole into the rim.

20           The disc and the rim are then moved to the  
21 assembly line, where a robot picks them up and puts the  
22 pieces in a press that presses them together. They are then  
23 conveyed to the weld cells, where another robot picks it up  
24 and places it under a fixed torch. The wheel is rotated and  
25 the disc and the rim are welded together.

1                   Excess weld flux is removed by robots on the  
2 assembly line, and the wheels inspected and moved to the  
3 paint. There, it's cleaned and prepped, placed in a  
4 phosphate tank and goes through a cathodic e-coat process.  
5 After the e-coat, we apply a powdered top coating and cure  
6 the top coat in and of and before final inspection.

7                   To produce an aluminum wheel, we start with an  
8 aluminum alloy that comes in a 12-inch diameter log  
9 approximately 240 inches in length. We cut that -- cut the  
10 log into billets of various lengths, depending on the size  
11 of the wheel to be produced. The billets are picked up by a  
12 robot and placed in an induction heater to be heated up to  
13 850 degrees Fahrenheit.

14                  Another robot pulls the billet out of the oven  
15 and puts it into a 7,000 ton hydraulic forging press. One  
16 stroke of that press will create a forging that basically  
17 looks like a large cup. Another press punches up the center  
18 hole, then the forging goes into a quench tank. It then  
19 goes into the spinning department, where an aluminum  
20 spinning machine cold-spins the rim profile into the forging  
21 and trims it.

22                  The disc and the rim portions of the wheels  
23 are all shaped into that one piece of aluminum. The wheel  
24 is then heat-treated in solution for two to three hours,  
25 water quenched and put in the age furnace for six to eight

1 hours. After air cooling for 24 hours, it is sent through a  
2 robotic machining line to finish the surfaces. In  
3 addition, various holes are milled into the wheel and some  
4 aluminum wheels are polished.

5 My understanding is that certain applications  
6 require the lowest possible weight to permit the haulage or  
7 maximum volume for product while staying within regulation  
8 on total gross vehicle weight. For those types of  
9 applications, the OEM customers will want aluminum wheels.  
10 As such wheels can be as low as 40 pounds per wheel for the  
11 largest demand item, 22-1/2 by 8 and 1/4 wheel.

12 Bruce is the 64 to 80 pounds per wheel typical  
13 for steel wheels. Because the costs of aluminum are so much  
14 more than steel, the price of aluminum wheels is generally  
15 around three times the price of steel wheels. Some aluminum  
16 wheels are also purchased for show or appearances versus  
17 performance, and aluminum wheels are subject for less  
18 maintenance than is true for steel wheels.

19 In the 2011-2012 investigation, the questions  
20 of whether steel and aluminum wheels should be part of the  
21 domestic like product was decided in the negative by the  
22 Commission in the preliminary investigation, and not pursued  
23 in the final investigation. The Commission's analysis in  
24 2011 accurately captures the situation in 2018, as I  
25 understand it, and as my colleagues have testified to this

1 morning.

2 Accordingly, we believe the Commission should  
3 similarly find that aluminum wheels are not part of the  
4 domestic like product in this investigation. Thank you for  
5 the opportunity to appear today and testify.

6 MR. STEWART: Mr. Chairman, we're now going to  
7 turn to a PowerPoint presentation. This is Terence Stewart.  
8 I will be going through the PowerPoint. Our comments will  
9 address eight topics, helping to put our witnesses'  
10 testimony into the statutory framework that the Commission  
11 considers. We'll start with the scope of these  
12 investigations, explore the question of domestic like  
13 product, review conditions of competition, examine whether  
14 the volume of subject imports is significant, review the  
15 adverse price effects domestic producers are suffering and  
16 then explore the adverse effects the imports from China are  
17 having on the domestic industry, all of which supports the  
18 conclusion that the domestic industry is materially injured  
19 by reason of the imports from China. We end with a brief  
20 review of some of the threat elements should the Commission  
21 need to reach the issue.

22 On scope, this petition contains a scope for  
23 subject imports that's limited to steel wheels of 22-1/2 and  
24 24-1/2 inches for use with tubeless tires. These wheels are  
25 typically used on Class 6, 7 and 8 commercial vehicles,

1 trailers and buses, either as original equipment or in the  
2 aftermarket as a replacement part.

3                   These wheels are intended for on road use, are  
4 subject to National Highway Transportation and Safety  
5 Administration requirements, and bearing markings on the  
6 wheel which indicate compliance with applicable motor  
7 vehicle standards. The scope covers all such wheels  
8 regardless of how the wheel is finished and includes the  
9 wheel portion of any tire wheel assembly that enters the  
10 country, and would include components that have entered that  
11 way.

12                   Both the physical samples before you and this  
13 slide give you some pictures of some typical steel wheels.  
14 While most steel wheels are painted white, other colors are  
15 also available, and at least some wheels imported from China  
16 are now finished with a galvanized coating. For those who  
17 like pictures of how the product's actually used, you'll see  
18 here both the tractors for trucks, as well as the -- as well  
19 as the trailers and bus, as well as dump truck kind of uses.

20                   From the scope of these investigations are  
21 wheels for use with two tires, aluminum wheels and smaller  
22 wheels for Class 1 to 5 commercial vehicles, as well as off  
23 the road wheels.

24                   Turning to domestic like product, for the  
25 Commission the starting point is always what the domestic

1 like product should be. As our witnesses have testified,  
2 the domestic like product should be certain steel wheels  
3 co-extensive with the scope. In this, in the following  
4 several slides, we examine the six factors the Commission  
5 looks at in deciding domestic like product, and compare  
6 product that is identical to in scope to other steel wheels  
7 and to aluminum wheels.

8 Starting with physical characteristics and end  
9 uses, there are differences between the 22-1/2 and 24-1/2  
10 steel wheels and other steel wheels and with aluminum  
11 wheels. While the end use of aluminum and steel wheels of  
12 the same size will be similar, aluminum is a more expensive,  
13 lighter material that results in a wheel as well as one-half  
14 the weight of steel.

15 Aluminum wheels are also made with thicker  
16 discs, and they have different corrosion resistance. Other  
17 steel wheels for Class 1 to 5 commercial vehicles are  
18 smaller, with lower load-carrying capacity, while off the  
19 road wheels come in many different size configurations  
20 larger or smaller, depending on the application. Tube-type  
21 wheels require a separate removable ring as part of the rim.

22 Similarly on interchangeability, wheels of  
23 different sizes cannot be used on vehicles designed for  
24 22-1/2 or 24-1/2 inch wheels. With aluminum wheels, while  
25 they may be used on the same vehicles, customers will select

1 steel or aluminum based on whether weight is a critical need  
2 or appearance is views as important for their particular  
3 use. In any event, different mounting hardware may also be  
4 required for aluminum versus steel wheels.

5 Domestic like product looking at manufacturing  
6 facilities, processes, employees, here the differences are  
7 obviously stark. On steel and aluminum, wheels are  
8 undertaken in the U.S. and different facilities using  
9 entirely different production processes and equipment, and  
10 obviously different production workers. For other steel  
11 wheels, production facilities and workers will be different,  
12 as will production processes and the equipment used is not  
13 interchangeable even if similar with the equipment used to  
14 make 22-1/2 or 24-1/2 inch steel wheels.

15 On channels of distribution, while all wheels  
16 are sold to OEM and aftermarket customers, other steel  
17 wheels will not be sold to customers seeking a wheel for a  
18 Class 6 to 8 commercial vehicle OEM or replacement.  
19 Aluminum wheels of the same size will have similar channels.

20 On customer and producer perceptions, it will  
21 differ. For example, customers who need a steel wheel for a  
22 vehicle that is not a Class 6 to 8 commercial vehicle will  
23 not consider a 22-1/2 and 24-1/2 inch steel wheel, while  
24 those customers with a need for a Class 6 to 8 commercial  
25 vehicle will not be considering other steels as a relevant

1 product.

2 For aluminum wheels, they will be perceived as  
3 a different product, with aluminum wheels used only where  
4 the weight or appearances is a critical factor.

5 Finally on price, aluminum wheels are much as  
6 three times as expensive as the same-size steel wheel.  
7 Smaller steel wheels for Class 1 to 5 vehicles will be  
8 around one-third the price of a 22-1/2 or 24-1/2 inch steel  
9 wheel. The price of OTR wheels will vary greatly based on  
10 the difference in sizes, but will likely be higher than a  
11 similar-sized steel wheel, and tube-type wheels are also  
12 higher priced than wheels for tubeless tires.

13 For all these reasons, we believe the domestic  
14 like product should be defined as being co-extensive with  
15 the scope of these cases.

16 Turning next to the domestic industry, the  
17 Petitioners are the two producers of 22-1/2 and 24-1/2 inch  
18 steel wheels for use with tubeless tires. There are two  
19 facilities that produce these wheels in the United States,  
20 one in Henderson, Kentucky and one in Akron, Ohio. While  
21 the Commission will look at the issue of related parties and  
22 whether any domestic producers should be excluded,  
23 Petitioners do not believe that appropriate circumstances  
24 exist under Commission practice and precedent to exclude  
25 either U.S. producer in these cases.

1                   Conditions of competition. In looking at the  
2 conditions of competition that characterize this market,  
3 we've identified three that were also examined in the  
4 2011-2012 case, demand, supply and substitutability. As  
5 testified to by our witness, demand is derived from a  
6 combination of OEM builds and the aftermarket needs.

7                   As explained in the petition, OEM truck, bus  
8 and trailer builds declined between 2015 and 2016, but  
9 rebounded somewhat in 2017. The aftermarket during that  
10 time is believed to have been steady to increasing,  
11 influenced by a number of factors including freight volume.  
12 On supply, while the Petitioners are the only domestic  
13 producers, there's significant available supply from the two  
14 domestic producers, and our clients compete in all market  
15 segments.

16                   Finally on the question of substitutability,  
17 the Commission characterized as substitutability as moderate  
18 to high in the 2011-2012 case. We believe it is high during  
19 the current Period of Investigation based on product  
20 developments by the Chinese producers, including increased  
21 use of high strength low alloy steels, and the ongoing  
22 perception of most users that Chinese suppliers have  
23 adequate quality.

24                   On conditions of competition, if you look at  
25 this slide, what you will see that we believe that the

1 Commission should find Chinese wheels are high substitutable  
2 with U.S. wheels during this period. One example is taken  
3 from an importer's web page, in fact someone will be  
4 testifying this afternoon, which shows the Chinese wheel,  
5 the 361-TCC is fully comparable to wheels offered by  
6 Accuride and by Maxion.

7           There's a one pound difference in weight  
8 identified but identical load rating, corrosion protection,  
9 warranty and SAE testing. We believe you would find similar  
10 examples for anybody else who was offering Chinese product  
11 and comparing it to domestic product.

12           On this slide, you will see Petitioners'  
13 estimates of the U.S. market segment during the 2015-2017  
14 period for the domestic product that's 22-1/2 to 24-1/2.  
15 OEM trailer at 40 percent, aftermarket at 35, and the OEM  
16 split between truck and bus at 25. This slide gives you an  
17 idea of where Chinese import penetration is. Based on our  
18 clients' perception of the market, they've captured market  
19 share in the OEM trailer, OEM bus and they dominate in the  
20 aftermarket, and they've put significant downward pricing  
21 pressure at OEM truck accounts.

22           So there's direct competition and lost sales  
23 occurring in 83 percent of the market based on our market  
24 share estimates, and additional pricing pressure occurring  
25 in the remaining 17 percent. On the volume of subject

1 imports, while we will of course in the post-conference  
2 brief refer to the information that's been released to us  
3 under protective order, our comments are limited here to  
4 what's in the public record.

5 We believe that Chinese imports are  
6 significant both absolutely and compared to U.S. production,  
7 and that imports from China have grown significantly during  
8 the period of reduced demand. We've identified 32 Chinese  
9 producers of the subject merchandise. That compares to just  
10 two producers here in the U.S. While the relevant U.S.  
11 tariff categories are broader than the subject merchandise,  
12 one sees large amounts of imports under just the two most  
13 relevant categories, and large increases during the relevant  
14 time period.

15 We believe that the trends that are identified  
16 for those two HTS categories are likely to be similar to the  
17 trends that you will find from the questionnaire data when  
18 you have completed your preliminary examination.

19 Next slide takes a look at the imports under  
20 those two HTS categories going back to 2011-2012 when the  
21 prior case was done, and you will see that immediately after  
22 the conclusion of that case with a negative determination  
23 imports increased by about 170 percent, and that in the last  
24 three years, you have had an increase that looks to be  
25 around 50 percent. If you look at the next slide, we have

1 broken this out.

2 One of the HTS categories shows quantity; the  
3 other shows weight. We have converted the weight into  
4 estimated quantity using the average weight that had been  
5 identified in the 2011-2012 case, which we believe is much  
6 higher because it doesn't reflect the conversion to a lot  
7 more high strength low alloy steel. But even so, you see  
8 that there is a dramatic increase of wheels during that time  
9 period.

10 Turning to adverse price effects, we believe  
11 that the Commission will find widespread and deep price  
12 underselling. In fact, the opening statement of the  
13 opponents basically conceded as much by the Chinese when the  
14 staff report is compiled. Underselling of 19.4 percent on  
15 average was found in 2011-2012.

16 Certainly, our clients have experienced  
17 significant underselling across the Period of Investigation  
18 in various market segments, and have provided information on  
19 lost sales, lost revenue at the time the petitions were  
20 filed, as well as any information in their questionnaire  
21 responses dealing with reduced prices or price increases not  
22 taken as a result of imports from China.

23 Looking just at U.S. import statistics of two  
24 HTS categories, you can see that during this time period  
25 there was a sharp decline of 16.4 percent on the average

1 value of imports from China.

2                   The impact on the affected domestic industry.  
3 In a market that is characterized by declining demand by  
4 growing imports at prices significantly below domestic  
5 prices, where price is a very important purchasing  
6 consideration, and where competing sources of product all  
7 are viewed as adequate quality product, growing imports have  
8 had the anticipated negative effects of the domestic  
9 industry.

10                   Specifically, the domestic industry has  
11 suffered significant declines in a host of factors the  
12 Commission considers, including production, shipments,  
13 market share, employment, wages paid and capacity  
14 utilization. Because of there being only two domestic  
15 producers, the other factors that the Commission usually  
16 looks at you can see from the questionnaire data.

17                   But we believe overall that there is no  
18 question but that imports from China have had a very  
19 negative effect on the domestic industry. So from the above  
20 and based on a completed record in this preliminary  
21 investigation, Petitioners believe the Commission will  
22 conclude that there is a reasonable indication the domestic  
23 industry producing 22-1/2 inch and 24-1/2 inch steel wheels  
24 for use with tubeless tires is materially injured, by reason  
25 of the imports of subject merchandise from China that have

1       been alleged to be both dumped and subsidized. I of course  
2       ask the Commission to so find.

3                       Finally, while the Commission need not  
4       consider threat issues where a reasonable indication of  
5       material injury is found, nonetheless the petition presents  
6       significant information that absent relief the domestic  
7       industry producing the 22-1/2 and 24-1/2 steel wheels will  
8       suffer additional material injury in the imminent future.

9                       While the Commission has a number of factors  
10       that are considered, a few flag the clear threat. First,  
11       there are a large number of subsidies alleged in the  
12       countervailing duty petition which are export subsidies, and  
13       hence make the threat more likely. Petitioners believe that  
14       Chinese steel wheel producers have a strong export  
15       orientation, with some public companies identifying export  
16       ratios of 70 percent or more.

17                      There have been reports of additional capacity  
18       being added in China. The U.S. is the largest single market  
19       for Chinese exports based on Chinese export data, and  
20       Chinese five-year plan show continuing strong emphasis on  
21       expanded growth for the vehicle and parts sector in China.

22                      These plus the growth of the number of Chinese  
23       producers of relevant product and the number of Chinese  
24       producers registered with the U.S. Department of  
25       Transportation all support a separate finding that there's a

1 reasonable indication that the domestic industry is  
2 threatened with material injury by reason of imports of  
3 subject merchandise from China that are alleged to be  
4 dumped and subsidized With that Mr. Chairman, we would stop  
5 our -- we conclude our presentation.

6 MR. CORKRAN: Thank you very much. I'd like to  
7 thank the entire panel today for your presentation. That's  
8 been very helpful. We're going to start questions with Mr.  
9 Harriman, our investigator.

10 MR. HARRIMAN: Good morning to the panel. Thank  
11 you for being here and for your statements. I'm going to  
12 start off with a couple questions about the scope. I  
13 understand that there was some clarifications recently  
14 submitted. My first question will be about an element of it  
15 that I believe has been present in some form or another  
16 throughout its development. So the last sentence of the  
17 first paragraph says while 22.5 inches and 24.5 inches are  
18 standard wheel sizes used by classic 7 and 8 commercial  
19 vehicles, the scope covers sizes that may be adopted in the  
20 future for classic 7 and 8 commercial vehicles. Is there  
21 any indication that other sizes imminently or in the  
22 long-term could be adopted as standard wheel diameter sizes?

23 MR. STEWART: We are not aware of any such  
24 information. If you go back to the 1980s, these were also  
25 the standard sizes for the same vehicles at that time. It

1 was put in as you would expect so that should there be an  
2 effort to modify them to have an evasion of the order that  
3 it could be captured.

4 MR. HARRIMAN: Okay, thank you. And also in  
5 regards to this most recent version of the scope, the  
6 exclusions are broken down by four provisions and it looks  
7 like there are not separate exclusions for aluminum wheels  
8 and also wheels where steel represents less than 50 percent  
9 of the product by weight. I'm just curious, are there other  
10 popular wheels in the commercial sector that are less than  
11 50 percent steely weight, but are not aluminum wheels?

12 MR. STEWART: I believe the answer is no.

13 UNIDENTIFIED SPEAKER: No. No.

14 MR. HARRIMAN: Thank you. Okay, shifting to  
15 usage of our HTS numbers for the investigations, so the two  
16 numbers identified as the primary numbers are the numbers  
17 ending in 4530 and 5045. If you could provide additional  
18 detail as to why those are the two most relevant numbers?  
19 And I'm also curious to know if we have any idea of the  
20 proportion of the products under these two numbers or under  
21 the other four numbers. Do we have any idea of the  
22 proportion that's in scope?

23 MR. STEWART: We will in the post-conference try  
24 to address what we believe the Commission should use for  
25 purposes of the preliminary based on the questionnaire

1 responses that we have seen to date in the HTS categories.

2 Commission practice obviously looks at a number  
3 of considerations, including what the export -- what the  
4 foreign producer data looks like for exports to the United  
5 States, what the importer data looks like, what the HTS  
6 numbers, whether the HTS numbers are acknowledged to be  
7 broader than the subject merchandise. We'll address all of  
8 that in the post-conference. We believe that there is a  
9 reasonable approach despite the fact that there continue to  
10 be some significant holes in the data that you've received  
11 to date.

12 MR. HARRIMAN: Okay. Thank you. Okay, in page  
13 -- looking at page Roman numeral 125 of the petition,  
14 there's a couple of figures here that I'm sort of curious  
15 about. The last -- there's a sentence here, "petitioners  
16 estimate that imports from China are approximately 1.3 units  
17 per year." Is that derived from your research on the HTS  
18 numbers or is there another basis for that estimation?

19 MR. STEWART: It was based upon our consultation  
20 with the companies as to their view of the market and how  
21 much. Again, we will in the post-conference brief address  
22 that number comparing it to what has been received in the  
23 data that you've received to date.

24 MR. HARRIMAN: Okay, thank you. And speaking of  
25 methodology, I have a two-part question related to the

1 breakdown of the market that we've heard about a lot in the  
2 testimony, the 35 percent for the after-market and 40  
3 percent for trailer and 25 percent for truck. I would be  
4 curious to know more about the methodology for that as well,  
5 whether in the conference or in your comments? And I have a  
6 follow-up questions related to that, but I'll let you  
7 address this one first.

8 MR. STEWART: Sure. Why don't I -- why don't we  
9 deal with that in the post-conference, because it deals with  
10 some company-specific information.

11 MR. HARRIMAN: Okay.

12 MR. STEWART: We're happy to lay that out.

13 MR. HARRIMAN: Thank you. And related to that,  
14 I noticed elsewhere in the petition on Roman numeral 135,  
15 there's a sentence, you know, price competition from China  
16 is intense in the after-market segment, which is believed to  
17 be the largest segment of the overall market during 2015,  
18 2017. Does that statement or my understanding of it need to  
19 be clarified? It seems like the market share breakdowns  
20 elsewhere are really consistent with the 403525 figure?

21 MR. STEWART: This is Terence Stewart again, I  
22 think that the issue probably comes down to how much of the  
23 after-market is reported -- we characterize it as OEM  
24 trailer that should also be part of the after-market, since  
25 a lot of it goes through the after-market. So you would

1 look at it different ways I believe is the reason for that  
2 seeming inconsistency.

3 MR. HARRIMAN: Thank you for that clarification.  
4 Well, I think I'll ask one more question before I turn it  
5 over. And this is going back to Roman numeral I-11. The  
6 foot note discussing the difference between using galvanized  
7 steel or address incursion resistance in the wheel  
8 manufacturing stage. I was just sort of curious. Is there  
9 any practical difference between the two approaches, whether  
10 from a business operations stand point or for what customers  
11 and users need from their wheels?

12 MR. STEWART: I mean, the galvanized is used --  
13 is perceived to basically provide a better corrosion  
14 protection, but based on the testing that we have done,  
15 particularly neutral salt spray testing and cyclic corrosion  
16 testing, it does not perform as well. It's inferior to the  
17 product that we obviously offer today from a top loading  
18 perspective.

19 MR. HARRIMAN: Okay.

20 MR. STEWART: I think that our discussions with  
21 the companies over time has indicated that there have been  
22 efforts to see whether or not galvanizing could be used to  
23 improve. My understanding is is that, you don't typically  
24 use it in the production process. You would do it in the  
25 coating process after the wheel is formed because much of

1 the corrosion material that would have been in the steel  
2 before the processing would be destroyed in the shaping  
3 process, et cetera. So it's really just a question of  
4 alternative coatings that you could put on a product at the  
5 end to try to improve corrosion resistance.

6 MR. HARRIMAN: Okay, thank you. Thank you for  
7 your responses. And I believe I'll turn it over to my  
8 colleagues.

9 MR. CORKRAN: Thank you, Mr. Harriman. Next  
10 we'll turn to Mr. Haldenstein.

11 MR. HALDENSTEIN: Thank you, Michael  
12 Haldenstein, Office of the General Counsel. I have a  
13 question about Mr. Kominar's testimony about the reason it  
14 became uneconomical to import from China in 2015. You said  
15 the prices were too low, and I didn't really understand the  
16 logic there?

17 MR. KOMINARS: Thank you for the question.  
18 Something that we'll get into more detail in our  
19 post-conference brief if that's okay.

20 MR. HALDENSTEIN: Okay. Thank you. Also in the  
21 scope, I see a distinction between hub pilot and stud  
22 piloted and mounting. Is that a meaningful distinction that  
23 we need to be concerned with or?

24 MR. STEWART: Well, I would like to -- this is  
25 Terence Stewart. I will let Craig Kessler get to it in a

1 minute, but it was an issue that the Commission took up at  
2 some length in the -- I think in the 1986 case, where the  
3 allegation at that time was that the domestic industry  
4 produced one, but not the other. And the Commission did not  
5 make the distinction of the two. There are differences in  
6 the product, but the company has produced both.

7 MR. KESSLER: Yeah, hub mount and stud mount is  
8 basically -- is manufactured in both the 22 and a half, 8  
9 and a quarter and a 24 and a half, 8 and a quarter. It  
10 strictly is related to the mounting hardware that is used to  
11 put the wheel on to the axle of the wheel. And you  
12 obviously -- in a stud mount, we use a spherical nut that is  
13 basically used for the clamping force versus a flange nut  
14 that's used for a hub mount configuration.

15 MR. HALDENSTEIN: Thank you for that. The scope  
16 also mentions at the rims and disks, I think could be  
17 imported separately or is it -- or are they always welded  
18 together before they enter?

19 MR. STEWART: Well, this is Terence Stewart.  
20 When we have inquired of the companies, they don't believe  
21 that anyone would rationally do that. Obviously, there are  
22 two pieces, but it would require significant investment in  
23 the United States to bring them in that way. And further  
24 process them. And it's not believed that that would be  
25 economical to do, but it is possible to do. And hence, they

1 are included even though it is not believed that any are  
2 coming in that way at the present time.

3 MR. HALDENSTEIN: Thank you. And with respect  
4 to tube type steel wheels, are those not made in the United  
5 States? Is that correct?

6 MR. STEWART: For commercial trucks, clearly,  
7 they are not made by their -- either of the two companies  
8 because these gentlemen don't make off the road tires.  
9 We're not sure whether or not there may be tube type wheels  
10 made for -- by one of the off-the-road tire or off the road  
11 wheel producers, but we don't believe that there's any --  
12 there's certainly no -- none made that are for commercial  
13 vehicles today. here in the United States. They can be  
14 imported, but they're not made here.

15 MR. HALDENSTEIN: Thank you. With respect to  
16 steel wheels for passenger cars and light trucks, are -- I  
17 understand that neither producer here today is producing  
18 those. Is that correct?

19 MR. STEWART: No, I believe that Maxion's  
20 testimony was that they have a separate facility.

21 MR. HALDENSTEIN: Oh, sorry.

22 MR. STEWART: In Selenium, Missouri that  
23 produces that size. That was also in existence back in the  
24 2011, 2012 case. Accuride does not produce them in the  
25 United States, but Maxion does.

1                   MR. HALDENSTEIN: Okay, thank you. Are those  
2 steel wheels produced from the same types of steel or are  
3 they generally different alloys?

4                   MR. AYDOGAN: They can produced from the same  
5 kind of steel, but the weight is totally different between  
6 these two products.

7                   MR. HALDENSTEIN: The weight is different, but  
8 is that just because they're smaller or is there more?

9                   MR. AYDOGAN: No, the thickness of the metal is  
10 different. I mean, far different. I mean, if you compare  
11 the weight, it is three times to four times different  
12 because of the thickness of the metal.

13                  MR. STEWART: Perhaps Mr. Kessler could add.

14                  MR. KESSLER: Also say that below carrying  
15 capabilities. So you're looking at a 22 and a half inch  
16 quarters replica in 7300, 7400 pounds of weight, you know,  
17 in a passenger car, you're significantly less than that in  
18 the application.

19                  Also in the case of passenger car wheels, to the  
20 point, yes, there could be similar material, but I will say  
21 that your gauge material is much thinner and the grade of  
22 material is much higher because of the reduction in material  
23 thickness that you're doing now.

24                  MR. STEWART: It's also my understanding that  
25 they're significant differences in the processes for

1 manufacturing those steel wheels.

2 MR. KESSLER: Correct. Mostly used a stamp disk  
3 versus as I've described a spun bowl before you're basically  
4 just -- the disk is made through a stamping process. So it  
5 does have a different shape and it's much more stylized for  
6 the application.

7 MR. HALDENSTEIN: Thank you. And are those  
8 wheels covered by different regulations under the Department  
9 of Transportation or is it -- are they regulated differently  
10 or how does that work?

11 MR. STEWART: I haven't looked at that question  
12 myself.

13 MR. HALDENSTEIN: Yeah.

14 MR. STEWART: Let me see if the people in back,  
15 see how they can answer.

16 MR. KOMINARS: I would have to defer to our  
17 engineering colleagues who are not with us today, but we'll  
18 get back to you on our post -- in our post-conference brief.  
19 But they are covered under the requirements of the National  
20 Highway NHTSA, but different criteria.

21 MR. HALDENSTEIN: I also heard some discussion  
22 of OES accounts. And I didn't fully understand that. Could  
23 you put that in layman's terms so I can understand what  
24 those -- that is?

25 MR. MONROE: Sure. It's the -- it's essentially

1 the after-market arm of the OEM manufacturers. Most  
2 commonly, the truck manufacturers who have an after-market  
3 service arm. And it's through their dealer networks that  
4 they reach out on the after-market channel.

5 MR. STEWART: A lot of -- Mr. Haldenstein, a lot  
6 of the cases that we've been involved with, if you have  
7 major downstream assemblers or manufacturers, a Ford or a GM  
8 or a Caterpillar as typical examples that we would all be  
9 familiar with, they will have authorized dealers. And they  
10 will offer product through those dealers for the  
11 after-market as opposed to going to an independent auto  
12 repair shop or a truck repair shop in these kinds of cases.

13 And there are two ways that the product gets  
14 sold through that. One is through their distribution  
15 centers and one is they've negotiated a price and the  
16 producers ship directly to the dealer in the system.

17 MR. HALDENSTEIN: Thank you. I was also  
18 wondering about the after-market and how an end user would  
19 -- why an end user would need another wheel. Do they sort  
20 of wear out or how does that work?

21 MR. MONROE: Typically, it's going to be because  
22 they have either been damaged, hitting a curb for example,  
23 or being involved in an accident. In some cases, they have  
24 not maintained the wheel properly. And they've let the  
25 corrosion get to a point where the wheel needs to be

1 replaced.

2 MR. HALDENSTEIN: Okay. Thank you. That's all  
3 the questions I have.

4 MR. CORKRAN: Thank you, Mr. Haldenstein. Now  
5 we'll turn to Ms. Preece.

6 MS. PREECE: We have for the pricing products,  
7 we have a number of products. And product number 1 was  
8 recorded be the most common one. You all said that in your  
9 testimony. So I'm just trying to figure out how much it  
10 ranges from 60 pounds to 75 pounds and it's a steel wheel  
11 sold to OEMs. And how much variation would there be in the  
12 price based on the two types of steel you were talking  
13 about, the heavier weight steel versus the lighter weight  
14 steel?

15 And would that be included in the 60 to 75  
16 pounds? Is that -- would that be why there's a range of  
17 weights in there? So that's the question so far.

18 MR. STEWART: Perhaps -- this Terence Stewart.  
19 Let me just start with that. When the pricing products were  
20 being identified, the largest selling item in the market  
21 place overall is the 22 and a half by 8 and a quarter steel  
22 wheel.

23 Staff because of the 2011, 2012 case did not  
24 want to have all of those products lumped together, but  
25 wanted to see if there was a difference in price based on

1 weight. And so the 60 to 74 was identified as the likely  
2 weights for products that would be the high strength, low  
3 alloy and the 75 plus would be identified as likely products  
4 where you're using the more traditional carbon steel.

5 So my understanding is that that was what the  
6 design was. Whether or not everybody's products fit that  
7 description, of course, would depend on the individual  
8 producers, but that was my understanding as to what the  
9 Commission staff was trying to achieve.

10 And those were the weight breaks that we  
11 discussed with staff and it was felt that if you did 75 and  
12 above, you'd be looking at the heavier -- likely, the  
13 heavier weight wheels and that under 75, you'd be looking at  
14 companies' lighter weight wheels.

15 MS. PREECE: And how would -- how much  
16 variation? I mean, why did -- why is there such a range of  
17 price -- of weight in even the one alloy -- sorry, in the  
18 alloy in this type of product? What variations in the  
19 product lead to this range and weight?

20 MR. KESSLER: One could be the load carrying of  
21 the wheel. And then obviously, you can have a wheel that  
22 for 22 and a half, 8 and a quarter --

23 MR. BISHOP: Pull your mic a little closer,  
24 please.

25 MR. KESSLER: Sorry. Could be 7400 pound load

1 ready. You could also that same 22 and a half, 8 and a  
2 quarter could carry 8,000 pound load ready. So in those  
3 different applications, you would need a little thicker  
4 material for either your disk or rim material to accommodate  
5 the load that it would be used in the application.

6 MS. PREECE: And would that heavier load rating  
7 lead to a higher price?

8 MR. KESSLER: You know, again, I would probably  
9 defer to that information in our post brief as far as what  
10 --

11 MS. PREECE: Okay, because I would like --

12 MR. KESSLER: -- we use as far as steel --

13 MS. PREECE: -- to have -- to the extent you  
14 can, an idea of how much variation there is reasonable to be  
15 within these pricing products. Just to -- because I'm  
16 finding them rather -- a little bit -- I mean, I'm sorry, I  
17 didn't come in at the beginning of this case. So I've sort  
18 of come in second hand. Cindy is going to be the economist  
19 in this case, but she is out of town today.

20 Okay, so product 1 is the normal-ish. Would  
21 there be any other variation in this that would lead to a  
22 variation in the price besides the weight load rating?

23 MR. KESSLER: No, that's going to be the primary  
24 difference is the application and the amount of material  
25 required for that product to meet the load rate and

1 capacity.

2 MS. PREECE: Okay, and there wouldn't be much  
3 difference by galvanized versus painted or anything like  
4 that?

5 MR. KESSLER: No.

6 MS. PREECE: We're going to have you a name? So  
7 the --

8 MR. KESSLER: Craig Kessler.

9 MS. PREECE: Thank you for the reporter. Okay.  
10 Let's see now, so that's good. That's helpful. How much --  
11 if I were to talk about getting a aluminum wheel similar to  
12 product 1, how much would that cost?

13 And one of you produces aluminum wheels, so I  
14 hope you have a reasonably good idea of what that would be.

15 MR. MONROE: Sure, we can discuss specific  
16 prices during the post-conference brief, but typically those  
17 are going to be about three times as expensive as a steel  
18 wheel would be, a similar steel wheel.

19 MS. PREECE: And you were saying that there's  
20 some products where the weight isn't important because  
21 they're used in trailers that are basically used to hold  
22 things rather than moving very much. How much of the market  
23 do you think is that?

24 That does not -- I mean I can understand that  
25 there is something like that, but I would think that that

1 would be 10% or less of the market? It would be not really  
2 interested in efficiency and transportation.

3 MR. MONROE: That is one example. There are  
4 certainly other applications where the end user is not as  
5 concerned about weight. Whenever they are hauling goods  
6 that are lighter weight in their characteristics, they're  
7 not going to be as concerned, as for example, someone  
8 hauling a lightweight product that fills up their trailer,  
9 and there's no more physical room from a volume standpoint  
10 to put anything more on that load, and they have not yet  
11 weighed out, then they're not going to be as concerned about  
12 weight, and are going to be more focused on the price of the  
13 product.

14 Those applications where they are concerned with  
15 weight are typically bulk haulers hauling aggregate  
16 material, liquids and things of that sort. And so we're  
17 happy to get into sort of specific details about how we see  
18 those markets broken out during our post-conference brief as  
19 well.

20 MS. PREECE: That'd be very helpful. Because I  
21 didn't realize it was the overall weight of the truck with  
22 its cargo that was the important thing. And that is what's  
23 important. Is it because they want to go through these  
24 stands that weigh them or -- I mean, you know, let's say I'm  
25 carrying feathers. It's still gonna weigh more to have that

1 wheel that's heavier on my truck, so it's gonna cost me more  
2 to take those feathers across the country.

3 MR. MONROE: Mr. Monroe again. Yes, the way  
4 that the wheels or the weight is determined is over the  
5 overall vehicle fully loaded with its cargo.

6 MR. STEWART: Ms. Preece, I believe that the  
7 testimony of our witnesses today is that there's large  
8 portions of the aftermarket and large portions of the  
9 trailer market and portions of the bus market where in fact  
10 heavier steel wheels can be used, and are used, in lieu of  
11 lighter-weight steel wheels, simply because of price. And  
12 so they would cover a range of issues.

13 If you think about the weight of a truck,  
14 whether it's an 18-wheeler or 12-wheeler, whatever, the  
15 difference in these weights is relatively minor in the big  
16 picture. It can matter if they're gonna be on the road all  
17 the time and you're carrying heavy weight materials, but in  
18 the aftermarket, customers are usually looking for something  
19 that will get them back up and on the road. And whatever's  
20 there and whatever's cheapest is what a lot of people are  
21 looking for.

22 MS. PREECE: That's good. Thank you. That's  
23 helpful, because I was thinking about going to the  
24 aftermarket anyways. So this aftermarket, if a wheel has  
25 been damaged, is this usually why people are going to the

1 aftermarket? It's not a sort of, "oh, well, every million  
2 miles we have to get a new wheel"? It's more of a, "oh,  
3 every time we, you know, get hit or go over a curb in a  
4 certain way, we have to get a new wheel," is that correct?

5 MR. MONROE: Yeah, that's the primary reason.  
6 That wheel would be replaced because it has been damaged or  
7 not properly maintained.

8 MS. PREECE: Okay. And would you, if you  
9 damaged one wheel, would you replace all wheels? Or would  
10 you just replace the one that was damaged?

11 MR. MONROE: Typically, it would just be the  
12 damaged wheel.

13 MS. PREECE: Okay, okay. Yeah. That's  
14 something I didn't know. Okay.

15 MR. STEWART: Ms. Preece, if I could just refer  
16 you to the physical exhibits. I believe the item on the  
17 far, far right is the 80 lb. and the others are all 64 or  
18 67, right? Obviously if you pulled your truck into a place  
19 to have a repair made, and you needed one of those, any one  
20 of those that was available would be desirable, and the fact  
21 that one weighed 13 lbs. more than the others would not be a  
22 controlling issue for most purchasers.

23 MS. PREECE: Yeah, but people are still willing  
24 to pay three times as much to get an aluminum wheel that  
25 weighs less but still is not weightless. So there is quite

1 a bit of value to having a low weight in the wheels. For  
2 some people.

3 MR. STEWART: In that segment of the market,  
4 that's right.

5 MS. PREECE: Yeah. Okay. And has the cost of  
6 aluminum wheels changed over time, relative to the cost of a  
7 steel wheel?

8 MR. MONROE: The cost of an aluminum wheel and  
9 steel wheel really fluctuates fairly heavily with the price  
10 of the underlying raw material components. But over time,  
11 they have been able to generally maintain that same ratio,  
12 you know, for our products between two and a half to three  
13 times as expensive for an aluminum wheel.

14 MS. PREECE: If we had a company that was  
15 importing steel wheels from different countries, why would  
16 the price of the imports from the different countries be  
17 different?

18 MR. STEWART: Obviously there's information in  
19 the questionnaire responses that you must be referring to,  
20 but there can be differences in widths. It shouldn't affect  
21 what was asked for, since what was asked for in the  
22 questionnaire was 22-1/2 by 8-1/4, but in terms of overall  
23 quantity and value, you could have significant differences  
24 because of widths or because of other features.

25 MS. PREECE: I'm thinking about within the same

1 pricing product. I'm finding that confusing when I'm  
2 looking at the pricing data.

3 MR. STEWART: Well, to the extent that it  
4 pertains to anything that our clients have submitted in  
5 their responses, we'll try to address that post-hearing. I  
6 don't know that I can help you in terms of APO data that  
7 they can't see.

8 MS. PREECE: Okay. Well, I think that maybe you  
9 will be able to help me with some of the data. How much of  
10 a price premium is there between, say, Product 1 and Product  
11 3? Those would be the equivalents? Between those two?

12 MR. STEWART: For the witnesses, who may not be  
13 that familiar with the questionnaire, the only differences  
14 are all 22-1/2 by 8-1/4 and then simply the category is  
15 whether they're 60 to 74 or whether they're 75 or above. In  
16 that context, the question is, is there some reason there  
17 would be a premium for something that weighed more, that was  
18 the same-size product?

19 MS. PREECE: No, if it weighed less, the one --

20 MR. STEWART: Isn't Product 3 the 75?

21 MS. PREECE: Yeah, that's -- so wouldn't there  
22 -- I was thinking that the lighter product was of a  
23 different steel, and therefore more expensive. And then the  
24 other was -- I can't remember the two kinds of steel we're  
25 talking about, but anyways --

1 MR. STEWART: High-strength.

2 MS. PREECE: Carbon steel, high-strength, yeah.  
3 So the first one would be high-strength and the second would  
4 be carbon. So what difference would there be between  
5 equivalent wheels, not necessarily the same weight, but  
6 equivalent for the truck, carbon and high-strength?

7 MR. MONROE: Well, from a load-carrying  
8 capacity, you can use the high-strength, low-alloy steel,  
9 you can use less of that material and get a similar load  
10 rating.

11 MS. PREECE: No, I'm asking about price. How  
12 much difference would there be in a price between the two?

13 MR. MONROE: We can provide some of those  
14 specifics in our post-conference brief, if that's okay.

15 MS. PREECE: Okay.

16 MR. STEWART: I mean, the data that was  
17 submitted by the petitioners showed that the vast majority  
18 of their product is of the lighter weight. And so you could  
19 have different specifications for a smaller volume item and  
20 that could result in there being higher or lower prices  
21 depending on whether you have higher volume or a lower  
22 volume part.

23 So we'd have to take a look, but as a general  
24 matter, in the marketplace, our understanding is that if  
25 somebody is presenting a 75 or 80 lb. wheel against a 67 lb.

1 wheel, that there may be no difference in price, or if  
2 there's a difference in price, the heavier one has more  
3 material may be cheaper, simply because of who's sourcing it  
4 or who's supplying it.

5 MS. PREECE: Okay. In your brief, I'd like you  
6 to explore any other factors that might contribute to  
7 differences in price and -- and then one more question. How  
8 does price from the aftermarket and the OES market affect  
9 the OEM market? And vice versa?

10 MR. MONROE: Primarily -- again, Chad Monroe --  
11 primarily the OEM producers who also obviously have an  
12 aftermarket division, they will need to compare the prices  
13 they're receiving for their products in the aftermarket and  
14 look at those and say, "Well, those need to be very similar  
15 or the same as the prices that we are being charged for new  
16 truck production or new trailer production."

17 They are typically willing to make some  
18 exceptions for aftermarket considerations such as packaging  
19 and the means of distribution. Otherwise, they expect them  
20 to be largely the same.

21 MS. PREECE: Okay. I'll stop for now. Thank  
22 you.

23 MR. CORKRAN: Thank you, Ms. Preece. Mr.  
24 Fravel?

25 MR. FRAVEL: There we go. Thank you. My first

1 question is for Mr. Risch. I think you alluded -- you  
2 mentioned Hess Industries as providing technology to Chinese  
3 manufacturers of wheels. Do you have any more information  
4 about that? Is that a successor company now, Automation  
5 International, Incorporated?

6 MR. RISCH: I'll speak to that. The Hess  
7 equipment is what we use, for rim equipment and is pretty  
8 much an industry standard and has been for many years. And  
9 then that equipment and intellectual property was sold and  
10 Jingu was the buyer. Craig, can you address what has  
11 happened since then?

12 MR. KESSLER: Yes. So initially, Jingu was the  
13 buyer of the Hess technology, and then AII did purchase some  
14 of that technology then from Jingu. And since then,  
15 there've been some other acquisitions that have taken place  
16 in Europe that other European wheel makers, excuse me -- rim  
17 production and equipment have been purchased by Jingu.

18 MR. FRAVEL: Okay, fine. Thank you. Second  
19 question is, we have some statistics on trucks and trailers  
20 that are various classes. Are there similar statistics on  
21 buses that you would know of? In the heavier classes? Or  
22 sources of statistics? If you could put those in your  
23 post-hearing brief, that would be fine.

24 MR. KOMINARS: This is Matt Kominars for the  
25 record. I believe those do exist. The bus market tends to

1 be much more stable and less cyclical than the others. Our  
2 company, for example, does not purchase those because we  
3 know as an industry standard that it's typically standard,  
4 but it is available.

5 MR. FRAVEL: Okay. If you could let us know  
6 what those are, that'd be great. For Mr. Kessler, in the  
7 manufacturer of the high-strength, low-alloy steel wheels  
8 versus the carbon steel wheels, is there any difference in  
9 the process? Or is it just the material?

10 MR. KESSLER: Mostly just material. There's a  
11 few minor tweaks that you might do to your tooling because  
12 you're able to use the thinner grade, therefore you have  
13 different tolerances that you might have, but basically the  
14 production process, spinning, roll-forming, is identical  
15 whether you use HSLA material, high-strength low-alloy, or  
16 if you use carbon steel.

17 MR. FRAVEL: Okay. And in the manufacture of a  
18 wheel, you don't mix the two materials, do you? Like, how  
19 the rim being one material and the --

20 MR. KESSLER: You can.

21 MR. FRAVEL: You can?

22 MR. KESSLER: You can. Again, it depends on the  
23 load-rating and the application, but yes, you could.

24 MR. FRAVEL: Okay. So it's theoretical. But  
25 for our purposes, we should keep the categories that we have

1 -- the alloy -- because it's not a very common --

2 MR. KESSLER: Correct.

3 MR. FRAVEL: -- practice?

4 MR. KESSLER: Yep.

5 MR. FRAVEL: Okay. All right. Thank you. And  
6 in general -- regarding the scope, I'm sort of confused why  
7 you have on the exclusions, wheels where steel represents  
8 less than 50% of the product by weight. You have that as an  
9 exclusion. Why do you have 50%? I just want to be able to  
10 explain this if somebody asked?

11 MR. MONROE: Yes. There are a lot of clad  
12 materials where steel is the predominant, but it may be clad  
13 with all sorts of other minerals. And it was simply to not  
14 have those be viewed as excluded should something like that  
15 be used for purposes of the production.

16 MR. FRAVEL: Okay. If you could put in a couple  
17 of examples in your post-hearing document that would be  
18 appreciated. And then my last question is about -- well,  
19 maybe second to the last. With the truck producers moving  
20 some of their production to trucks with aluminum wheels, are  
21 they advertising that as, "You'll get a payback that's  
22 better than if it was a steel wheel"?

23 I'm trying to get to as, okay--I'm a novice in  
24 this--but if I'm going to a store and I wanna buy steel  
25 wheels for my truck, then the salesman comes out and says,

1 "Well, you should get aluminum," and I said, okay, well,  
2 what's the payback period if I get aluminum? So I was  
3 wondering what the ROI might be of an aluminum wheel versus  
4 a steel wheel.

5 MR. MONROE: Yes, Mr. Monroe again for the  
6 record. For certain segments of the market that are very  
7 weight-sensitive, yes, that is one of the selling tactics  
8 that would be used. One of the key considerations that are  
9 a why that you refer to is the ability to hold more product  
10 on the same load. And the more product you can hold, the  
11 more revenue you can make on that exact same load. So I  
12 guess in certain applications, that is relevant.

13 MR. FRAVEL: Okay, thank you. And then --

14 MR. STEWART: Mr. Fravel, it's also the case  
15 that there are purchasers who do it for looks, and there are  
16 some truck companies that do it to try to provide a "more  
17 attractive" truck for potential truck drivers, if they're  
18 trying to attract more drivers. So that is a separate  
19 element that sometimes comes into play.

20 MR. FRAVEL: Okay. Yes, I know there's a  
21 shortage of truck drivers these days. So, looks might be  
22 important. And then, let's see -- so some truck production  
23 and trailer production has moved down to Mexico, and I guess  
24 there's also a couple indigenous producers down there, truck  
25 bodies for the North American market and trucks. Where do

1       they get their wheels?

2                   I mean, do they go to the United States and look  
3       for exports or are they being sourced from China or from  
4       other plants in Mexico? And is this something that we  
5       should really factor into our analysis as offshoring of  
6       truck bodies goes or trucks and trailers? Then the market  
7       here just sort of stays stagnant over time.

8                   MR. MONROE: Mr. Monroe for the record. Yeah,  
9       there are a number of truck and trailer manufacturers who  
10      produce their product in Mexico. We certainly supply some  
11      of the needs of the truck manufacturers and trailer  
12      manufacturers down in Mexico. Some are supplied by,  
13      particularly the trailer segment, offshore product. The  
14      vast majority, we believe, of those products end up  
15      returning to the U.S. market, even though they are  
16      assembled, built down in Mexico.

17                  MR. STEWART: Mr. Fravel, Terry Stewart again.  
18      The North American market, there are some producers up in  
19      Canada and obviously some in Mexico, and it's also the case  
20      that major producers like both Accuride and Maxion have  
21      facilities in other countries as is reviewed in the  
22      questionnaire responses. So there's both local supply.  
23      There's some exports from the U.S. that go to those markets.  
24      And obviously there is local supply, as well as imports into  
25      those markets.

1                   MR. FRAVEL: Thank you. I have no further  
2 questions.

3                   MR. VERWEY: Just two quick questions, Mr.  
4 Stewart, on Slide 11 of your presentation you talk about  
5 conditions of competition and specifically look at demand  
6 considerations.

7                   My first question concerns demand related to  
8 finish. So to what extent does finish factor into the sales  
9 or customers' demand. And do you notice, for example, more  
10 options in paint colors being correlated with more sales and  
11 then conversely, fewer options few sales?

12                  MR. MONROE: The vast majority of wheels sold in  
13 the U.S. and North America, more broadly, are of either a  
14 white or a grey color. There are certain fleets that only  
15 use a certain color. Obviously, if you look at the vast  
16 majority of the bus manufacturers, those will be black.

17                  MR. VERWEY: And that kind of gets to a  
18 follow-up question I had. Then on Slide 12, I noted that  
19 the Chinese producer --

20                  MR. STEWART: Can I just add on Slide 11? I  
21 don't believe that that the view of the domestic producers  
22 is that the availability of different covers increases  
23 demand. That it is simply people who have demand are going  
24 to ask for a certain color or they get a standard color, but  
25 it doesn't change what the overall demand is.

1                   MR. VERWEY: You anticipated my follow up.  
2                   Okay, great. And then to my second question, in doing a  
3                   little bit of reading on the medium to heavy trucking  
4                   industry, I actually came across some interesting  
5                   qualitative information about the affect of last year's  
6                   natural disasters on the industry, Hurricanes Harvey and  
7                   Erma, and how it affected fleet in the regions that were  
8                   affected by those hurricanes.

9                   Both regions saw an increase in demand for  
10                  freight services and fleet replacement, so I'm wondering did  
11                  you notice an increase in demand for steel wheels subsequent  
12                  to those disasters. And as a result, when looking at the  
13                  2017 HTS trade data, does represent an outlier in any way?

14                 MR. MONROE: I can address your first question.  
15                 We certainly saw some antidotal evidence of increased  
16                 demands in certain pockets of the country, but overall, our  
17                 demand was in line with the overall build of both trailer  
18                 and truck manufacturers.

19                 MR. VERWAY: Okay, great.

20                 MR. STEWART: I think if you look at the data we  
21                 provide data both on terms of freight movement, which goes  
22                 to the after market as well as the bill rates, both for the  
23                 trucks and trailers. And that, obviously, would go to  
24                 replacement vehicles if you had people doing replacement  
25                 vehicles and so you see a dip and you see some rebound in

1 2017 on the rebuilds. You see a slight increase in terms of  
2 freight.

3 If there are other aspects that would have  
4 further increased demand in the after market because of  
5 additional movement, it isn't reflected in freight. It  
6 doesn't mean that there might not be additional pickup. You  
7 can take a look at our producer questionnaires and you can  
8 tell for yourself whether or not they're significant  
9 improvements in terms of overall volume.

10 MR. VERWEY: Alright, thank you.

11 MR. CORKRAN: Thank you very much. Now we'll  
12 turn to Mr. Thomsen.

13 MR. THOMSEN: Good morning. I just wanted to,  
14 first off, thank you for the nice presentation that you've  
15 had. I have not seen a book like this before and it makes  
16 it very easy to follow, so thank you to counsel for  
17 providing that.

18 My first question, I guess, if I can go through  
19 it as you have provided, my question therefore will be for  
20 Mr. Risch. You'd noted nearing the end of your testimony  
21 that there has been an increase of approximately 40 percent  
22 in hot rolled steel prices in the last six months. Can you  
23 describe what the reason for this increase in steel prices  
24 is?

25 MR. RISCH: I would say that that was the

1 average from 2017's fourth quarter to what we're seeing so  
2 far here in the second quarter of 2018. There's a myriad of  
3 reasons for that. Obviously, we have seen a lot of tariff  
4 discussion on raw steel coming in from other countries,  
5 specifically China, and so as that demand will get curtailed  
6 or the pricing goes up for that that's going to boost the  
7 domestic industry's ability to have higher prices as well  
8 since the whole market will rise, so that certainly is a  
9 significant factor. Let's say otherwise it's going to be  
10 your simple supply and demand. You know how much is being  
11 demanded out there does also relate in fluctuations, but  
12 primarily, I would believe more the recent action on tariffs  
13 is certainly driving what we're seeing.

14 MR. THOMSEN: Okay. And are the steel prices  
15 that pass through to your customers via sales contracts or  
16 is it just that you see the steel prices and they know that  
17 the steel prices or there are tariffs that are going on and  
18 so they say, okay, we're going to have pay more.

19 MR. RISCH: Sure, I'll start the comment and  
20 then I'll maybe defer to Mr. Monroe to finish up. I would  
21 say that we do have certain contracts that allow for pass  
22 through, material mechanisms that are built into the  
23 contracts typically on a lag basis. You know what you're  
24 experiencing for one quarter or a six-month period will then  
25 get changed after the fact. So in that sense, to your

1 point, if we're seeing increases in quarter two we're going  
2 to somewhat eat those or take those for a while and then  
3 they'll be passed through later. That would be for more of  
4 the OEM side of the business, those kinds of contractals.

5 On the other side, the after market, it is more  
6 what you can pass on because there's a little bit less of  
7 the contractual obligation or material mechanisms used  
8 there.

9 MR. MONROE: I would agree with those comments.  
10 It's our experience that in the after market you know we  
11 don't have very many contractual arrangements that pass on  
12 raw material costs -- changes in raw material costs, so our  
13 ability to do so really is driven by what the market price  
14 of that product is in the marketplace in both domestically  
15 and offshore product.

16 MR. THOMSEN: Is it in trailer OEM sales as well  
17 or just truck OEM sales?

18 MR. MONROE: It would be typical for us that in  
19 some of the larger trailer accounts we would have similar  
20 pass through mechanisms as we do in our truck business, but  
21 in smaller accounts it would be less typical.

22 MR. THOMSEN: So as prices increase and there's  
23 a lag in there that would mean that you're taking the bullet  
24 as prices are increasing. So is the converse also true that  
25 when prices decrease that you would be gaining from this?

1                   MR. STEWART: Yes. The Commission, obviously,  
2                   has lots of cases involving steel-related products and you  
3                   have lots of situations where there are these types of exact  
4                   same types of contracts and so there is -- you get a  
5                   temporary uptick in your profitability when prices are going  
6                   down on raw material and you have a correspondence loss of  
7                   profitability when they're going up.

8                   MR. THOMSEN: Okay, thank you. I'm going to  
9                   switch gears here for a second, and this was something that  
10                  was only partially mentioned in one of the responses, but it  
11                  was in the 2011/2012 case and it has to do with the European  
12                  style wide width wheels. There was, I believe, some  
13                  discussion back then about them increasing in popularity.  
14                  That there was a bit of a market shift toward them and I'm  
15                  trying to get an update as to how these wide width wheels  
16                  are fairing in the marketplace since then. Mr. Risch, do  
17                  you wish to comment?

18                  MR. RISCH: Sure. I can tell you what I know  
19                  and anybody else can follow up. I would say that a little  
20                  bit different application in regards what would be the  
21                  benefit of the wider base versus what you'd typically see as  
22                  a dual-use application at the end of an axle. There could  
23                  be some fuel efficiencies related to those. You know one  
24                  bigger tire and wheel versus two; however, you also may have  
25                  some uptime differences in regards to if you get a flat you

1 know you can't ride on the other one. You're kind of stuck.  
2 So I would say that it's not necessarily changed a lot since  
3 2011/2012.

4 MR. THOMSEN: Mr. Kominars?

5 MR. KOMINARS: Thank you. I would echo those  
6 statements. I was not part of the 2011/2012 investigation,  
7 but I would say that the market today is very similar, that  
8 there hasn't been a large increase in that product offering.

9 MR. THOMSEN: And approximately what proportion  
10 of the market or of your sales are of the wider based tires  
11 -- approximations are fine.

12 MR. KOMINARS: Very small, low percentages, from  
13 our perspective. Now we can get into the specifics in the  
14 post-conference, but I would say, generally, a small  
15 portion.

16 MR. RISCH: Yes, we could answer maybe a more  
17 definitive number, but it's less than 5 percent. I mean  
18 it's going to be pretty small.

19 MR. THOMSEN: Okay, thank you. One of the  
20 things my colleague, Mr. Fravel, was talking about was the  
21 North American integrated market, per say. He anticipated  
22 one of my questions, actually, but I want to go one step  
23 further in terms of the production by trailer manufacturers  
24 and truck manufacturers in Canada and Mexico.

25 There has been a movement toward Canada or

1 Mexico. Do you know, off the top of your head,  
2 approximately how many facilities have opened during the  
3 past three, four, or five years?

4 MR. STEWART: Well, the ACT data that's been  
5 supplied tends to show the builds across North America and I  
6 believe that there's some data that looks at it by country,  
7 so we'll take a look. And if it isn't in the petition, if  
8 that type of data exists, we'll try to provide it in the  
9 post-conference. But I don't think that there has been a  
10 huge shift in the last three years in terms of where  
11 production is occurring, so I don't think that that is a  
12 significant issue in the 2015/2017, but clearly, there are  
13 important producers in Mexico or Canada.

14 MR. THOMSEN: Thanks. And are contracts for  
15 sales of steel wheels also integrated throughout North  
16 America or are they separate for those for Mexican  
17 production facilities, Canadian production facilities, U.S.  
18 production facilities?

19 MR. MONROE: For those that do have production  
20 in multiple geographies, typically, it is a comprehensive  
21 agreement.

22 MR. THOMSEN: Okay, thank you. This is a  
23 question for Mr. Aydogan. He had noted in his testimony  
24 that your Akron facility is structured to produce products  
25 from the -- or is not structured to produce products for the

1 passenger car or light truck markets. I'm not sure I know  
2 what "it's not structured for it" means. Do you produce  
3 them at your Akron facility?

4 MR. AYDOGAN: No, we're not. We're not  
5 producing the commercial to passenger car wheels in our  
6 Akron facility and our equipment is not compatible to do it.

7 MR. THOMSEN: Okay.

8 MR. AYDOGAN: Maybe I didn't understand your  
9 question. Can you repeat that?

10 MR. THOMSEN: Sure. The words that you used  
11 were that "it was not structured to produce it." My  
12 question is more do you have the ability to produce the 15  
13 to 18-inch wheels at that facility or is that only in  
14 Missouri?

15 MR. AYDOGAN: It is only in Missouri.

16 MR. THOMSEN: Okay, thank you.

17 I know that Maxion had -- you noted that you'd  
18 have production in Canada and Mexico of steel wheels; is  
19 this correct?

20 MR. AYDOGAN: In Mexico, yes.

21 MR. THOMSEN: In Mexico, okay. How about  
22 Accuride? Does Accuride have production in Canada or  
23 Mexico?

24 MR. RISCH: Yes, we do have a facility in  
25 London, Ontario, and Monterey, Mexico.

1                   MR. THOMSEN: In both, okay. And are there  
2 different types of wheels that are being produced at these  
3 or is one focused on a specific type of steel wheel in  
4 Mexico and a certain type in Canada and a certain type in  
5 the U.S. or are all the facilities producing all the  
6 different types of steel wheels?

7                   MR. RISCH: Typically, there might be some lower  
8 runners that are only single tooled at each facility, but  
9 otherwise, the industry standard, the 22 1/2 inch and the 24  
10 1/2 inch can be made by every facility. However, our  
11 London, Ontario facility does not make those products. Just  
12 primarily from the early discussion in regards to where our  
13 trucks are made, if I go back to the beginning of my career  
14 23 years ago, there were a lot of truck facilities being  
15 manufactured up in Canada and those have geographically  
16 moved south, so the need to make wheels in Canada is  
17 greatly reduced, so we've consolidated down into the  
18 Henderson, Kentucky and Monterey, Mexico facilities.

19                   MR. THOMSEN: So you're no longer producing in  
20 Canada the subject product?

21                   MR. RISCH: Correct.

22                   MR. THOMSEN: Okay. If you could in the  
23 post-conference brief, direct the Commission to know any  
24 specific types of wheels that may be more produced in one  
25 facility versus another.

1 MR. RISCH: Sure.

2 MR. THOMSEN: That would be great. Thank you.

3 And Maxion had noted that you had -- I think it  
4 was Maxion, right, that had imported from China before and  
5 no longer was -- it was Maxion, right?

6 Did Accuride import from China? If it's CVI,  
7 just tell me you'll cover it in the post-conference brief.

8 MR. STEWART: It's public in the petition that  
9 during 2017 they purchased a company called KIC, which was  
10 an importer of wheel ends, but was also an importer in the  
11 last 2011/2012 case of steel wheels from China.

12 MR. THOMSEN: Now I actually remember now that  
13 you had said that. Are parts then commingled when they're  
14 sold? In other words, when you keep your inventory, do you  
15 have inventory from China in this area, inventory produced  
16 in the U.S. in this area, or does it not matter where the  
17 products are made?

18 MR. RISCH: I would say that maybe getting back  
19 to that acquisition less than 4 percent of KIC sales were of  
20 these steel wheels and I don't mind telling you that that  
21 amount in the first quarter of 2018 is less than half of  
22 what it was the prior years as far as the rate, so it's a  
23 pretty small amount. They are somewhat separate in a  
24 distribution facility. They are marketed differently, so I  
25 would say that they are separate as far as where we have in

1 a stack; however, customers would ask for one or the other.

2 MR. THOMSEN: And is it the same for Mexico?

3 MR. RISCH: Yes.

4 MR. THOMSEN: Okay. And how about for Maxion;  
5 are they inventoried separately, sold separately?

6 MR. KOMINARS: Just to clarify, is the question  
7 specific to any imports from China?

8 MR. THOMSEN: To China and Mexico, any of the  
9 imports that you have.

10 MR. KOMINARS: From China.

11 MR. THOMSEN: Well, I believe your testimony was  
12 that you no longer import from China.

13 MR. KOMINARS: We no longer do, yes.

14 MR. THOMSEN: When you were importing from China  
15 were those --

16 MR. KOMINARS: Those wheels were stored in  
17 distribution warehouses close to port locations and it was a  
18 very short-lived program.

19 MR. THOMSEN: And how about imports from Mexico?

20 MR. KOMINARS: For imports from Mexico, we don't  
21 generally have a lot of those. Our Akron facility tends to  
22 make the same product for in-scope products. I think, as  
23 you'll see in the questionnaire, most of what we import  
24 would be the wide based wheels.

25 MR. THOMSEN: Okay, thank you.

1           Mr. Monroe, in your testimony you had noted a  
2 little bit about the smaller trailer OEM customers that  
3 you'd sell to. Have smaller trailer producers tried to  
4 purchase from your firm in the last three years?

5           MR. MONROE: Yes, specifically, the reference  
6 was to trailer manufacturers, not necessarily to the size of  
7 the trailer, but to the size of the organization.

8           MR. THOMSEN: Sure.

9           MR. MONROE: In some cases, we continue to sell  
10 to those customers today.

11          MR. THOMSEN: Okay. Have you rejected any of  
12 the small trailer manufacturers' offers to purchase steel  
13 wheels because they had a really small order size or for  
14 some other reason?

15          MR. MONROE: Not that I'm aware of. Usually, it  
16 would be the other way is that we weren't competitive enough  
17 on the price.

18          MR. THOMSEN: Okay. Mr. Kominars, you had noted  
19 in brief about buying groups that are purchasing steel  
20 wheels. I had not heard of this occurring here. Could you  
21 tell us more about these buying groups, how large they are?

22          MR. KOMINARS: The specifics I don't have off  
23 the top of my head, but typically, what a buying group is is  
24 a member company would join them in an effort to consolidate  
25 the purchase power of those entities and buy through the

1 buying groups.

2 MR. THOMSEN: Okay. In your post-conference  
3 brief can you shed a little light on how large these buying  
4 groups are in terms of your sales?

5 MR. KOMINARS: Yes.

6 MR. THOMSEN: And Accuride, if you also sell to  
7 buying groups, could you provide that in your  
8 post-conference brief as well.

9 MR. MONROE: We do. Some of those larger buying  
10 groups are Vipar HTH Ripride. There are a handful of them  
11 out of in the marketplace today and we're happy to provide  
12 that in post-conference.

13 MR. THOMSEN: Great, thank you.

14 MR. STEWART: If I could, Mr. Thomsen, it's also  
15 the case that that was an issue that is contained in the  
16 2011/2012 case and we did supply information in -- not in  
17 the questionnaire, but in the lost sales/lost revenue as it  
18 might pertain to buying groups as well.

19 MR. THOMSEN: Okay, thank you.

20 Mr. Kominars, you had noted that demand was in  
21 the OEM segment declined from 2015 to 2016, in general, and  
22 rebounded in 2017. Is it higher in 2017 than in 2015?

23 MR. KOMINARS: No, it's not.

24 MR. THOMSEN: Okay, so only a partial rebound.

25 MR. KOMINARS: A slight rebound, correct.

1                   MR. THOMSEN: And how about demand in other  
2 segments?

3                   MR. KOMINARS: Again, I don't have the numbers  
4 off the top of my head. A lot of numbers go on top of this  
5 one, but what I would submit to you is that the trailer  
6 market as well is down '17 compared to '15.

7                   MR. THOMSEN: And is there any kind of negative  
8 correlation between the after market being basically a  
9 repair market and the new market being the opposite of that?  
10 When you see one up do you see one down and vice versa?

11                   MR. MONROE: I can address that. Typically,  
12 there's not any sort of negative correlation in those  
13 markets. The after market segment does tend to be a bit  
14 more stable and all three of the other -- both medium, heavy  
15 truck, as well as the trailer segments tend to be a bit more  
16 cyclical in nature.

17                   MR. THOMSEN: Okay, thank you for that.

18                   And one other technical phrase that you had  
19 used, Mr. Kominars, was "customer directed buys." I was  
20 wondering if you could tell the Commission a little bit more  
21 about what a customer directed buy is.

22                   MR. KOMINARS: Yes, absolutely. A customer  
23 directed buy could be where a fleet -- and when we speak  
24 about fleets, these are the companies like Federal Express,  
25 Ryder, et cetera, just to clarify. They may dictate to a

1 particular truck or trailer manufacturers to use a certain  
2 brand of wheels and in some cases those wheels are provided  
3 by that vendor -- those fleets, sorry, or in some cases the  
4 fleet has dictated to the OEM to purchase those and take  
5 care of all the logistics themselves. So one could be a  
6 consignment and one could be directed. Did that answer your  
7 question?

8 MR. THOMSEN: I believe so. How large are these  
9 customer directed buys, i.e., how large are these fleet  
10 sales? I assume that if you -- this is really where you  
11 want to earn a sale because a fleet can be rather large.

12 MR. KOMINARS: Again, I think the numbers I  
13 don't have off the top of my head, but I believe in my  
14 testimony we indicated roughly about 10 percent of the  
15 overall truck OEM and trailer market combined.

16 MR. THOMSEN: Okay. I'm trying to wrap my head  
17 around how this would factor into the truck OEM and trailer  
18 OEM numbers that you've given us. We'll have to work that  
19 out separately.

20 I believe I just have a few more questions. One  
21 of them is about coatings. Mr. Kessler, I believe, spoke  
22 about the new types of coatings that you have. Have the  
23 imports of Chinese steel wheels also have these new coatings  
24 that you don't. Have they reversed engineered?

25 MR. KESSLER: In 2014, we came up with a new

1 e-coat offering that was a proprietary technology that we  
2 had developed with our paint supplier. Since that time,  
3 obviously, Chinese wheels have also -- also paint wheels  
4 with e-coat and powder-type coat. Based on testing that  
5 again that we've done we still think and see better  
6 performance out of our cyclical and neutral soft spray  
7 testing, but they do offer a powder top coated wheel.

8 MR. THOMSEN: Okay. So you did not have a  
9 powder top coated wheel beforehand?

10 MR. KESSLER: We always did have one. It  
11 wasn't a standard offering. It was an option that a fleet  
12 could spec if they wanted to have a powder top coated wheel.  
13 We've had -- we've offered powder top coating for over 15  
14 years.

15 MR. THOMSEN: And now is it the standard  
16 offering that you have?

17 MR. KESSLER: It's been a standard offering  
18 since 2014.

19 MR. THOMSEN: Okay, and is there a price  
20 difference between that and other coatings?

21 MR. KESSLER: No. Not as far as our standard  
22 offering, no. You can get -- for us, standard is white,  
23 gray and black.

24 MR. THOMSEN: Okay, and are there other  
25 coatings that are non-standard?

1                   MR. KESSLER: Like galvanizing would be a  
2 non-standard process. You would pay an up-charge for that  
3 application.

4                   MR. THOMSEN: And how were these, this may be  
5 a little more technical. How were these different coatings  
6 separated, or were they, in the pricing products in the  
7 Commission questionnaire. Were they -- they were not  
8 separated at all?

9                   MR. KESSLER: (No audible response.)

10                  MR. THOMSEN: Okay. Then in that case, would  
11 there be a way that in your post-conference brief you can  
12 let us know the difference in price between the different  
13 coatings, as well as how much of a market share or how much  
14 of your shares are these additional coatings of the  
15 galvanized wheels compared to the standard e-coat wheel?

16                  MR. STEWART: I think at the moment it's  
17 probably the case that neither domestic does galvanized.  
18 They've all looked at it, but that's not what they offer.  
19 But we will -- we'll try to respond post-conference.

20                  MR. THOMSEN: So no sales are of that? So all  
21 of your sales would then be of the powder e-coat, is that  
22 correct?

23                  MR. STEWART: Yes.

24                  MR. THOMSEN: I see a lot of heads shaking  
25 yes. Okay. I like those answers, because we don't have to

1 deal with trying to get that out of the data. Okay. I  
2 believe I'm onto my last question, and that has to do with  
3 some of the footnotes in your PowerPoint presentation, where  
4 you had talked about the wheel weight using what the  
5 Commission used last time of the 39 kilograms per wheel for  
6 -- in order to try and get the import data combined.

7           There's been a bunch of testimony now that the  
8 Chinese wheels that are coming in are of a lower weight.  
9 Should we still be using this 39 kilogram conversion factor,  
10 or should it be something that is different?

11           MR. STEWART: This is Terry Stewart. Mr.  
12 Thomsen, if for the preliminary you use the U.S. import  
13 statistics, then we would think that you would want to use  
14 the average weight that you get from the import  
15 questionnaires for Chinese product, as that would give you  
16 obviously a much more accurate. If you look at this table,  
17 you have one that's 80; that would be close to your 39,  
18 right, but the other two are 67 and those would obviously  
19 both be significantly lighter than the 39.

20           So we think that the best data you would have  
21 would be the subset of the total that would be reflected by  
22 the importer questionnaire on that particular issue.

23           MR. THOMSEN: Okay. That sounds wonderful.  
24 Easy ways to deal with data I like. All right. I believe  
25 that is all the other questions that I have, and I will turn

1       it over to Mr. Corkran for any further questions. Thank you  
2       for your testimony.

3                   MR. CORKRAN: Thank you very much, and thank  
4       you again to the Panel, Doug Corkran, Office of  
5       Investigations, and I just had a few questions and they're  
6       mostly in the clean-up category. One is I know there are  
7       some differences in the scope in this proceeding compared to  
8       the prior proceeding.

9                   Do those changes mean that we do not need to  
10      be looking for domestic companies such as GKN, Titan or Topi  
11      in this investigation?

12                  MR. STEWART: Yes, Mr. Corkran. In our view that  
13      is correct. That of course depends on whether or not the  
14      domestic like product is the same as the scope. But in  
15      terms of the scope, as far as we know, Accuride and Maxion  
16      are the only two U.S. producers.

17                  MR. CORKRAN: Excellent. Thank you very much.  
18      I appreciate that. This question, feel free to answer in  
19      public session if you'd like, but I'd also invite you to put  
20      it in your post-conference brief if that's more helpful.  
21      When you were discussing about the various types of steel  
22      that you -- that are used in the steel wheels, could you  
23      please identify the principle steel grades that you use?  
24      And again, you can either do that publicly or in confidence.

25                  MR. KESSLER: We'll do it in post-brief.

1 MR. CORKRAN: Okay. Thank you very much.

2 MR. BISHOP: I need you to repeat that in the  
3 microphone please.

4 MR. KESSLER: Yes. This is Craig Kessler.  
5 We'll do that in post-brief.

6 MR. CORKRAN: Thank you very much. The last  
7 question I have is I'll preface by saying obviously the  
8 staff report is going to focus on the information collected  
9 in this proceeding. But looking back five years ago, the  
10 Commission was able to collect information from importers  
11 that represented about 75 percent of imports from China,  
12 about 80 percent of imports from non-subject sources, and  
13 from foreign producers that the Commission described as  
14 providing high coverage and capturing the Chinese producers  
15 responsible for the large majority of exports to the U.S.  
16 market.

17 So with that information in place, it examined  
18 the U.S. industry, it examined the Chinese industry, and my  
19 question is what would you say are the most notable changes,  
20 if any, since the Commission last looked at the industries  
21 in the United States and in China, and at the universe of  
22 importers into the United States?

23 MR. STEWART: This is Terence Stewart.  
24 Obviously, we received the first tranche of whatever you  
25 received last Friday, and I would say that we will get into

1 this in the post-conference. But you have, you have  
2 reasonable but still significantly incomplete data on  
3 foreign producers, and that data is better than the  
4 information you have on a relatively small number of  
5 importers.

6 So if you were looking at which data to use,  
7 and you were not going to supplement it by U.S. import  
8 statistics, you would go with the foreign producer data at  
9 this point. We of course assume that there will be some  
10 supplemental submissions that you receive that we won't have  
11 in time for our post-conference brief, but that you will  
12 have in terms of your staff report.

13 In terms of coverage of the importer's  
14 questionnaire, we think that that is significantly weaker.  
15 But we will get into that in our post-conference brief.

16 MR. CORKRAN: Okay. I appreciate that. I  
17 wasn't so much actually trying to get additional information  
18 on the approach. I wanted to lay out that there was a basis  
19 for the foundation upon which the Commission made its  
20 earlier determination, and just from your experience in the  
21 marketplace, what do you feel as a panel have been the most  
22 significant changes, if any, over the past five years since  
23 the Commission looked at this marketplace? Events,  
24 developments, participation in various sections of the  
25 market. What has changed, if anything, in the past five

1 years.

2 MR. MONROE: Sir, this is Mr. Monroe for the  
3 record. I think a number of things. One is  
4 technologically, the competition has made some significant  
5 improvements, as can be seen by the wheels that we brought  
6 today. I think also another one I would point to is that  
7 they have made inroads, further inroads into the trailer  
8 segment of the market and the bus segment of the market and  
9 with the OE service arm of one of the major, at least one of  
10 the major truck manufacturers.

11 We believe they've also made some significant  
12 steps toward being qualified at some of the larger truck  
13 manufacturers.

14 MR. CORKRAN: Okay. Thank you all for --

15 MR. STEWART: That's in addition, Mr. Corkran,  
16 to the continued dominance and increased penetration they've  
17 made in the aftermarket over this time period. I referred  
18 in my PowerPoint to the U.S. import statistics of the two  
19 main HTS categories. You see shockingly close to a tripling  
20 of imports the year after the negative determination in  
21 2012, which would suggest to you there was a lot more  
22 product that was coming in very quickly after the negative  
23 determination came out.

24 That we believe is probably reflective of a  
25 significant upswing in terms of their penetration in these

1 markets, and that has only gone up in the last three years.

2 MR. CORKRAN: Okay. Thank you very much.

3 With that, I have no further questions, but I'm going to  
4 turn to several of my colleagues, who have follow-up  
5 questions. I'll start first with Mr. Harriman and then with  
6 Ms. Preece.

7 MR. HARRIMAN: Hi, Jordan Harriman. One quick  
8 follow-up questions. Are we aware of any -- are you aware  
9 of any existing AVD, AD-CVD orders on -- imposed by other  
10 countries on steel wheels from China or ongoing  
11 investigations to that effect?

12 MR. STEWART: There is an order in India, but  
13 it is not of the same merchandise. There have been a number  
14 of other orders, but they have all gone away or other  
15 investigations, and at least at the moment there are no --  
16 we are not aware that there are any pending investigations.

17 MR. HARRIMAN: Thank you. That's it for me.  
18 Thanks again for being here this morning.

19 MS. PREECE: Okay. I think some of this stuff  
20 is some things to do with Doug's, what Doug was questioning  
21 about -- this is Amelia Preece. That is, do we have the  
22 same -- what's different, what's the same in this market?  
23 Particularly, does the truck trailer building cycle still  
24 follow a seven to eight year cycle that was I think in the  
25 previous?

1                   MR. MONROE: This is Mr. Monroe. Generally  
2                   yes, you know, there have been -- each cycle has its own  
3                   character. But I would say overall that still holds true.

4                   MS. PREECE: Okay, thank you, and can you  
5                   provide some data on that please, over the -- and that's --  
6                   that's one and the other one is in the previous  
7                   investigation, there was discussion of changes in contract  
8                   lengths. And so has this continued? Are contracts now  
9                   longer than they were in the earlier case, and what are the  
10                  contracts now?

11                  MR. MONROE: This is Mr. Monroe again.  
12                  Typically, for most of the contracts we have a long-term  
13                  agreement. Those tend to be in the two to three year time  
14                  frame.

15                  MS. PREECE: Okay, and that's true for --

16                  MR. KOMINARS: This is Matt Kominars for the  
17                  record. In the case of Maxion wheels for the OEM, what we  
18                  deem OEM business, we would echo the same remarks, two to  
19                  three years on what we refer to as a long-term agreement.

20                  MS. PREECE: Okay, okay, and so those are now  
21                  in the market pretty across the board then, in the OEM  
22                  market?

23                  MR. KOMINARS: (No audible response.)

24                  MS. PREECE: Okay. Because in the last case,  
25                  there was a -- one year contracts seemed to be the norm.

1 So okay. That's all I wanted to ask. Thank you very much.

2 MR. CORKRAN: Thank you, Ms. Preece, Mr.

3 Harriman. And again, thank you very much to the panel.

4 With that, the questioning is concluded. We will take about

5 a 32 minute recess and reconvene at 12:30. Thank you very

6 much.

7 (Whereupon, at 11:58 a.m., a luncheon recess

8 was taken.)

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1 be highly segmented. Truck and trailer OEMs account for one  
2 segment of the market, while the aftermarket accounts for  
3 the other. No one disputes this. What is in dispute is  
4 whether there is significant competition between subject  
5 imports and domestic product in either segment.

6           Petitioners offered their views this morning,  
7 and you will hear the views of Respondents' witnesses. So  
8 how will the Commission decide whose side to believe? The  
9 answer is simple: the questionnaire data. The questionnaire  
10 responses unequivocally point to one conclusion. Shipments  
11 of domestic product are concentrated in and dominate the OEM  
12 segment, while subject imports are concentrated in the  
13 aftermarket.

14           Based on these facts, the Commission should  
15 continue to find that competition between subject imports  
16 and the domestic product is attenuated, and reach a negative  
17 determination in this preliminary investigation.

18           Next, demand. All parties agree that demand  
19 for steel wheels follows truck and trailer builds. The  
20 evidence in this case indicates that truck and trailer  
21 builds declined from 2015 to 2016, and then picked up again  
22 in 2017. The question is what is the significance of this  
23 trend. The answer is that this trend and not the subject  
24 imports explains the U.S. industry's performance over the  
25 POI.

1                   Another development worth noting is that since  
2                   the last investigation, a significant volume of truck and  
3                   trailer production has migrated from the U.S. to Mexico.  
4                   Both Accuride and Maxion have plants in Mexico that supply  
5                   steel wheels to truck and trailer OEMs in Mexico. This  
6                   means less production and sales for their two U.S. plants.  
7                   Regarding supply of subject wheels, Accuride and Maxion each  
8                   have only one U.S. plant, but multiple plants overseas.

9                   Accuride acquired a majority stake in Geonet  
10                  Eruotay, an Italian producer of steel wheels in November of  
11                  2015, and is awaiting approval of its deal to acquire Mefuro  
12                  Wheels, which has manufacturing operations in Europe, Russia  
13                  and China. Last year Accuride also purchased KIC, which  
14                  imports and distributes steel wheels in the U.S.

15                 Accuride's aggressive investments undermine  
16                 any notion that the company is suffering injury. Accuride  
17                 also produces steel wheels in Canada and Mexico, as  
18                 mentioned. Maxion, meanwhile, is already a global player,  
19                 with production in Mexico, Brazil, Germany, Turkey, India  
20                 and last but not least China.

21                 On the China side, only three companies  
22                 account for the lion's share of exports to the U.S. market,  
23                 Sunrise, Jingu and Zhemiang. To our knowledge, these are  
24                 the only Chinese producers that can make the lightweight  
25                 wheels that are preferred by the U.S. market.

1                   Lastly, substitute products. In the last  
2 investigation, the Commission noted that aluminum wheels  
3 were reportedly gaining market share at the expense of steel  
4 wheels. This trend continued during the POI. Aluminum  
5 wheels have a higher initial cost than steel wheels, but  
6 have lower costs over time because their lighter weight  
7 results in better fuel economy and less maintenance is  
8 required.

9                   Aluminum wheels are also shinier and look  
10 better, which matters to trucking fleets. The market's  
11 steady shift to aluminum wheels means lower U.S. production  
12 and shipments of steel wheels. In fact, Accuride and Maxion  
13 are contributing to this shift, as the company has  
14 introduced new aluminum wheel products in 2016 and 2017.

15                   We ask that the Commission evaluate the  
16 statutory volume price and impact factors with these  
17 conditions of competition in mind. This concludes my  
18 comments. I would now turn it over to our first witness,  
19 Tom Cunningham of the Cunningham Company.

20                   STATEMENT OF TOM CUNNINGHAM

21                   MR. CUNNINGHAM: Good afternoon. My name is  
22 Tom Cunningham. I'm the president of the Cunningham  
23 Company. We import Chinese steel wheels. Thank you for the  
24 opportunity to testify. I recognize a couple of you from  
25 2014 --

1 MR. BURCH: Can you please pull your mic up?

2 MR. CUNNINGHAM: Sure. Thank you for being  
3 here today. Is that better? Thank you. I testified during  
4 the '11-'12 hearing investigation. That petition filed by  
5 Accuride and Hayes-Lemmerz, who's now Maxion, was dismissed  
6 6 to 0 in 2012. I got a call from a lawyer and he said the  
7 vote was negative. I said what? I didn't understand. I do  
8 today.

9 The background for me, I retired from Accuride  
10 in 2006 after a 29 year career in the steel and aluminum  
11 wheel industry. I began a steel wheel import business in  
12 2008, because there was an opportunity to serve a segment of  
13 the U.S. aftermarket. The aftermarket opportunity existed  
14 in 2008 for two reasons.

15 The first reason was that U.S. producers' poor  
16 quality of painting a steel wheel. Those are really pretty,  
17 but you ought to see them when they get a tire on them and  
18 get out on a truck. I have a handout, I hope you have this.  
19 This is -- the top picture is from a dealer who has stored  
20 wheels outside. These have not even been mounted on a tire  
21 or on a vehicle and you can see the rust condition. That's  
22 what this industry had been faced with.

23 My wheels below, imported from China, have a  
24 triple-painted epoxy e-coat, outer top coat. We've been  
25 importing these since 2008.

1                   The second reason was because the aftermarket  
2 has always been underserved. It's really nobody's fault.  
3 It's a capacity thing when truck builds go high or the OE  
4 trailer builds goes high and it's very cyclical. In those  
5 high moments, there are certain segments of the market that  
6 can't get steel wheels. So this is a logical conclusion and  
7 it's always the aftermarket that takes the brunt of  
8 potential wheel shortages.

9                   Let's see where I am. So today, I've been  
10 doing this for ten years now. 98 percent of my business is  
11 still aftermarket. Segmentation of the U.S. market, it's  
12 been mentioned. It see three segments: truck OEs,  
13 freightliner pack car, which is a feeder built ten worth  
14 trucks, Volvo Mack and Navistar. The second segment are the  
15 trailer OEs, Wabash, Great Dane, Utility and Vanguard.  
16 These four trailer manufacturers represent 75 percent of the  
17 trailers built in 2017.

18                   The aftermarket is a jumble. They're large  
19 roll-ups. It was testified about earlier where a company  
20 will buy eight or nine or ten smaller companies and then  
21 that's an opportunity, or there will be an independent  
22 buying front like Heavy Duty America, where people join in  
23 to try to get a higher, better -- I mean a lower, better  
24 price from the steel producers.

25                   There's OES, and that's primarily aftermarket

1 OEMs, and then there are tire mounters. So it's a wide  
2 variety. That's where I do my business. The OEM truck and  
3 trailer segments account for most of the overall U.S. market  
4 demand for steel wheels. I think they testified 80 percent,  
5 but then I think they said another number. My belief it's  
6 80 percent, 20 percent aftermarket.

7 But if the truck builds are real high and the  
8 aftermarket stays stable, then obviously that percentage of  
9 market share will change. So it's a factor of where the OEs  
10 are in that capacity. Aftermarket's pretty level. The  
11 truck and trailer OEs are predominantly supplied by Accuride  
12 and Maxion. OEMs, the reason for that is OEMs want  
13 suppliers whose plants are close to their production  
14 facility.

15 You think about \$150,000 Mack truck coming  
16 down a production line. If they don't have wheels, it's a  
17 bad situation. So they want somebody there. They want just  
18 in time. They want low inventories, because those are  
19 dynamics of cost. They also want to be able to buy in U.S.  
20 dollars, and they want to pay in U.S. dollars. They don't  
21 like currency exchange rates or what's it going to be  
22 tomorrow, are they going to be affected by a strong dollar.  
23 So they ideally want somebody in country dealing with U.S.  
24 dollars.

25 They don't like uncertainty of shipping cost.

1 To move wheels from China to the U.S. is a variable of  
2 freight. Inland cost is a variable. They don't like  
3 variables. That's why they'd really like you to be next  
4 door. They want strong component supplier support. They  
5 want -- I think Accuride testified they had 20, 22 salesmen  
6 out and about. That's great.

7 We don't do that. We don't give the support  
8 that these truck OEs want on a day-to-day basis. OEMs  
9 prefer suppliers who offer multiple components. The reason  
10 for that is that they only have so much time in the day. So  
11 if I can go into an OEM and say hey, I've got hubs and drums  
12 and steel wheels and aluminum wheels, that's a more  
13 efficient conversation. The Chinese suppliers don't have  
14 aluminum wheels. Maxion and Accuride both do.

15 Imported steel wheels from China continue to  
16 be concentrated in the aftermarket segment, just like my 98  
17 percent, just like in the last investigation. And some of  
18 those reasons are this: aftermarket qualification process  
19 is less rigorous. The things you have to jump through to be  
20 able to get approved by a truck OEM are amazing.

21 The aftermarket is not nearly to that level.  
22 Aftermarket customers have warehouses. Just in time  
23 delivery is not a critical thing for them, because they're  
24 selling a wheel off the shelf. So if one of their  
25 customers, typically a fleet or a man running or a woman

1 running a truck, they come in with a broken wheel or a  
2 terribly rusty wheel and they make that sale.

3 So it's not as critical of a supply chain.  
4 Most of the U.S. customers are small aftermarket  
5 distributors and tire mounters. They don't really have that  
6 buying power that they need to be able to buy from the  
7 domestics. Accuride and Maxion also compete for aftermarket  
8 sales. However, the aftermarket segment has always been the  
9 smaller or the lower tiered market for them. How has the  
10 steel wheel industry changed between 2012 and our 6-0  
11 petition in our favor and today?

12 We've got a few of these. Number one is  
13 migration of OEM Class 8, 7 and 6 trucks from the U.S. to  
14 Mexico. That was sort of hit on earlier in the  
15 conversation. It's a movement south. The fewer trucks that  
16 are built in the U.S., the fewer demand there are for steel  
17 wheels, the higher the demand would be in Mexico. So  
18 there's some -- it's a notable movement of OEM truck  
19 production to the south.

20 Notably, and Accuride commented on this, they  
21 have a plant in Monterey, Mexico and they even moved an  
22 aluminum wheel down there to supply this OE truck movement.  
23 So I think we agree with that. The declining OEM trailer  
24 production from 2015 to 2017, around 34,000 fewer trailers  
25 were built in '17 than in '15. That calculates to about

1 270,000 steel or aluminum wheel positions, so the demand has  
2 gone down.

3           The acceleration of aluminum wheel market  
4 share lowers domestic steel wheel demand. If you have an  
5 opportunity on a truck to put a steel wheel or an aluminum  
6 wheel and the fellow says I want aluminum because it's  
7 lighter, it makes my truck prettier, I can make more money  
8 when I resell it, then I want aluminum, then that takes away  
9 that steel demand, and that's the trend that we're seeing.

10           Both Petitioners Accuride and Maxion strongly  
11 promote their aluminum wheels, and they compete hard with  
12 each other and with Alcoa, who is an aluminum wheel  
13 manufacturer. Alcoa forecasts, and they're in the business  
14 to know that this year approximately 50 percent of  
15 commercial trucks in the world will be aluminum wheels. If  
16 you look in the world, most of the aluminum wheels on  
17 trucks, because of the market here in the U.S., they're  
18 aluminum.

19           Both Petitioners sell Chinese steel wheels in  
20 the U.S. market. Up until 2015 and 2016, the majority of  
21 wheels produced in the United States were primed only.  
22 There was some conversation about that. If you take any of  
23 those wheels and you just do an acrylic e-coat primer and  
24 send it out the door, and you haven't done anything else to  
25 it, it creates some issues.

1                   To put it, I guess, in layman's terms, would  
2 you want to have your house painted primed, and the painter  
3 says okay here, I need \$10,000. You say wait a minute, you  
4 didn't put the finish coat on. So it's crazy. So at any  
5 rate, I've got this other handout. It's a sad state of  
6 affairs. There are probably 20 million steel wheels that  
7 have been in my opinion under-painted that are running  
8 around in the U.S. today.

9                   100 percent of my steel wheels since 2008 have  
10 had the three coat epoxy e-coat primer top coat. If you see  
11 wheels that don't look rusted, they may be mine. So this is  
12 -- this is what is typical in the industry today. There's  
13 more to painting than just cosmetic. It's a protective  
14 coat. It's not a cosmetic coat, and the lighter steel  
15 wheels get, the more protection they need. A light steel  
16 wheel is flexing. An 80 pound steel wheel doesn't flex as  
17 much.

18                   So getting away with maybe a primer coat on a  
19 heavy 80 pound steel wheel was okay. But today, it's not so  
20 much. I'm submitting a document. This is the National  
21 Highway Traffic Safety Administration Office Defects  
22 Investigation, DE-15002 from January 13, 2015. It was an  
23 issue of what we call the buttwell. It's the rim part that  
24 is welded together, not being sufficiently done that it  
25 cracks and leaks air.

1                   The resolve in this report, which I'll hand  
2                   out there, is it needed to be painted a little bit better.  
3                   So the two coat system is a wonderful way to go. Our wheels  
4                   have employed the world standard triple coat zinc epoxy  
5                   primer, outer top coat for ten years on 100 percent of my  
6                   painted wheels.

7                   Painted steel wheels are being replaced by  
8                   hot-dipped galvanized steel wheels. They were talking about  
9                   that a little bit earlier. About a year ago, Accuride  
10                  reported in their structural test on galvanized wheels that  
11                  Accuride wheels cracked when galvanized. However, my  
12                  company provides many thousands of hot-dipped galvanized  
13                  steel wheels that are successfully running across the  
14                  country and they have for years.

15                  We test our galvanized wheels to four times on  
16                  the SAE J-267 radial fatigue test. You put a tire on it and  
17                  you run it and you run it and you run it. I don't  
18                  understand. So at any rate, how many -- many things have  
19                  not changed since 2012's 6-0 vote. U.S. producers continue  
20                  to lag behind the world in steel wheel development, and what  
21                  I mean by that as an example is they have now caught up with  
22                  this on their painting.

23                  They're doing their painting correctly now,  
24                  and that's a great thing. They can't do galvanized, so  
25                  they're behind a little bit. There's still two steel wheel

1 companies. One's now Brazilian, and they still have only  
2 two steel wheel plants in the U.S. The OEM steel wheel  
3 demand is still cyclical, and finally Chinese steel wheels  
4 are still sold predominantly in the aftermarket.

5 So my conclusion is this. Most of the steel  
6 wheel market decline is driven by movement of OEM truck  
7 production to Mexico and fewer OEM trailers being built, and  
8 that causes the decline by the U.S. -- and the U.S.  
9 producers are selling aluminum wheels. So hopefully when we  
10 have all the facts by the Commission, that you'll find that  
11 the petition, just like in 2012, needs to be voted down.  
12 I'm open to any question whenever you'd like. Thank you for  
13 your time.

14 MR. SCHUTZMAN: Mr. Corkran, Max Schutzman  
15 from Grunfeld. Respondent's next witness will be Amanda  
16 Walker. She's an executive vice president of Trans Texas  
17 Tire. She testified in the 2011 preliminary investigation  
18 and Ms. Walker.

19 STATEMENT OF AMANDA WALKER

20 MS. WALKER: Good afternoon. My name is  
21 Amanda Lee Walker, and I'm the executive vice president of  
22 Trans Texas Tire. Thank you for the opportunity to present  
23 certain information for consideration by the Commission and  
24 the Commission staff in connection with these  
25 investigations. Trans Texas Tire or as we call ourselves

1 TTT, is primarily a wheel assembler for United States OEM  
2 trailer manufacturers.

3 We manufacture steel wheels compatible with  
4 tires, and sell assembled units in that condition. On  
5 occasion, we also sell steel wheels separately, what is  
6 referred to as OES or Original Equipment Service, which  
7 consists of original equipment replacement wheels. But that  
8 is not our core business.

9 TTT has four assembly distribution facilities  
10 located in Mount Pleasant, Texas, Sikestown, Missouri,  
11 Hampton, Iowa and Macon, Georgia, and we have two strictly  
12 just distribution centers where we don't assemble, and those  
13 are in Marion, Indiana and Riverside, California. Our steel  
14 wheels are sold under the Arc Wheel brand. We employ a  
15 total of 154 people in our four facilities. Pardon me,  
16 assembly facilities.

17 Buying and selling assembled wheels that are  
18 the subject of this investigation having wheel diameters of  
19 22.5 and 24.5 is one of the businesses we focus on. We also  
20 buy and sell steel wheels and assemble wheels in other  
21 mostly smaller sizes as well. Our business concentrates on  
22 wheels and wheel assemblies for utility trailers,  
23 recreational vehicles and livestock trailers.

24 The overwhelming majority of our business with  
25 subject merchandise is centered on the aftermarket, although

1 we do well very modest quantities to the OES sector.  
2 Despite our continued efforts to purchase steel wheels from  
3 domestic sources, since 1999 domestic steel wheel producers  
4 historically have refused to sell wheels to TTT. The stated  
5 reason that they didn't wish to do business was to deal with  
6 assemblers.

7 As a consequence, TTT sought alternative  
8 supplies and established a relationship with a prominent but  
9 very high quality steel wheel producer in China. With him  
10 we've had a mutually beneficial relationship. Our customers  
11 have exhibited consistently high praise for the quality and  
12 the reliability of these wheels.

13 Back in '12, some months after I testified to  
14 the contrary at the Commission's preliminary investigation  
15 conference, Accuride for the first time offered to sell us  
16 wheels, with the conditions that they imposed to pick up in  
17 Nuevo Laredo, Mexico, and the terms of sale were not  
18 suitable or adequate for our needs. Our steel wheels from  
19 China are good, but they are not inexpensive.

20 In fact, TTT landed cost plus duty and  
21 transportation costs and a reasonable profit are believed to  
22 be comparable or even higher on an average basis than the  
23 prices at which the same wheels are sold by Accuride and  
24 Maxion. Over the past year, we have actually lost key  
25 contracts to Accuride on price, and in attempting to requote

1 these jobs, pardon me, prospective customers have informed  
2 us that our Chinese origin wheels are still too high. We  
3 can share the specifics of this information in the  
4 post-conference brief.

5                   Additionally, it was well-known in the  
6 industry that Accuride and Maxion have considerable variable  
7 pricing for the same products to different customers.  
8 Secondly, they also engage in the extending of rebates, free  
9 wheels and incentives in order to make sales. Third, they  
10 have been known to sell at very low cost to relieve  
11 inventory and maintain existing production line values.

12                   There is no doubt in my mind, however, that  
13 Accuride and Maxion have insufficient capacity in the United  
14 States to satisfy the existing demand for the subject  
15 merchandise, and if anti-dumping and countervailing duty  
16 orders are placed on these goods from China, the hole left  
17 by the departing Chinese goods would be filled with steel  
18 wheels produced in countries like Canada, Mexico, Thailand,  
19 Turkey and India.

20                   Significant quantities, as I think you know,  
21 are already imported from Mexico by Accuride. It is also  
22 important to recognize that the overwhelming predominant  
23 consideration when it comes to both purchasing and selling  
24 steel wheels is the cost of steel. Don't let anybody tell  
25 you anything different.

1                   As it goes in the open market costs for hot-  
2                   and cold-rolled steel, as goes the market for wheels.  
3                   Simply, neither the Chinese producers nor those of us in the  
4                   United States who purchase and sell steel wheels from China  
5                   have unfettered flexibility in pricing the product for  
6                   resale, since the price is driven almost entirely by steel  
7                   cost.

8                   When the earlier AD/CVD was filed by Accuride  
9                   and Hayes-Lemmerz's predecessor -- and Hayes-Lemmerz's,  
10                  Maxion's predecessor in 2011, it was our view expressed to  
11                  the Commission at the time that the filing of the petition  
12                  was not actually about dumping, or the Chinese subsidies at  
13                  all. Rather, it was about the apprehensions of Accuride and  
14                  Haze, that the Chinese producers were on the precipice of  
15                  introducing a significantly lighter and better steel wheel  
16                  as standard fare, a wheel that contributes substantially to  
17                  better energy conservation and consequent lower operating  
18                  costs for trailer and truck operators in the United States.

19                  Well, the Commission ultimately decided  
20                  against injury or the threat of injury in that proceeding,  
21                  and the majority of Chinese wheelmakers did indeed introduce  
22                  the standard wheel in or about 2013. That wheel, with a  
23                  spun disc center and the lightened -- spun disc center which  
24                  had lightened the wheel considerably and improved fuel  
25                  economy, which improved -- with improved coating material

1 and techniques to better protect the wheel from corrosion,  
2 actually changed the business.

3 Accuride and Hayes/Maxion would always those  
4 wheels with those -- could always produce those wheels with  
5 those characteristics, but generally only did for special  
6 orders at premium prices. However, given the increased  
7 demand and popularity for the wheel that was less resistant  
8 to corrosion as the basic standard wheel, domestic producers  
9 had little choice but to reluctantly follow suit and to  
10 begin offering spun disc centers with improved  
11 anti-corrosion characteristics.

12 As has always been the case, U.S. producers  
13 have largely ignored smaller trailer producers in favor of  
14 giant producers like Great Dane, Utility, Stoughton and  
15 Wabash, and have left aftermarket buyers repeatedly in the  
16 lurch when wheel availability is tight and wheels are needed  
17 to satisfy demand from these larger trailer producers. This  
18 is essentially what allowed companies like ours to succeed  
19 at the aftermarket level, as Chinese origin wheels stepped  
20 into the breach when Accuride and Hayes/Maxion disappointed  
21 aftermarket customers, with refusal and/or inability to  
22 satisfy their needs for product. That continues to this  
23 day.

24 This calls to mind Accuride and Hayes' claims  
25 made in 2011 petition that in the absence of AD/CVD orders

1       against China, the Great Danes, the Stottens and the Wabash  
2       would all be using Chinese wheels as standard equipment in  
3       lieu of domestically produced wheels within a relatively  
4       short period of time.

5                       Well that was seven years ago, and that really  
6       just hasn't happened. The majority of the trailer producers  
7       still source steel wheels overwhelmingly from Accuride and  
8       Maxion.

9                       MS. WALKER: Moreover, it is important to note  
10       the wheels that are fitted to the drive chain of the  
11       semi-trailers, the so-called cab, and the wheels outfitted  
12       on the trailer portion of the vehicle are very different in  
13       weight.

14                      In our experience, the drive chain wheels are  
15       almost always supplied by Maxion and Accuride as both  
16       original equipment and replacement wheels. Chinese wheels  
17       are never used on the drive chain, although Maxion and  
18       Accuride wheels are most always used as their original  
19       equipment of the trailer portion of the new vehicles as  
20       well. When those wheels require replacement, certain  
21       companies will be able to replace those with Chinese wheels.

22                      As the Commission knows from previous  
23       investigations of steel wheels and passenger and truck  
24       tires, the demand for wheels is derived from the demand of  
25       vehicles that require those wheels.

1                   In the case of the subject merchandise, the  
2                   applicable vehicles are class 6, 7, and 8 only. The most  
3                   prevalent of those, which are semi-trailers.

4                   In 2016, the Federal Motor Carrier Safety  
5                   Administration, under the agency umbrella of the Department  
6                   of Transportation decreed the electronic logging devices or  
7                   so-called ELDs would be equipped in every semi-trailer in  
8                   lieu of paper logs to record and monitor maximum driver  
9                   hours per driving session. This regulation went into effect  
10                  in December 18 of 2017, but virtually all major trucking  
11                  lines in firms in the United States implemented this  
12                  requirement in their vehicles well in advance of the  
13                  effective date.

14                  This affected 500,000 trucking firms in the  
15                  country and approximately 3 million drivers. The effect of  
16                  this regulation has been increased to the demand for the  
17                  drivers, which over time, increase the demand of vehicles,  
18                  not front end, but back end, the trailer, and thus, increase  
19                  the demand for wheels.

20                  Another factor that no one's really considering  
21                  here, but I want to bring up, is there's an expected  
22                  escalated demand for semi-trailers, because the United  
23                  States has increasingly changed how we take delivery of  
24                  products. Consumers are driving people like Amazon and Jet  
25                  to make huge demands for what is called last mile trucking.

1 And so this is how we get their stuff very quickly instead  
2 of longer supply chains.

3 Additionally, the nation's trucking firm is  
4 aging. And when that occurs, repairs become considerably  
5 more prevalent, including replacement of wheels for those  
6 vehicles.

7 Finally, certain market factors that you would  
8 refer to as conditions of competition exist, that operate to  
9 the benefit of vendors in imported wheels into the detriment  
10 of U.S. producers.

11 First, the U.S. producers typically require  
12 minimum quantities to be purchased before they will accept a  
13 customer's order. We in the import community don't operate  
14 that way. We will sell anyone that wishes to purchase in  
15 any quantity they desire.

16 There will be many domestic customers,  
17 especially in the after-market that are unable to meet  
18 Accuride and Maxion's minimum purchase requirements. Those  
19 policies operate to our benefit.

20 Secondly, U.S. producers likewise may require  
21 customers to pick up their orders at production -- at  
22 producer's production facilities. The import community, on  
23 the other hand, largely offers delivery as a value-add to  
24 the customer, which increases and provides a more  
25 advantageous situation for buyers, prospective buyers, even

1 when the prices of the wheels might be higher due to  
2 included transportation cost.

3 There are two conditions of competition that  
4 have favored Chinese importers over Accuride and Maxion's  
5 wheels for replacement, which is much more flexibility in  
6 the terms of sales and conditions of sales we can offer to  
7 our customers.

8 If indeed Maxion and Accuride are suffering  
9 injury, which is doubtful, it is not as a result of import  
10 steel wheels, whether the Commission staff could readily  
11 available that other items are responsible for the factors.  
12 I -- so happy to have this opportunity to present to you and  
13 I am available to your questions.

14 MR. CAMPBELL: Our next witness is Jin Jiayan of  
15 Zhejiang Jingu.

16 STATEMENT OF JIAYAN JIN

17 MR. JIN: Thank you for an opportunity to  
18 testify. My name is Jin Jiayan. I'm the CEO of steel wheel  
19 division, Zhejiang Jingu, Co., Ltd. or Jingu for short.

20 Jingu is a China-based producer and exporter of  
21 steel wheels, including the wheels covered by this  
22 investigation. I have worked for Jingu for 12 years and I  
23 have worked in all aspects of Jingu's operations, including  
24 both manufacturing and sales.

25 My comments today will focus on Jingu's steel

1 wheel business and also Chinese industry as a whole.  
2 Although the petition claims there are 30 Chinese producers  
3 of steel wheels, only a small numbers of these companies  
4 sells to the U.S. market.

5 In fact, Jingu and Sunrise, both here today,  
6 alone accounted for the large majority of China's total  
7 shipments of 22.5 and 24.5-inch steel wheel to the United  
8 States in 2017. I should also mention that many of the  
9 companies listed in the petition to my knowledge do not  
10 produce steel wheels at all. Most companies that produce  
11 steel wheels in China are not able to sell to the United  
12 States due to various market challenges.

13 For example, U.S. truck and trailer  
14 manufacturers prefer lightweight steel wheels around six to  
15 eight pounds for 22.5-inch wheels. Based on my knowledge of  
16 the industry, only Jingu, Sunrise, and Xingmin are able to  
17 produce lightweight wheels.

18 The steel wheel business in the United States  
19 comes with other challenges that's more Chinese producers  
20 cannot overcome. First, a Chinese exporter of steel wheel  
21 to the United States needs to pay several hundred thousand  
22 dollar for liability insurance each year, because of the  
23 possibility of product recalls. The costs associated with  
24 the recalls makes the U.S. market risky, especially for  
25 smaller companies.

1                   Second, as we will talk about today and as the  
2 ITC learned six years ago, Chinese producers generally lack  
3 the ability and the resources, including money, technical  
4 ability, and the distribution and service networks to sell  
5 steel wheels to U.S. truck OEMs.

6                   Third, in the U.S. after-market, Chinese  
7 producers also face stiff competition because after-market  
8 customers prefer to source wheels from multiple sources,  
9 including Turkey and India.

10                  As a result, Jingu and other Chinese companies  
11 have found it easier to compete in other markets. In fact,  
12 the Chinese market is huge and growing. There is tremendous  
13 demand for steel wheels in China. The Chinese market is  
14 Jingu's focus as we -- as the focus of other Chinese steel  
15 wheel producers.

16                  China is Jingu's largest market for steel wheel  
17 by far. We sell nearly twice as many 22.5-inch steel wheels  
18 in China as we do in United States. To put this in  
19 perspective, every five years, China builds enough  
20 infrastructure and urban centers to fill the United States.  
21 The housing, roads, and the related infrastructure requires  
22 trucks and the wheels that go on them.

23                  We also project that our sales of steel wheels  
24 in China will continue to increase in 2018 and 2019. We  
25 expect our sales to China's OEM market to increase, because

1 truck producers in China are exporting larger quantity of  
2 commercial vehicles to other countries in the region.

3 Also, Jingu has been working with Chinese OEMs  
4 to develop steel wheels for their buses and trucks. These  
5 companies will use Jingu steel wheels in a mass bus and  
6 truck production in 2018 and 2019.

7 We also export subject steel wheels to third  
8 country markets, such as Mexico, Canada, EU, Brazil, and  
9 Southeast Asia. Our shipments to third country markets  
10 increased by 30 percent from 2015 to 2017. And we  
11 forecasted our shipments will continue to increase in 2019,  
12 mostly to EU.

13 In contrast, our shipments of subject steel  
14 wheel to the United States decreased between 2015 and 2017.  
15 For example, some of Jingu's after-market customers began  
16 importing steel wheels from other sources like India and  
17 Turkey.

18 In the U.S. market, the vast majority of Jingu  
19 sales of steel wheels are to the after-market, where it is  
20 easier to qualify for sales. So far, we have had a limited  
21 success selling to U.S. truck and trailer manufacturers.

22 As you heard in the investigation six years ago,  
23 truck OEMs have a very difficult and complicated  
24 qualification process. This fact has not changed. The  
25 typical qualification process starts with a strict technical

1 and commercial pre-assessment audit, which most Chinese  
2 companies cannot pass.

3 If you pass this initial step, you are then  
4 subject to additional factory process and business audit  
5 that are very burdensome and costly to pass. And every OEM  
6 has a different qualification process and makes different  
7 demands.

8 If -- even if you do pass, you are required to  
9 implement the very expensive action plan that might involve  
10 significant manufacturing changes. And even after you pass  
11 all of these qualification steps, implement the  
12 manufacturing and other requested changes, and become  
13 qualified, we have learned that qualification with an OEM  
14 does not guarantee you will get their business.

15 Jingu has participated in the complicated and  
16 expensive qualification process of truck OEMs to find that  
17 the OEMS in the end still prefer to buy from domestic  
18 producers, not from us. Jingu has been slightly more  
19 successful with trailer OEMs, but overall, our sales of  
20 subject steel wheels to trailer OEMs have been limited.

21 Vanguard is an exception. This company is owned  
22 by CICMC, a Chinese container and vehicle producer. Jingu  
23 supplies steel wheels to this company for its production of  
24 chassis and other vehicles in China. Our longstanding  
25 relationship in China with the CICMC gave us this

1 opportunity to supply to its subsidiary, Vanguard. Without  
2 CICMC, I doubt Jingu would be selling steel wheel to  
3 Vanguard today.

4 Jingu has the capacity to produce roughly 2  
5 million subject wheels per year. We have already reached  
6 our maximum capacity for the production of subject steel  
7 wheel for export. We also have our facility, where we  
8 produce small diameter wheels for passenger and off the road  
9 vehicles, but we do not have the ability to produce subject  
10 steel wheel at these facilities.

11 In summary, the petition grossly overstates our  
12 capacity to produce subject wheels, because the figure  
13 includes our production capacity for non-subject wheels.  
14 Looking ahead, we are investing in R & D and in  
15 modernization of our facility. We believe that product  
16 innovation and the development of a better wheel are the  
17 keys to our business success. Our goal is to compete on the  
18 base of innovation, selling high quality wheels at the  
19 premiere prices.

20 Finally, I want to correct one other error in  
21 the petition. The petition states that Jingu founded a U.S.  
22 subsidiary in Michigan named Pacific Wheel. This was a  
23 holding company that we closed last year. Jingu does not  
24 have any employees in the United States for customer service  
25 or otherwise.

1                   Thank you for your time and I am happy to answer  
2 any questions.

3                   STATEMENT OF THOMAS J. TRENDL

4                   MR. TRENDL: Good afternoon, Mr. Corkran and  
5 staff. My name is Tom Trendl. I'm with Steptoe and I  
6 appreciate the opportunity to appear before you today on  
7 behalf of the Sunrise Company, a foreign producer opposed to  
8 the petition in this investigation.

9                   I'm here to discuss, to the extent I can do so  
10 publically, the condition of the domestic industry and the  
11 lack of material impact subject imports have had on that  
12 industry.

13                   As the domestic industry in this investigation  
14 consists of only two companies, Accuride and Maxion, I'm  
15 constrained as to what I can say publically, but I'll do  
16 what I can here and provide further details in our  
17 post-conference brief.

18                   And I intend to briefly discuss the volume,  
19 price effects, and impact of subject merchandise. Before I  
20 get to that point, I wanted to note one other thing that's  
21 -- two other things that have changed since your last  
22 investigation. And that is the nature of the petitioners.

23                   Accuride was acquired in late 2016 by a private  
24 equity firm called Crestview Partners. They have then also  
25 acquired KIC, which Mr. Campbell and others, I think, spoke

1 to earlier this morning, who's very much in the business of  
2 the subject merchandise.

3 And they are, as I understand it, close to  
4 acquiring Mefro Wheels, which is based in Germany. This was  
5 announced in June of 2017. As the president and CEO of  
6 Accuride stated with regard to that, we're not done. We  
7 want to be a true global wheel end manufacturer and stated  
8 that Accuride's annual revenues would effectively double on  
9 the Mefro deal once it closes.

10 In addition, with regard to Maxion, as you well  
11 know, it -- that's a company headquartered in Brazil that  
12 acquired the previous petitioner in 2012, Hayes Lemmerz and  
13 it has subsidiaries producing around the world.

14 In addition, Accuride, as we've talked about  
15 before, has production in Mexico.

16 Now as to volume price effects and impact, as  
17 you know, the Commission typically first looks to the volume  
18 of subject imports to consider whether there's been a  
19 significant increase in that volume, either absolutely or  
20 relative to production of consumption in the United States.  
21 Here, neither condition is present.

22 This morning, we heard a lot about the HTS data.  
23 We saw slides on the HTS data. We also, as you've heard in  
24 this afternoon, the HTS data unfortunately is not useful for  
25 our purposes here. The questionnaire data that you have is

1 useful. We've heard that you have three major Chinese  
2 exporters to the United States. I believe you've got a  
3 pretty robust data set. I won't say more, but I think what  
4 you have you'll see is fairly complete. And the HTS data,  
5 unfortunately, is too broad. You've got a, you know,  
6 regardless of where you get the data on how you're going to  
7 do a conversion 39 pounds or the petitioners are suggesting  
8 you could use the questionnaire data for that aspect, we  
9 would suggest you use the questionnaire data.

10 And when you do so, on an overall basis, the  
11 volume of subject imports increased modestly over the POI,  
12 but subject imports market share and that of petitioners did  
13 not change significantly.

14 And when looked at, as we believe it should be  
15 on a channel or segment basis, meaning truck OEMs, trailer  
16 OEMs, other OEMs, a term that's in the questionnaires, and  
17 after market, the data collected by the Commission, we  
18 believe, is more probative.

19 As you heard from a number of witnesses today,  
20 imports in domestic producers essentially cater to different  
21 segments, with domestic producers maintaining a near lock on  
22 truck and trailer OEM customers while imports hold a  
23 stronger, but not quite as dominant position with  
24 after-market customers.

25 In these segments, subject imports did not show

1 any increase in market share. In the so-called other OEMs,  
2 this is a much smaller segment and shows more mixed share  
3 trend.

4 When you -- let's say more. When you look at  
5 the confidential version, these data in no way portray a  
6 U.S. industry facing a significant increase in volume, no  
7 matter how it's examined and particularly when viewed by  
8 segment as the Commission has done in the past and we  
9 believe you should do here as well.

10 Pricing, similar to the 2012 investigation, the  
11 record in this preliminary investigation supports a finding  
12 that imports did not have significant price suppressing or  
13 depressing effects. The underselling analysis based on the  
14 four products selected by the Commission does indicate that  
15 subject imports undersold domestic suppliers.

16 That said, it is critical to recognize, as the  
17 Commission did in 2012, that this underselling was not  
18 accompanied by significant decreases in domestic prices or  
19 volume.

20 MR. TRENDL: Subject imports did not gain  
21 significant market share over the POI at the expense of  
22 domestic producers. Indeed, prices for all four products  
23 selected by the Commission followed market trends in U.S.  
24 consumption, as Mr. Campbell discussed earlier.

25 This includes new truck builds as well as prices

1 of material inputs such as steel, which we discussed this  
2 morning. As such, there is absolutely no basis to conclude  
3 anything other than subject imports did not have a  
4 significant adverse price effect on the domestic industry.

5 Turning now to impact. In evaluating the impact  
6 of subject imports on the domestic industry, the Commission  
7 traditionally looks to factors such as output, capacity  
8 utilization, sales, and other factors such as employment  
9 data.

10 Petitioners this morning claimed that they  
11 experienced injury in essentially every factor. The  
12 confidential data collected from the two Petitioners paint a  
13 different picture on each of these factors, indicating that  
14 the domestic industry is not injured.

15 In this investigation, the Commission has before  
16 it a domestic industry with solid financial results  
17 throughout the POI, particularly when viewed in the context  
18 of consumption trends in the market that I just discussed.

19 In fact, analysis of 2017 data demonstrates a  
20 meaningful, if not robust, improvement in the domestic  
21 industry across a number of key P&L factors. If Petitioners  
22 are to be taken at their word, one would expect to see  
23 financials awash in red ink. We don't see that.

24 The record in this investigation, as was the case  
25 in the 2012 investigation, does not support a finding that

1 the domestic industry is materially injured. In fact there  
2 is an absence of volume effects and signs of robust  
3 production and financial performance.

4 I am happy to answer any questions you may have,  
5 and I now turn this over to my colleague, Eric Emerson, who  
6 will address some Sunrise-specific issues as well as threat.

7 STATEMENT OF ERIC EMERSON

8 MR. EMERSON: Thanks, Tom. This is Eric Emerson  
9 from Steptoe & Johnson. And like Tom I am presenting on  
10 behalf of Sunrise.

11 I would like to say, as Tom said, I would like to  
12 say a few words about Sunrise and then close with some  
13 comments on threat.

14 As it is for the Chinese steel wheel industry  
15 overall, China is the most significant sales market for  
16 Sunrise. Vehicle production, particularly truck production,  
17 remains very robust in China, and Sunrise's sales numbers  
18 over the POI reflect a continuing importance of that whole  
19 market.

20 In every year of the POI, Sunrise's sales to  
21 China were larger than its sales to the United States.  
22 Thus, far from being an export-oriented industry, the  
23 Chinese steel wheel industry enjoys significant demand at  
24 home.

25 Moreover, like most Chinese producers, Sunrise is

1 focused almost exclusively on the aftermarket with respect  
2 to its U.S. sales. And that is consistent with the ITC's  
3 2012 finding.

4 Sunrise is a trusted and reliable supplier to the  
5 aftermarket, which distinguishes it from U.S. producers for  
6 whom the aftermarket is only an afterthought to be supplied  
7 when and if OE demand has been fully satisfied, as Mr.  
8 Cunningham has explained.

9 During the POI, Sunrise made commercial sales to  
10 only one OE manufacturer, a bus manufacturer. Sunrise has  
11 supplied this customer since before the POI, and over the  
12 POI its sales volumes have remained constant.

13 Moreover, Sunrise has very little ability to  
14 increase sales to other OE manufacturers. As Mr. Jin from  
15 Jingu noted and explained, the qualification process to  
16 supply OE manufacturers is extremely rigorous. Currently,  
17 Sunrise is qualified with only one--qualified to supply only  
18 one OE truck producer, but its efforts to make sales to that  
19 company back in 2010 were commercially unsatisfactory and  
20 it has made no further sales or sales efforts since then.

21 With respect to trailers, Sunrise is qualified  
22 with two trailer manufacturers but future sales to them are  
23 unlikely. Sunrise rejected an offer for sale to the larger  
24 of those producers in the '16-'17 period as having  
25 unacceptable terms, and made only a small quantity of sales

1 to the second.

2 As Mr. Jin explained, even for companies who do  
3 through that arduous process of qualification, that is no  
4 guarantee of sale, which is part of the reason that  
5 companies like Sunrise and other Chinese producers simply  
6 don't bother to go through it.

7 These facts demonstrate that Sunrise, similar to  
8 other Chinese producers, has little ability to increase its  
9 sales to the most critical part of the domestic industry's  
10 sales portfolio.

11 Sunrise's lack of qualification at most OE  
12 manufacturers also undermines Petitioner's lost-sales and  
13 lost-revenue allegations, a fact we will discuss in our  
14 postconference brief.

15 Finally I would like to close our direct  
16 presentation today by making a few comments about threat. I  
17 am not going to address all the threat factors. I am only  
18 going to focus on a couple of the more critical ones here,  
19 and will handle the remaining factors in our brief.

20 First, volume. As Tom explained, the data we  
21 have compiled so far from the U.S. producers and importers  
22 questionnaires indicates that import volumes and market  
23 share have grown only modestly, and there is no evidence  
24 that these volumes will experience the significant rate of  
25 increase required by the statute for an affirmative threat

1 determination.

2           Second, prices for steel wheels largely track the  
3 price for hot-rolled steel, as we heard this morning, which  
4 is the major input component. U.S. prices for hot-rolled  
5 steel began to increase in early 2016 after the U.S.  
6 Department of Commerce issued its preliminary affirmative  
7 determinations in the hot-rolled steel cases. And these  
8 price trends have continued throughout the POI, the POI  
9 here.

10           And these prices have been mirrored in foreign  
11 markets, as well. And I would also note that the recent  
12 determinations in the Section 232 case are likely to further  
13 increase those--further extend those price increases on  
14 hot-rolled steel into the future.

15           As a result, since early 2016 Sunrise has been  
16 forced to issue six price increase notices to its customers,  
17 and its own prices have steadily increased. We believe that  
18 once the data are compiled, these price increases will be  
19 mirrored by the remainder of the Chinese industry.

20           Third, the Chinese industry already enjoys high  
21 levels of capacity utilization. To the extent additional  
22 production is possible, it is much more likely to go toward  
23 its domestic market, which as I mentioned is an extremely  
24 important part of the overall portfolio.

25           In our postconference brief we will review all of

1 the relevant statutory factors. I just wanted to touch on a  
2 couple of the more important ones here, and we will support  
3 that with confidential data from the record.

4 And with that, parties in opposition to the  
5 imposition of antidumping and countervailing duties close  
6 our direct testimony.

7 MR. CORKRAN: Thank you very much. I very much  
8 appreciate this panel's presentation. It has been very  
9 helpful.

10 Before I turn to my colleagues, I am going to ask  
11 just a general question for consideration, but not ask for  
12 the answer now. I'll wait until it's my turn.

13 But one of the things that struck me as I was  
14 listening to the arguments was that there was a tremendous  
15 amount of emphasis placed on the central importance of the  
16 conditions of competition. How do you view the Commission's  
17 position to fully evaluate the conditions of competition in  
18 light of the fact that we will not have a full universe of  
19 purchaser questionnaires, in light of the American Lamb  
20 Standard that is applicable in a preliminary phase of an  
21 investigation, and in light of the standard that requires  
22 the Commission to examine for a reasonable indication of  
23 material injury?

24 That is sort of a broad question. I would like  
25 you all to think about it, and we will circle back at the

1 end. And with that, I will turn to Mr. Harriman to begin  
2 questioning.

3 MR. HARRIMAN: Good afternoon. Thanks again for  
4 being here and for your testimonies and statements.

5 My first question was somewhat prompted by Mr.  
6 Trendl. I was going to ask for comment on the HTS figures  
7 and the numbers used in the Petition for the figure that  
8 were derived there. So I appreciate you already commenting  
9 on that. Do you have any additional thoughts perhaps in  
10 relation to the numbers they identify as the numbers that  
11 would be the primary numbers? Or any additional thoughts on  
12 the numbers that we were provided?

13 MR. TRENDL: I would actually suggest that the  
14 people in the business of wheels would know better what  
15 they're importing under than I would. I do know that  
16 everyone in this room agrees that the HTS data is too broad;  
17 that the numbers each include too many things. But as far  
18 as what the predominant numbers are, I would turn to my  
19 colleagues here to answer that.

20 MR. CAMPBELL: This is Jay Campbell with White &  
21 Case. I would also note that even Petitioners in the  
22 Petition acknowledge that with respect to the two HTS  
23 categories that they characterized as the most relevant,  
24 that those two categories are overbroad and likely include a  
25 significant volume of nonsubject merchandise.

1           So I think that concession speaks for itself,  
2           just as it did in the previous investigation and the  
3           Commission should rely on the importer questionnaire data,  
4           which in this case are at a minimum more representative and  
5           accurate than the overbroad HTS categories in even the two  
6           most relevant ones identified by Petitioners.

7           MR. HARRIMAN:    Okay, thank you.  Some questions  
8           on the roster, if you will, of firms in China producing  
9           steel wheels, some related questions there.

10           In Mr. Jin's testimony, you mention that you--to  
11           your knowledge, that there are companies listed in the  
12           Petition who do not produce steel wheels at all.  I invite  
13           you in your comments maybe to highlight the ones you are  
14           confident with that statement, if you can highlight which  
15           companies those are that would be appreciated.

16           MR. WHITSON:    Keir Whitson for Zhejiang Jingu.  
17           In the postconference brief we will work that out for you  
18           with some supporting documentation.

19           MR. HARRIMAN:    Thank you.  And we have  
20           identified here, you've listed for us the three firms that  
21           produce lightweight wheels.  Do you have a sense of how many  
22           companies produce the heavier wheels, and what the weight of  
23           those wheels might be?  I realize I may be asking about  
24           other firms, but if you have that information available that  
25           would be good to know about, too.

1                   MR. JIN: I would say--this is Jiayan Jin--I would  
2 say maybe a dozen in China produce. And among the only  
3 three that can produce lightweight. But others, I don't  
4 have a idea, maybe around 70 to 80 pounds, something around  
5 there.

6                   MR. HARRIMAN: I understand. Thank you.

7                   I am also going to ask about your--continuing  
8 with your testimony, you discuss a lot of the burdens to  
9 qualifying for the U.S.-based OEMs. And also you were  
10 commenting on the interest and attention being paid to your  
11 home OEM market.

12                   Do the Chinese OEMs have a similar level of rigor  
13 in the standards that they would hold a wheel manufacturer  
14 to? Is there more detail you can provide on any regulations  
15 you have to meet to sell within the home market to OEMs?

16                   MR. SAYLOR: I am David Saylor. I am the  
17 Technical Director for Jingu. I can answer this. The  
18 Chinese are not as rigorous as worldwide OEMs that you find  
19 in Europe and the United States.

20                   MR. HARRIMAN: Is it, the process, is it there's  
21 just fewer hurdles to jump through? Are the hurdles  
22 themselves, would you say they're just not as high,  
23 essentially? Or both?

24                   MR. SAYLOR: In every case of every OEM, they  
25 care about qualify, regardless of what Continent they are

1 on. It is just the emphasis is different, depending on  
2 their understanding and their background. The Chinese tend  
3 to be more informal in some ways. They'll come see our  
4 factory, and it's done. They like us. Germans will bring  
5 in a dozen people and spend a week. The Americans, almost  
6 that bad. But it's definitely more rigorous in the Western  
7 companies.

8 MR. EMERSON: This is Eric Emerson with Steptoe.  
9 Sorry, just one other comment. I think that Mr. Jin  
10 testified as well that one of the burdens of supplying U.S.  
11 OE manufacturers is the requirement of carrying some fairly  
12 high levels of product liability insurance in case of  
13 accident. The Chinese tort system is vastly different from  
14 the U.S. tort system. And so the levels of potential  
15 liability in China are significantly lower than they would  
16 be in the United States, which would be a cost element, too,  
17 for those producers.

18 MR. HARRIMAN: Thank you for that detail.

19 MS. WALKER: Could--

20 MR. HARRIMAN: Yes.

21 MS. WALKER: Amanda Walker. I've been a part of  
22 the audits, and largely it's a parts' warrant submission  
23 process. I agree. It's called, you know, a PPAP. And it  
24 is rigorous, but it is not ignored by the Asian buyers. You  
25 know, I've been a part of one of the truck buying processes

1 in Asia, and it's basically the same.

2 MR. HARRIMAN: Okay, thank you. One thing that  
3 I wanted to touch on that was discussed this morning , we  
4 had some discussion related to the scope on the fact that a  
5 rim and a disc count, even if imported separately, and I  
6 believe we discussed earlier this morning that, to the  
7 belief of the Petitioners and the morning counsel that would  
8 not be a--that would be rare, if at all.

9 So I am curious to hear about the importers, to  
10 see if you have any comments on the prevalence of wheels  
11 imported fully assembled, versus as a separate assembly?

12 MS. WALKER: Amanda Walker. We would want no  
13 part of that. It would be terribly cumbersome and  
14 expensive.

15 MR. CUNNINGHAM: Tom Cunningham. Exactly the  
16 same, because the wheel gets its final paint protection  
17 after it's been welded together. And because of the  
18 facilities in China match up with the manufacturing, I  
19 wouldn't want a rusty wheel coming to the U.S. and then they  
20 do something and try to paint it. It would be a mess.

21 MR. HARRIMAN: So there seems to be agreement on  
22 that front. Okay.

23 Mr. Cunningham, I appreciate your testimony and  
24 the emphasis you put on the importance of  
25 corrosion-resistant material and the effects of the coating,

1 and whatnot. And I appreciate your testimony there. Is  
2 there additional testimonials you can provide, or additional  
3 data on whether, you know, looking at the whole market  
4 whether there are prevalent opinions of difference between  
5 the corrosion-resistance of the U.S.-offered product versus  
6 imported product?

7 MR. CUNNINGHAM: I don't want to ramble. It's  
8 my nature. I'll apologize. The truck industry has--they  
9 build a truck and it lasts three to five years. The  
10 transmission, the engines, they wear out. And then they are  
11 replaced and sold in another truck market.

12 The major, big fleets want to keep a trailer for  
13 20 years. And they want that box not to rust. And there's  
14 huge, specially under the box, components that are  
15 galvanized. And the industry is dead serious about fighting  
16 corrosion and rust.

17 I don't know that that gave--so directionally--a  
18 consultant I'm not--but directionally, it's going to be  
19 galvanized. I don't know if that--

20 MR. HARRIMAN: Yeah, thank you. That helps.  
21 And while I have you, Mr. Cunningham, while I'm focused o  
22 you, I should say, I believe you had a data point--you had a  
23 data point that there were 34,000 fewer OEM trailers on the  
24 road? Is that accurate?

25 MR. CUNNINGHAM: Yes, that was from the truck

1 trailer manufacturing survey that they did. So we just took  
2 '15 compared to '17.

3 MR. HARRIMAN: Well I would ask for that data.  
4 It's already on the record, if you could provide that in  
5 your comments as well that would be great.

6 MR. CAMPBELL: Yes, we will provide that in our  
7 postconference brief.

8 MR. HARRIMAN: Thank you. Ms. Walker, in  
9 regards to your testimony, a couple of questions. Thank you  
10 for highlighting the issue with the EBD technology and the  
11 regulations there concerning driver safety and time on the  
12 road. Can you reiterate--I'll be looking at the transcript,  
13 too, but if you could reiterate the connection between that  
14 new development going through to demand for steel wheels, I  
15 would just be curious to hear that again.

16 MS. WALKER: I would be happy to. Thank you.

17 Max tells me not to talk about customer  
18 specifics, so I am going to be vague. But there is a very  
19 large online retailer--there's actually two--and they have  
20 literally changed how people receive goods, and how people  
21 actually get trucks into distribution facilities.

22 I am from Dallas, and we have eight 250,000  
23 square feet Amazon Distribution Centers just north of our  
24 airport. And when you look, they're not dealing with this  
25 in a timely way. They are pulling in a cab, and a trailer.

1 They're dropping the trailer, and the cab is going someplace  
2 else to do more work. And it's taking a lot more, what we  
3 would consider 53-foot dry vans to adequately service  
4 people who are buying diapers, and avocados, and things like  
5 that online. And so it has fundamentally made people need  
6 more dry vans, and it's actually asked people, or demanded  
7 that people repair.

8 In Texas we have seen a lot of the repair market.  
9 The aftermarket has been considerably growing, and it is  
10 motivated by that. It is the last-mile trucking.

11 MS. WALKER: -- people who want to order it  
12 tonight and get it tomorrow and I do.

13 MR. HARRIMAN: Okay, very good. Thank you.

14 So may last question before I turn it over will  
15 also be for you, Ms. Walker, or for Mr. Cunningham. I  
16 appreciated your discussion on the ability you have as  
17 importers as deliverers of product you don't have an  
18 emphasis on -- you do delivery, no minimum orders or things  
19 like that.

20 Now I'm wondering if there's practical  
21 constraints on that or if there is just an issue that  
22 doesn't happen. I imagine you don't want to make it a habit  
23 to do a single wheel delivery from coast-to-coast, for  
24 example, but are there any practical constraints that end up  
25 arising from time-to-time on that marginal benefit you

1 provide there for convenience of delivery and for ordering?

2 MS. WALKER: No. You know we deliver eight at a  
3 time. We have somebody who orders eight assemblies every  
4 week 52 times a year. We have 17 trucks ourselves and we  
5 have routes that we deliver on. That's something that -- I  
6 don't know about Maxion, but I've never seen Accurite  
7 provide that level of quality care to a consumer.

8 You know they'll worry about the big guys. You  
9 know they want the front end and they also want the high  
10 profitability of the trailer OE, like Stoughton, Wabash,  
11 Great Dane. The people who are using insignificant  
12 qualities they're not even on their radar. Thank you.

13 MR. CUNNINGHAM: My business model is completely  
14 different. Everything I sell is a container. One wheel  
15 would give me acid indigestion, so that's the way we deal  
16 100 percent of our business.

17 MR. HARRIMAN: I understand that. Thank you for  
18 clarifying that. With that, I'll turn over the questions to  
19 my colleagues. Thanks again.

20 MR. CORKRAN: Thank you very, Mr. Harriman.

21 MR. HALDENSTEIN: Thank you. Good afternoon,  
22 Michael Haldenstein, Office of the General Counsel. I have  
23 a question for counsel and that's about the proposed like  
24 product. Are Respondents comfortable with the like product  
25 that's been proposed?

1                   MR. CAMPBELL: Yes, we don't intend to challenge  
2 the like product definition.

3                   MR. TRENDL: We agree.

4                   MR. HALDENSTEIN: Thank you. Mr. Jin testified  
5 that truck and trailer manufacturers in the U.S. prefer the  
6 lighter weight steel wheels, but does that mean that the  
7 heavier ones aren't imported in as great a quantity or those  
8 are not imported at all from China? How does that affect  
9 the market?

10                  MR. JIN: It cost almost 100 percent, maybe  
11 around there, our export steel wheels are light weight  
12 because trucker and trailer they need more efficient and can  
13 help the driver, like the company make more money, so I  
14 don't think it make sense for customer to choose heavy  
15 wheels just because of it's seven dollar cheap. I don't  
16 think that makes sense.

17                  MR. CAMPBELL: If I heard your question  
18 correctly, you were also asking about the imported subject  
19 wheels from China. And to the extent are they coming in at  
20 the heavier weights and the answer would be mostly, yes,  
21 because you know most of those steel wheels imported from  
22 China are going to the after market where the weight is much  
23 less of a concern than for the OEMs.

24                  MR. CUNNINGHAM: If I could further clarify, 98  
25 percent of the wheels I import are the heavy wheels because

1 I go to the after market.

2 MS. WALKER: We have three grades. We have 69  
3 pounds, 72, and 78.

4 MR. HALDENSTEIN: Thank you. Have Chinese  
5 producers attempted to qualify with the OEM manufacturers  
6 and failed? Are there instances that can be cited?

7 MR. EMERSON: We can put something together on  
8 the post-conference brief on that.

9 MR. SCHUTZMAN: Mr. Haldenstein, we'll provide  
10 that in the post-conference brief. Trans Texas Tires buys  
11 principally from one Chinese producer, so we'll be happy to  
12 provide that information.

13 MR. HALDENSTEIN: Thank you. And Mr. Trendl,  
14 you mentioned some changes in corporate structure and  
15 acquisitions. I was wondering how should that affect the  
16 Commission's analysis of the industry -- are you suggesting  
17 that the industry is doing better because they're making  
18 these acquisitions or is it something else.

19 MR. TRENDL: No, I'm suggesting it's one of the  
20 reasons why you see discussed earlier today as well as this  
21 afternoon the Mexican component of what's going on in volume  
22 and how we should treat that. That we see that the view of  
23 these companies is beyond the United States and they're  
24 alternative markets and alternative sources for these  
25 products. I'm not suggesting that they're not U.S.

1 producers or anything like that.

2 MR. HALDENSTEIN: One more questions and that's  
3 about -- I thought I heard a reference to the imports being  
4 sold more on a delivered basis. Was it Mr. Cunningham,  
5 you're saying that, that they were -- you would pay for  
6 delivery while the domestic producers would ask the customer  
7 to pay for transportation.

8 MR. CUNNINGHAM: I think that might've been  
9 Amanda's testimony.

10 MR. HALDENSTEIN: Okay.

11 MS. WALKER: Could you please re-ask it? I  
12 apologize.

13 MR. HALDENSTEIN: I was just asking if your firm  
14 pays for delivery of the wheels when they're delivered and  
15 I'm just wondering if that would affect our pricing data or  
16 is that something -- I don't know if --

17 MS. WALKER: We really do try to cater to the  
18 customer. You know we have 17 trucks of our own and we have  
19 routes, so that's part of our fixed cost is delivering on  
20 our trucks. Very special people or people who it would be  
21 hard or difficult to reach we would reach by container, so  
22 it'd be different.

23 MR. SCHUTZMAN: Mr. Haldenstein, I think you're  
24 referring to the pricing data and I think that your  
25 instructions are that the pricing data is to be net of

1 transportation. That's my recollection. I think that's  
2 your question.

3 MR. HALDENSTEIN: Yes, so that should be  
4 adjusted for that, right? Okay, alright, thank you. That's  
5 all the questions I have.

6 MR. CORKRAN: Thank you, Mr. Haldenstein. Now  
7 we'll turn to Ms. Preece.

8 MS. PREECE: Thank you very much. Let's start  
9 with a few questions for Amanda, if she doesn't mind. You  
10 said you couldn't buy from Accuride. They weren't willing  
11 to sell to you. What was the reason for that?

12 MS. WALKER: They sent us a salesman in '12 --  
13 and I largely have no experience with Maxion, but Accuride  
14 sent us a salesperson in '12 and he quoted the Statesman  
15 line wheels and he did not actually quote the Henderson  
16 produced in Kentucky wheels. He quoted the wheels produced  
17 in Monterey and he said we could pick them up in Laredo, so  
18 that was absurd to us. We also had some very specific and  
19 unique payment terms that were positive that they didn't  
20 agree to.

21 MS. PREECE: Okay, thanks. So that was from  
22 Mexico. They weren't ever offering you product from the  
23 United States.

24 MS. WALKER: I still have the quote. It looks  
25 like a Mexican product.

1 MS. PREECE: Okay, because that's -- you know if  
2 they were offering products from the United States that'd be  
3 very different from offering product from Mexico as far as  
4 I'm concerned. It doesn't matter who produces it in Mexico  
5 it's still a Mexican product and we don't have to worry  
6 about that.

7 MR. SCHUTZMAN: Is this information you would  
8 like in the post-conference brief?

9 MS. PREECE: Yes, yes, you can. I heard her say  
10 that it was from Mexico and I thought that's really  
11 important. If they were offering from the U.S. facility,  
12 that would be one thing. If they're offering it from a  
13 Mexican facility, it's completely different. It might as  
14 well be from China, I think, the legal -- you know, I mean,  
15 obviously, it's not considered dumping, but it's still not  
16 U.S. product.

17 MS. WALKER: It's not genuine United States  
18 product. It's Mexican-produced product.

19 MS. PREECE: Yes, exactly.

20 MR. EMERSON: Excuse me, Ms. Preece. I might  
21 disagree with that position just a little bit because I  
22 think it's important from a causation perspective and from  
23 the perspective of looking at the presence of non-subject  
24 imports in the marketplace, the fact that, if true, a  
25 domestic producer was rather than offering its own U.S.

1 production offering production from outside the United  
2 States does suggest that it might be cannibalizing its own  
3 U.S. production with its own foreign production.

4 I understand that for some purposes it may just  
5 be non-subject product and maybe this is then not -- maybe  
6 this is not an example of a non-sale, if you will, of U.S.  
7 product, but I don't think that it is something that the  
8 Commission should throw out altogether. I think this  
9 demonstrates that where you have companies like the  
10 Petitioners who have production facilities around the world  
11 who are both engaged both in U.S. production and importing  
12 and if they're coming before a customer offering up a  
13 variety of different products I do think that's something  
14 absolutely that the Commission must take into account in  
15 determining whether imports caused injury to those  
16 companies.

17 MS. PREECE: Thank you. I did want to put some  
18 emphasis on the Mexico and that we have done that and that's  
19 very useful.

20 So you were saying -- the other thing you said  
21 was that the cost of steel is the important cost in steel  
22 wheels. How much share of the cost of the steel wheels  
23 would you say, just estimate, round number, is steel?

24 MS. WALKER: I would say it's more than 80  
25 percent.

1 MS. PREECE: More than 80 percent.

2 MS. WALKER: Yes.

3 MS. PREECE: Okay. Does anybody else have any  
4 guess on that or want to throw in any --

5 MR. JIN: I would say around 70.

6 MS. PREECE: 70 percent?

7 MR. JIN: Yes.

8 MS. PREECE: Okay, okay, 70 to 80 percent that's  
9 --

10 MR. TRENDL: We'll offer something in the  
11 post-conference brief.

12 MS. PREECE: That would be very helpful. Thank  
13 you. Thank you. I'm having trouble with the demand stuff.  
14 There's a lot of issues that seem to be going on with  
15 demand. There's the aluminum wheels coming for steel  
16 wheels. There's the production in Mexico rather than the  
17 United States. There's cyclical -- I can't remember what  
18 all eles -- you know the different drive trains and stuff  
19 like that, but in any case, I would like if we can get an  
20 overall summary of what's going on with demand and what the  
21 different factors are and how that affects U.S. overall  
22 demand as a total over the three-year period. That'll be  
23 really helpful because there seems to be a lot going on and  
24 it's quite interesting, but you know it's like, okay, this  
25 is going to up and this is going down and this is going up.

1                   You know when they had that economics class and  
2 they had this little table and it was like we don't know.  
3 We don't know. We don't know. We don't know. And it's  
4 like we end up this, well, there's lots of factors changing  
5 and unless we know what each of those factors is doing we  
6 don't know. And so I'd like you to build on that so that we  
7 can get to a point where we say, yes, it's gone down or yes,  
8 it's gone down or whatever. It doesn't matter to me what  
9 it's done, but it would be really helpful to understand what  
10 factors are coming and leading to this change.

11                   And also, the OEM versus the replacement, if  
12 what your analysis is that's there a difference between  
13 those two markets, then we want to see what those two  
14 markets are doing separately, so that would be really  
15 helpful.

16                   Okay, is there a price premium for lighter  
17 weight wheels? If anybody can just expound on this, even if  
18 it's just yes or no, I would love it.

19                   MR. CUNNINGHAM: Yes. And the reason for that  
20 is the value-add of less weight on an 80,000 pound gross  
21 vehicle weight. So you can either get better fuel mileage  
22 if you're running empty or you can haul more product in that  
23 box, so I would say yes.

24                   MS. PREECE: Okay, okay. And do you have any  
25 idea how much difference that would be.

1                   MR. CUNNINGHAM: I guess I'm going to use that  
2 line so many people do. We could do it.

3                   MS. PREECE: Alright, very good, very good. I'm  
4 happy with that line, as long as you actually do it. I've  
5 had a lot of times where I've asked questions like, oh,  
6 we'll answer it. Where is this?

7                   Okay, what is the relationship between the price  
8 of steel wheels in the -- I think we've got three markets.  
9 We've got the OEM, OES, and the after market market. How do  
10 they relate to each other? I think that this is probably  
11 better in the transcript than here because I think I'd just  
12 get confused if you tried to answer me orally.

13                   Okay. And then in the petition there was an  
14 estimate that the size of the after market was 35 percent of  
15 the total market of trailers and OEMs were 40 and 25  
16 percent, respectively. Do you agree with this estimate?  
17 Okay, in the thing I'll be happy with that.

18                   Do any of you sell using contracts?

19                   MR. CUNNINGHAM: I do not.

20                   MS. PREECE: Okay.

21                   MS. WALKER: No, thank you for asking.

22                   MS. PREECE: Okay.

23                   MR. TRENDL: Are you talking about them or the  
24 Chinese manufacturers or both because I think that'll be in  
25 your questionnaire? I don't want to discuss --

1 MS. PREECE: Yes, I know, but I would still like  
2 to have information about this.

3 MR. TRENDL: Okay, we'll put that in the brief.

4 MS. PREECE: So there seems to be a difference  
5 between the U.S. you know based on contracts. Okay, well, I  
6 always like these things to be out in the open.

7 MR. JIN: Ms. Preece, we don't.

8 MS. PREECE: You don't do contract, okay. And  
9 do you agree that their trucks are following this seven to  
10 eight-year cycle of demand. I think Mr. Cunningham would be  
11 the best person on that.

12 MR. CUNNINGHAM: I didn't say that, but I agree.

13 MS. PREECE: You agree. I didn't think that  
14 anybody had said that, but you seem to be the guy who's been  
15 in this industry for long enough to have seen some seven or  
16 eight year cycles. If you've been in the industry for four  
17 years -- yeah, yeah. And where in the cycle is it right now  
18 would you think?

19 MR. CUNNINGHAM: I'm not a follower of the Class  
20 8, 7, and 6 industry. Ninety-eight percent of my business  
21 is after market, so I'm not a good source.

22 MS. PREECE: Okay. Well, maybe I'll ask the  
23 U.S. industry to give me that response. Okay, thank you. I  
24 don't think I have any more questions.

25 MR. CORKRAN: Thank you, Ms. Preece. Now

1 we'll turn to Mr. Fravel.

2 MR. FRAVEL: (MICROPHONE ISSUE)

3 MR. EMERSON: This is Eric Emerson on behalf  
4 of Sunrise. I think I'm obligated to say yes it is, but the  
5 extent that there are differences in any respect we'll  
6 address those in the post-conference brief. But I get this  
7 -- my understanding is, I should say, that broadly speaking  
8 the products are -- the companies produce comparable  
9 products.

10 MR. FRAVEL: (MICROPHONE ISSUE)

11 MR. CUNNINGHAM: I could speak to coatings if  
12 you'd like. Tom Cunningham. I started the import business  
13 in 2008, and visited many Chinese wheel manufacturers. All  
14 of them are zinc phosphate pretreat and clean the wheel  
15 epoxy, which is the correct primer. It's aggressive and it  
16 really grabs steel, epoxy e-coat powder top coat. All of  
17 them did that.

18 At that point in 2008, there were no U.S.  
19 manufacturers doing epoxy powder top coat as a paint  
20 opportunity. So from a quality standpoint, I would say  
21 number one, the Chinese were altogether and really the  
22 world, for that matter. Most steel wheels have always, have  
23 been painted for years that way, as opposed to the U.S.  
24 manufacturers. Did I answer that all right? Okay.

25 MS. WALKER: I would like to comment please.

1 My family is the family that does business with Xingmin  
2 Wheel. They're not here, it's X-I-N-G-M-I-N, largely.  
3 There are three manufacturers in China that produce quality  
4 wheels and are consistently grouped together, and that's the  
5 two represented today and then the family business that my  
6 family does business with.

7 You can expect consistency in coating and  
8 consistency in how the packaging protects the wheels, you  
9 know. Mr. Cunningham showed you some really dinged up ugly  
10 wheels. I've seen Sunrise wheels and Jungu wheels and  
11 Xingmin wheels all arrive in pretty pristine state, because  
12 they are coated adequately and correctly, and then they are  
13 packed impeccably. So yes, the big three can do and they do  
14 it in similar fashion. Thank you.

15 MR. FRAVEL: Okay, thank you. In the  
16 aftermarket, do you see any competition or have aluminum  
17 wheels had any effect on your aftermarket business? I mean  
18 --

19 MS. WALKER: I haven't seen it.

20 MR. CUNNINGHAM: I haven't seen it. This is  
21 aftermarket.

22 MR. FRAVEL: Yes.

23 MR. CUNNINGHAM: No.

24 MR. FRAVEL: Okay, and then my last question  
25 could you repeat again when you first observed that U.S.

1 producers were starting to spun discs? I think you  
2 mentioned 2013, but I'd like to have a broader statement as  
3 to that. You know, were they finally caught up with or --  
4 to produce the --

5 MR. CUNNINGHAM: Accuride could be more  
6 specific than I could be, but I believe that Accuride's  
7 first lightweight wheel was brought to the market in about  
8 2008, and that was prior to Chinese lighter weight wheels.

9 MR. FRAVEL: Okay. Well if you have any  
10 thoughts about that, that would be great to include in the  
11 post-hearing brief. Thank you.

12 MR. CORKRAN: Mr. VerWey.

13 MR. VERWEY: John VerWey, Office of  
14 Industries. Two quick questions. All right. First one for  
15 you, Mr. Jin. On page four of your testimony, you mentioned  
16 that you've already reached your maximum capacity for  
17 exports of subject steel wheels, and then on the preceding  
18 page you talk about forecasting that your shipments are  
19 actually going to increase in 2019. Could you explain that  
20 disparity in the two comments? I'm wondering if you're  
21 going to be diverting from one of your current export  
22 markets to another, do you have new capacity coming on line?

23 MR. JIN: Yeah. I put it there that the  
24 export increase in 2019 mostly to EU, because our exports to  
25 the United States has decreased in the past three years,

1 from 2015 to '17 so we will have more capacity for the other  
2 countries.

3 MR. VERWEY: And then a question for you, Ms.  
4 Walker. You mentioned minimum quantity orders and how they  
5 affect to the detriment the aftermarket. Could you just  
6 elaborate that, on that a little bit?

7 MS. WALKER: We do business with people who  
8 buy eight a week. We do business with people who buy 300 a  
9 week. It's not really my job and I don't really think it's  
10 their job to allow, to force those kind of market  
11 constraints on American buyers. So if we have someone who  
12 wants eight, we'll sell eight. If we have someone who wants  
13 300, we'll sell 300. If we have people who want to, with a  
14 tire and a valve stem, we'd be happy to sell it.

15 If people want a loose wheel, we'd be happy to  
16 sell that too, because who really is dictating the market is  
17 the consumer, not fat cats.

18 MR. VERWEY: Thank you.

19 MR. CORKRAN: Thank you, and now we'll turn to  
20 Mr. Thomsen.

21 MR. THOMSEN: Thank you again to this panel  
22 for their testimony this afternoon. My first question I  
23 would like to be about the qualification process. There is  
24 -- is there a difference between the qualification process  
25 for a trailer OEM versus a truck OEM?

1                   MR. SAYLOR: There tends to be for  
2                   qualification of the supplier. Qualification of the part,  
3                   on the other hand is, as Amanda pointed out, very much the  
4                   same. We have to have what's called an initial sample  
5                   warrant that says the wheel is ready for production and  
6                   acceptable to the OEM.

7                   MR. THOMSEN: And then what's the difference  
8                   between the truck or the supplier qualification?

9                   MR. SAYLOR: The OEM?

10                  MR. THOMSEN: Between the OEMs, yeah, the  
11                  trailer versus the --

12                  MR. SAYLOR: Yeah. The OEM piles onto the  
13                  warrant or PPAP process. They pile on with a lot of  
14                  pre-qualification. You have to, for instance, go through  
15                  the very steps that Mr. Jin outlined. You have a  
16                  pre-assessment survey, you have a process survey. They even  
17                  come in and audit your business plan, and go through that in  
18                  detail. There's many steps that the truck OEMs add that  
19                  aren't evident from the trailer.

20                  (Simultaneous speaking.)

21                  MR. THOMSEN: Mr. Cunningham, you can answer  
22                  in a post-conference brief if you want, but you have  
23                  repeatedly said that 98 percent of your business is in the  
24                  aftermarket, and I'm just wondering what the other two  
25                  percent is.

1 MR. CUNNINGHAM: Trailer OEM.

2 MR. THOMSEN: Trailer OEM, okay. Thank you.

3 And this is for the -- for anyone on the panel really.

4 We've seen there are four categories that the Petitioners  
5 have been using between the different purchasers. We've got  
6 the truck OEMs, the trailer OEMs. They had bus OEMs and  
7 aftermarket. Do you agree with these breakdowns that they  
8 have and the percentages that they presented in their  
9 testimony earlier?

10 If I can direct their -- you to their Figure  
11 3, Market Segmentation. I believe testimony earlier was  
12 that the aftermarket was about 20 percent that you had said,  
13 I believe Mr. Cunningham. Is that correct?

14 MR. CUNNINGHAM: I'll try to clarify to the  
15 best of my understanding.

16 MR. THOMSEN: Wonderful.

17 MR. CUNNINGHAM: Because of the dynamics, Ms.  
18 Preece was saying they move so much. It depends on how many  
19 trailers are built. It depends on how many trucks are  
20 built, where the aftermarket pretty much stays the same.  
21 I've heard testimony today that the aftermarket has grown,  
22 and I'm trying to figure out why the testimony earlier by  
23 the Petitioners was if a wheel is bent, it will be replaced.  
24 Or if it's rusty, it will be replaced.

25 There are 20 million rusty wheels out there.

1 I'm seriously thinking about getting into the aftermarket  
2 and out of the import business. So that aftermarket 35  
3 percent, again just supposition, it is increasing because of  
4 what's out there that needs to be replaced. But the main  
5 dynamic, you could look five years from now and definitely  
6 define the aftermarket at 20 percent, because of truck  
7 builds and trailer builds being used.

8 MR. THOMSEN: Okay.

9 MR. CAMPBELL: This is Jay Campbell with White  
10 and Case. We don't dispute the categories, the four  
11 categories. Those look reasonable. As far as the  
12 percentages, I'm not prepared to state at this point whether  
13 they're accurate, but we will do more study and study the  
14 questionnaire data as well and comment in our  
15 post-conference brief.

16 MR. THOMSEN: Okay, thank you.

17 MR. CUNNINGHAM: Mr. Thomsen, one of the  
18 Petitioners' witnesses stated that demand in the aftermarket  
19 is relatively stable, but that the OEM sectors are cyclical.  
20 And so to the extent that's true, then the market share in  
21 the aftermarket would fluctuate.

22 MR. THOMSEN: Obviously yes.

23 MR. CUNNINGHAM: Obviously.

24 MR. THOMSEN: Thank you.

25 MR. CUNNINGHAM: So I don't think we're

1 prepared to agree that it's 35 percent today, last year,  
2 whenever.

3 MR. THOMSEN: Okay. I'm asking this, because  
4 I did notice in the 2011 to 2012 case, on page 2-1 one  
5 respondent had estimated the aftermarket would be close to  
6 20 percent of the market, which sounds relatively stable  
7 from what you are saying, and that Petitioners estimated the  
8 aftermarket it could be 30 to 40 percent, which again sounds  
9 like they're saying the same amount as before, if it's about  
10 35 percent.

11 So I was wondering if, you know, differing  
12 views of how large the aftermarket is, but possibly  
13 relatively stable as it has been for the past six to eight  
14 years. So thank you for that.

15 Earlier in the testimony, Ms. Walker stated  
16 that the market changed with the 2013 to '14 introduction of  
17 the lighter wheels from China, because they have a better  
18 paint job and whatever. Does the rest of the panel agree  
19 with that timing and that assessment, that that is something  
20 that changed the market, the nature of the market? Let's  
21 start with you, Mr. Cunningham.

22 MR. CUNNINGHAM: You heard this before. 98  
23 percent of my business is the heavy wheel to the  
24 aftermarket. So I can't address that statement.

25 MR. THOMSEN: That's fine.

1                   MR. SCHUTZMAN: Mr. Thomsen, I think the  
2 testimony was that the lightweight wheels, as developed in  
3 China, became standard fare in the market, whereas I mean  
4 those wheels were always produced by Accuride, Hayes and  
5 Maxion as special orders.

6                   MR. THOMSEN: Correct, right.

7                   MR. SCHUTZMAN: But it's only when the Chinese  
8 began to offer them as standard fare that the domestics  
9 followed suit. I think that was the testimony.

10                  MR. THOMSEN: Right, right, thank you. Mr.  
11 Trondl.

12                  MR. TRONDL: It was in our statement. That  
13 makes sense to us, and if we have anything further we'll add  
14 it later on. But you know, intuitively that makes sense.

15                  MR. THOMSEN: Okay. Now one thing that has  
16 been missing actually, if I was looking back at the  
17 different market segments, is that I didn't see anywhere on  
18 here the -- among these four, the OES market. It's part of  
19 the aftermarket? Okay. Petitioner is telling me that  
20 that's part of the aftermarket, okay. Do you agree with  
21 that assessment, that the OES is part of the aftermarket?

22                  MR. CUNNINGHAM: Yes, I agree with that and  
23 further, looking at your chart, is that I don't have the  
24 2011-12. But it's curious to see OEM truck is only 17  
25 percent. We haven't been able to get a handle on it, but

1 that must be a huge movement from Mexico. Now where did it  
2 go? But I guess the more important question is what did it  
3 look like in 2011-'12, that OE truck percentage? Now I  
4 don't know that. That would be I think of interest.

5 MR. THOMSEN: Right, okay. And one other  
6 question, and I really don't know about this and you may  
7 know about this also. But we've recently heard talk about  
8 these steel tariffs that have been placed on because of the  
9 Section 232 relief. Are steel wheels included in this?  
10 They are steel product, but does anyone know whether -- so  
11 the answer is no.

12 So okay. So given that the answer is no, that  
13 they are not included, how would that affect the market in  
14 that if there's imported steel that is subject to the  
15 tariff. We heard earlier that we've had increasing steel  
16 prices in the United States. How might that affect the  
17 market or any sales prices that are coming in from China?  
18 Would they have the same effect on the price of steel wheels  
19 coming in from China, given that relatively steel prices  
20 have been increasing? Maybe for Mr. Jin or Mr. Emerson.

21 MR. EMERSON: Yes, please. This is Eric  
22 Emerson with Steptoe. I mentioned in our testimony that  
23 Sunrise had had to issue six notices of price increase  
24 during the POI. Those price increases were related directly  
25 to the increasing cost of steel, hot-rolled steel in China.

1 We'll be happy to submit those documents in the record so  
2 you'll be able to see that.

3 MR. THOMSEN: That would be great, thank you.  
4 Mr. Jin.

5 MR. JIN: As I addressed, 70 percent of the  
6 products is raw materials. So if the raw material going up,  
7 we have to, yeah, increase the price. We will put together  
8 more information for the post-conference brief.

9 MR. THOMSEN: Okay, that would be great.  
10 Thank you, and that is all the questions that I have. I'll  
11 turn it over to my colleague. Thank you.

12 MR. CORKRAN: Thank you Mr. Thomsen, and thank  
13 you very much to the panel. I appreciate it. I don't  
14 really have very many questions. I wanted to circle back to  
15 my big question, which I'll now kind of paraphrase. But in  
16 light of not having a full universe of purchaser  
17 questionnaires, in light of the American Lamb standard and  
18 in light of the need to consider a reasonable indication of  
19 material injury or threat of material injury, do we have  
20 enough information to examine the conditions of competition  
21 with as much emphasis as this panel has placed on it this  
22 afternoon? So I paraphrased it a little bit, but if I can  
23 just get some responses to that, I'd appreciate it.

24 MR. CAMPBELL: This is Jay Campbell with White  
25 and Case. My answer would be yes. The Commission does have

1 enough information at this time. The key condition of  
2 competition has to do with the market segments and the  
3 question of whether attenuated competition continues to  
4 persist with the domestic product concentrated in the truck  
5 and trailer OEMs, and the subject imports concentrated in  
6 the aftermarket.

7 A benefit we have in this case is that the  
8 Commission has the benefit of the 2012 decision, which  
9 included a scope that's very similar and it already dealt  
10 with that issue. So the question is whether there has been  
11 significant change, enough change to warrant a different  
12 determination at this point.

13 And because of the benefit of the 2012 case,  
14 the Commission, although it did not -- it does not issue  
15 questionnaires to purchasers in the preliminary phase, it  
16 did issue U.S. producer and U.S. importer questionnaires  
17 that were very targeted on this question of market segments,  
18 and the degree of competition within those segments. Based  
19 on that questionnaire data, the Commission has enough  
20 information at this point to find that there's no  
21 reasonable indication of injury or threat. And obviously,  
22 we will elaborate in our brief.

23 MR. SCHUTZMAN: Mr. Corkran, we would agree  
24 with that. You do have sufficient information. I mean  
25 you're in a preliminary. You never have as much of a record

1 in the preliminary as you will in a final. But there's a  
2 reason why there's a preliminary, and the standard is  
3 different, of course, in a preliminary than it is in a  
4 final. But you still need to find a reasonable indication  
5 of injury based on the record as you find it.

6 Frankly, I think you have enough here to make  
7 that determination, that there is no reasonable indication  
8 of injury. The fact that the HTS categories don't line with  
9 the scope, it is what it is, and you decided in 2012, 2011  
10 and 2012 that you would go with the importer questionnaires  
11 for that and that's what you should do here.

12 So I again reiterate that you do have  
13 sufficient information within which to make that  
14 determination on this record, and you will get -- and you  
15 will get better information in the post-conference briefs.

16 MR. EMERSON: This is Eric Emerson on behalf  
17 of Steptoe. I completely concur with the views of  
18 co-counsel. I think you will have enough information, and I  
19 think particularly to Mr. Campbell's point, you will be able  
20 to rely heavily on some of the findings on condition of  
21 competition, the structure of the industry, structure of the  
22 market, that you found in 2012.

23 Not -- we may dis -- we may disagree with  
24 Petitioners on a number of different things, but some of the  
25 structural points here are really not in tremendous dispute,

1 about who's in which markets.

2 There's arguments about whether importers have  
3 started -- foreign producers have started to make inroads  
4 into some of these after -- in some of the OE segments. We  
5 disagree with that, and we think we have the evidence to  
6 prove that foreign producers haven't. But the basic  
7 structure of the industry and some of these other condition  
8 issues really, I think, are pretty much not disputed right  
9 here.

10 So I do think you have and will have enough  
11 information to meet the American Lamb standard, a case I've  
12 cited, but I will for sure read before the post-conference  
13 brief again, to make sure that our arguments tie together.

14 MR. CORKRAN: Given the testimony today that  
15 -- from this panel that places a large volume of -- a large  
16 share of the imports in the aftermarket, why is that? I  
17 believe we heard -- Mr. Cunningham I believed testified  
18 for several reasons why there was acceptance in the  
19 aftermarket for the product at issue. But why has there  
20 seemingly remained a concentration in the aftermarket,  
21 rather than expansion into other portions of the market?

22 MR. CUNNINGHAM: One of the -- Tom Cunningham  
23 -- one of the questions that I was working with was do you  
24 see substantial competition in the aftermarket that you  
25 serve? My honest answer is no, and the reason I don't see

1 that is because I've been serving the same group of people  
2 for ten years with a wonderful product, available on time  
3 with no cyclical ups and downs.

4 So that's why I'm still where I am. Maybe I'm  
5 not a dynamic guy, but this is just fine. It works. I'm  
6 adding value to a group of people who appreciate it, and  
7 that's where we are today.

8 MS. WALKER: I have an opinion. Amanda  
9 Walker. Our phone largely rings on a request for 12 to 17.5  
10 wheels and wheel assemblies. So your car needs snow wheels  
11 and you're in Canada, people call us. Your RV needs a tire  
12 wheel assembly, people call us. We really don't get a lot  
13 of calls on 22.5, 8-1/4 and 24.5 8-1/4 unless someone's  
14 largely misbehaving in the market.

15 And when I say "misbehaving," I mean service  
16 failures requiring large purchases when there's not a large  
17 need, or terms and conditions of sales aren't really what  
18 the market needs.

19 So we're quite happy doing the 12 to 17-1/2,  
20 but because we are very effective in that, our phone does  
21 ring on the 22.5 and the 24.5, and that is the indication  
22 that we know that there's possibly intimidation or there's  
23 possibly people requiring large units of purchases that  
24 really aren't what are truly needed in the market.

25 MR. CORKRAN: Thank you very much. I'm going

1 to turn to my colleagues to see if there are any additional  
2 questions. Yes, Mr. Fravel.

3 MR. FRAVEL: This might have been -- Dennis  
4 Fravel, Office of Industries. This might have been asked,  
5 but what percent of the aftermarket is serviced by the  
6 original equipment manufacturers? So you can take  
7 aftermarket and divide it into those that are associated  
8 with, that are never going to -- or rarely would buy an  
9 import, and those that are independent dealers like  
10 yourselves.

11 MR. CUNNINGHAM: So Tom Cunningham. So I  
12 understand the question, out of the aftermarket, what  
13 percentage of class wheels would the OES sell?

14 MR. FRAVEL: What share of the market, of the  
15 aftermarket would they have?

16 MR. CUNNINGHAM: And my, I don't have exact  
17 numbers. I can't document it, but I can tell you just from  
18 being in the industry as long as I have, the OES service  
19 people would rather sell a little electronic thing in a box  
20 and make a lot of money than to sell a big old heavy wheel.  
21 Because of those general dynamics, there are people who are  
22 seriously in the aftermarket wheel business, who are able to  
23 come in and stack up a lot of wheels.

24 So I would just say that in my honest opinion,  
25 the OES is a very small percentage of the aftermarket wheel

1 business, and I'll open it up to anybody else.

2 MR. FRAVEL: If you have any other opinions,  
3 please include them in the post-conference.

4 MS. WALKER: Amanda Walker, I largely agree.

5 MR. JIN: Jin. I think the Petitioner have  
6 more detailed information on that.

7 MR. FRAVEL: No further questions, thank you.

8 MR. SAYLOR: Yeah. I just wanted to add one  
9 thing to that on the OES. The OES wheel is often  
10 represented as the exact same wheel that went on the truck  
11 originally. And so it's often what's provided to the OEM in  
12 the first place. It ends up being sold OES. It's not  
13 really our market.

14 MR. CORKRAN: Okay. Thank you very much.  
15 With that, I'd like to thank the panel. Thank you very much  
16 for your presentation today, it's been extremely helpful,  
17 and with that we will dismiss this panel, take five minutes  
18 to collect thoughts and then proceed.

19 (Recess.)

20 MR. BURCH: Will the room please come to order.

21 MR. CORKRAN: Mr. Secretary, before we begin,  
22 are there any preliminary matters?

23 MR. BURCH: Mr. Chairman, there is no  
24 preliminary matters. Closing and rebuttal remarks on behalf  
25 of -- in support of imposition will be given by Terence P.

1 Stewart of Stewart and Stewart.

2 Mr. Stewart, you have 10 minutes.

3 CLOSING REMARKS OF TERENCE P. STEWART

4 MR. STEWART: Thank you. Let me start, Mr.  
5 Corkran and Commission staff, by thanking you for your  
6 courtesies today and for the efforts in this preliminary  
7 injury investigation. We appreciate as well the fact that  
8 those in opposition brought a number of witnesses to  
9 testify. It's always helpful when there's direct testimony  
10 from people who are affected in the industry whichever way.

11 Let me start by just answering a couple of  
12 questions that were raised where -- there were not answers  
13 from the last panel. On the OES, I believe, in the 2011,  
14 2012, the number that you had in the staff report was that  
15 it was like 4 percent of apparent consumption. And that is  
16 part of what we consider to be the after-market piece.

17 There was also a question as to whether or not  
18 any of the Chinese producers are participating in that and  
19 we know that there are one or two, who have -- are  
20 participating in the OES part of the market.

21 We also heard from two of the Chinese producers  
22 or the representatives that they in fact, this time around,  
23 had been qualified at OEM truck manufacturers. And clearly  
24 from your import -- importer information that you have in  
25 questionnaire responses, there are volumes of sales that are

1 going to trailer manufacturers.

2           It's not uncommon in these types of settings to  
3 have two very different stories, the story that we told this  
4 morning and the story you heard this afternoon. What I  
5 would say is I would be absolutely flabbergasted if when you  
6 compile the data, the story this afternoon turns out to be  
7 the correct story in terms of imports, import penetration,  
8 what has happened in marketplace, and what the effects on  
9 the domestic industry is.

10           We know what the domestic producers' data is,  
11 because we submitted it in the petition and then of course,  
12 we were counsel for both of the domestic companies. And so,  
13 in a period in which the OEM portion of the market appears  
14 to have been down, and the after-market appears to have been  
15 flatter up, we know that the domestic industry is done  
16 poorly in a growing market situation.

17           We believe that when you have compiled the  
18 questionnaire data from the foreign producers and compare  
19 that to the importers' data, what you will find is that  
20 there has in fact been substantial increased imports from  
21 China and that that means there has been substantial loss of  
22 market share by domestic producers.

23           Unlike the 2011, 2012 case, where the Commission  
24 found that there had been no movement in market share, that  
25 is not going to be the case in this preliminary

1 investigation. And all other things being equal, that alone  
2 will be enough for the Commission to find an affirmative  
3 vote.

4 And we went over repeatedly a variety of other  
5 issues. The improved substitutability of the product, which  
6 has -- was acknowledged by the witnesses, approval by two of  
7 the Chinese companies at the OEM truck. Clearly, approval  
8 and a variety of trailer manufacturers.

9 There's a discussion that we don't compete in  
10 the after-market yet at the same time, the comments of one  
11 of the witnesses was that Accuride was competing with them  
12 and taking business by offering lower prices apparently  
13 exactly in the same after-market that they don't compete in.

14 So I would suggest to you that of course our  
15 clients are competing in the after-market. It is an  
16 important market. And the distinction between direct sales  
17 and "quantity limitations" is of course companies like  
18 Accuride and Maxion often sell to distributors across the  
19 country. And so small quantity purchases are made through  
20 their distributors, not directly from the company because  
21 that's why you have a distribution network, right?

22 You sell the large quantities and you sell the  
23 other stuff through the distributors. So there isn't a  
24 question that there is competition. And in each of the  
25 market segments, there is direct competition between the

1 domestic producers and the Chinese product. That is all  
2 that is necessary for one to get past some of the  
3 "conditions of competition" that our friends on the other  
4 side would like to believe make this case a case in which  
5 you should find the extra ordinary circumstance that there's  
6 not a reasonable indication of material injury at this phase  
7 of the case.

8           They have admitted that there is significant  
9 underselling. And in fact, our clients all testified that  
10 there's dramatic underselling in the marketplace. And when  
11 you look at the trend lines and terms of what actually is  
12 coming in, which you will see, I would suggest better from  
13 the exporters' questionnaires than from the importers'  
14 questionnaires at this point based on your coverage, what  
15 you will find is that the lower prices are having a direct,  
16 immediate, and significant effect in the marketplace.

17           So we believe there is only one answer that the  
18 Commission can reach at this preliminary stage under the  
19 statute and the standard is supposed to apply. And that is  
20 that there is a reasonable indication of material injury and  
21 we respectfully request that the Commission so find as it  
22 concludes this matter. Thank you.

23           MR. BURCH: Rebuttal and closing remarks on  
24 behalf of the opposition in imposition will be given by Eric  
25 C. Emerson of Steptoe and Johnson.

1                   Mr. Emerson, you have 10 minutes.

2                   CLOSING REMARKS OF ERIC C. EMERSON

3                   MR. EMERSON: Thank you very much and again,  
4                   thank you to the Commission staff for your time today. We  
5                   appreciate your attention to this important case.

6                   I would like to just talk about a couple  
7                   different issues. First of all, with respect to the factual  
8                   record and the quality of the factual record that the  
9                   Commission will compile by the time of the vote here, we  
10                  believe that there will -- that certainly by the time our  
11                  post-conference briefs are filed, the Commission and staff  
12                  will come to the conclusion that there's really no need to  
13                  proceed to a final investigation in order to develop a  
14                  complete, more complete or more robust factual record.  
15                  That does happen in some circumstances, particularly where  
16                  the Commission has never seen a product before or conducted  
17                  a case on a product. That's not the case here. Again, the  
18                  2012 determination and investigation provides a very solid  
19                  roadmap for the Commission this time around.

20                  We believe that once the record is closed, you  
21                  will have a very complete, robust factual record based on  
22                  the parties' questionnaire responses, which is what the  
23                  Commission used in the 2012 investigation, the final, and  
24                  order to render its determination.

25                  And I believe that the Commission will also

1 conclude as petitioners have also admitted that the HTS U.S.  
2 import data dramatically overstates the amount of imports of  
3 subject merchandise into the United States.

4 And they've had to go through a number of  
5 gyrations to try to come up and derive actual import values  
6 or estimated import values for the subject merchandise. I  
7 don't think that any of that's going to be required. I  
8 think you will have a complete robust data set.

9 On top of that in response to questions this  
10 afternoon, respondents are not making any domestic-like  
11 product arguments. We're taking the domestic-like product  
12 as it has been presented by the petitioner. That's also  
13 oftentimes another reason for the Commission sometimes to  
14 necessarily have a final investigation that's not present  
15 here.

16 So we believe that there's no reason and there  
17 will be no reason for the Commission to feel as if it needs  
18 to move on to a final investigation. The factual record in  
19 this case will be sufficient to render a negative  
20 determination.

21 With regard to volume, we can argue --  
22 petitioners' counsel and we can argue a little bit about  
23 what the factual record is likely to show. We believe,  
24 based on our analysis, that that factual record is going to  
25 show modest increases in subject imports, both by volume and

1 by market share and that those -- but that those increases  
2 will not really hit the bread basket for petitioners, which  
3 is the OEM market.

4 And it's very interesting. If you go back to  
5 the transcript and I'm sure you will, when we talk about the  
6 OEM market, petitioners' counsel has been very careful to  
7 not say that there have ever been sales of the subject  
8 merchandise in the OE truck segment. Petitioners' counsel  
9 said there's competition, there's pressure, but there -- I  
10 don't believe that petitioners' counsel has ever said that  
11 there have been actual sales in that segment. And we don't  
12 believe that there have been either.

13 If you go back to sort of the language,  
14 particularly from the 2012 investigation, petitioners talk a  
15 lot about respondents making in-roads into some of these  
16 segments, both OE truck, OE trailer, and so forth, making  
17 in-roads.

18 The same language was used in the 2012  
19 investigation as well. Yet in the last 8 years, six years,  
20 those in-roads have not been made. Why? Because the  
21 qualification process for foreign producers is  
22 extraordinarily rigorous. Not only is the qualification  
23 process rigorous, but the actual process of delivering  
24 product from China to the United States to get to an OEM  
25 producer that requires just-in-time delivery is incredibly

1 rigorous. It's much easier for a domestic producer to meet  
2 those performance requirements on behalf -- that are imposed  
3 by an OE producer. That is a market that is largely left to  
4 the domestic industry.

5           Where do -- where does the -- where to foreign  
6 producers sell? In the after-market. Again, a market that  
7 is largely, not wholly, but has been largely relegated to  
8 second tier status by the domestic industry because of its  
9 ability to sell into the OE market. And petitioners'  
10 counsel has just said -- has just admitted that there are  
11 companies like Texas Tire, that it really doesn't want to  
12 sell to on a small volume basis, because that's just not  
13 part of its business model. It sells instead to  
14 distributors.

15           Again, that's a segment of the market then that  
16 foreign producers like our clients and like the other  
17 respondents in this case can take advantage of. It's a  
18 market opportunity.

19           And but to the extent that the petitioners'  
20 volumes have declined, I think it's important for the  
21 Commission to ask why. And one of the important reasons and  
22 a big change from the 2012 investigation is the fact that  
23 the domestic producers are now not only marketing their own  
24 U.S.-produced product, but they're also marketing products  
25 that are produced in their foreign facilities.

1                   And again, to Ms. Preece's question, our  
2                   dialogue back and forth, I believe it's absolutely critical,  
3                   the fact that a domestic producer was offering up its  
4                   foreign-produced product. It had a choice to offer its own  
5                   domestic produced product or its foreign produced product.  
6                   That is essentially a non-subject cause of potential injury  
7                   to the domestic industry that simply cannot be ignored.

8                   Finally with respect to price, I think all  
9                   parties agree that price for the subject merchandise in this  
10                  case is very closely tied to the price of the steel and  
11                  hot-rolled steel. And as we all know, as a result of trade  
12                  cases in early 2016, and as a result of the 232 tariffs,  
13                  which do not directly affect steel wheels, we agree, but  
14                  which apply to the most significant material input in the  
15                  case, the price of hot-rolled steel is rising, as is the  
16                  price of the subject merchandise.

17                  And so, and to some extent, petitioners even  
18                  admitted that some of their sales into their breadbasket  
19                  into OEM producers are somewhat insulated from price  
20                  competition because their contracts are tied to the price of  
21                  hot-rolled steel. So they are to some extent insulated from  
22                  the effects of any import competition, minor though it may  
23                  be, in that particular segment.

24                  I don't think I will say anything about the  
25                  condition of the domestic industry for at risk of committing

1 any PO violation, which I don't want to do. So I will just  
2 say in closing thank you again for your time. We will try  
3 to provide as much information as we can in our  
4 post-conference brief in response to Commission questions.  
5 And again, many thanks.

6 MR. CORKRAN: On behalf of the Commission and  
7 the staff, I'd like to thank the witnesses who came here  
8 today and the counsel who came here today for helping us to  
9 gain a better understanding of the product and the  
10 conditions of competition in the steel wheels industry.

11 Before concluding, please let me mention a few  
12 dates to keep in mind. The deadline for submission of  
13 corrections to the transcript and for submission of  
14 post-conference briefs is Friday, April 20th. If briefs  
15 contain business-proprietary information, a public version  
16 is due on Monday, April 23rd.

17 The Commission has tentatively scheduled its  
18 vote on these investigations for Thursday, May 10th and it  
19 will report its determination to the Secretary of the  
20 Department of Commerce on Friday, May 11th. Commissioner's  
21 opinions will be issued on Friday, May 18th. Thank you all  
22 for coming. And with that, the conference is adjourned.  
23 Thank you.

24 (Whereupon at 2:45 p.m., the hearing was  
25 adjourned.)

## CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Steel Wheels from China

INVESTIGATION NOS.: 701-TA-602 and 731-TA-1412

HEARING DATE: 4-17-18

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

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