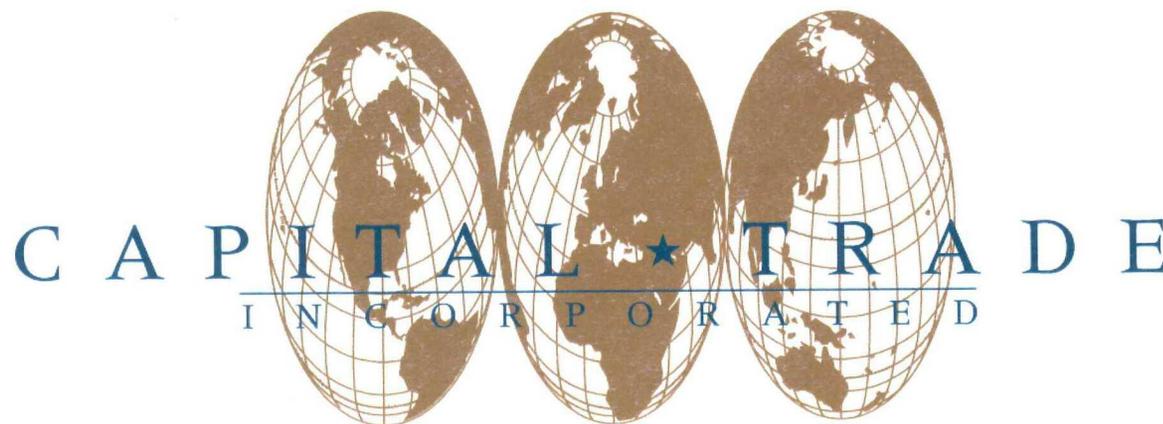


Passenger Vehicle and Light Truck Tires from China

Inv. No. 701-TA-522 and 731-TA-1258 (Final)

June 9, 2015
Presentation at the USITC



Dr. Seth T. Kaplan
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202-955-6814

Overview

Performance of the Domestic Industry

Conditions of Competition

Import Prices and Quantities

Threat

Performance of the Domestic Industry

Conditions of Competition

Import Prices and Quantities

Threat

Performance

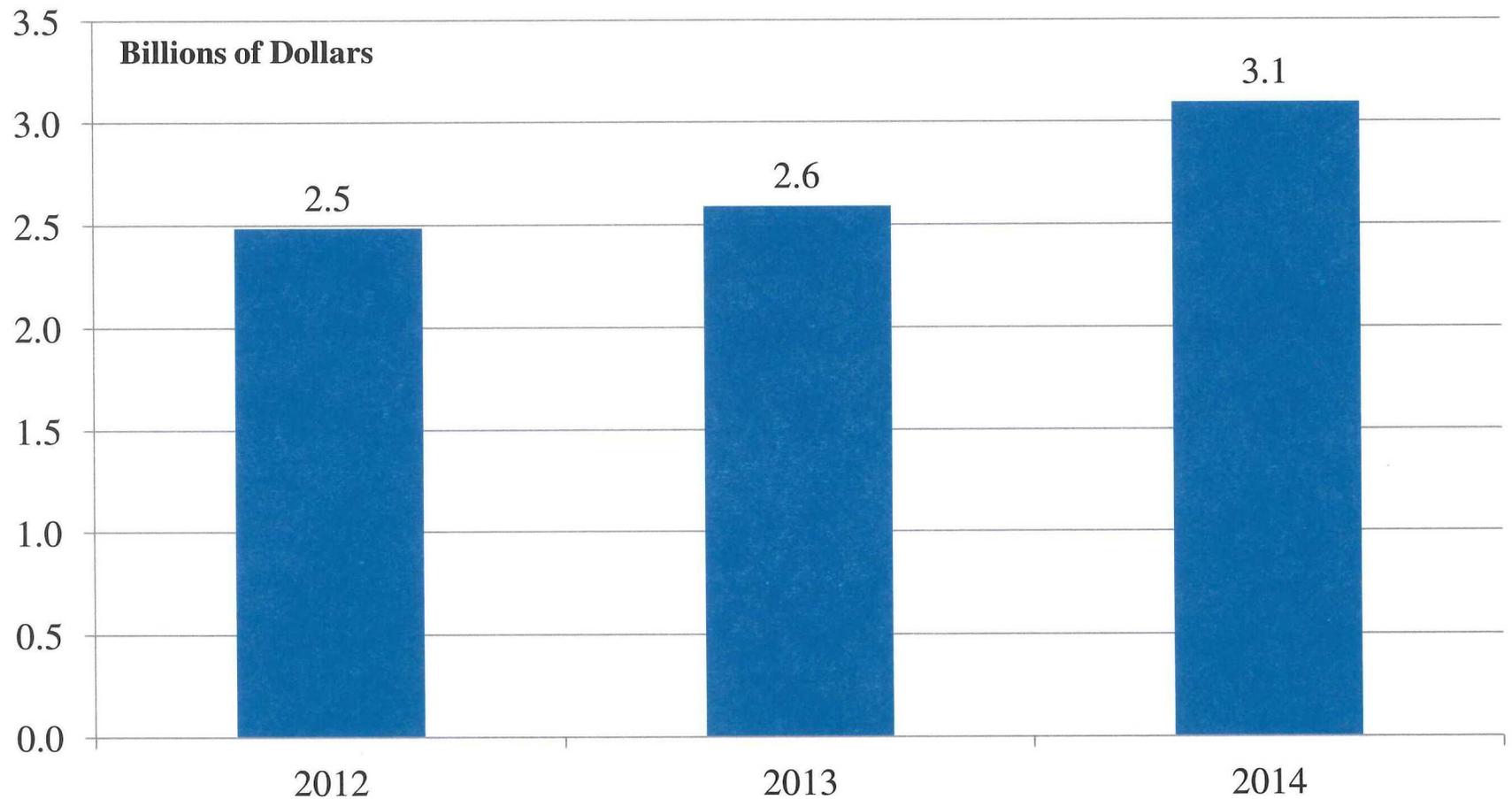
Summary

- Financial, employment, trade, and investment performance indicators either increased or remained high throughout the POI.
- Production and shipments remained stable while inventories fell.

Performance

Financials

Gross Profit Increased Over the POI

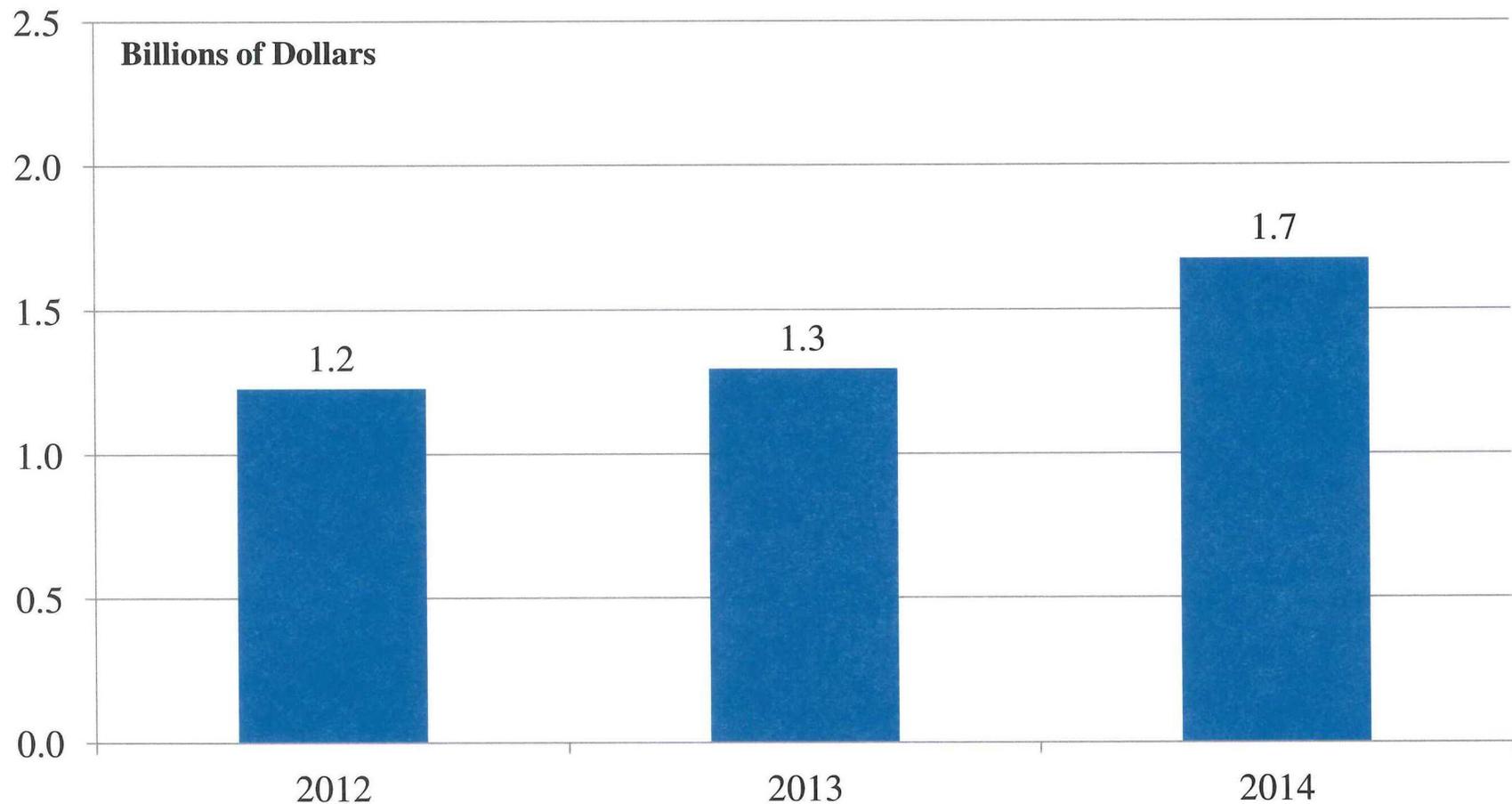


Source: Prehearing Staff Report at Table VI-1

Performance

Financials

Operating Income Increased Over the POI

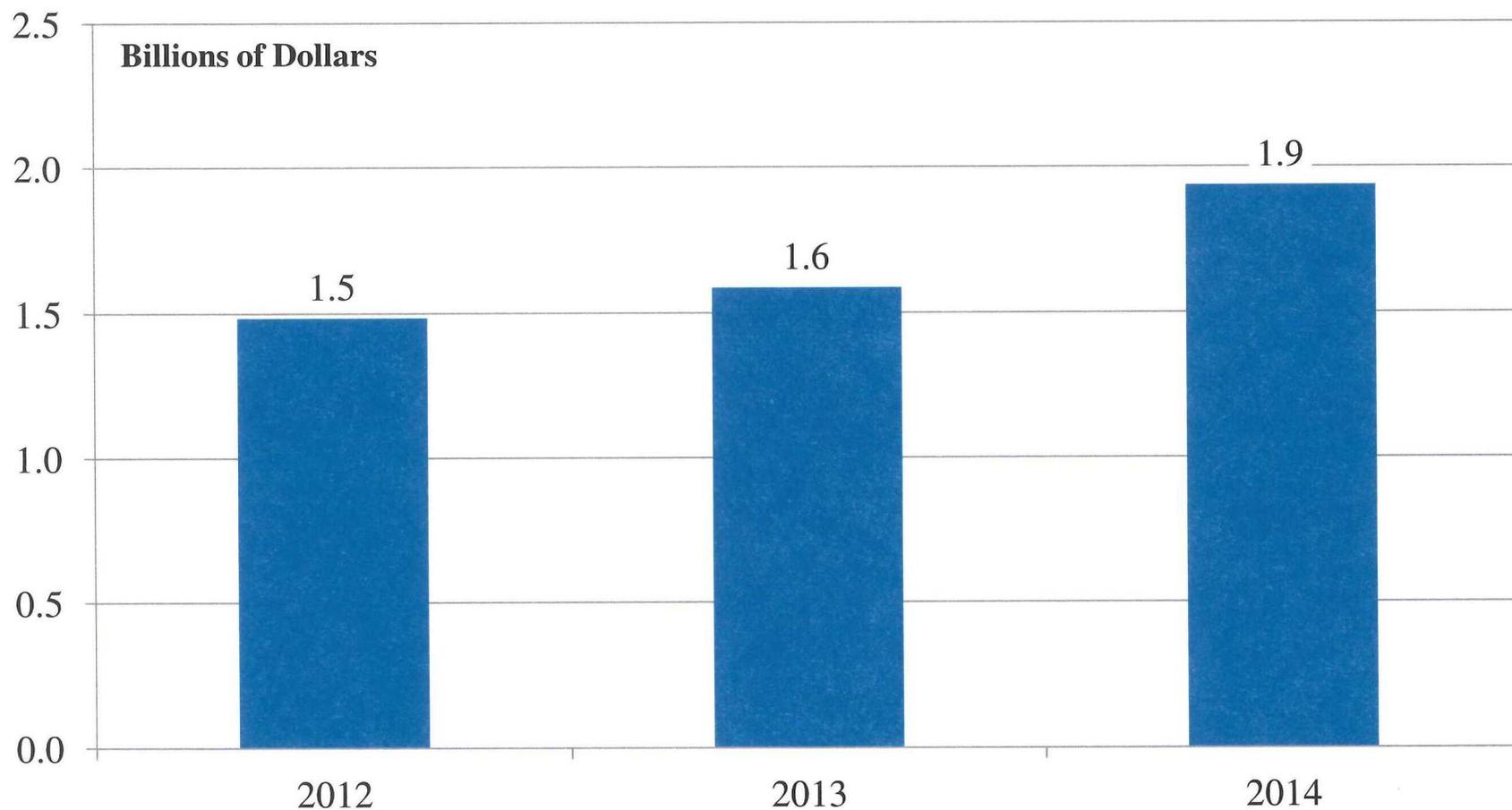


Source: Prehearing Staff Report at Table VI-1

Performance

Financials

Cash Flow Increased Over the POI

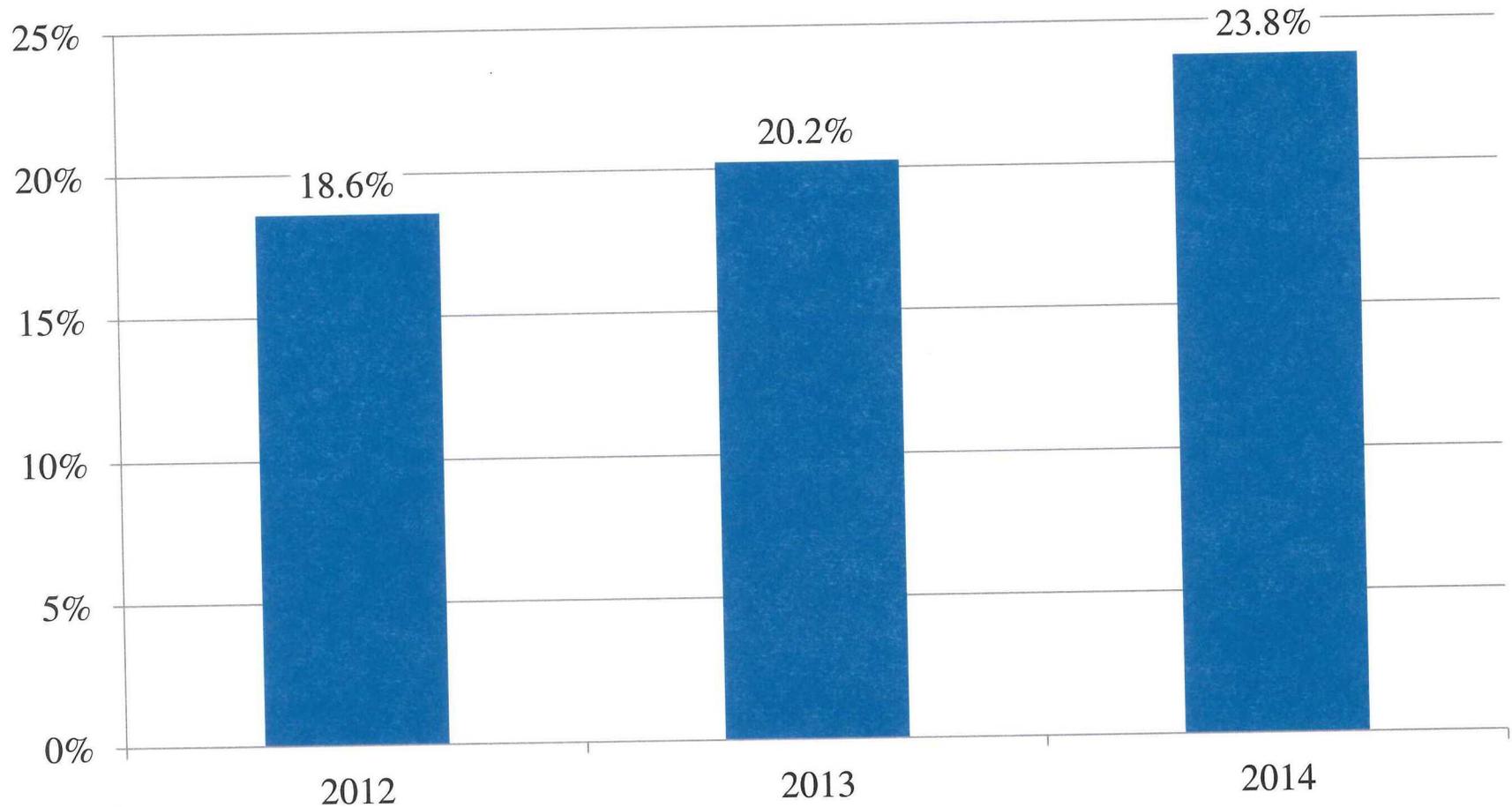


Source: Prehearing Staff Report at Table VI-1

Performance

Financials

Gross Profit Margin Increased Over the POI

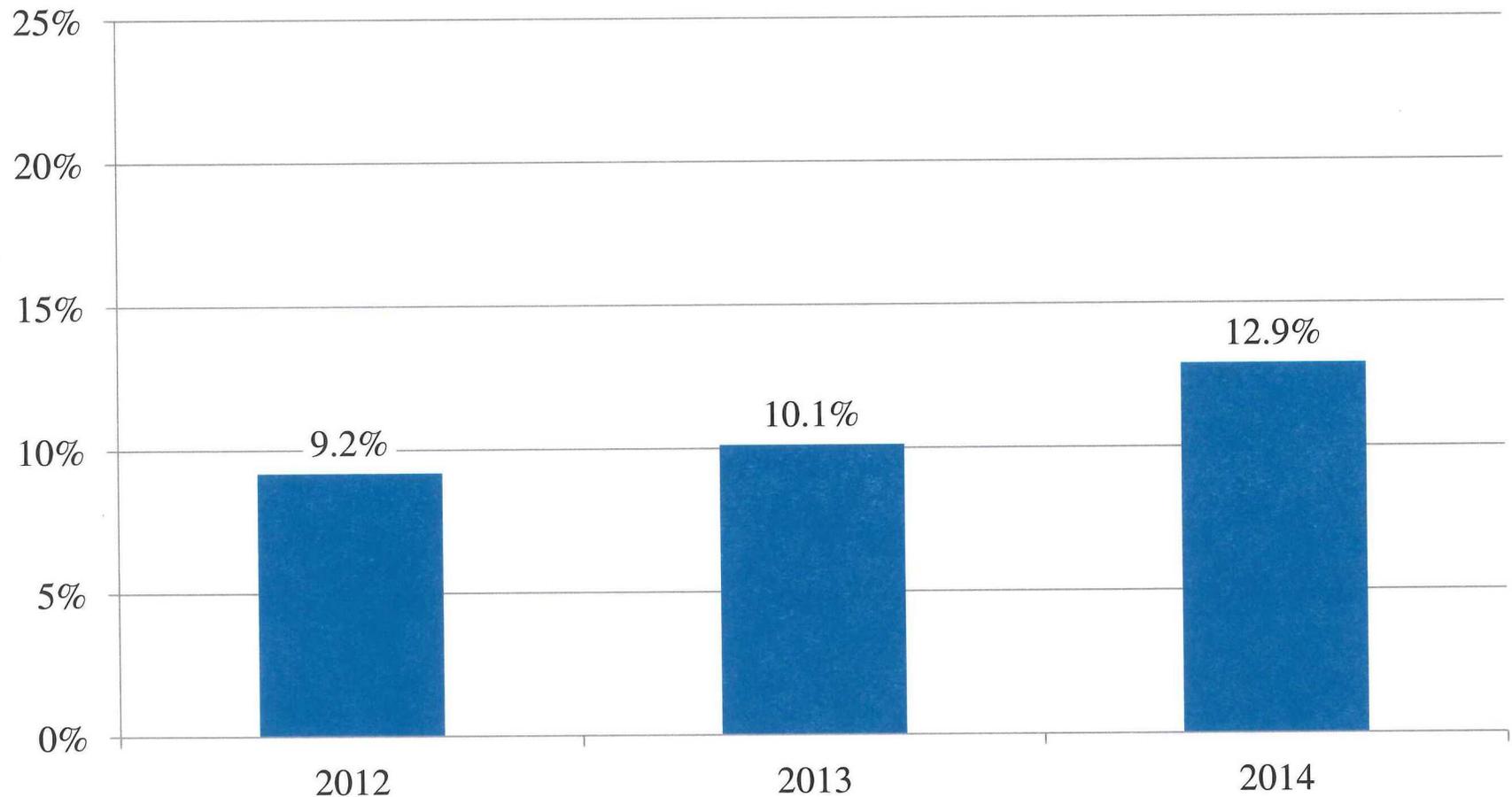


Source: Prehearing Staff Report at Table VI-1

Performance

Financials

Operating Margin Increased Over the POI

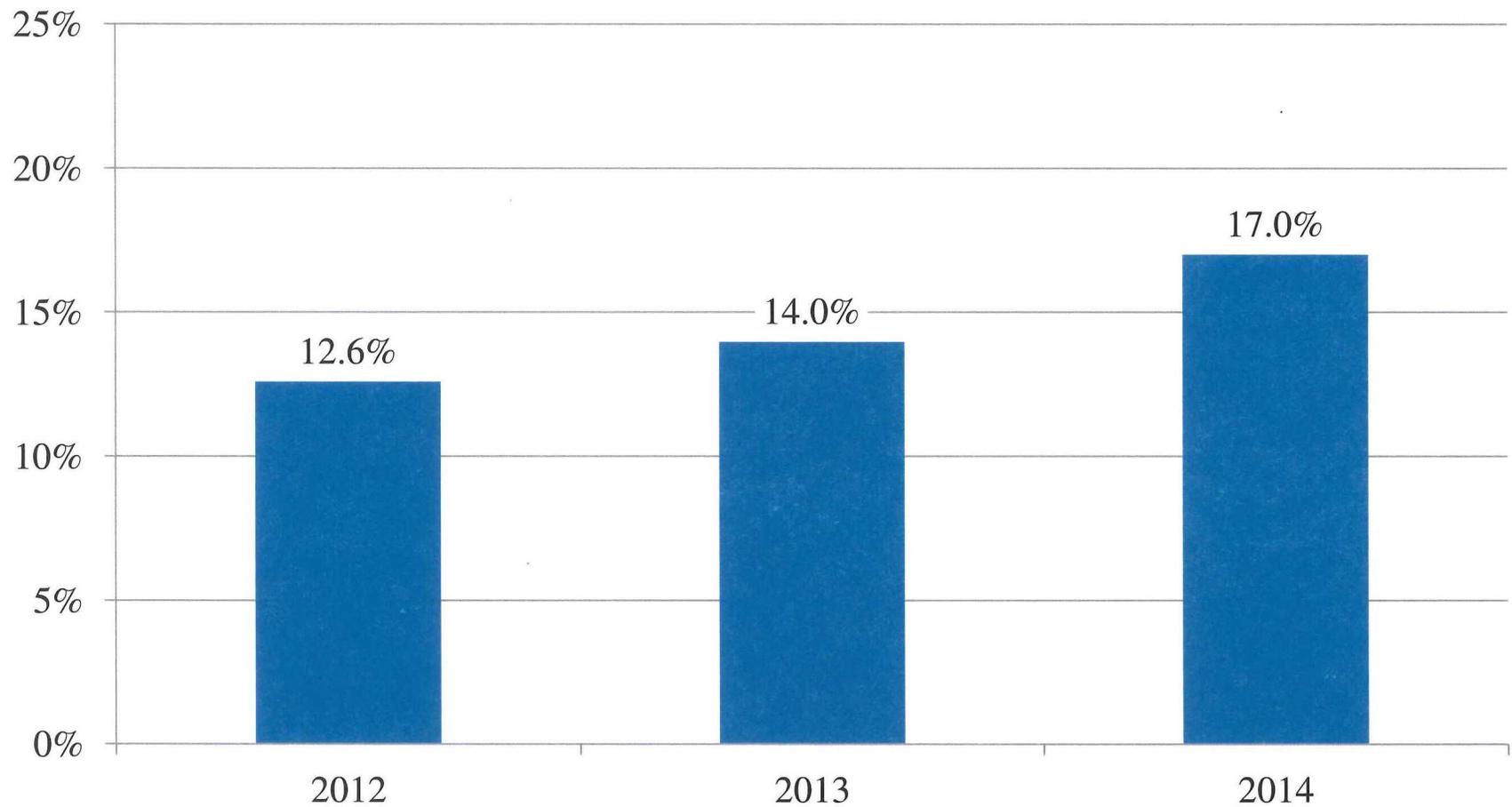


Source: Prehearing Staff Report at Table VI-1

Performance

Financials

EBITDA Margin Increased Over the POI

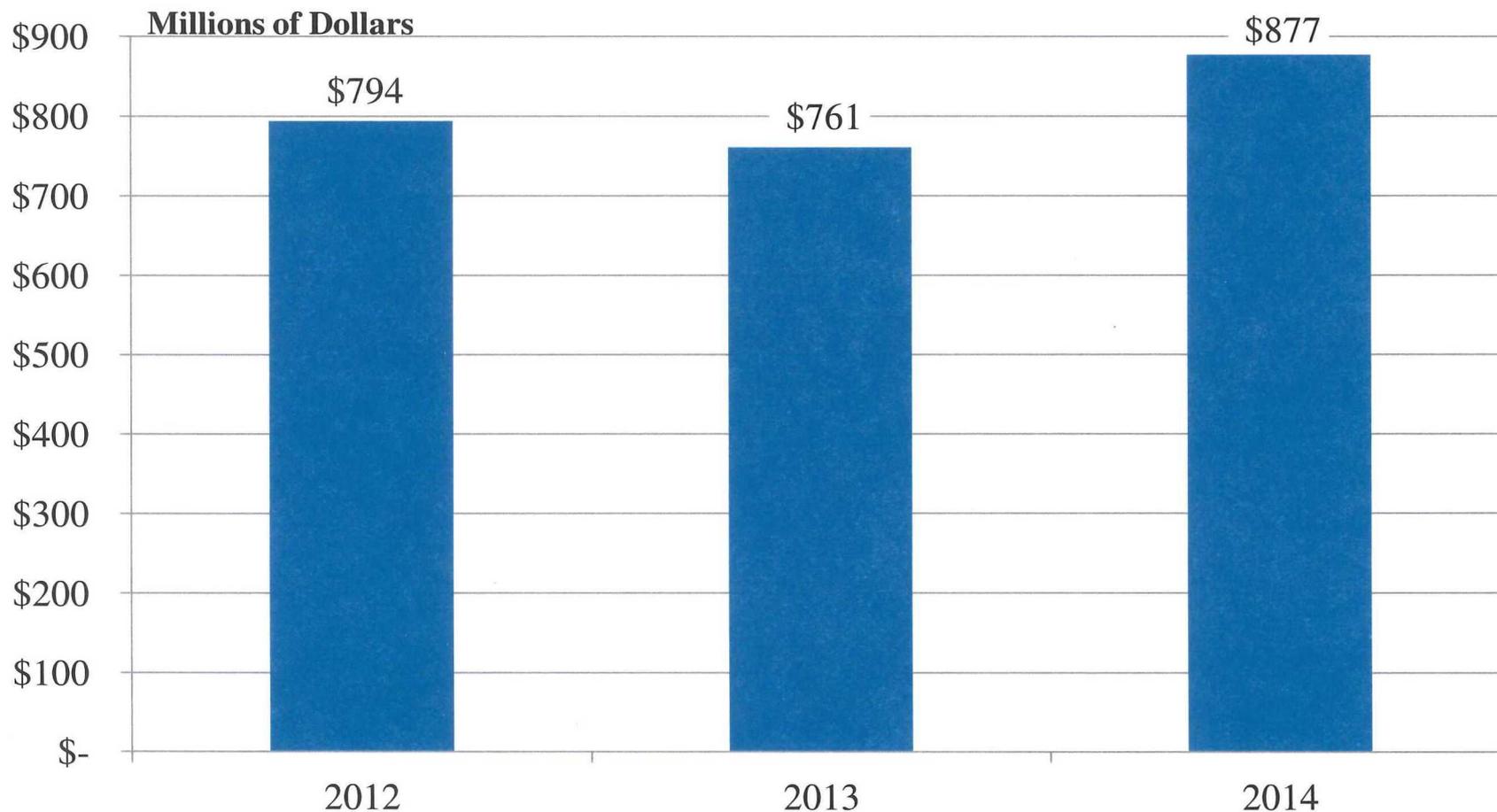


Source: Prehearing Staff Report at Table VI-1

Performance

Financials

Capital Expenditures Increased Over the POI



Source: Prehearing Staff Report at Table C-1.

Performance

Financials

The Domestic Industry Made Significant Investments Since 2012

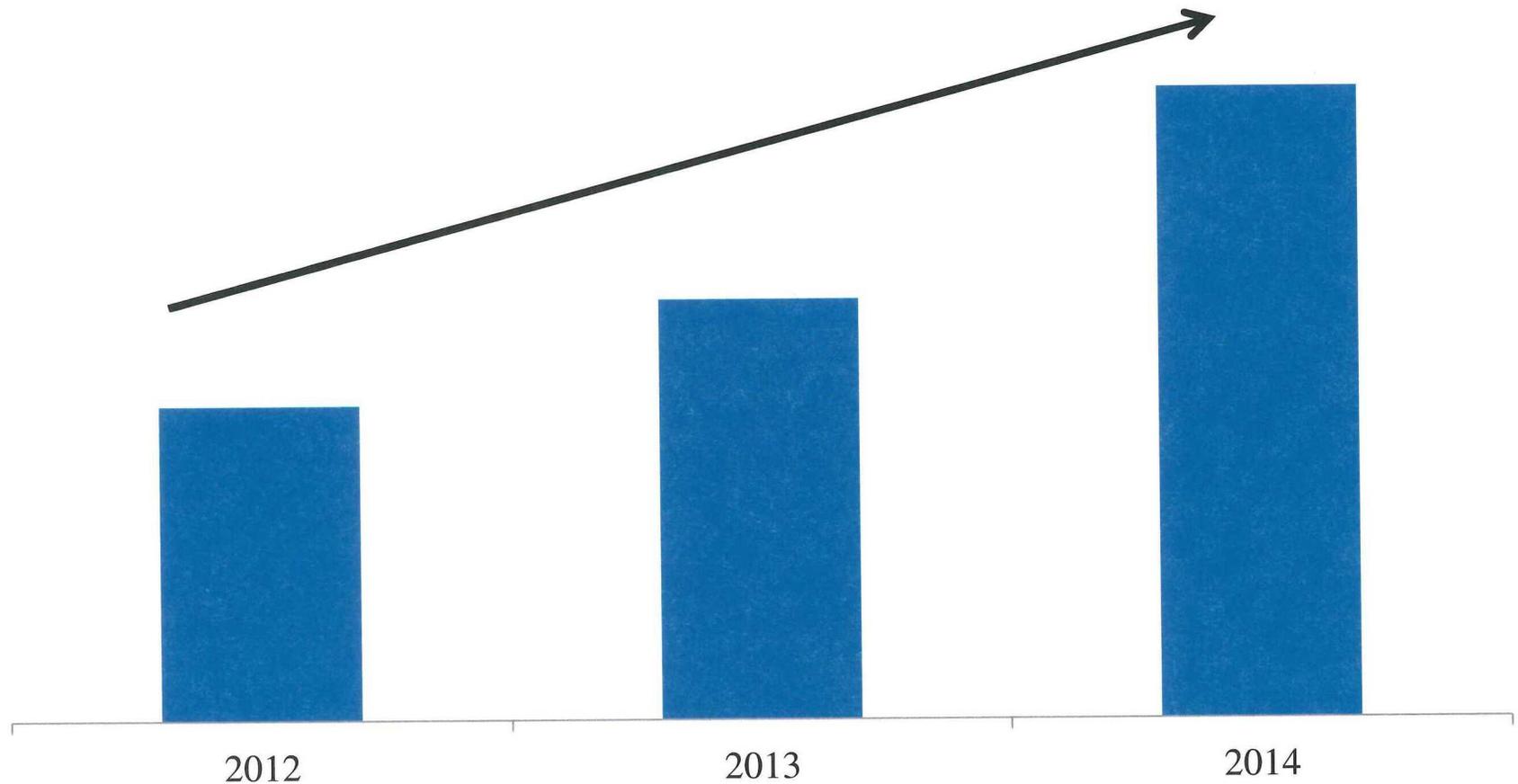
Company	Investment	Location
Goodyear	Upgrade & Capacity Expansion	Lawton, Oklahoma Fayetteville, North Carolina
Michelin	Employment Increases Added Tire Variety	Fort Wayne, Indiana Tuscaloosa, Alabama
Continental	Capacity Expansion & Employment Increases Capacity Expansion & Employment Increases	Mt. Vernon, Illinois Tupelo, Mississippi
Cooper	Upgrade R&D Center	Tupelo, Mississippi Findlay, Ohio
Toyo	Expansion	White, Georgia

Source: See CapTrade Report at pp 20-24 and 32 – 33.

Performance

Financials

Return on Assets Increased Throughout the POI

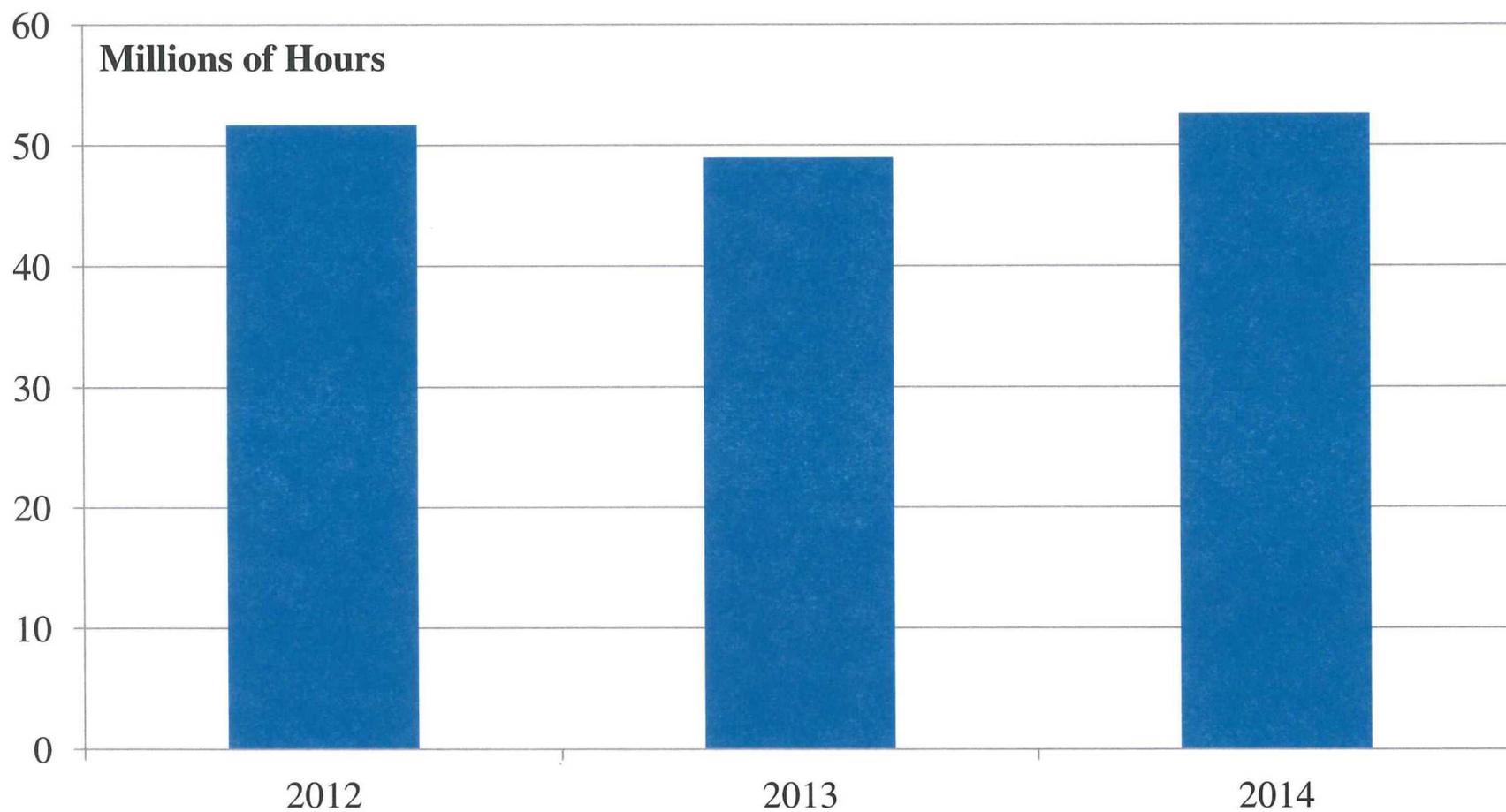


Source: Confidential Prehearing Staff Report at Page VI-17.

Performance

Employment

Total Hours Worked Increased Over the POI

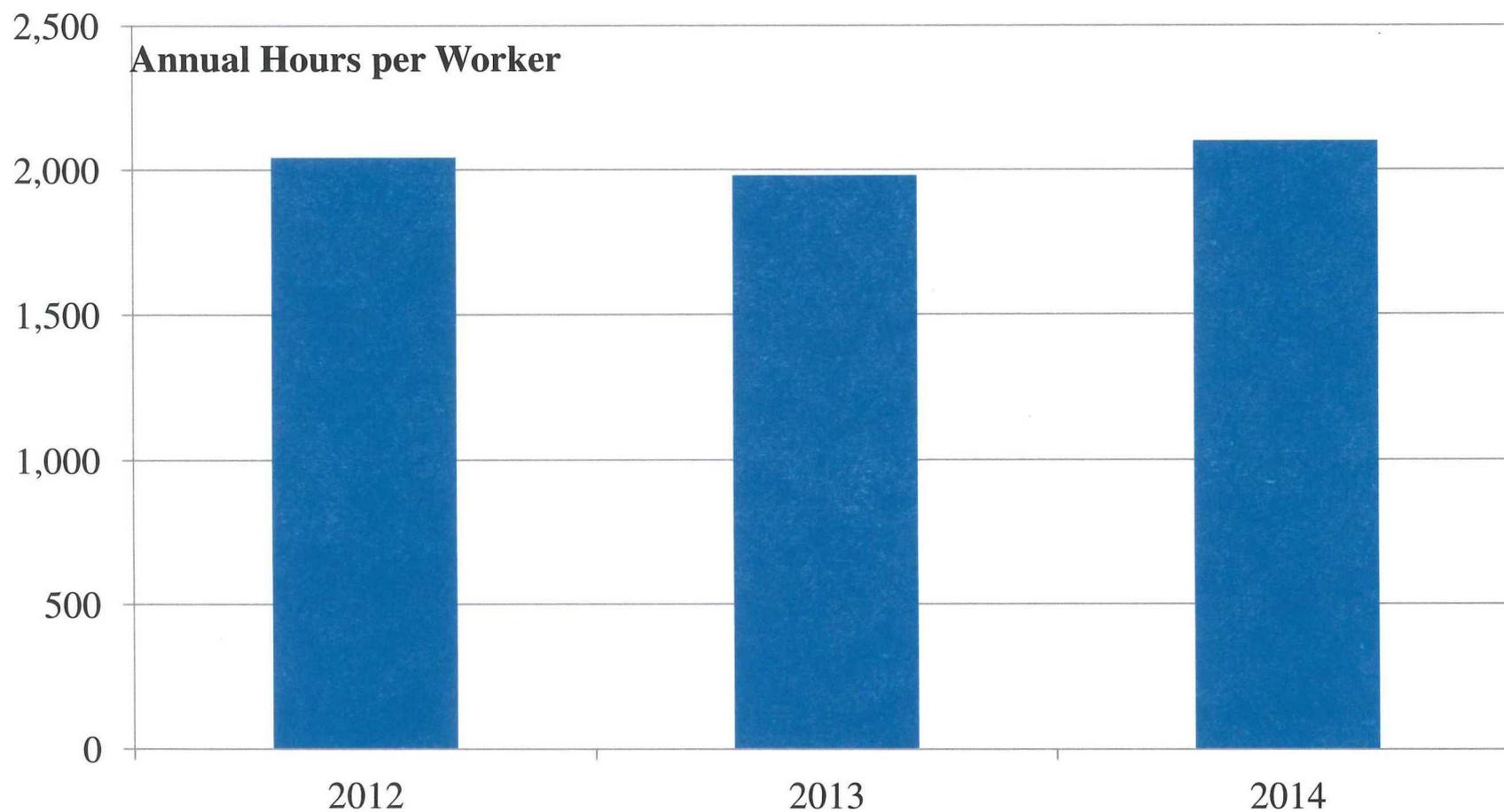


Source: Prehearing Staff Report at Table C-1.

Performance

Employment

Annual Hours per Production Worker Increased

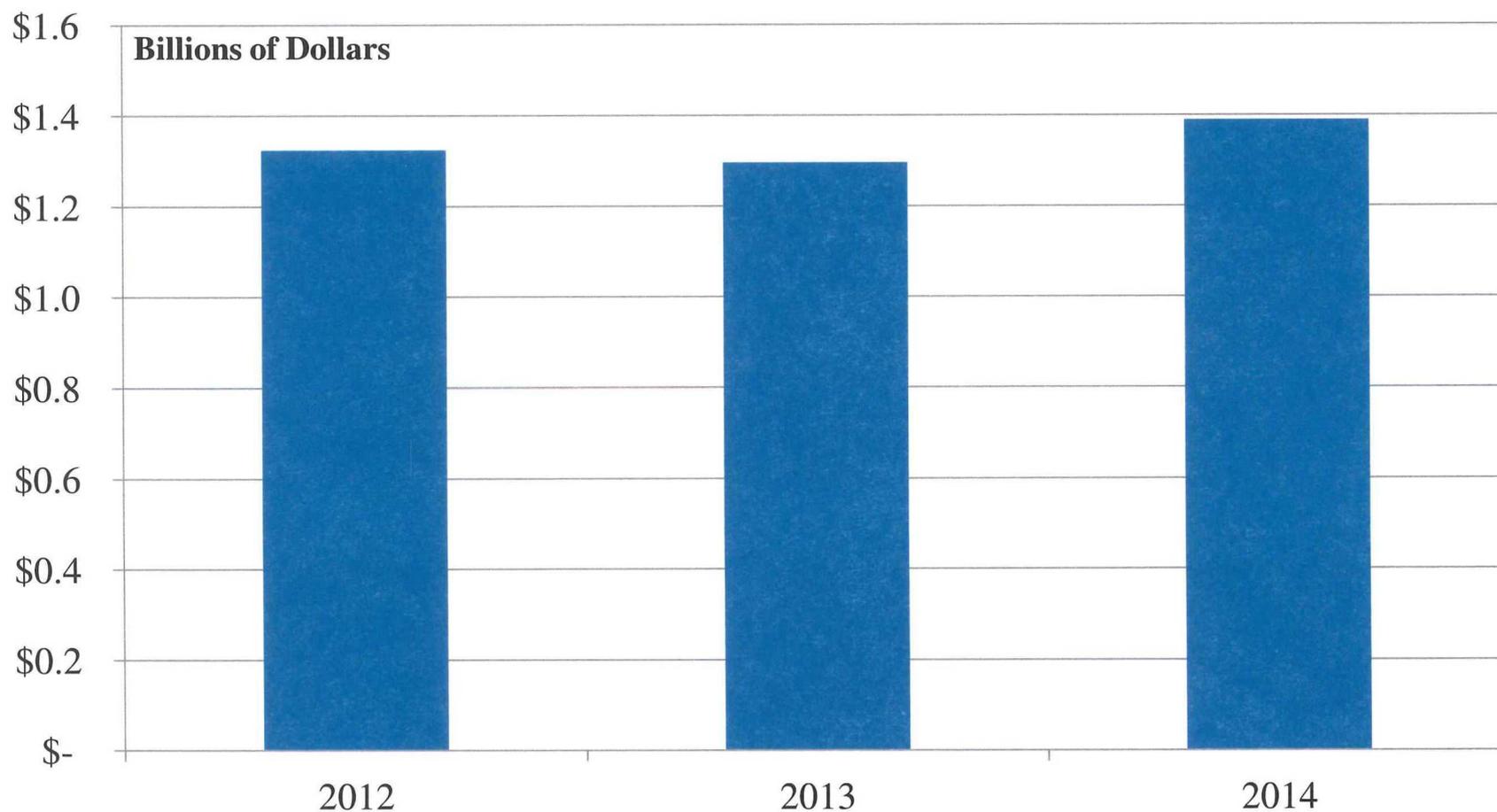


Source: Prehearing Staff Report at III-24.

Performance

Employment

Overall Wages Increased

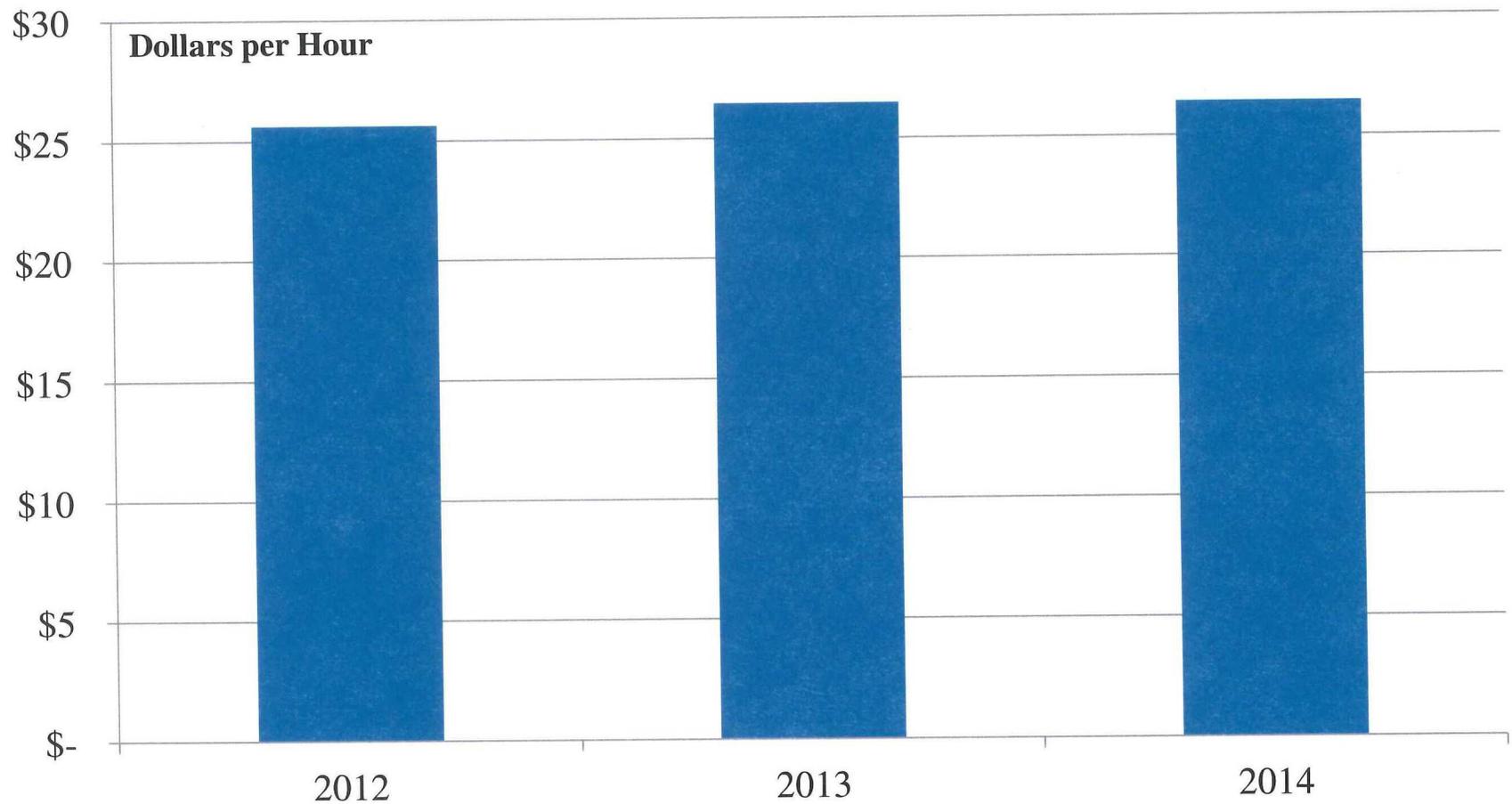


Source: Prehearing Staff Report at III-24.

Performance

Employment

Hourly Wages Increased

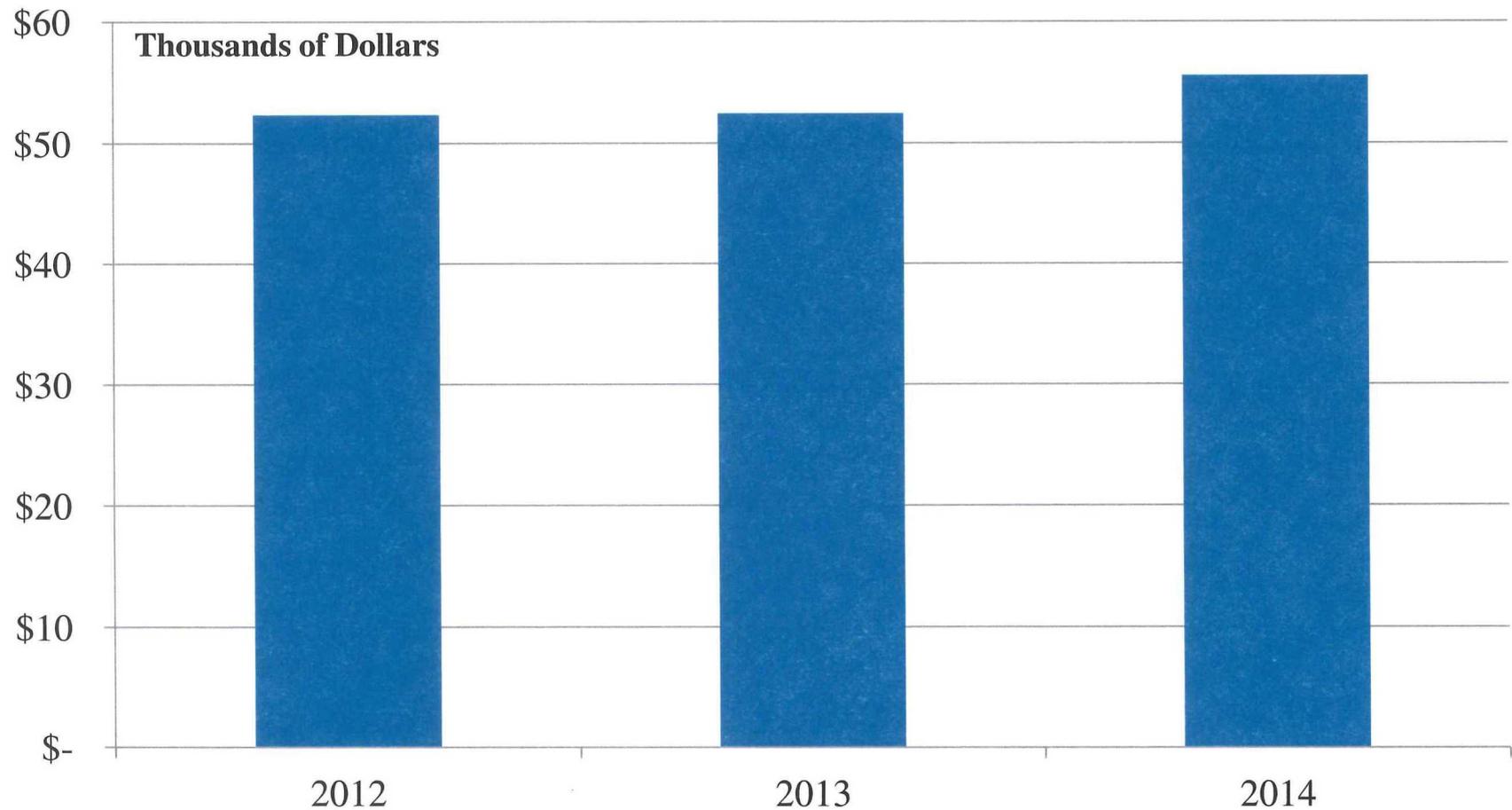


Source: Prehearing Staff Report at III-24.

Performance

Employment

Labor Income per Worker Increased

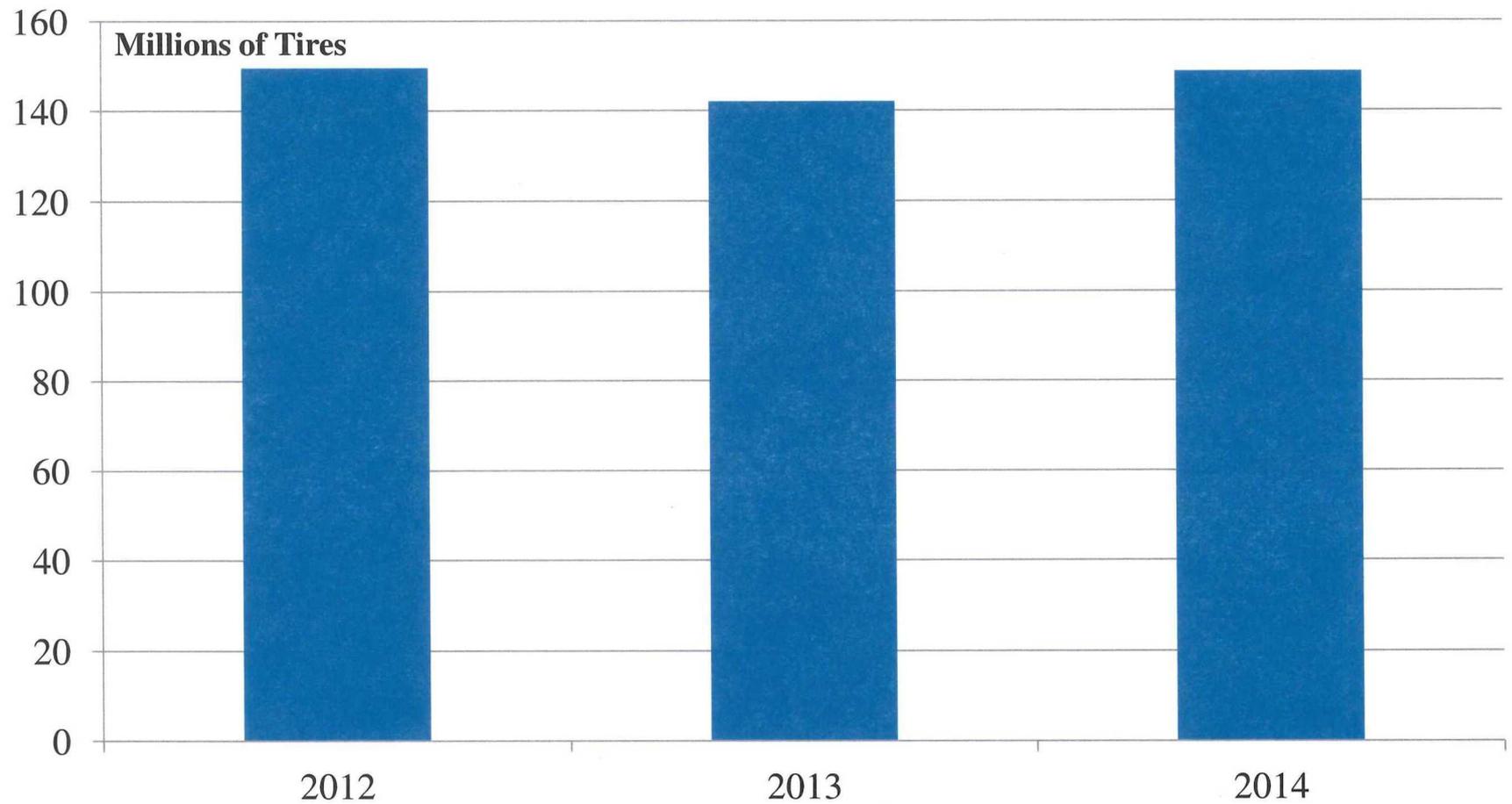


Source: Prehearing Staff Report at III-24.

Performance

Trade

Production Quantities Remained Stable

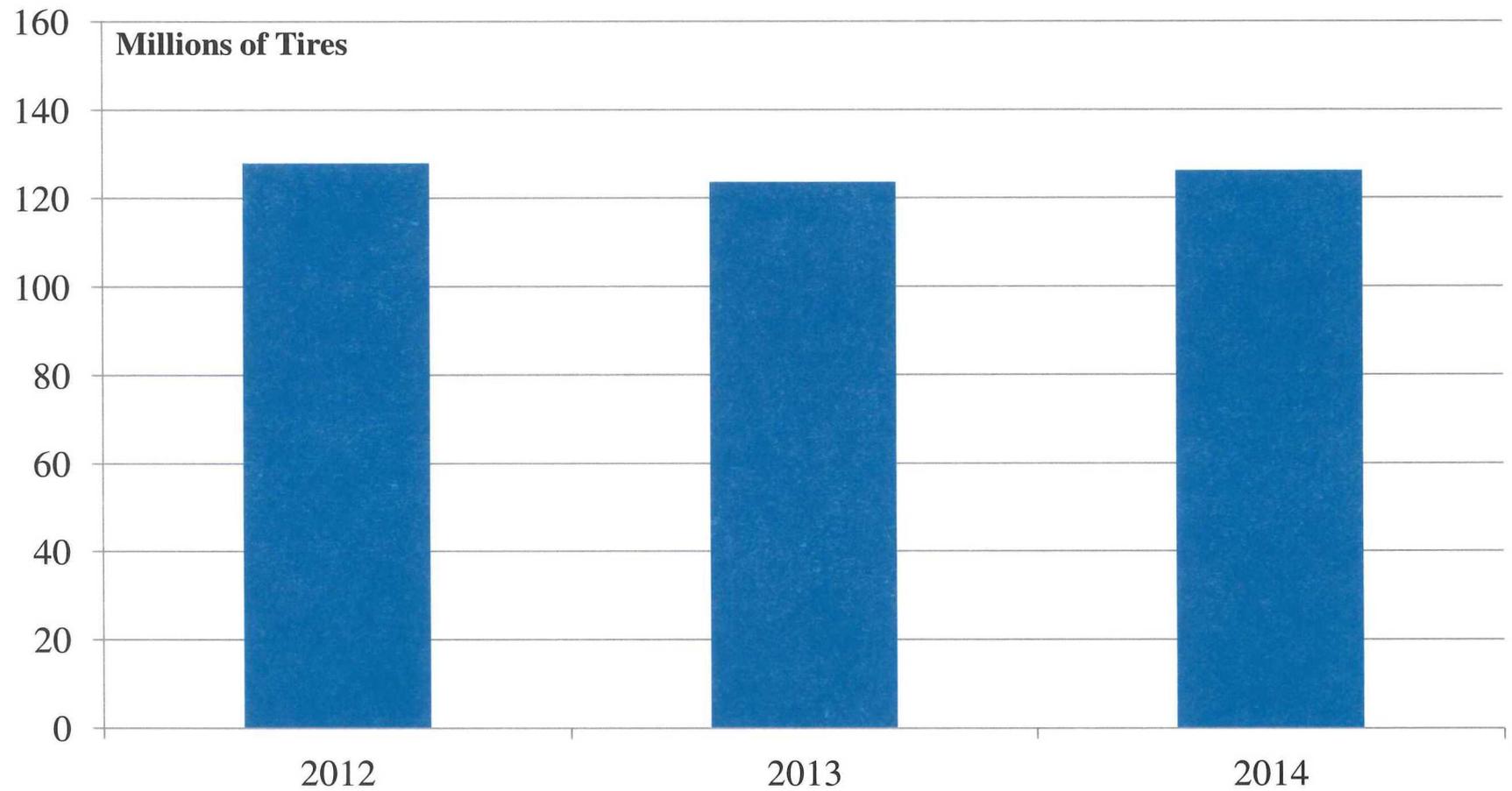


Source: Prehearing Staff Report at C-1.

Performance

Trade

U.S. Shipment Quantities Remained Stable

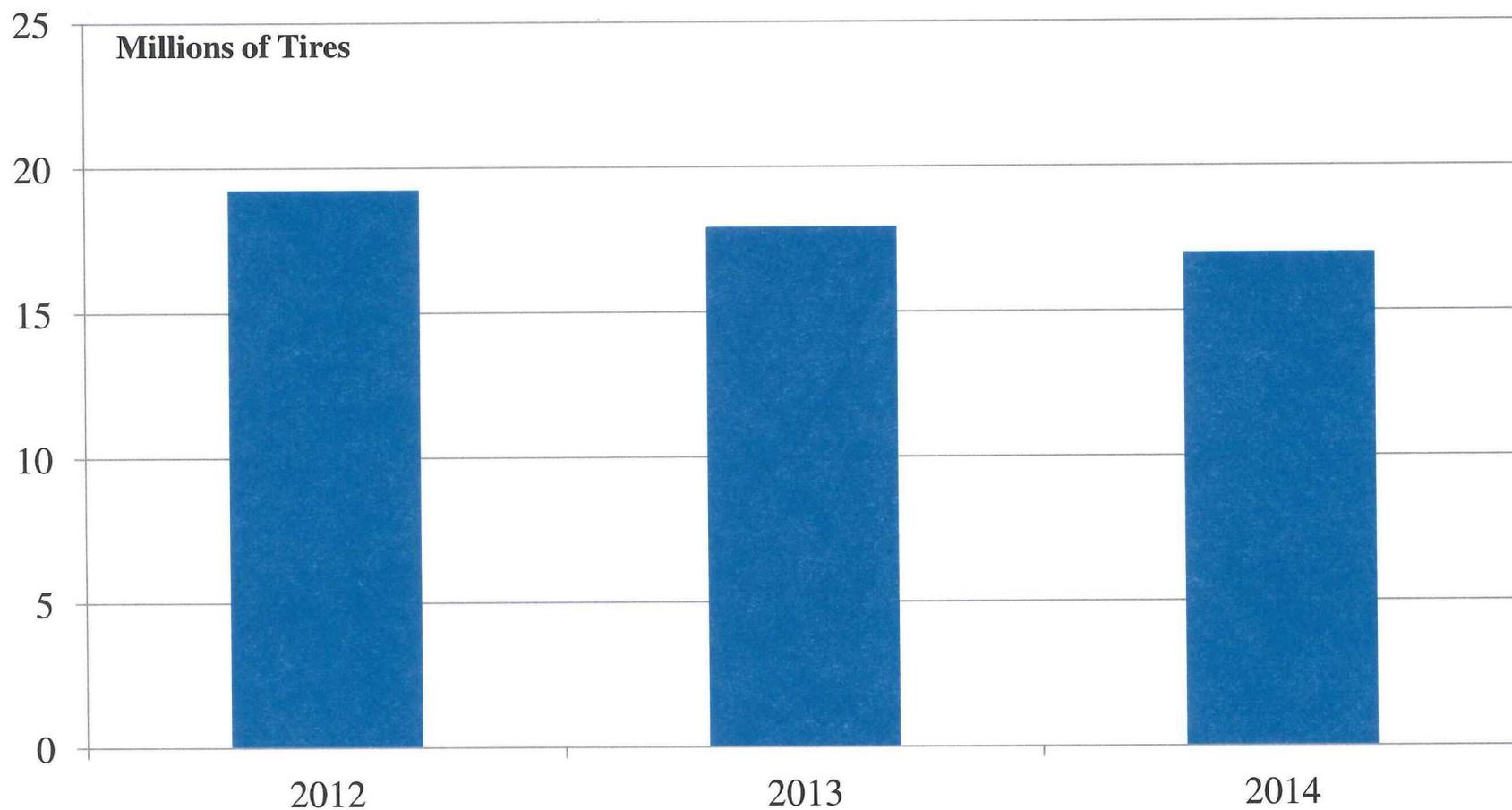


Source: Prehearing Staff Report at C-1.

Performance

Trade

Inventories Fell During the POI

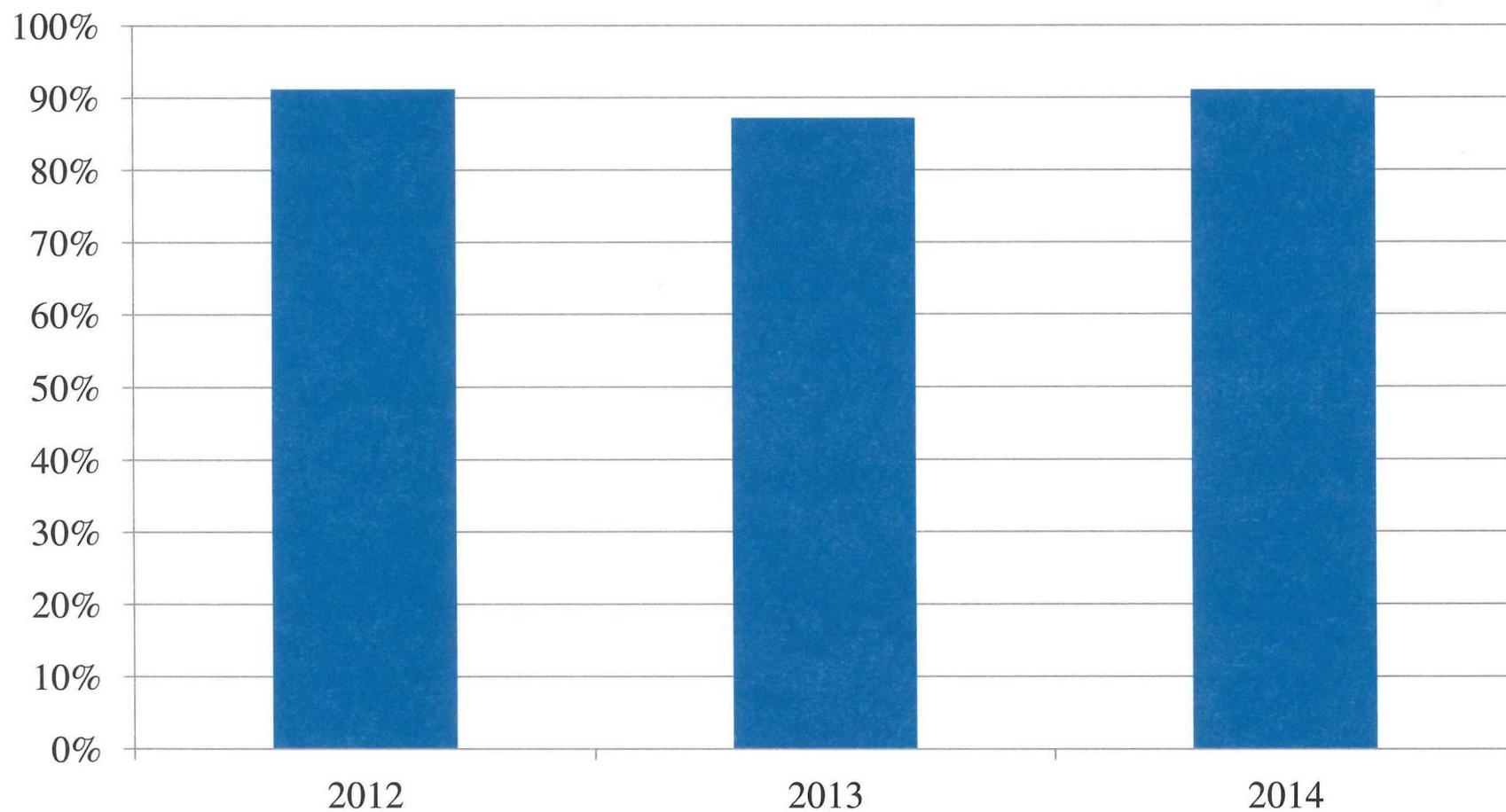


Source: Prehearing Staff Report at C-1.

Performance

Trade

Capacity Utilization Remained Stable



Source: Prehearing Staff Report at C-1.

Performance of the Domestic Industry

Conditions of Competition

Import Prices and Quantities

Threat

Conditions of Competition

Summary

- The U.S. PVLТ tire industry is operating at or near full capacity.
- Domestically produced and subject imported tires are differentiated by branding, performance, and pricing.
 - The business strategy of major U.S. producers is based upon branding and production differentiation.
 - Product differentiation and attenuated competition is recognized by independent authorities, such as Consumer Reports and the tire trade press.
- The U.S. PVLТ tire industry has successfully restructured.

Conditions of Competition

Capacity

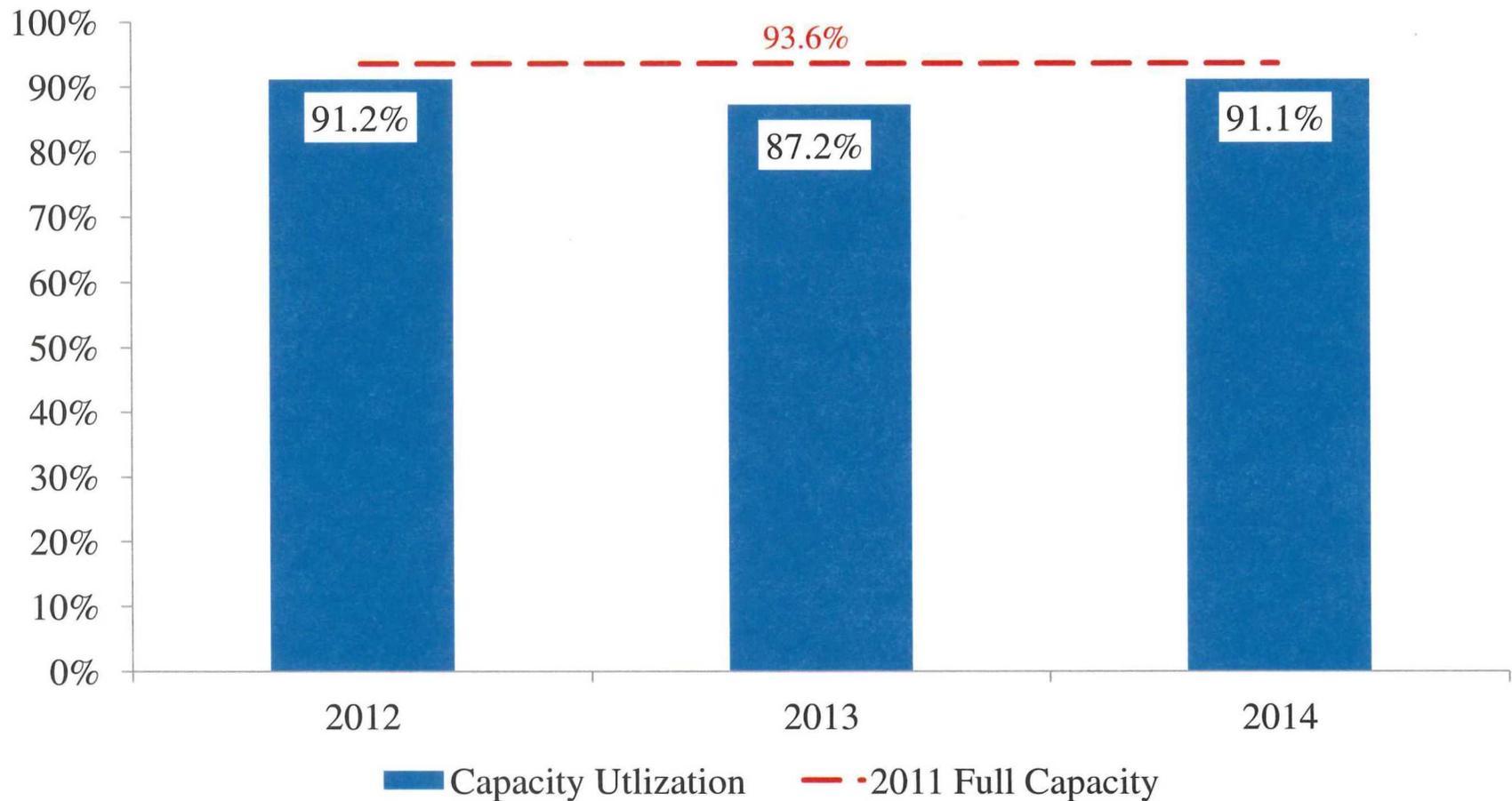
The U.S. Industry and Many Individual Firms Are Operating at or Near Effective Capacity

- Statements by U.S. Producers indicate they are operating at or near full effective capacity.
- In 2011 capacity utilization was **93.6** percent but U.S. producers were operating at full capacity.
 - “We have been bombarded from every side for additional tires, and we can't keep up...We are at maximum capacity, and all shifts are maxed out.” – *David O'Connell, Continental's VP of OE in the Americas*
 - Michelin was also running at full capacity. – *Autoweek (June 2011)*

Conditions of Competition

Capacity

U.S. Industry is Operating at Levels Consistent With Historical Levels of Full Effective Capacity



Source: Prehearing Staff Report at C-1; Preliminary Prehearing Staff Report at C-1.

Conditions of Competition

Capacity

Utilization of Practical Capacity Will Be Less than 100 Percent: Recurring Unplanned Events

- Weather-related disruptions.
- Unplanned machine downtime and maintenance.
- Disputes between labor and management.
- Holidays.

Conditions of Competition

Capacity

Utilization of Practical Capacity Will Be Less than 100 Percent: Change in Product Mix

- Practical capacity is based on tire throughput which can vary due to:
 - Larger tires require larger molds and longer curing times.
 - Increased variety of tires require frequent mold changes. The number of tire sizes has doubled since early 2000s.
 - Shorter run times require more downtime to change molds between varieties.

Conditions of Competition

Attenuation: OEM

The OEM Market is Overwhelmingly Dominated by Domestic Producers

- “Ford contends that the market for OEM tires is distinct from the replacement market and that subject imports do not compete in the OEM market because they are unable to meet the technological and service demands of U.S. car producers.” – 2014 Preliminary Decision.**

U.S. Producers' Questionnaire – PVL tires

Page 14

II-8. **Channels of distribution**-- Report your firm's commercial U.S. shipments by channel of distribution.

Quantity (in 1,000 tires)			
Item	Calendar years		
	2012	2013	2014
Channels of distribution:			
Commercial U.S. shipments:			
To OEMs (quantity) (M)			
To replacement market (quantity) (N)			
To all other ¹ (quantity) (O)			
¹ Please describe:			

Source: Preliminary Commission Opinion at Footnote 131, page 20; U.S. Producers' Questionnaires at p 14.

Conditions of Competition

Attenuation: Branding

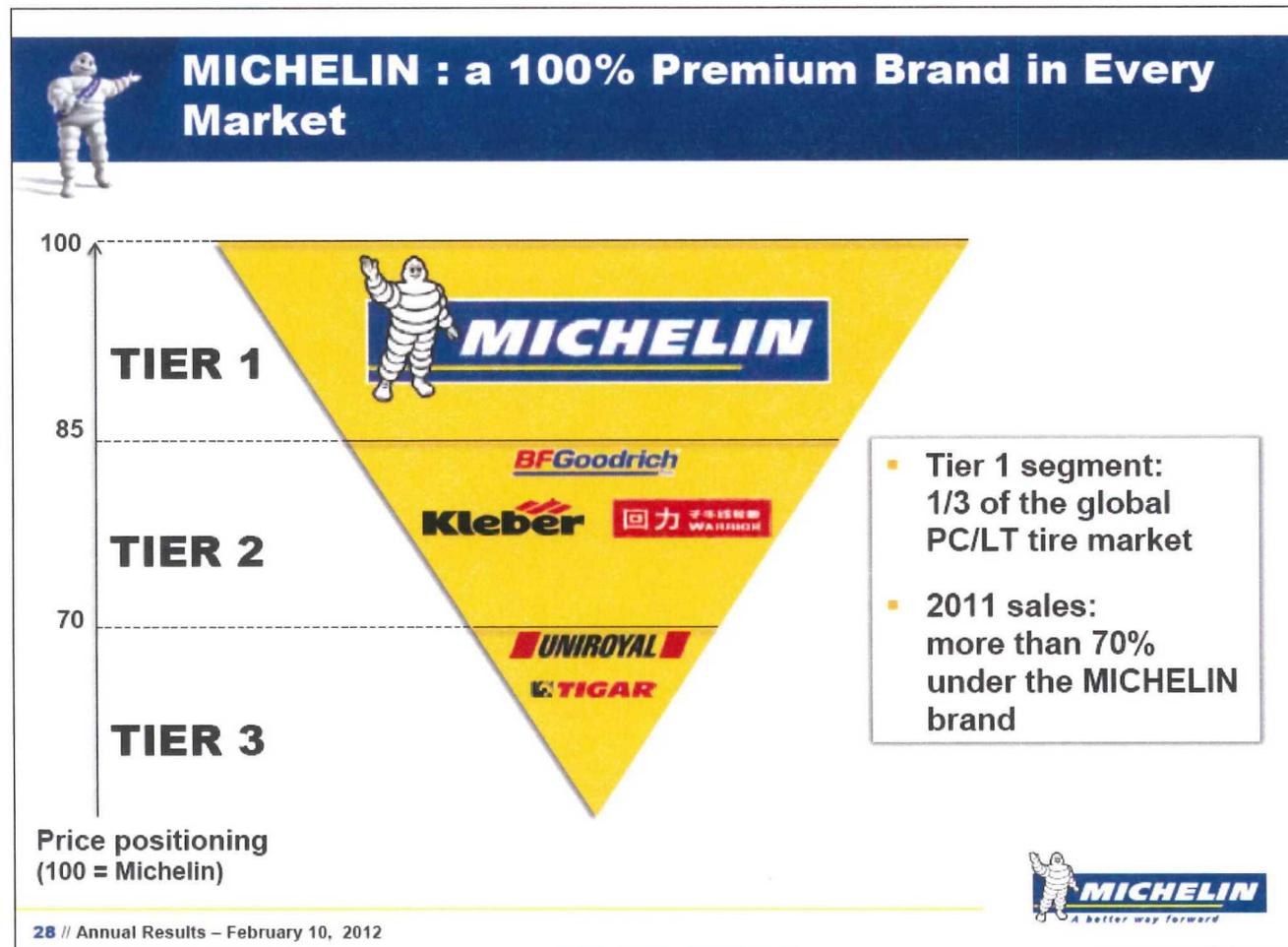
Domestic Producers Differentiate Their Brands

Michelin Group	Goodyear Tire and Rubber Co.	Bridgestone Group	Continental A.G.
			
			
			

Conditions of Competition

Attenuation: Branding

Domestic Producers Differentiate Their Brands



Source: Michelin 2012 Annual Report at 28.

Conditions of Competition

Attenuation: Branding

Domestic Producers Acknowledge Price Premiums Based on Brand

- “The Michelin brand is our premium brand. ...So if you want the best tire, you buy Michelin. You'll pay a premium. About 10% to 15%. We also have BFGoodrich, which is the next tier down, a little bit less expensive...We also have another brand called Uniroyal...and Uniroyal is also a lower-priced tier brand.” – *Pete Selleck, Chairman and President of Michelin North America*
- “We’re building a branded business and we’re competing in the most profitable segments in the market.” – *Steve McClellan, President of Goodyear North America*

Conditions of Competition

Attenuation: Branding

Domestic Producers Discuss Branding

- “For this year, Goodyear launched an entirely unique line of tires for the Kelly brand to match its current offerings of Goodyear light truck and passenger vehicle tires. The innovative Kelly tires were developed by Goodyear in response to its customers' rising need for the branded products superior to private label or Asian imported tires.” – *Guru Focus*

Conditions of Competition

Attenuation: Branding

Premium Brands Sell at Higher Prices

Parent Company	Brand	% Above or Below Mean Price
Michelin Group	Michelin	29.50%
	BFGoodrich	11.30%
	Uniroyal	-6.90%
Bridgestone Group	Bridgestone	12.40%
	Firestone	-11.30%
	Fuzion	-20.90%
Goodyear Tire & Rubber Co.	Goodyear	16.80%
	Dunlop	5.00%
	Kelly	-22.70%
Continental AG	Continental	17.60%
	General	-5.70%

Note: Each online offer measured as a percentage of the mean price for its type, as defined by USITC Pricing product definitions. Minimum and maximum observation for each brand were removed (except for Fuzion and Kelly, due to limited observations).

Source: Prices from online retailers Tire Rack, Discount Tire, Sears, and Simple Tire. See CapTrade Report, Exhibit 3.

Conditions of Competition

Attenuation: Performance

The HVA Segment Dominated by U.S. Producers Have Better Performance

Allow me to expand. A high-value-added tire is more complex to manufacture than a low-value-added tire. There's no accepted definition for a high-value-added tire, but The Goodyear Tire & Rubber Company defines it as having additional tread compounds (silica), reduced sidewall height, premium speed ratings, diameters greater than 17 inches, and several more attributes.



Image source: Deutsche Bank Leveraged Finance Conference presentation.

Source: Maxx Chatsko. "5 Things the Goodyear Tire & Rubber Company Wants You to Know." The Motley Fool. (November 24, 2014).

Conditions of Competition

Attenuation: Performance

Consumer Reports Prefers U.S. Tire Makers

What brands make the best tires? Consumer Reports rank the top tire maker

Published: March 13, 2015 03:00 PM

1. Michelin

Across the board, Michelin offers nearly a perfect blend of grip, handling, low rolling resistance for good fuel economy, and long tread life. In many instances, tread wear is class-leading, and Michelin has tread wear warranties on all replacement tires, including winter and summer tires. (Most competitors do not.) However, Michelin tires can be pricey and that holds back a lot of potential buyers. It's too bad because if you factor in the outstanding tread wear, the Michelins might be a bargain compared to other tires with a lower price.

Top models

All-season: Michelin Defender



Michelin Defender

2. Continental

Nipping at the heels, if not looking back at Michelin at times, Continental consistently offers high-scoring tires. Handling and impressive stopping grip on dry and wet roads are typical of this brand. As a bonus, they are attractively priced.

Top models

All-season: Continental ProContact EcoPlus (discontinued model in limited supply). The new TrueContact is being tested right now.

Performance all-season: Continental PureContact

Ultra-high performance: Continental ExtremeContact DW



Continental ExtremeWinterContact

3. Goodyear

Not every model is a hit, but in the last two years Goodyear has come on strong with some recommended truck and ultra-high performance tires. All-season car tires are a bit long in the tooth; still the Goodyear Assurance TripleTread All-Season car tire is impressive. If you need an all-season tire with great snow traction, the Goodyear Assurance ComfortTred Touring is it.

Top models

All-season: Goodyear Assurance TripleTread All-Season

Ultra-high performance: Goodyear Eagle F1 Asymmetric All Season, Eagle F1 Asymmetric 2 (summer)



Goodyear Eagle F1 Asymmetric

4. Pirelli

Known for ultra-high performance tires, Pirelli supplies original equipment rubber for many prestigious sports cars. Pirelli also offers some solid models for less exotic vehicles, too. Tread life is not always a strong point, but in recent years there have been updates with a "Plus" added to existing models, some of which we are testing now.

Top models

All-season: Pirelli P4 Four Seasons. We are testing Pirelli P4 Seasons Plus.

Performance all-season: Pirelli P7 Cinturato A/S is big on dry and wet grip, and handling, though tread life and stopping on



Pirelli Scorpion Verde

5. Hankook, Cooper, Nokian, Yokohama

This final ranking is a tough spot to call, as there are many fine brands vying for the title. Rather than make a single selection, we consider this a four-way tie. Here's the rundown:

Hankook has the top-rated Dynapro AT-M in the all-terrain category, and it has a couple impressive ultra-high performance tires: the Hankook Ventus S1 noble 2 (all-season) and Ventus V12 evo2 (summer). The Winter iConcept evo has been around for a number of years and still impresses with its well-balanced grip on cleared and snow-covered roads. Absent are all-season tire models that the company is now updating.



Hankook Ventus V12 evo2

Source: "What Brands Make the Best Tires?" Consumer Reports. (March 13, 2015).

Conditions of Competition

Attenuation: Performance

In 9 Tire Segments, CR Recommended U.S. Producers 34 out of 44 times

Type	Brand	U.S. Producer?	Type	Brand	U.S. Producer?
Performance All Season	Michelin	Yes	All Season Truck	Michelin	Yes
	Continental	Yes		Goodyear	Yes
	Michelin	Yes		Michelin	Yes
	Continental	Yes		Pirelli	Yes
All Season	Michelin	Yes	All Terrain Truck	Continental	Yes
	Continental	Yes		Cooper	Yes
	Goodyear	Yes		Hankook	2016
	Pirelli	Yes		Goodyear	Yes
UHP All Season	Yokohama	Yes	Winter	Michelin	Yes
	Michelin	Yes		Cooper	Yes
	Goodyear	Yes		Falken	No
	Hankook	2016		Michelin	Yes
	Pirelli	Yes		Hankook	2016
	Cooper	Yes		Pirrelli	Yes
UHP Summer	Pirelli	Yes	Performance Winter	Uniroyal	Yes
	Michelin	Yes		Bridgestone	Yes
	Yokohama	Yes		Nokian	
	Nokian			Michelin	Yes
	Continental	Yes		Nokian	
	Goodyear	Yes		Michelin	Yes
	Hankook	2016	Winter Truck	Continental	Yes
	Vredestein			Nokian	

Source: "Recommend Tire Guide." Consumer Reports. Retrieved June 6, 2015.

Conditions of Competition

Attenuation: Performance

CR Recognizes U.S. Tires Have Better Performance

- “Chinese tire brands don’t have that oversight, and some may not have the marketing foresight to design products well-suited to the specific requirements of the U.S. consumer.”
- Consumer Reports reviewed 2 Chinese-branded tires out of 167 tires in 9 market segments – these brands were not ranked highly.

Conditions of Competition

Attenuation: Performance

The OEM Market is Supplied Near Exclusively by Domestic Producers Due to Better Performance

- **“Ford contends that the market for OEM tires is distinct from the replacement market and that subject imports do not compete in the OEM market because they are unable to meet the technological and service demands of U.S. car producers.” – 2014 Preliminary Decision.**

Conditions of Competition

Restructuring

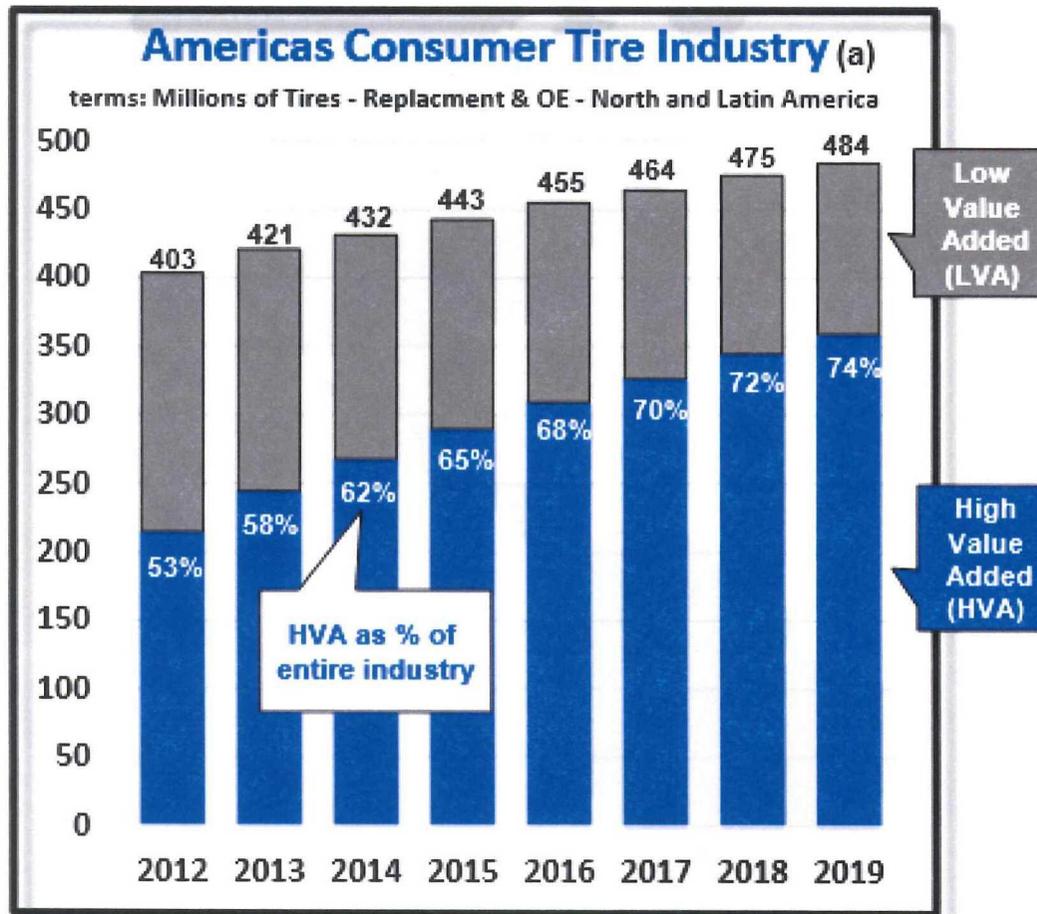
Domestic Producers Converted to HVA Tires

- “Goodyear is spending \$150 million at Lawton [Oklahoma] to convert 5 million units of annual capacity for low value-added tires to HVA products.” – *Tire Business*, March 2011.
- “Our recent strategy has been to make sure that we do not produce tires that destroyed value.” – *Michelin CEO Jean-Dominique Senard*, January 2015.

Conditions of Competition

Restructuring

The Industry Has Restructured: The Move Toward High Value Added Tires



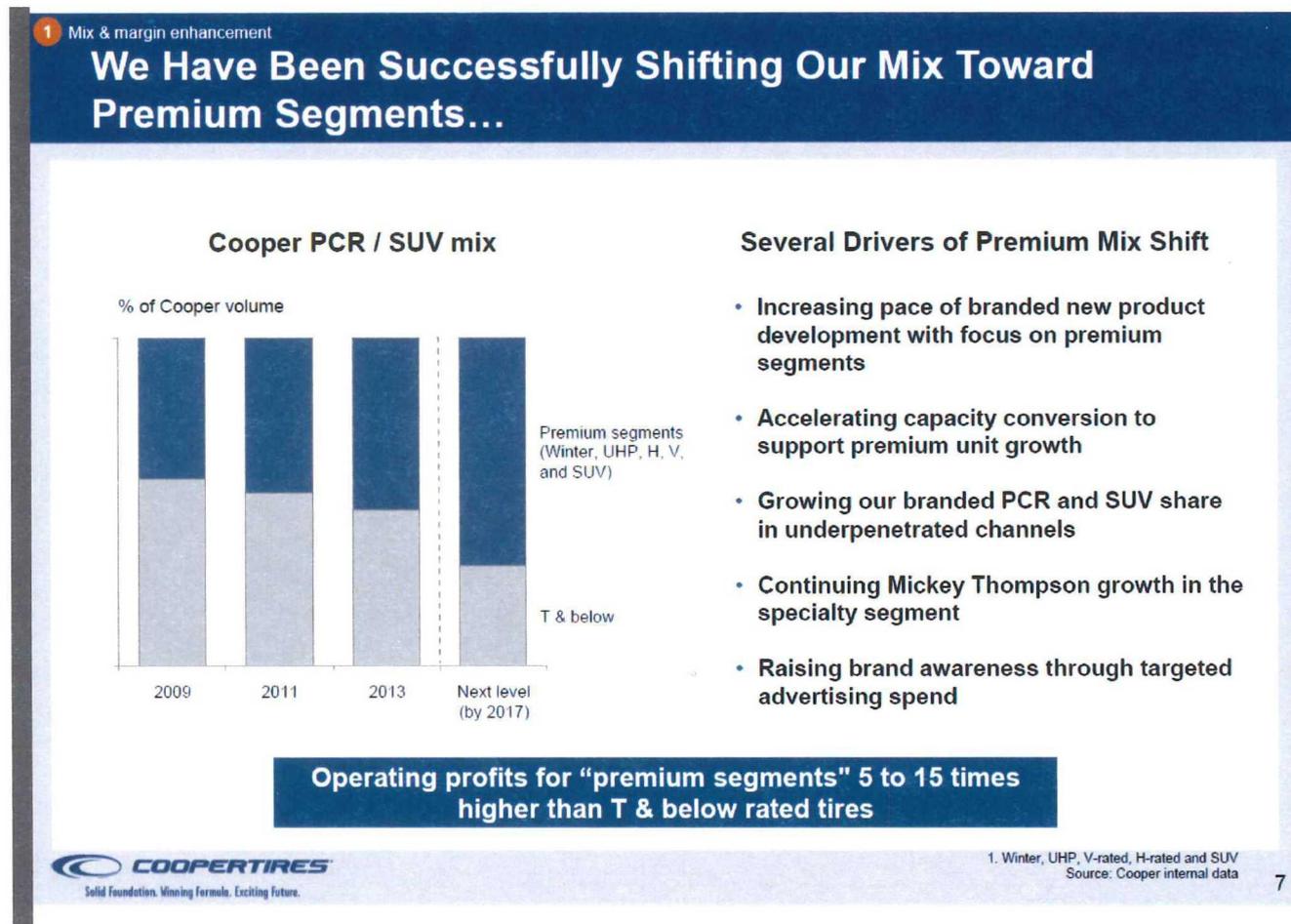
2014-2019 Growth
Total = +52M (~10M/year, ~2%/year)
HVA = +90M (~18M/year, ~6%/year)

Source: Goodyear, slideshow for First Quarter 2015 Conference Call (April 29, 2015), slide 5.

Conditions of Competition

Restructuring

Cooper's Product Mix Is Moving To HVA Tires

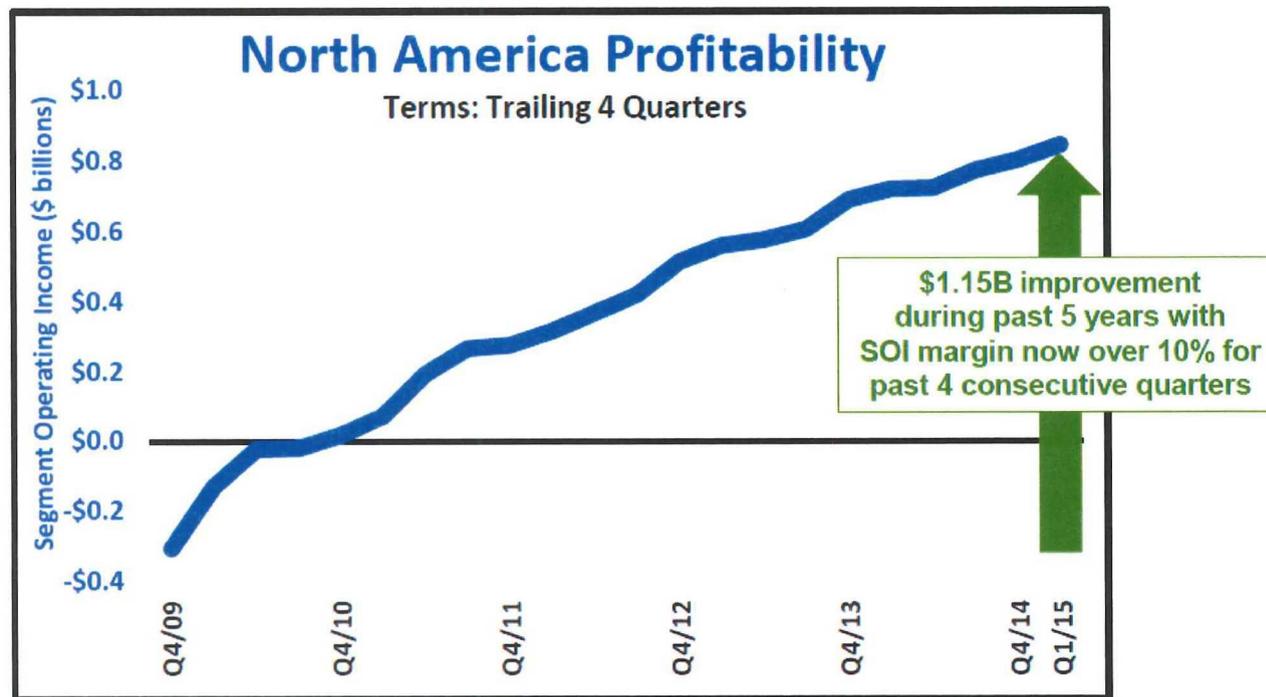


Source: Cooper Tires Presentation at Deutsche Bank Global Auto Industry Conference. (January 13, 2015) at slide 7.

Conditions of Competition

Restructuring

The Industry Has Restructured: Goodyear's North American Profitability



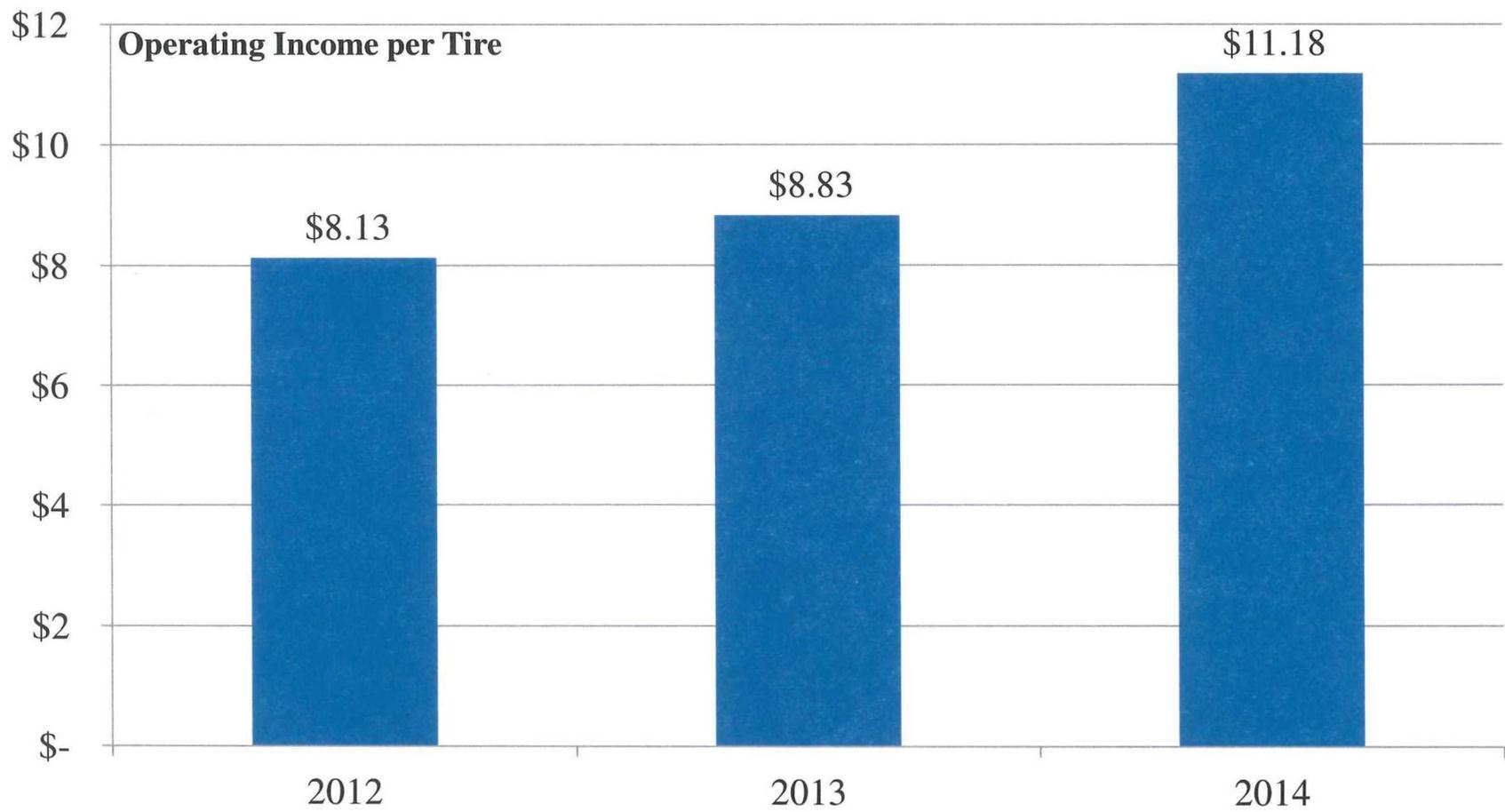
Consistent and dramatic performance has turned North America from a “turnaround story” into a “momentum story”

Source: Goodyear Tire & Rubber Co., slideshow for First Quarter 2015 Conference Call (April 29, 2015), slide 5.

Conditions of Competition

Restructuring

Unit Operating Income Demonstrates the Benefits of Restructuring



Source: Prehearing Staff Report at Table C-1

Conditions of Competition

Restructuring

Domestic Producers Have Expanded Significantly Since 2012

Expansions Since 2012

Year	Firm	Plant Location
2012	Michelin	Lexington, South Carolina
	Goodyear	Lawton, Oklahoma
2013	Continental	Fayetteville, North Carolina
	Giti Tire USA	Mt. Vernon, Illinois
	Cooper	Chester County, South Carolina
2014	Hankook Tire America Corp	Tupelo, Mississippi
	Toyo	Clarksville, Tennessee
2015	Michelin	White, Georgia
	Kumho Tire	Fort Wayne, Indiana
		Macon, Georgia

Source: CapTrade report at pp 20-24 and 32 – 33.

Performance of the Domestic Industry

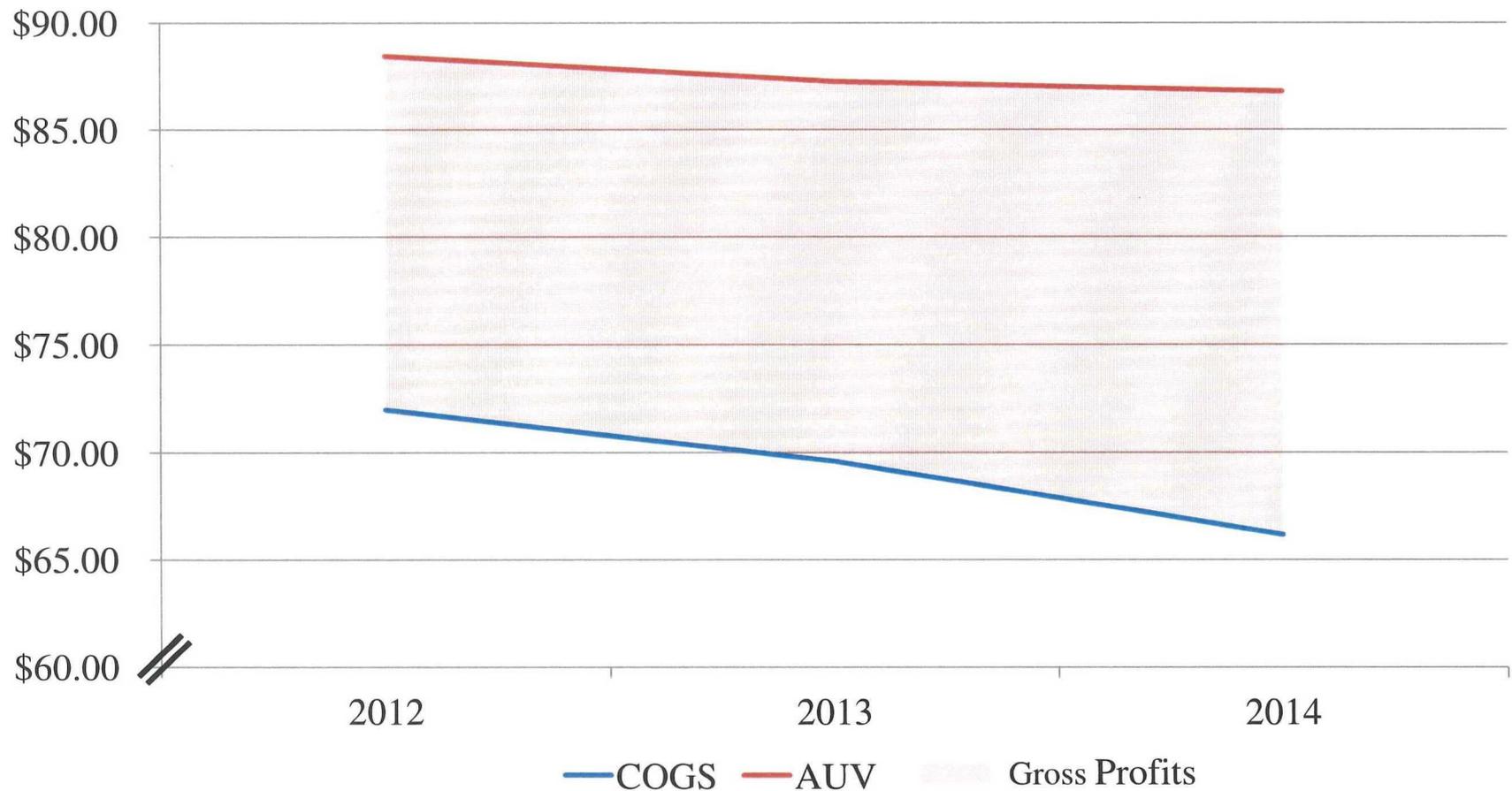
Conditions of Competition

Import Prices and Quantities

Threat

Import Prices and Quantities

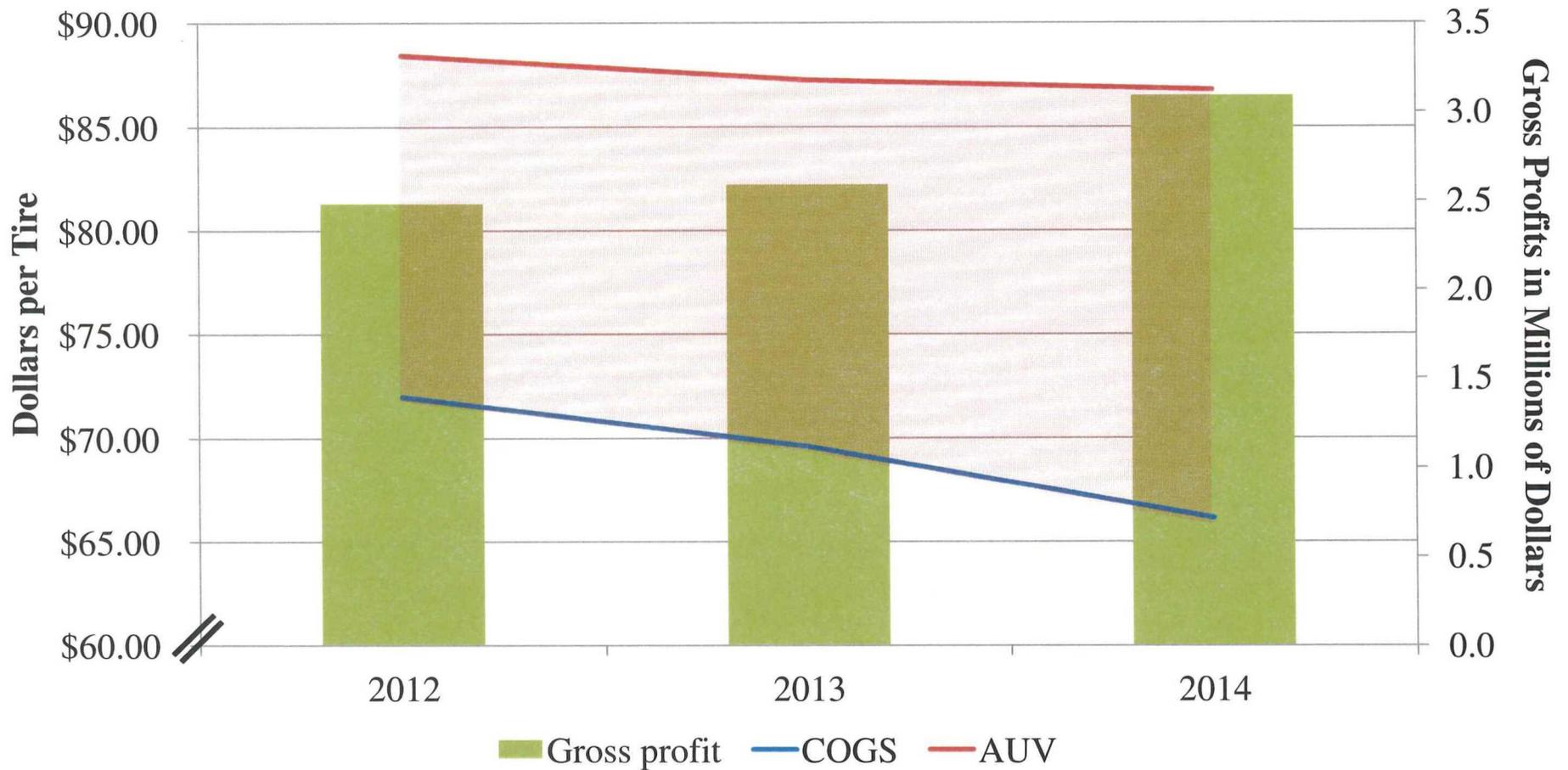
No Price Suppression or Depression: Domestic Industry is Experiencing the Opposite of a Cost- Price Squeeze



Source: Prehearing Staff Report at C-1

Import Prices and Quantities

No Price Suppression or Depression: Profits Are Rising Over the POI



Source: Prehearing Staff Report at C-1

Import Prices and Quantities

Investments and New Facilities are Consistent with Operating at Full Capacity with No Quantity Effects

New Facilities Opening in 2016

Company	Location
Giti Tire USA	Chester County, South Carolina
Kumho Tire	Macon, Georgia
Hankook Tire America	Clarksville, Tennessee

Investments Since 2012

Company	Location
Michelin	Lexington, South Carolina
Goodyear	Lawton, Oklahoma
Continental	Fayetteville, North Carolina
Giti Tire USA	Mt. Vernon, Illinois
Cooper	Chester County, South Carolina
Hankook Tire America Corp	Tupelo, Mississippi
Toyo	Clarksville, Tennessee
Michelin	White, Georgia
Kumho Tire	Fort Wayne, Indiana
	Macon, Georgia

Performance of the Domestic Industry

Conditions of Competition

Import Prices and Quantities

Threat

Threat

U.S. Producers Are Not Threatened by Subject Imports

- The domestic industry is not vulnerable.
- Actions and statements by the domestic industry demonstrate a lack of threat.
- Raw material costs are projected to remain low.
- Chinese demand for OEM and replacement tires is expected to increase.

Threat

Vulnerability

The Domestic Industry is Not Vulnerable

Performance Indicator	Increase over POI?	Performance Indicator	Increase over POI?
Gross Profits	<input checked="" type="checkbox"/>	Total Hours Worked	<input checked="" type="checkbox"/>
Operating Income	<input checked="" type="checkbox"/>	Annual Hours per PRW	<input checked="" type="checkbox"/>
Net Income	<input checked="" type="checkbox"/>	Overall Wages	<input checked="" type="checkbox"/>
Cash Flows	<input checked="" type="checkbox"/>	Hourly Wages	<input checked="" type="checkbox"/>
Gross Profit Margin	<input checked="" type="checkbox"/>	Labor Income per Worker	<input checked="" type="checkbox"/>
Operating Margin	<input checked="" type="checkbox"/>		
Net Income Margin	<input checked="" type="checkbox"/>		
EBITDA Margin	<input checked="" type="checkbox"/>		
Capital Expenditures	<input checked="" type="checkbox"/>		
Unit Operating Income	<input checked="" type="checkbox"/>		
Return on Assets	<input checked="" type="checkbox"/>		

Threat

Vulnerability

The Domestic Industry is Not Vulnerable: U.S. Producers' Expansions Over the POI

- Major U.S. producers have expanded production.

Company	Amount of Investment (Millions)	Annual Tire Output (Millions of Tires)	Jobs Created
Bridgestone	\$346	4.6	300
Continental	\$500	8	1,600
Cooper	\$140	n/a	n/a
Michelin	\$200	n/a	270
Toyo	\$371	3.8	650
Total	\$1,557	16.4	2,820

Source: ITG Voma's Prehearing Brief at 61.

Threat

U.S. Demand

Increased Investment in the U.S. PVL T Industry: New Plant Openings

- 3 PVL T producers are opening facilities in the U.S. in 2016

Company	Location	Investment (Millions)	Planned Capacity (Million Tires)	Employees
Giti Tire USA	Chester County, South Carolina	\$560	5.0	1,700
Kumho Tire	Macon, Georgia	\$413	4.0	450
Hankook Tire America	Clarksville, Tennessee	\$800	12.0	1,800
	Total	\$1,773	21.0	3,950

Source: "2015 Facts Issue." Modern Tire Dealer. (January 2015); "\$560M tire plant breaks ground in Chester County". WSOC TV. (February 12, 2015); and ITG Voma's Pre-Hearing Brief at 61.

Threat

U.S. Demand

The Domestic Industry is Not Threatened by SI: Views of U.S. Producers

- Goodyear reaffirmed its financial targets in its January 2015 Presentation.

Continue to reaffirm 10-15% SOI growth target for 2015;
Expect positive momentum in NA to offset International headwinds

2015-2016 Financial Targets



- We remain confident in our strategy
- Reaffirming 2015-2016 targets
 - Annual 10-15% SOI growth per year
 - Annual positive free cash flow from operations
 - Adjusted Debt to EBITDAP^(a) ratio of ~2.0x by the end of 2016

Reaffirming 2015-2016 targets; will update assumptions on Q4 call

(a) Total debt plus global pension liability, divided by net income before interest expense, income tax expense, depreciation and amortization expense, net periodic pension cost, rationalization charges and other (income) and expense

13

Threat

U.S. Demand

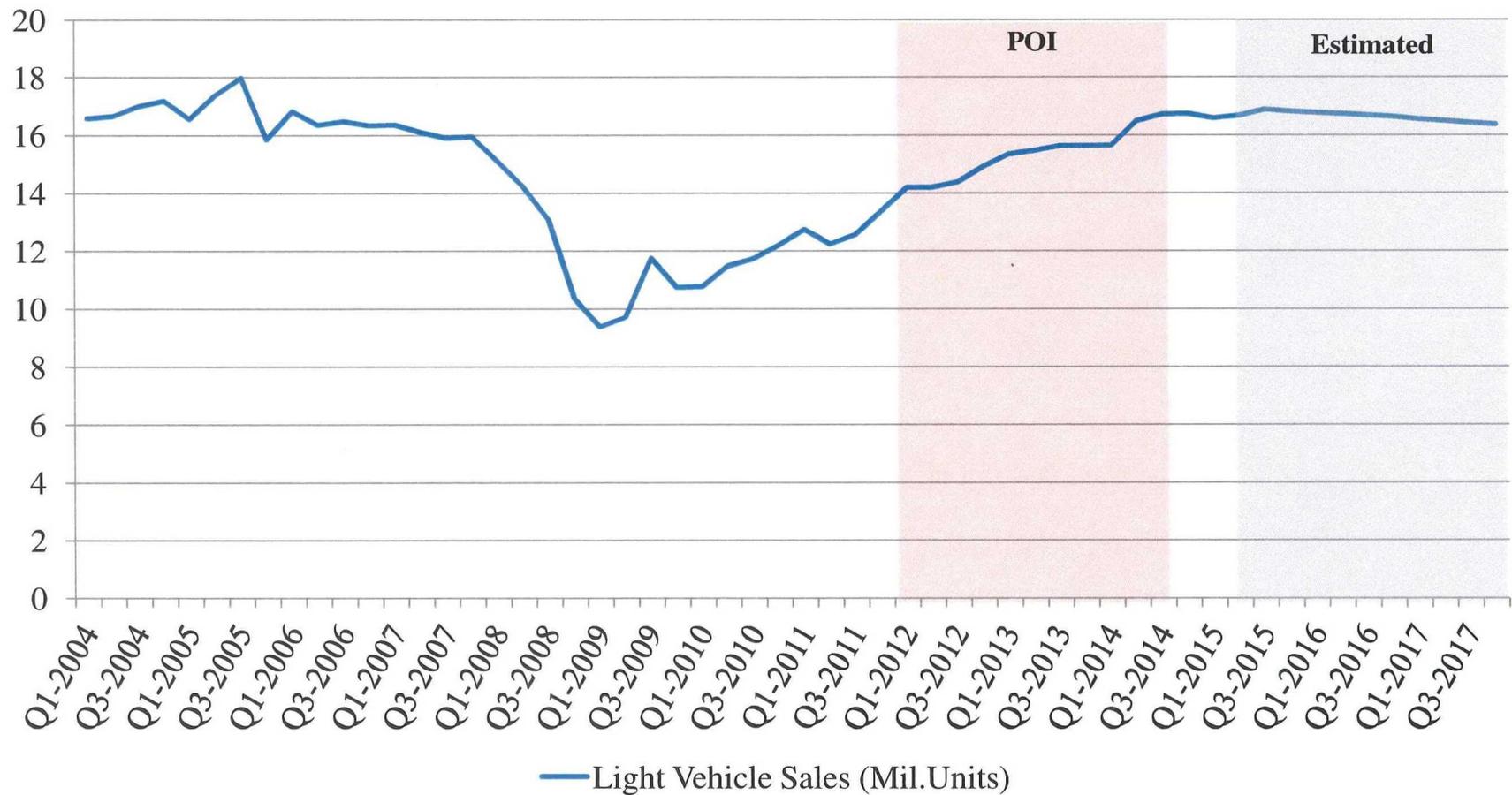
The Domestic Industry is Not Threatened by SI: Views of U.S. Producers

- Toyo predicts growth in the North American market:
 - “Toyo Tire & Rubber Co. Ltd. raised its forecast for fiscal 2014 tire division operating income 16 percent higher than the February projection and expects record sales of about \$3.2 billion. **North America will account for all of the projected growth**, Toyo said.” – *Rubber News*
- Michelin expects its higher operating margins in the Americas in FY2015. The U.S. is Bridgestone’s largest market in the Americas.

Threat

U.S. Demand

U.S. OEM Demand for PVL Tires Will Remain High

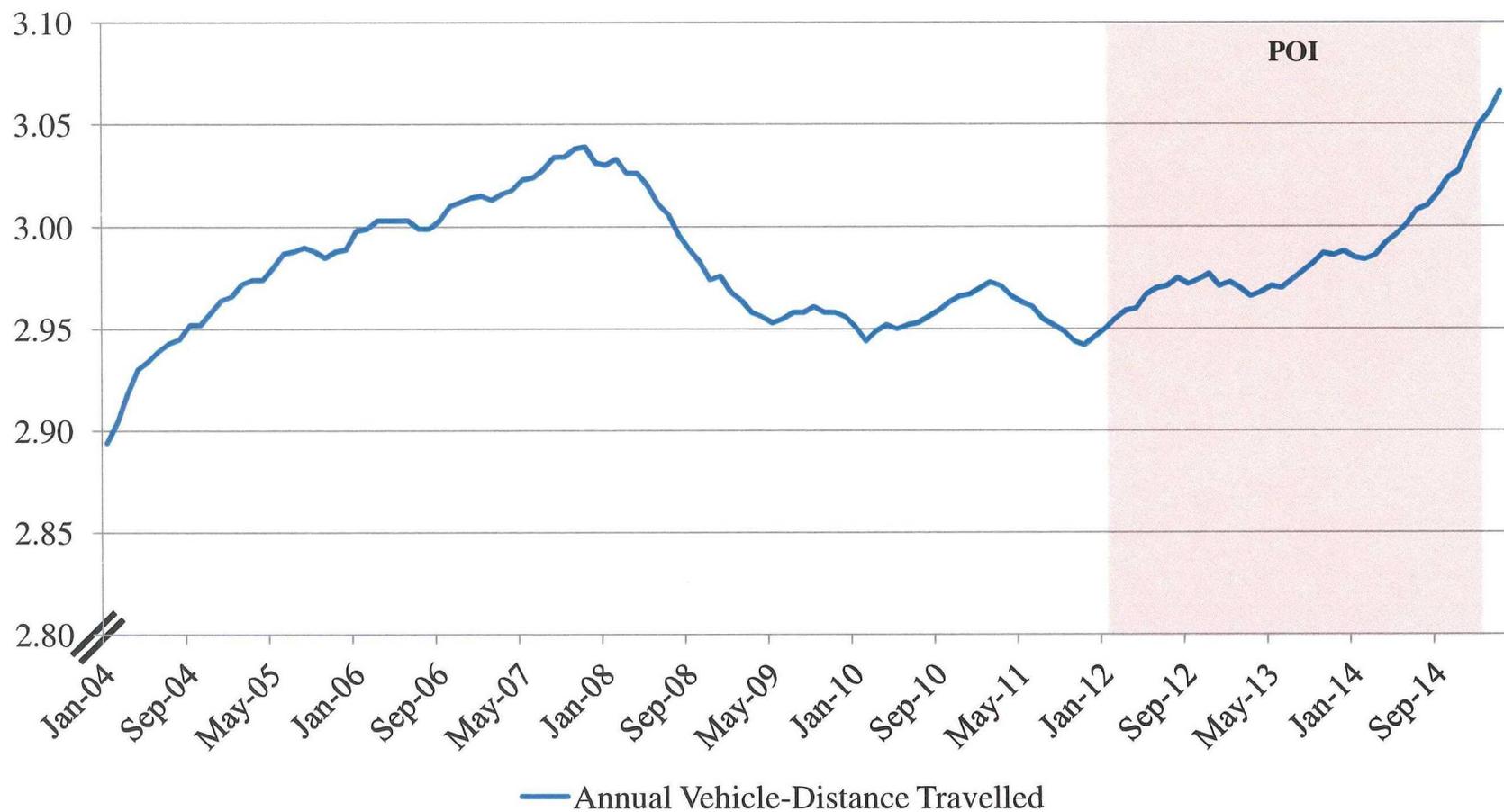


Source: Macroeconomic Advisers via Haver Analytics.

Threat

U.S. Demand

U.S. Replacement Demand for PVL Tires Is Expected to Increase

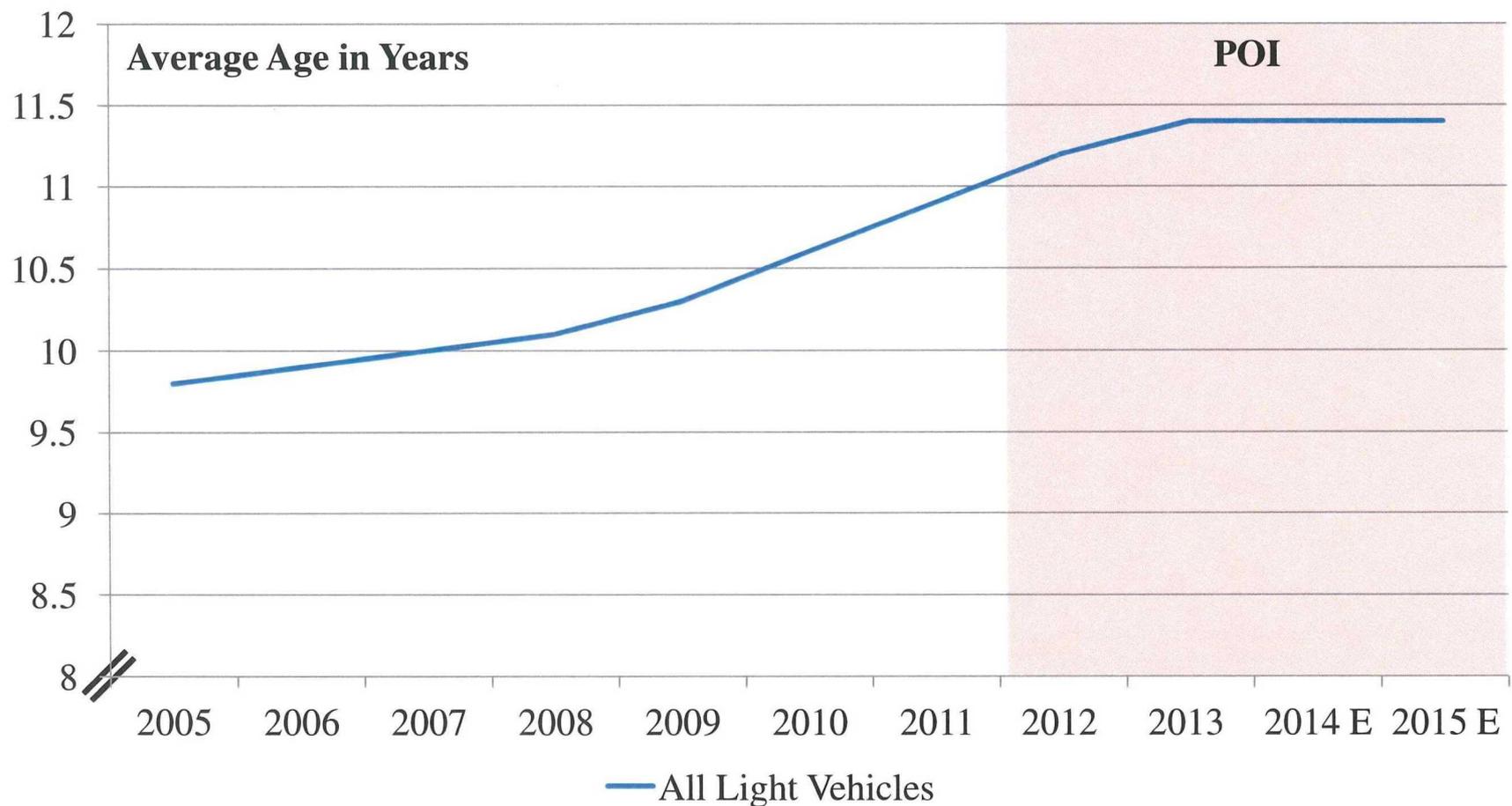


Source: "Traffic Volume Trends Report" Federal Highway Authority. (March 2015)

Threat

U.S. Demand

U.S. Replacement Demand Is Expected to Increase



Source: National Transportation Service Table I-26: Average Age of Automobiles and Trucks in Operation I (Updated January 2014); "Average Age of Light Vehicles on U.S. Roads Stayed Flat, IHS Says." Automotive News (June 9, 2014)

Threat

U.S. Costs

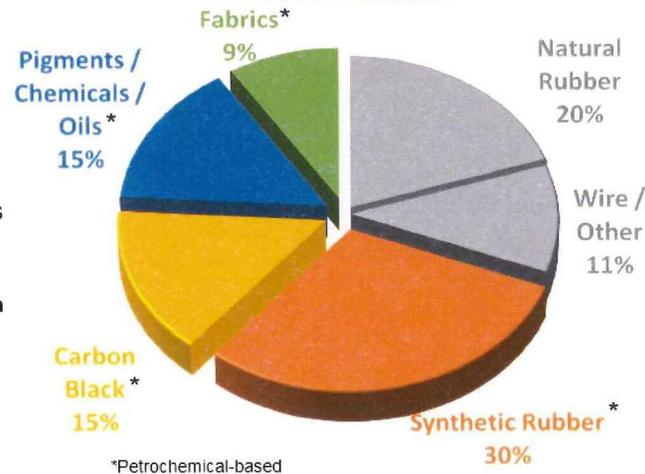
Raw Material Costs Are Likely to Remain Low

Raw Materials



- Raw materials ~50% of tire business cost of goods sold
 - Tires ~85% of total cost of goods sold
 - ~25% of raw materials cost not affected by commodity prices
- Around two-thirds of raw materials are ***influenced*** by oil prices
 - P&L impact lags spot rates by 1-2 quarters depending on commodity
- Approximately two-thirds of raw materials are purchased in USD
 - Largest foreign currency transactional exposures are from Euro, Real and Canadian dollar
- Customer agreements indexed to raw materials:
 - OE customers (~20% of sales)
 - Certain large Commercial fleets
 - OTR customers

Goodyear Global Raw Material Usage 2014 FY Estimate



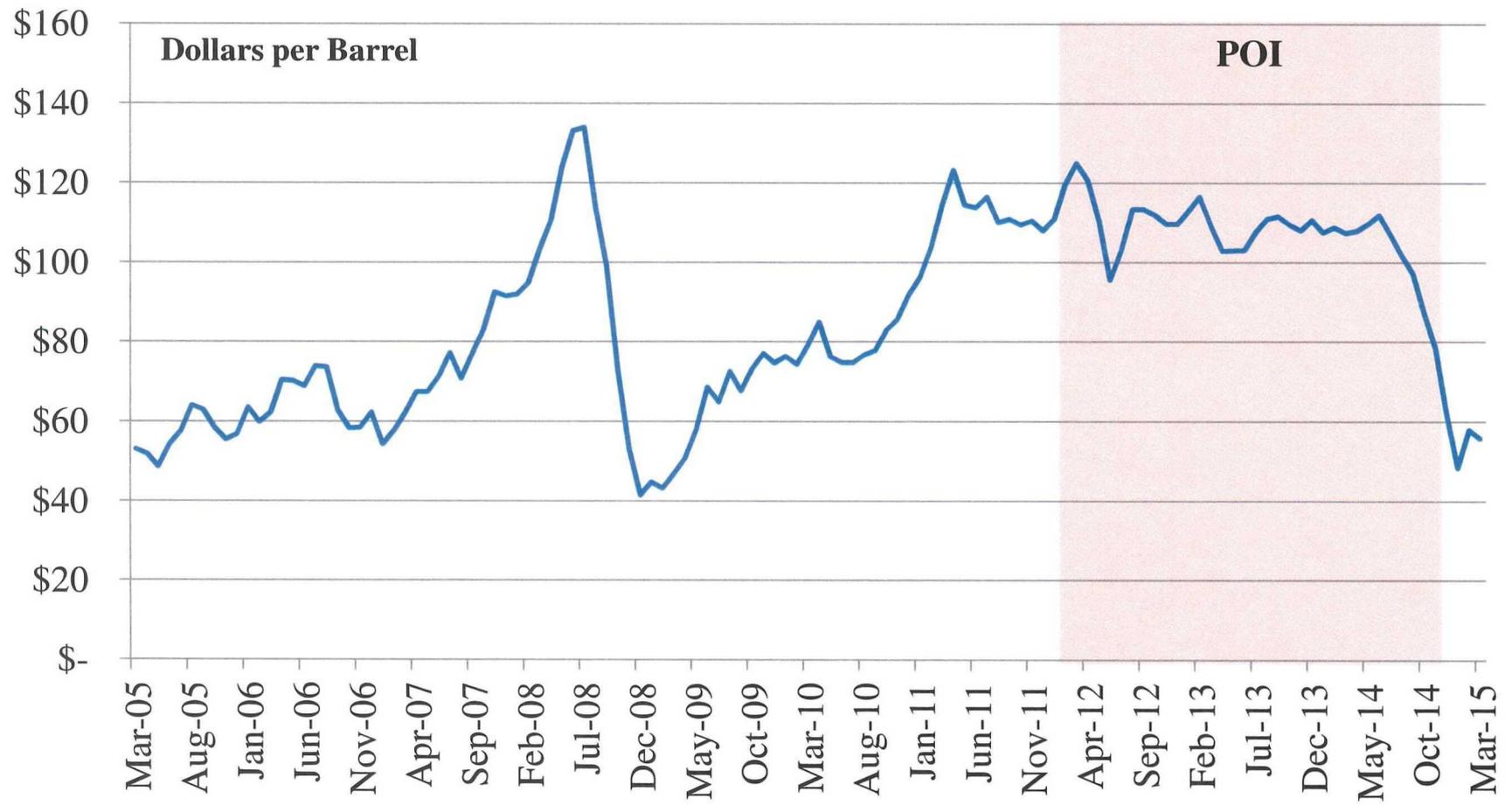
Based on current commodity spot rates, we expect raw material costs to be down ~10% for the full year

20

Threat

U.S. Costs

Raw Material Costs Are Likely to Remain Low: Oil

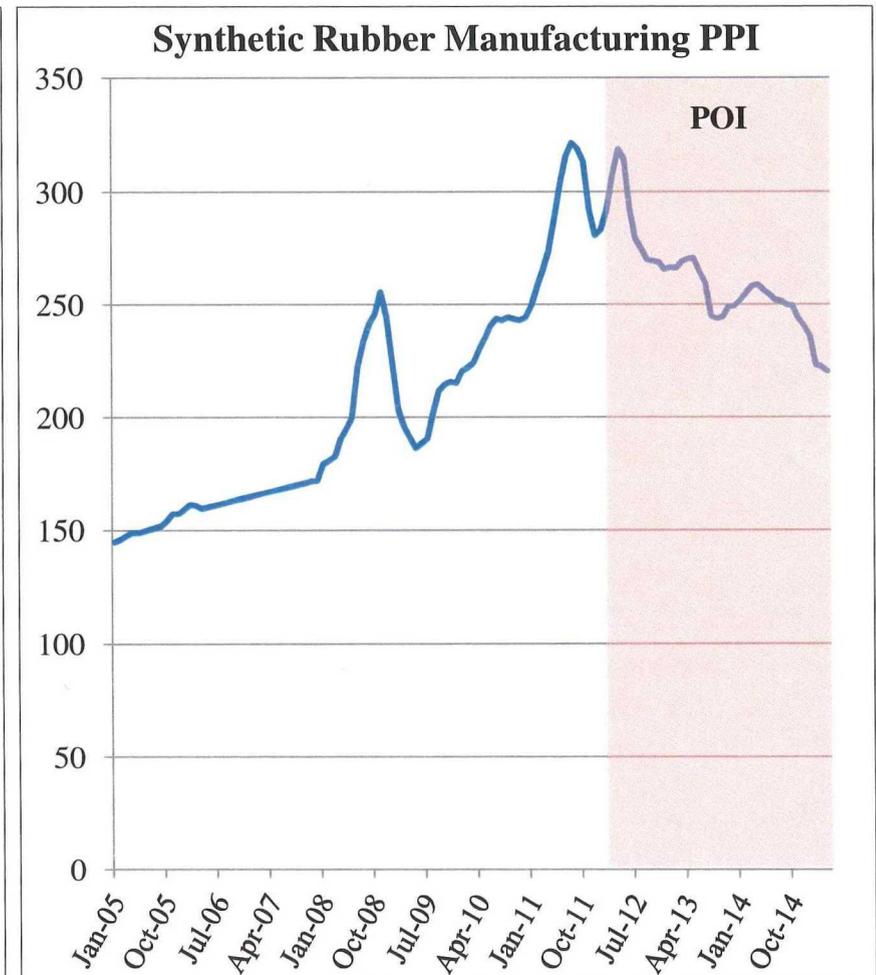
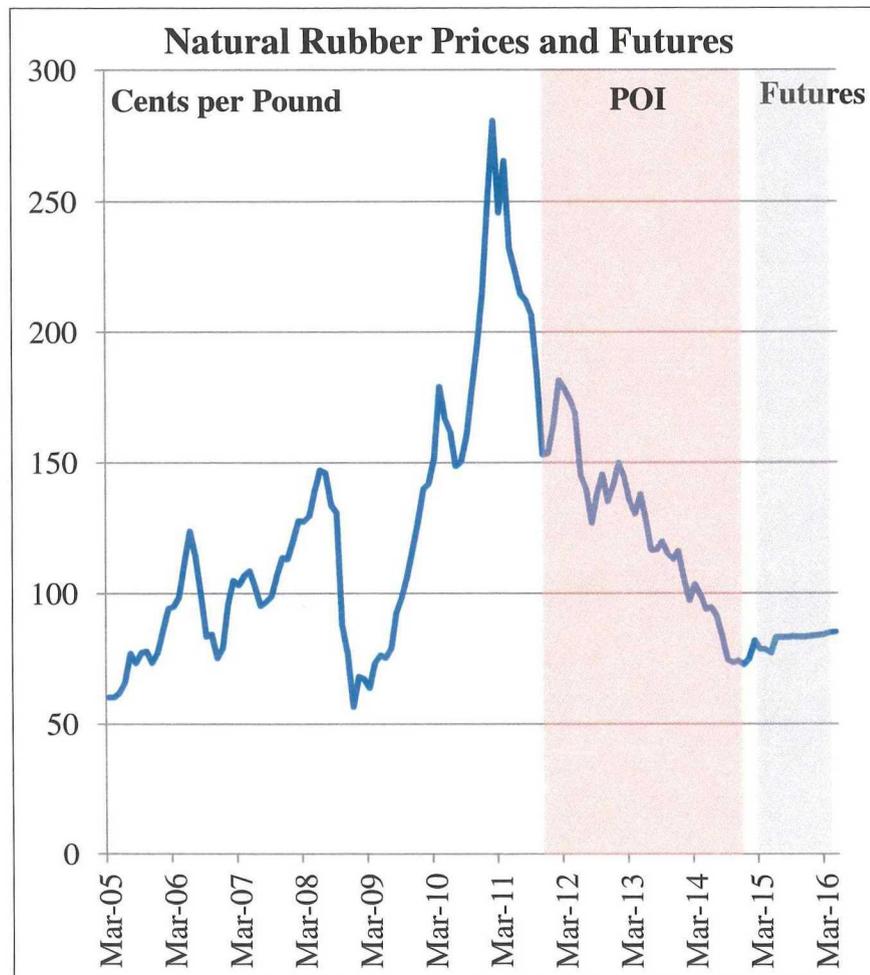


Source: "Crude Oil - Petroleum." Dated Brent Monthly Price via Index Mundi.

Threat

U.S. Costs

Rubber Costs Are Likely to Remain Low



Source: SICOM RSS3 Rubber Futures.” Singapore Commodity Exchange via Quandl and Rubber, No. 3 Smoked Sheet (RSS3), 1st Contract.” Singapore Commodity Exchange via Index Mundi; Bureau of Labor Statistics.

Threat

U.S. Costs

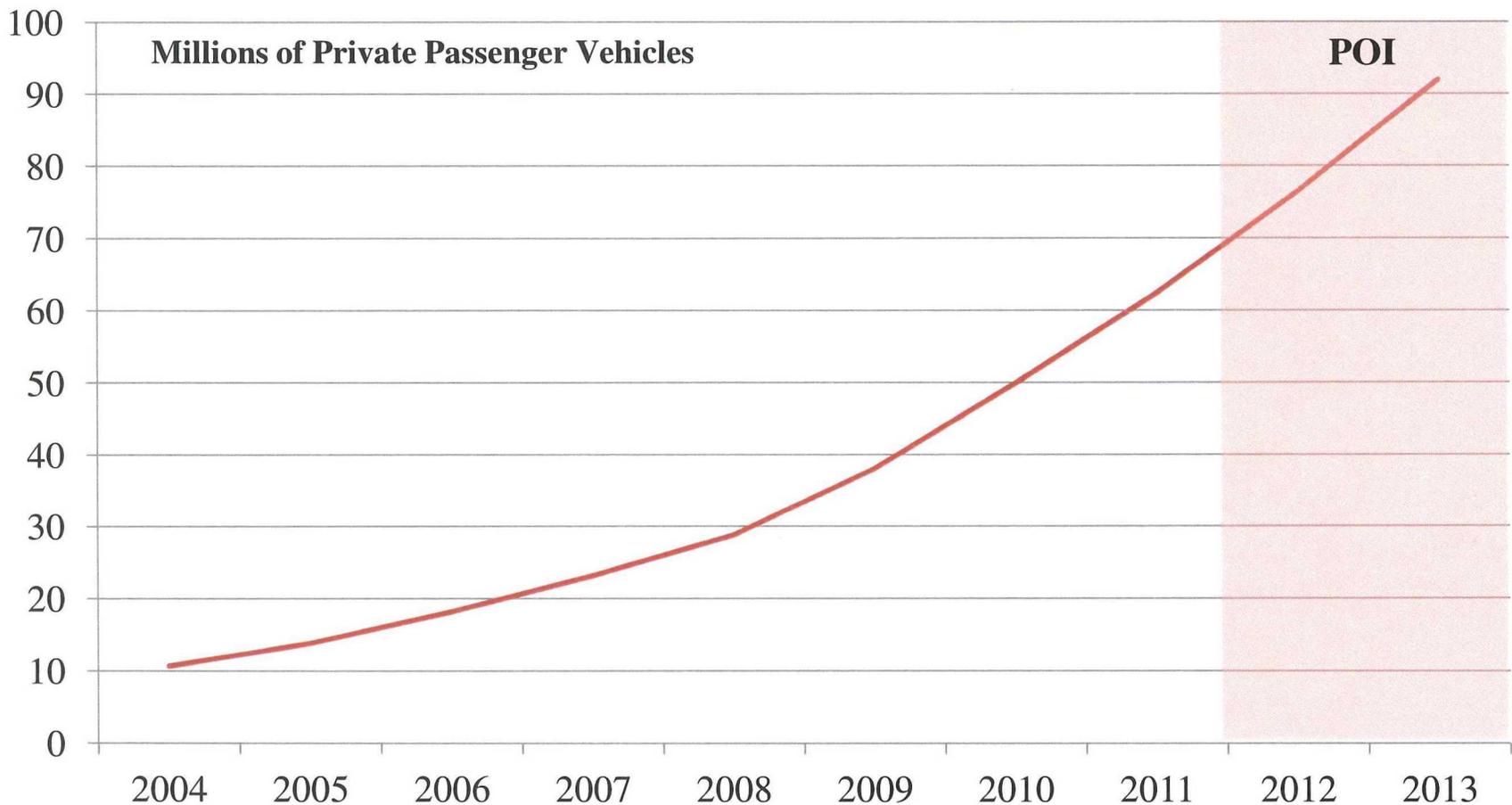
Raw Material Costs Are Likely to Remain Low

- “Based on current raw material spot prices, for the full year of 2015, we expect our raw material costs will be approximately 14% lower than 2014, and we expect the benefit of lower raw material costs to more than offset declines in price and product mix.” – *Goodyear 2014 Annual Report*

Threat

China

The Number of Chinese Passenger Vehicles Has Increased Significantly from 2004 - 2013



Source: National Bureau of Statistics of China.

Threat

China

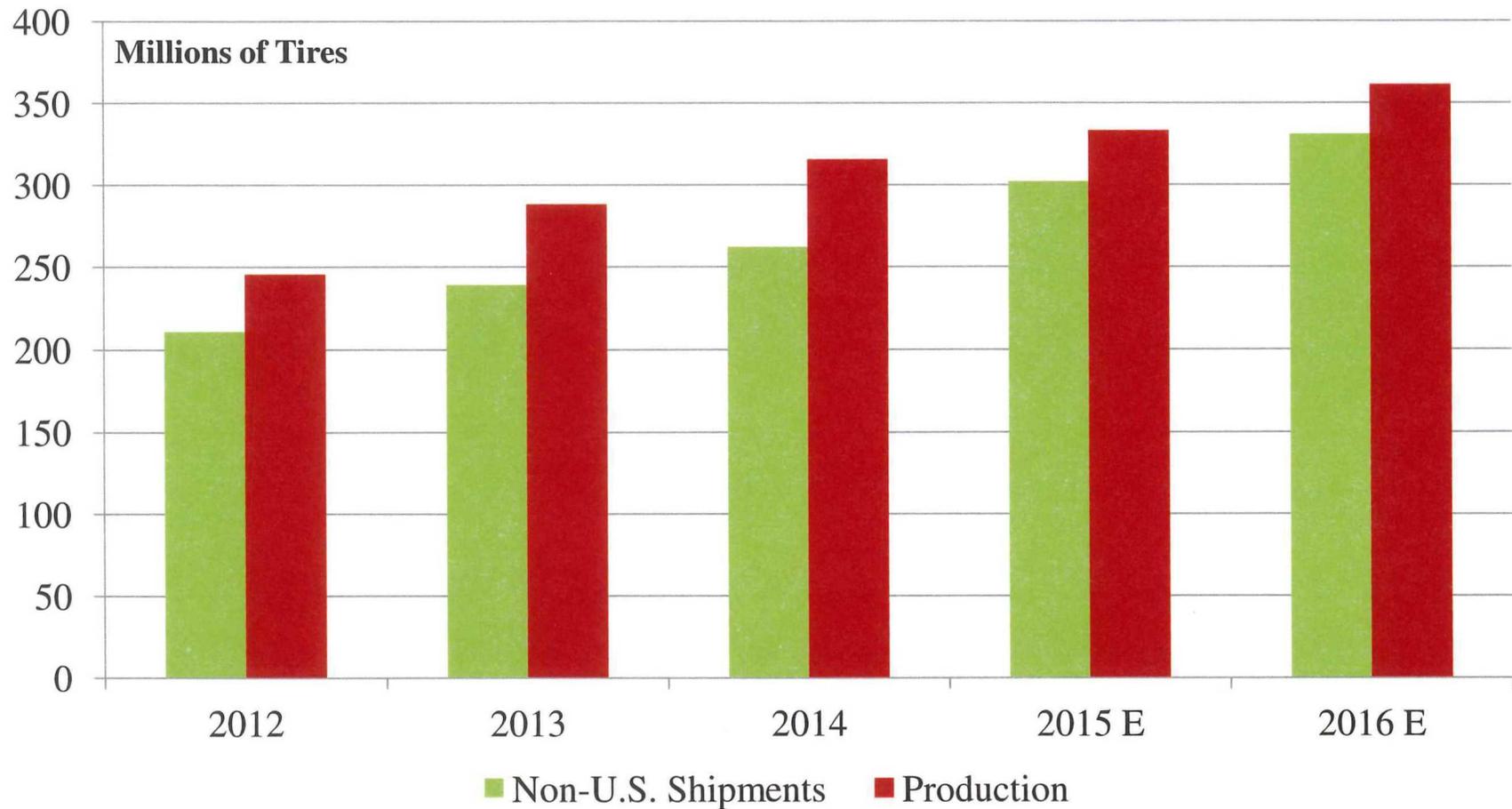
U.S. Producers Recognize Demand in China is Increasing

- “China is the world’s largest and fastest-growing market for passenger cars and commercial trucks, and **critical** to Goodyear’s growth strategy.” – *Rich Kramer, Chairman and CEO of Goodyear.*
- “We expect our business to speed up by **two to three times** over the coming years, as the Chinese tire industry will maintain booming momentum, boosted by rapid growth of auto sales in recent years.” – *Philippe Verneuil, President of Michelin China.*
- Michelin’s 2014 Annual Report noted “continued robust growth” in China and projected continued growth for 2015.

Threat

China

China's Non-U.S. Shipments are Expected to Rise Faster than Chinese Production

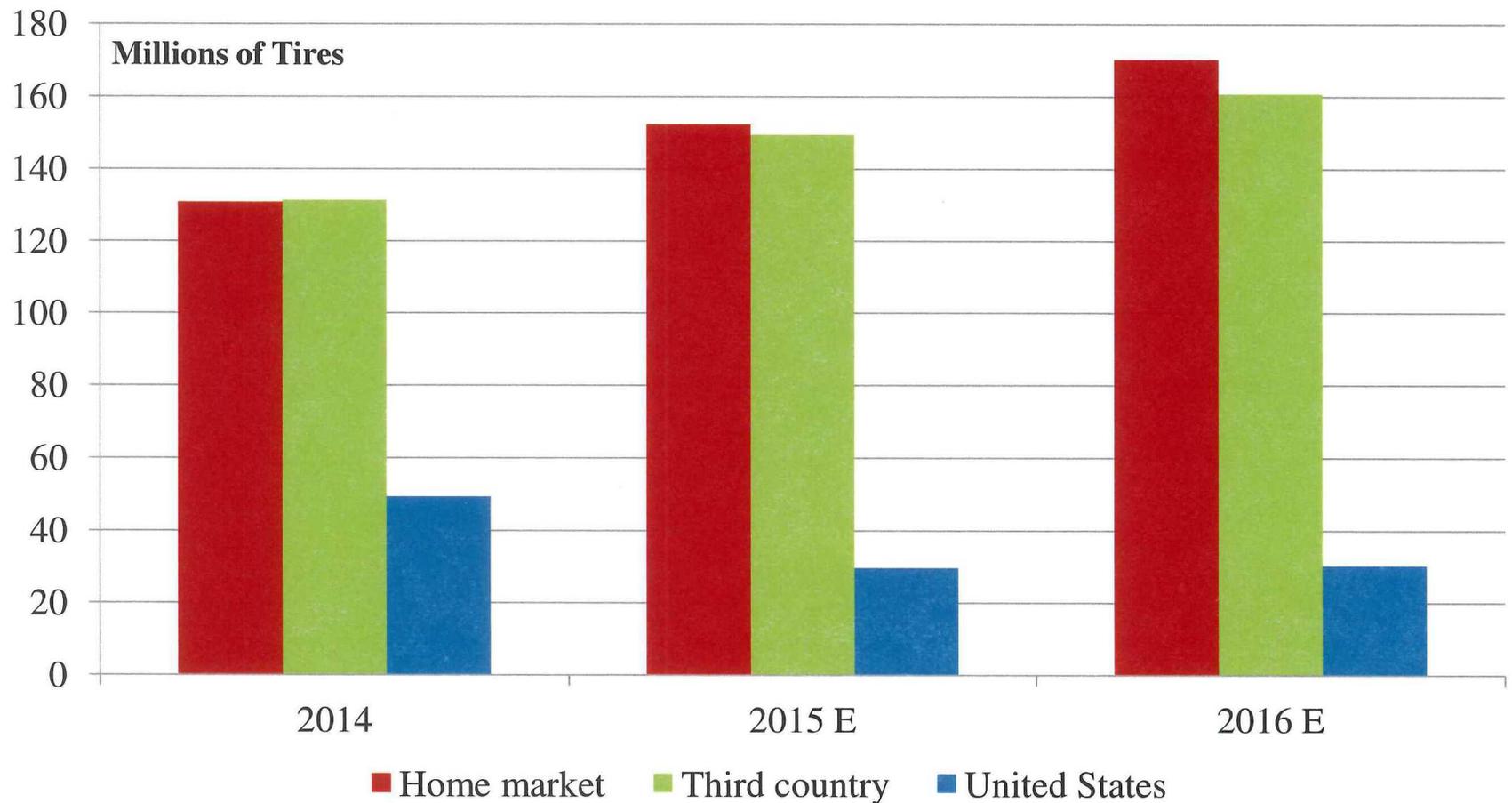


Source: Prehearing Staff Report at Table VII-4 at page VII-18.

Threat

China

Chinese Exports to the U.S. are Expected to Decrease



Source: Prehearing Staff Report at Table VII-4 at page VII-18.