

Statement of Dan Jackson

Hello my name is Dan Jackson

I am the Senior Tire Mgr. for TRAC Intermodal. I have held this position for the past 3.5 years. For the 18 yrs. previous to TRAC, I had worked at Hanjin Shipping Co., where I was the Maintenance and Repair Manager for the Americas overseeing all Maintenance and Repair activities for Hanjin's International Shipping Containers and Marine Intermodal Chassis Fleet, including the procuring and managing the tires for the Hanjin chassis fleet.

TRAC Intermodal is the largest marine intermodal chassis lessor in the United States. We own approximately 184,000 active marine intermodal chassis, and, at any given time, TRAC Intermodal has approximately 1.5 million tires in use on its marine chassis fleet.

In my capacity as the Sr. Tire Mgr. I oversee all Tire Operations for TRAC with respect to purchasing, quality control and inventory control. Tire Operations are critical to both the function and success of the company. This is because maintenance and repair is the single largest cost incurred in owning and operating chassis. Within the maintenance and repair cost, tires make up the largest cost component.

Today I'm here to discuss the tires which are used on TRAC's Marine Intermodal Chassis Fleet. I will highlight some of the unique physical attributes of the tire. I will also illustrate why it is a specialized tire that is unique to the Marine Intermodal Chassis Leasing Industry and why these tires will continue to be used on our current marine fleet in the future

In our Marine Intermodal Chassis Business, virtually all of the tires we utilize are 10x20 Bias Tube Tires. A 10x20 Bias Tube Tire is a bias tubed tire with a nominal section width of 10.00 inches and rim diameter of 20 Inches.

I believe that 90% of the country's Marine Intermodal Chassis Fleet is operated on 10x20 Bias Tube tires and has been since the inception of the Marine Intermodal Chassis Leasing Industry in the 1960's. To my knowledge, our industry is by far the largest user of bias tube tires in the United States. I am not aware of any other industries that use these tires in commercial quantities. And I am not aware of any manufacturer that currently produces this tire in the United States, or has produced this tire in the United States since the 1990s for commercial purposes.

The 10x20 Bias Ply Tube Tire is unique for multiple reasons:

1. Bias Ply Tires have body and tread plies that are made of nylon cords. In contrast, Radial Tires use steel cords. This difference in construction causes Bias and Radial Tires to operate and react quite differently from one another with respect to flex and movement of the sidewalls and tread area (contact patch) while being operated on the road. For example, this construction causes the sidewall of bias tires to be more forgiving. This is important because of the high extent of sidewall impact incurred in our industry. Because Bias Ply Tires have a more forgiving casing or sidewall on flex, we do not experience the same rate of sidewall damage as seen with the steel plies used in Radials. The Bias Ply tire can withstand a greater % of these impacts than the Radial without being removed from service, which is an operational benefit in our industry.

Not only can the sidewalls withstand more impacts but they can also withstand cuts without being permanently removed from service. When the nylon cord material of Bias Ply Tires withstands damage these tires can be patched and repaired and returned to service, unlike the Radial Tire. Once a steel ply is exposed, the likelihood that a Radial Tire will have to be removed from service permanently and scrapped is much higher than that of the Bias Tire. Steel plies exposed to water and/or the atmosphere can rust and weaken thus presenting a potential tire and/or safety issue. This factor is important because in the Intermodal Industry we have to replace tires much more frequently due to damage than to normal wear and tear.

This difference in tire construction also means that bias and radial tires cannot be used on the same chassis at the same time; if one tire were to be changed on a chassis from a bias tube tire to a radial tire, all seven of the other tires and rims would need to be changed as well.

2. Next, unlike most TBT's, the 10x20 Bias Tube Tire we utilize requires the use of an inner tube to hold and maintain its air pressure. Most all other TBTs – bias tubeless and radial tires - do not require the use of an inner tube. Tires that do not use inner tubes are referred to as tubeless tires and they rely on the tire's inner liner, as well as the seal to the one piece rim, to hold and maintain air pressure.

The use of an inner tube also necessitates a critical distinction between 10x20 Bias Tube Tires and other TBTs - it requires the use of a 2-piece rim and lock ring wheel assembly. This 2-piece rim assembly is a very unique rim that cannot be used by other TBTs: all other TBTs use single piece rims.

This is extremely important for two reasons. First, based on my research, there is no other type of tire manufactured in the US that can be placed on the 2 piece rim assembly used by our chassis. Second, if we were forced to use radial tires, we would have to refit our entire chassis fleet to the one piece rims. This cost would be extraordinary and, frankly, virtually impossible for us to undertake.

3. Further, the 10x20 Bias Type is also unique in that the rim diameter required is a 20" rim whereas most all other commercial truck and trailer tires are utilizing a 22.5" rim. This is important because a tire that requires a 22.5" rim cannot be installed on a 20" rim and vice-versa. So again, if we were to replace the 10x20 Bias Tube Tire with the radial equivalent, we would have to replace every tire and every rim on every chassis. It could not be done piece-meal.

4. Lastly, an inherent problem in our industry is proper air pressure. Intermodal Marine Chassis owners primarily rely on 3rd party vendors to check and Air tires and struggle to enforce proper airing. Because of this issue, Radial Tires may incur a higher percentage of degradation to the sidewall plies due to their steel cords vs. that of the Bias Tire's nylon cords which are more forgiving when being run on lower air pressure.

In addition to the physical differences between the 10x20 Bias Tube Type Tires and the radial equivalent there is also a significant difference in prices between these products. My understanding is that production of these low priced bias tube tires left the United States in the 1990s as the domestic industry switched over to producing high priced, radial tires. Today, on average I estimate the 10x20 Bias Tube Tires to have roughly a 25% lower purchase price than the radial equivalent.

Finally, I am unaware of any other industry in the United States which continues to use bias tube tires in significant commercial quantities. These tires have served our industry well over the last 50 years and we have no reason to switch to radial tires produced in the United States, or elsewhere. The cost of switching the rims and retrofitting all of our chassis is simply too high to warrant a switch to radial tires, particularly where bias tube tires perform better than radials in our harsh marine terminal environments.

Should ADD/CVD orders be put in place against the 10x20 Bias Tube Tires from China, we will not be purchasing these tires from U.S. producers. These tires are not currently produced in the United States and we believe will not be produced in the United States in commercial quantities in the foreseeable future. There are already third-country sources for these tires that will fill any void left behind by Chinese producers, if prohibitive duties are assessed.

To conclude, the 10x20 bias tube tires which we use on marine intermodal chassis is a unique product, used by a unique industry for a unique purpose. These tires do not compete with any tires produced in the United States. Since there is a clear dividing line between these specialty, niche tires and other TBTs,

we ask the Commission to find that 10 X 20 bias tube tires constitute a distinct like product, whose importation is not causing material injury or a threat of material injury to an industry in the United States.