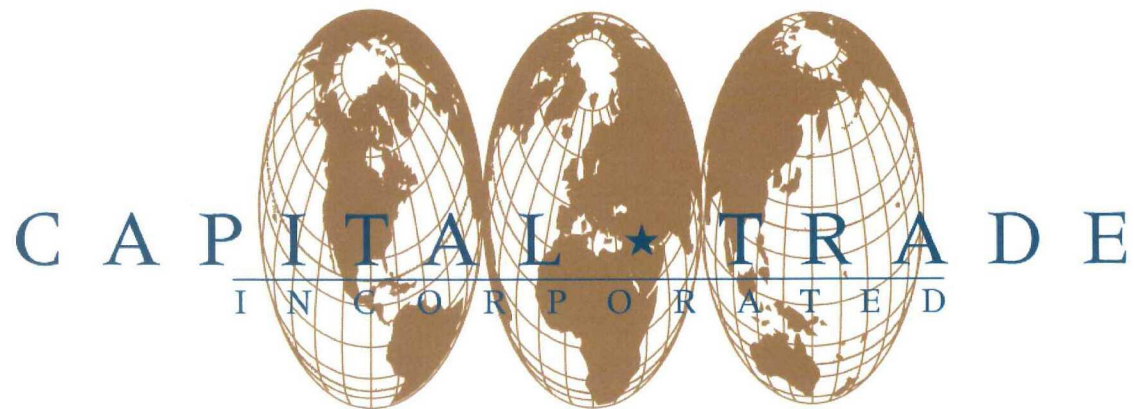


Truck and Bus Tires from China

Inv. No. 701-TA-556 and 731-TA-1311 (Final)

January 24, 2017
Presentation at the
United States International Trade Commission



Andrew Szamosszegi
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202-955-6817

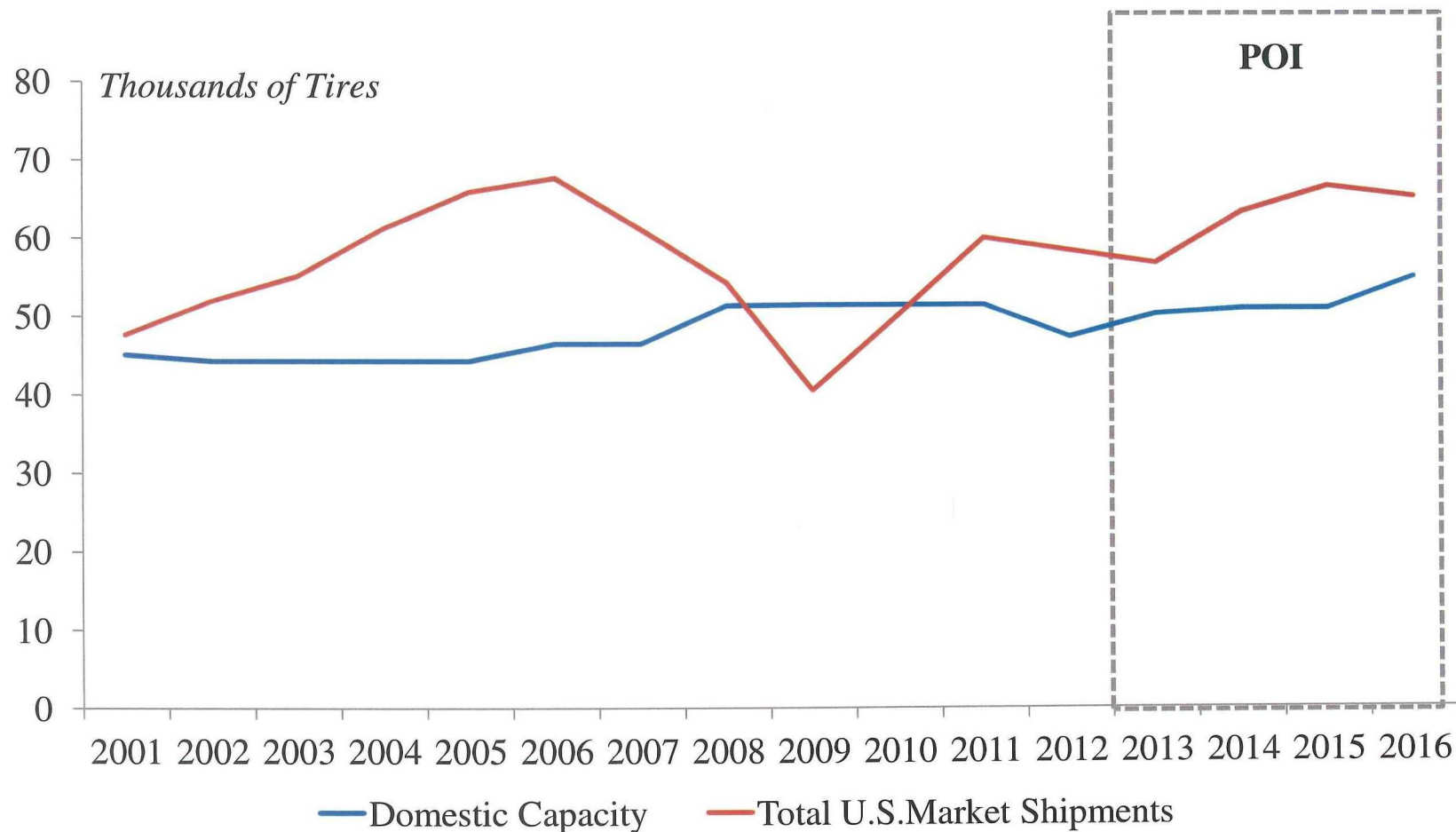
Themes

Key Themes of Injury Analysis

- The domestic industry is at full capacity.
- Subject imports compete largely with each other, third country providers of lower priced tires, and retreaders.
- There is very limited substitutability between the vast majority of domestic TBT and the vast majority of subject imports.
- The domestic industry sells differentiated products and bundled services that are fundamentally different from the subject tires.
- The domestic industry is in a strong financial position and expanding.
- There are significant differences between the TBT market and the PVL tire market.

Conditions

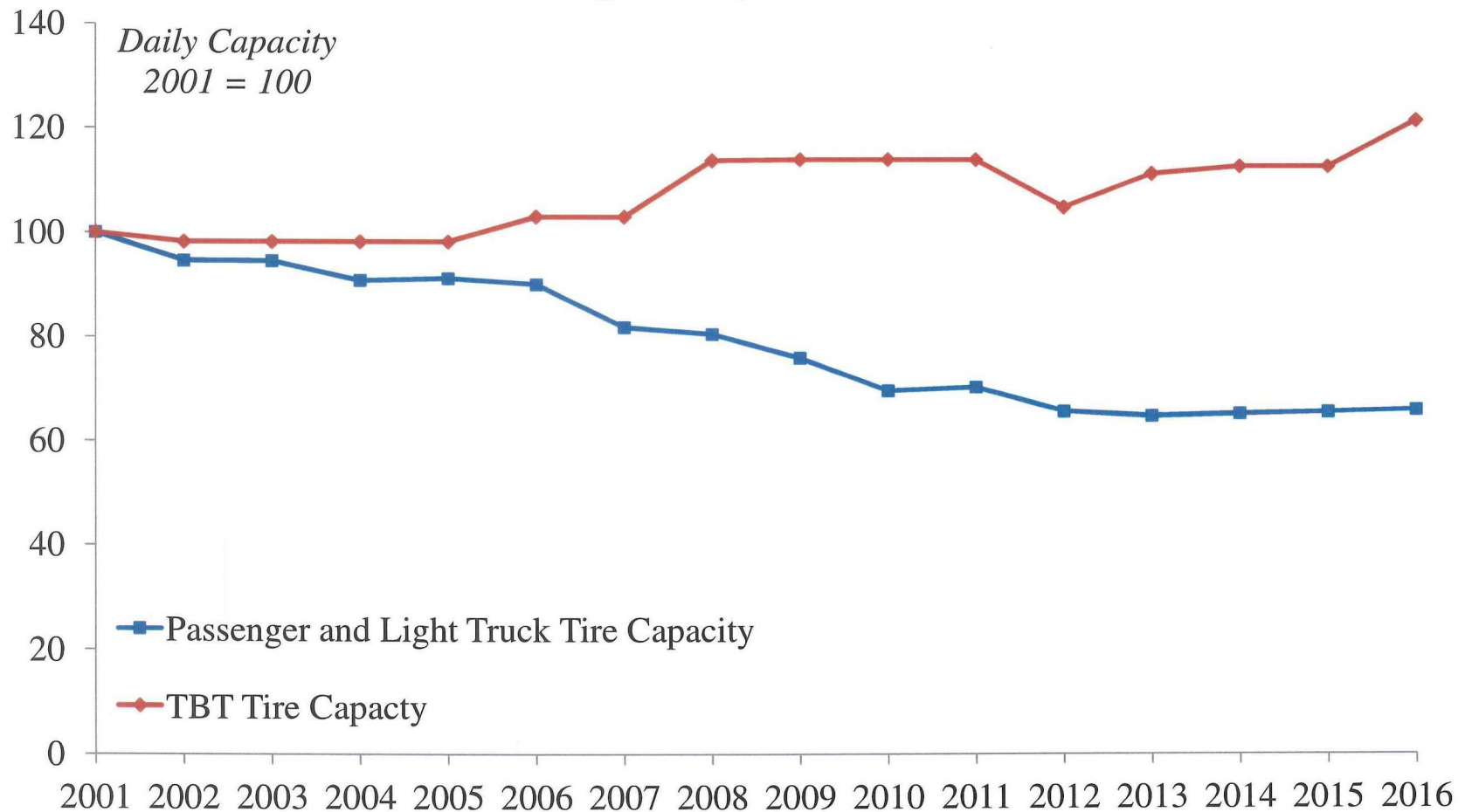
Imports Are Necessary to Meet Demand



Source: Modern Tire Dealer Fact Sections (various issues).

Conditions

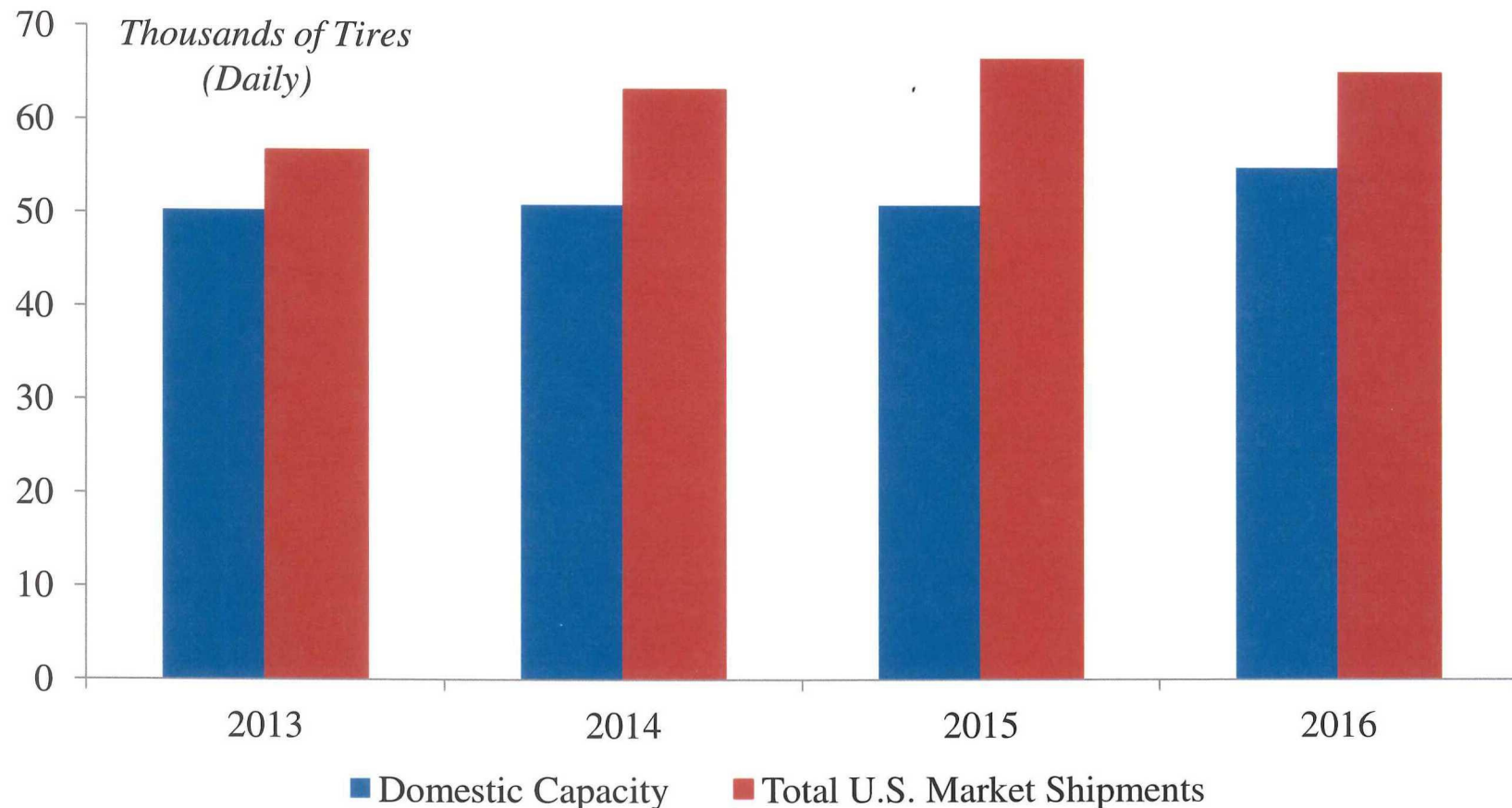
TBT Capacity is Increasing while PVL Capacity is Flat



Source: Modern Tire Dealer Fact Issues 2001-2017.

Conditions

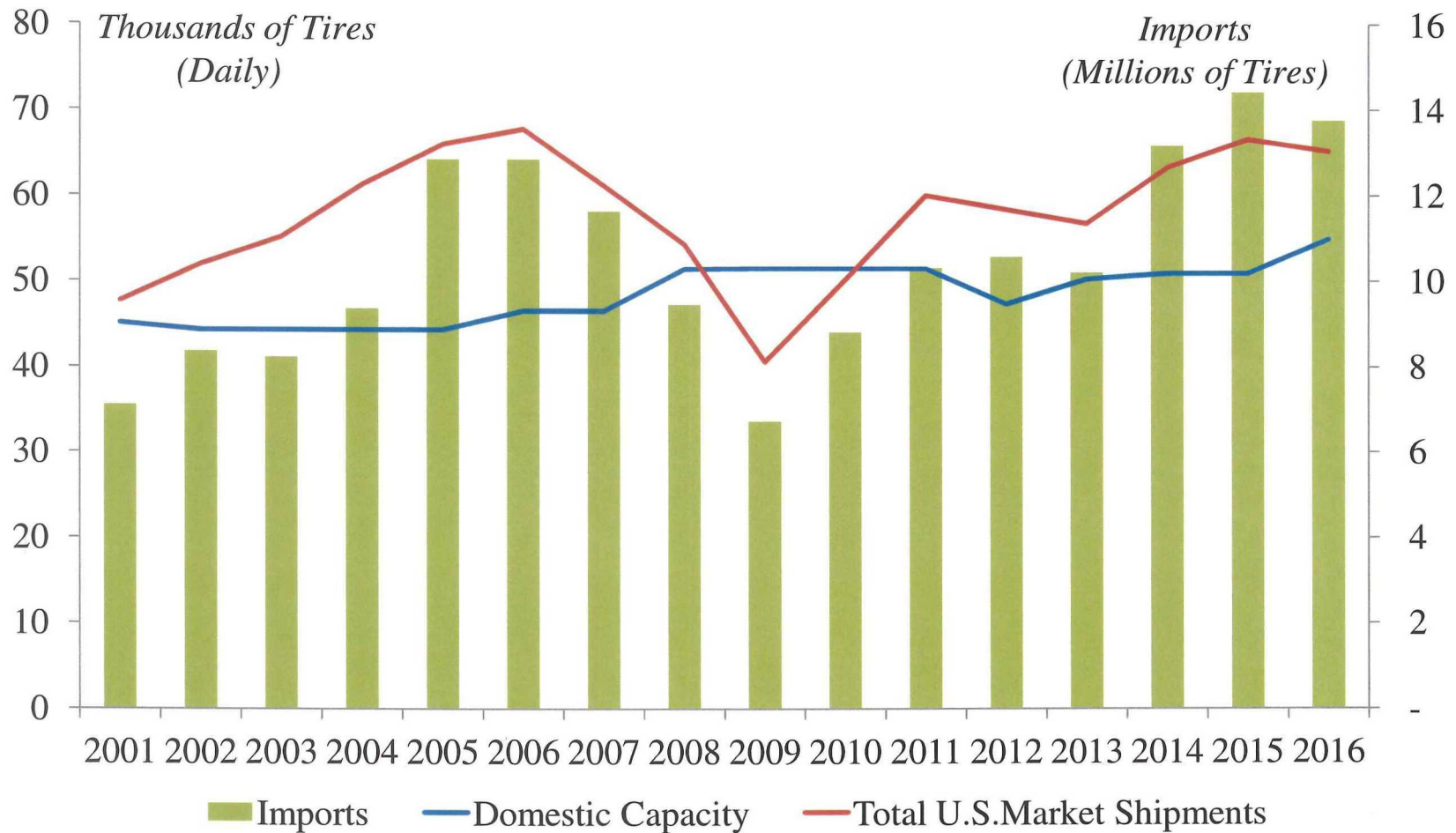
Imports Were Required to Meet Rising Demand over the POI



Source: Modern Tire Dealer Fact Section. Data on 2016 shipments are not yet available. Note: MTD calculates nameplate capacity on a daily basis, while the Commission collects average production capacity on an annual basis. A comparison between the two is therefore inappropriate.

Conditions

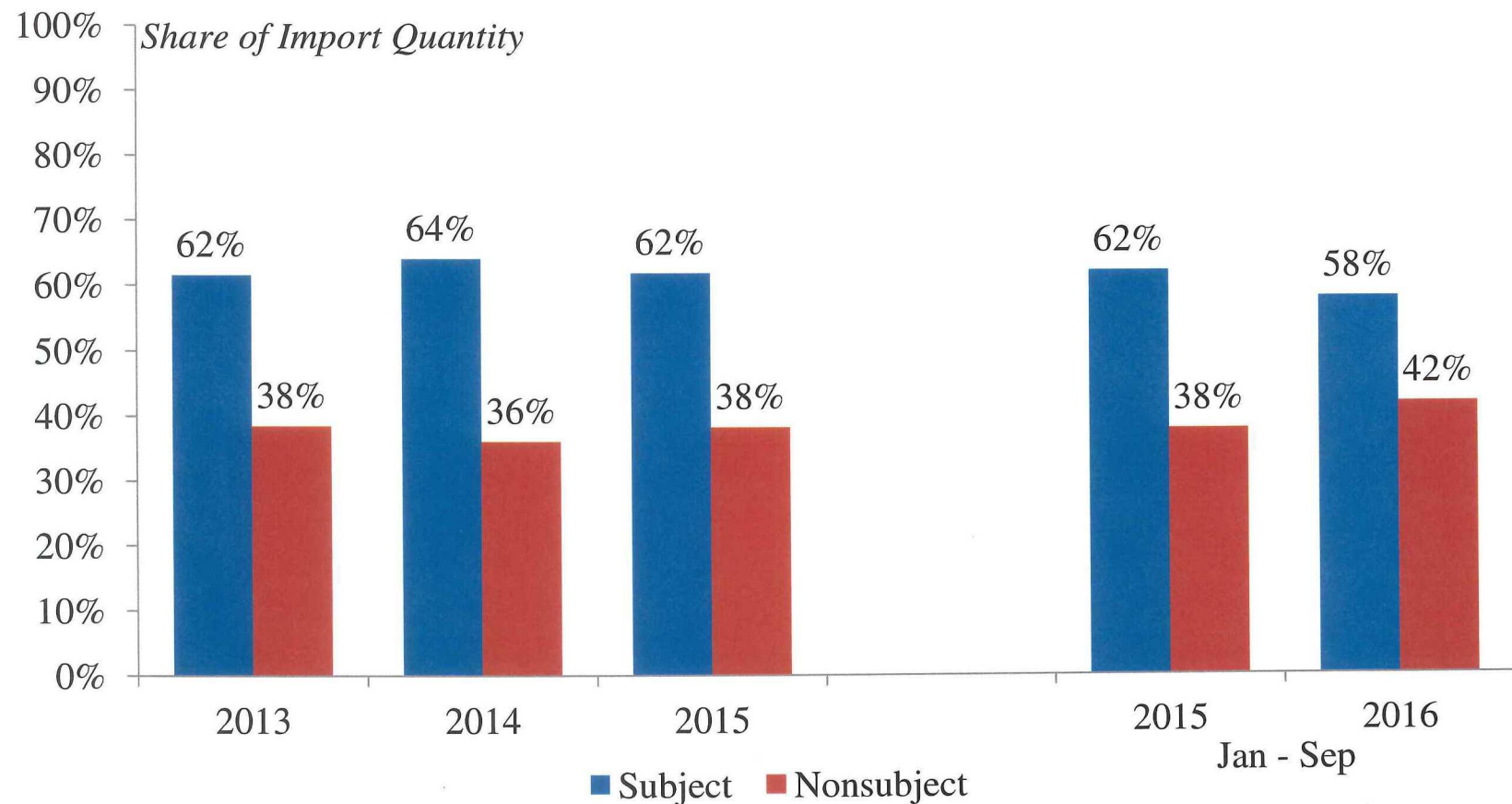
Imports Are Necessary to Meet Demand



Source: Daily capacity and shipments from Modern Tire Dealer Fact Issues. Import data, on an annual basis, from USITC DataWeb for commodity codes 4011.20.1015 and 4011.20.5020.

Conditions

Subject Share of Imports Was Flat over the POI



Source: Prehearing Report Table C-1.

Conditions

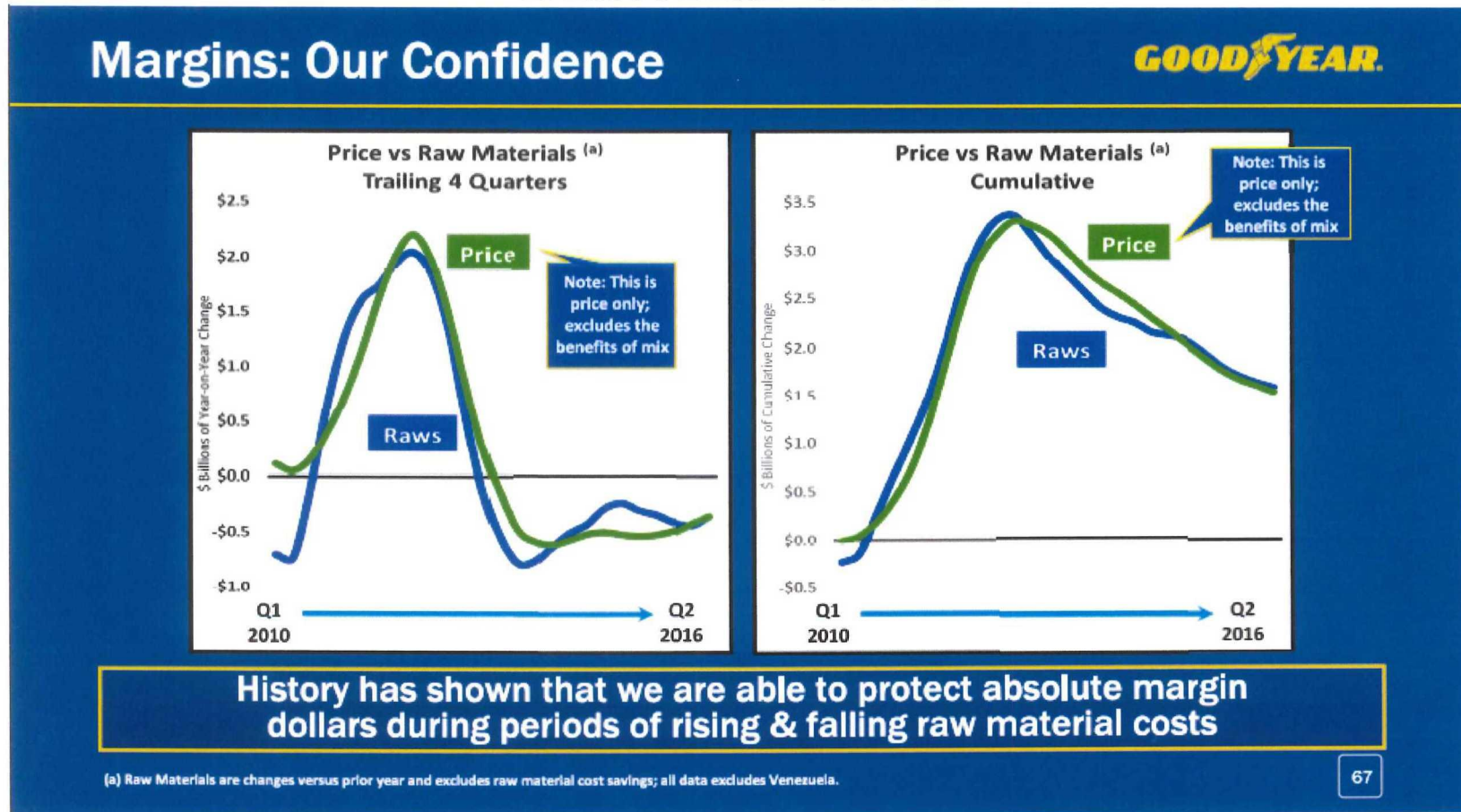
Declining Rubber Prices Drove TBT Price Declines



Source: Singapore Commodity Exchange via Index Mundi. Rubber, No. 3 Smoked Sheet (RSS3), Singapore Commodity Exchange, 1st contract.

Conditions

Producers Pass Through Increases in Raw Material Costs

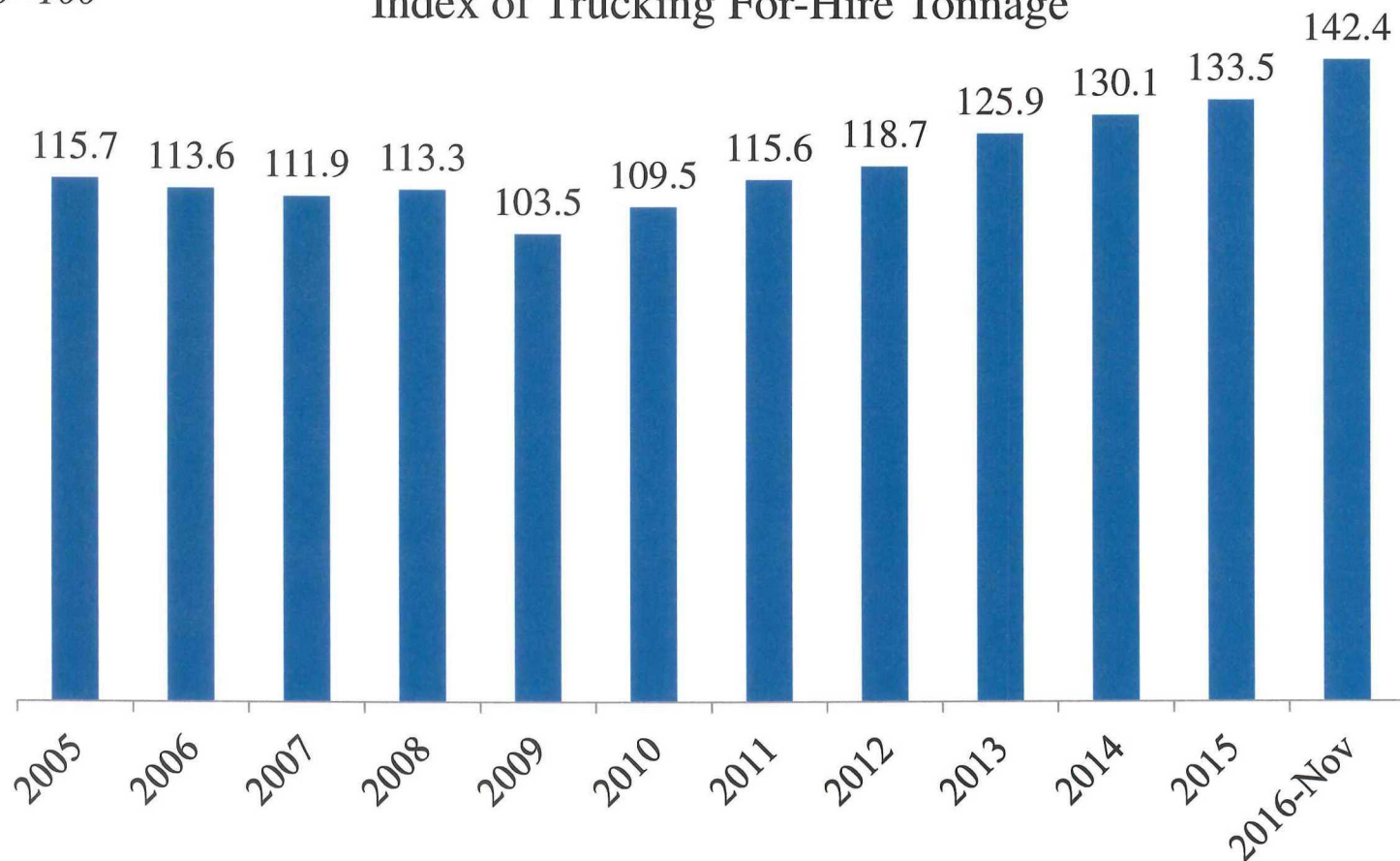


Conditions

Trucking Tonnage Increased over the POI

2000=100

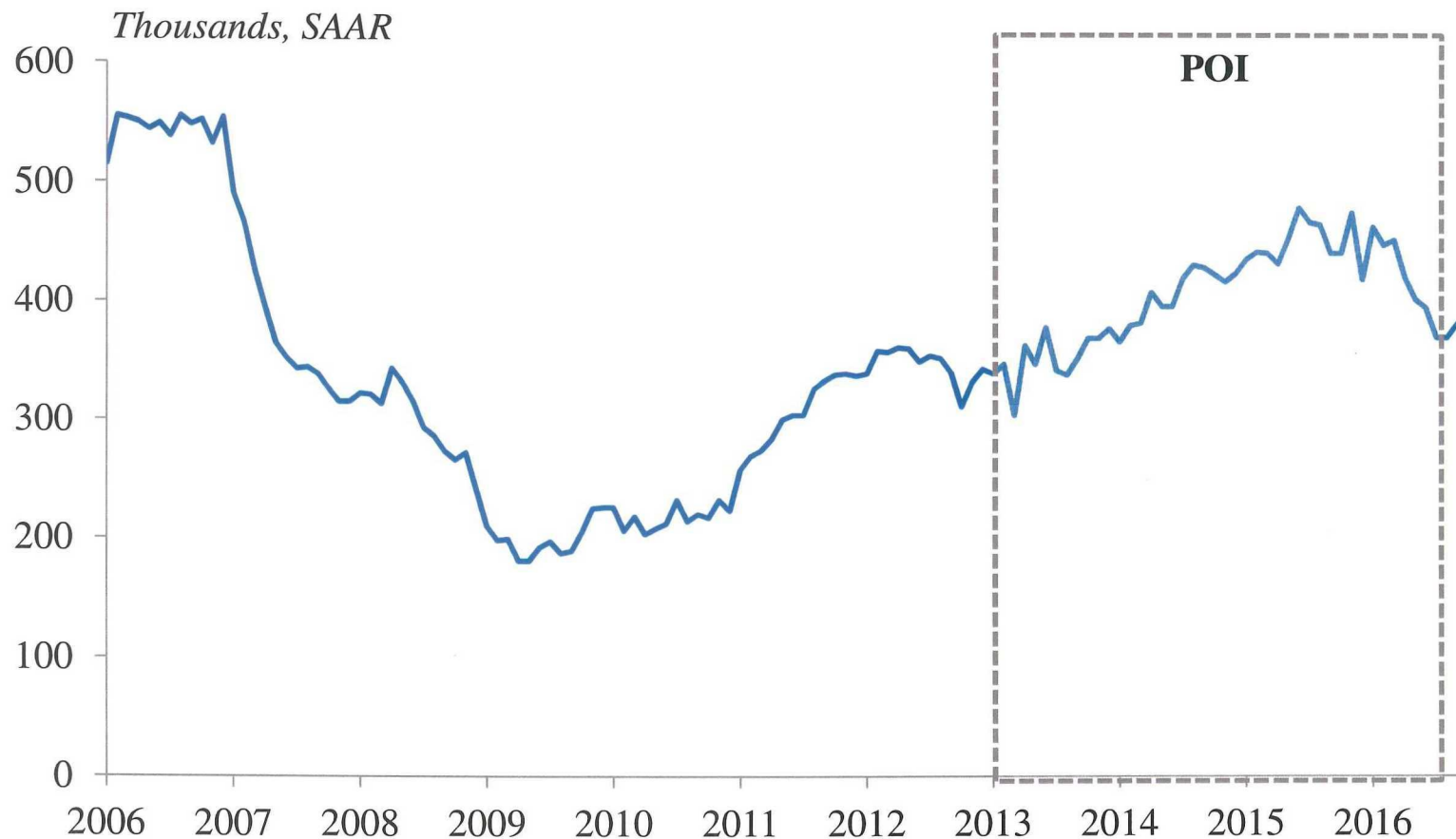
Index of Trucking For-Hire Tonnage



Source:: ATA American Trucking Trends 2016 (Figure 3-3) and ATA Press Release, “ATA Truck Tonnage Index Jumped 8.2% in November” (Dec. 20, 2016).

Conditions

Heavy Truck Sales Increased over the POI



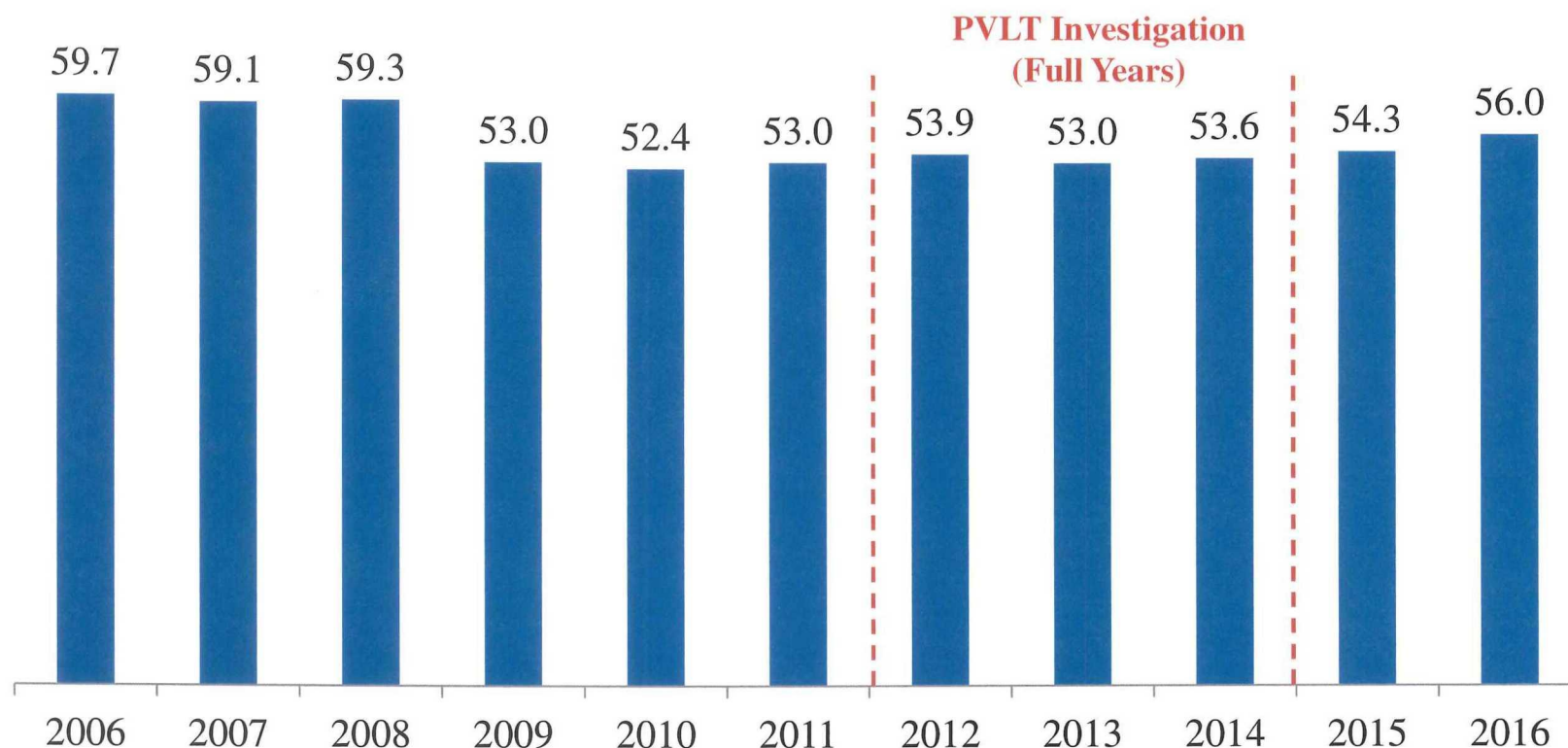
Source: Federal Reserve Bank of St. Louis. Motor Vehicle Retail Sales: Heavy Weight Trucks, Monthly, Seasonally Adjusted Annual Rate. September 2016 is a preliminary estimate.

Impact

The Overall Tire Industry is Healthier Now than during the PVLIT Investigation

Thousands

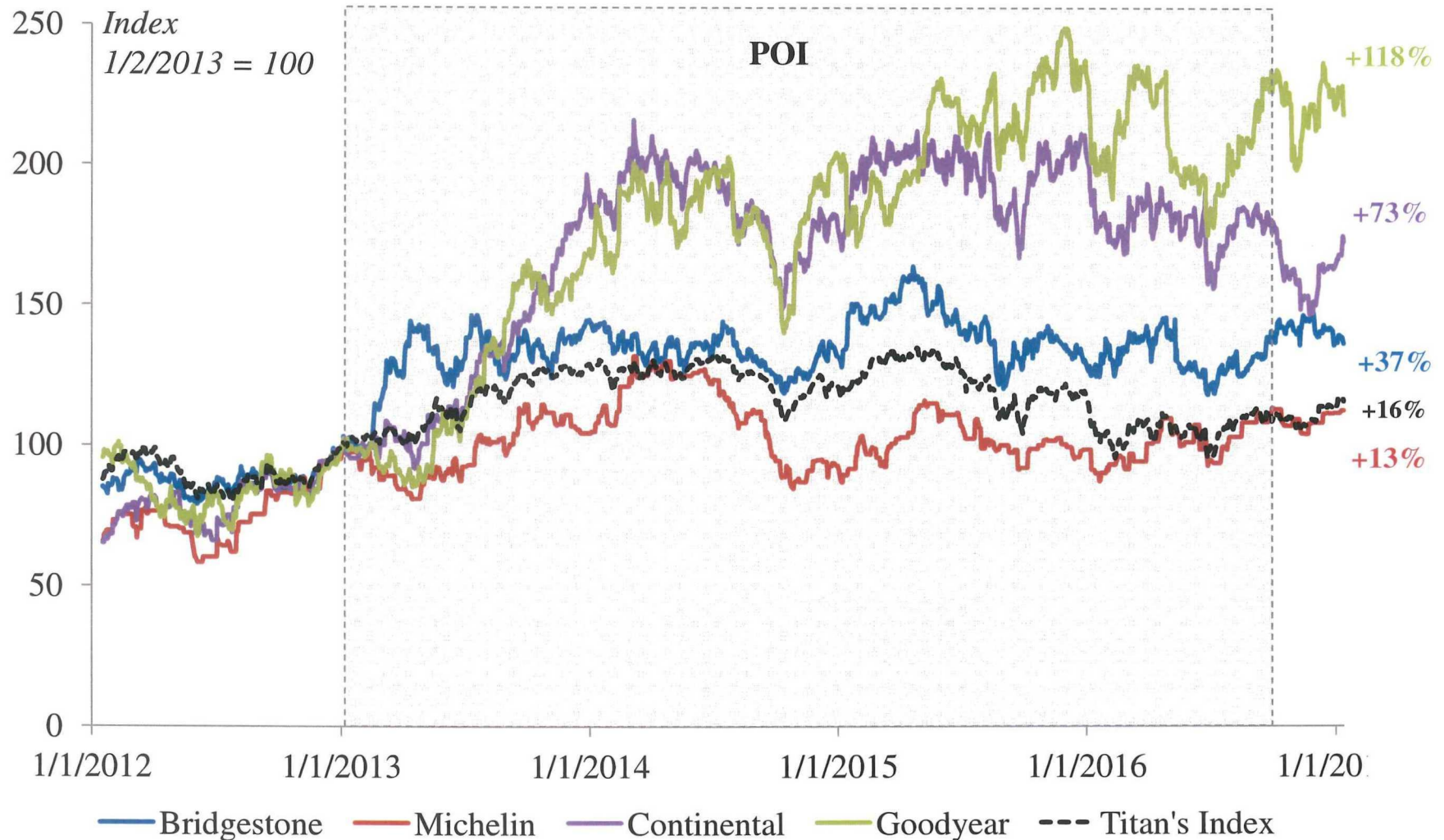
Employees in the Tire Industry



Source: Bureau of Labor Statistics. Employment in Nondurable goods: Tires (NAICS 32621), seasonally adjusted. Values shown are the annual averages of the monthly data.

Impact

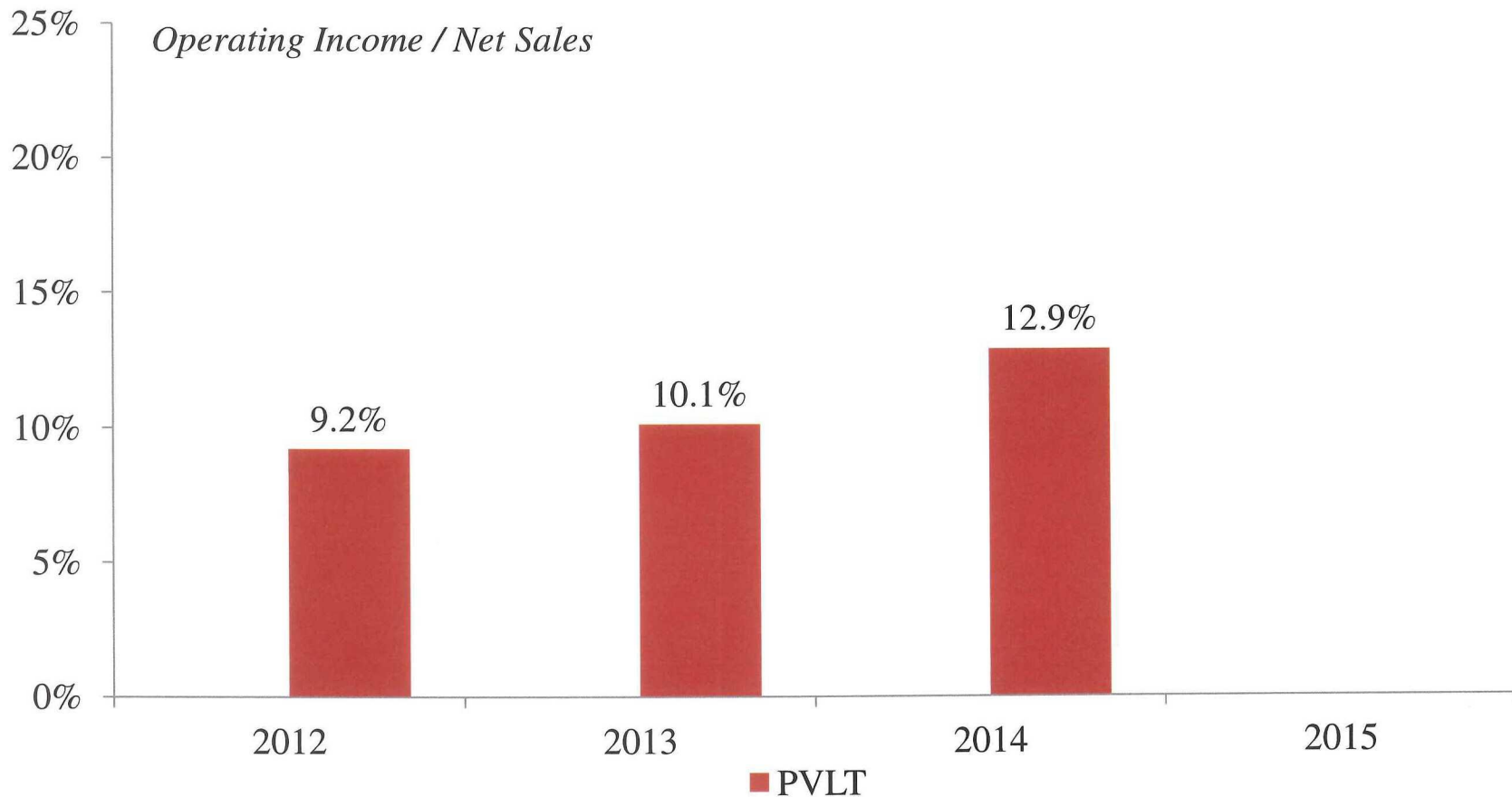
Stock Prices of TBT Firms Have Risen



Source: NASDAQ, daily close/last price. Labels at right are the percent change from 1/2/2013 to 1/12/2017. (Bridgestone and Continental adjusted for stock splits on 10/17/2013 and 12/24/2013, respectively.) Dow Jones Automobiles & Parts Titans 30 Index (via Google Finance). This index includes at least Bridgestone and likely other tire producers.

Impact

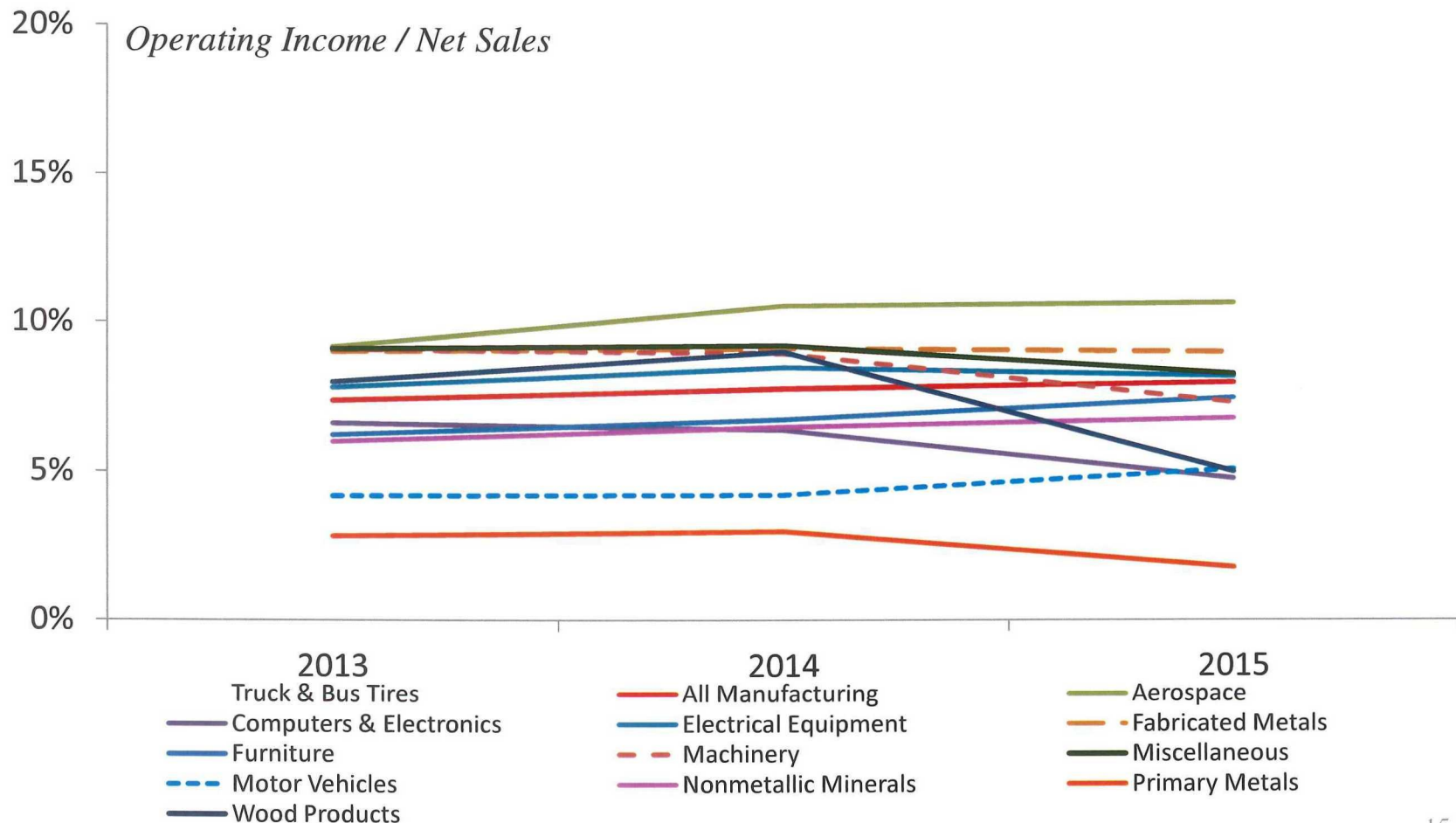
The TBT Industry is Even Healthier than the PVLТ Industry was



Source: USITC Inv. No. 701-TA-522 and 731-TA-1258: Certain Passenger Vehicle and Light Truck Tires from China (Final), Publication, Table C-1.

Impact

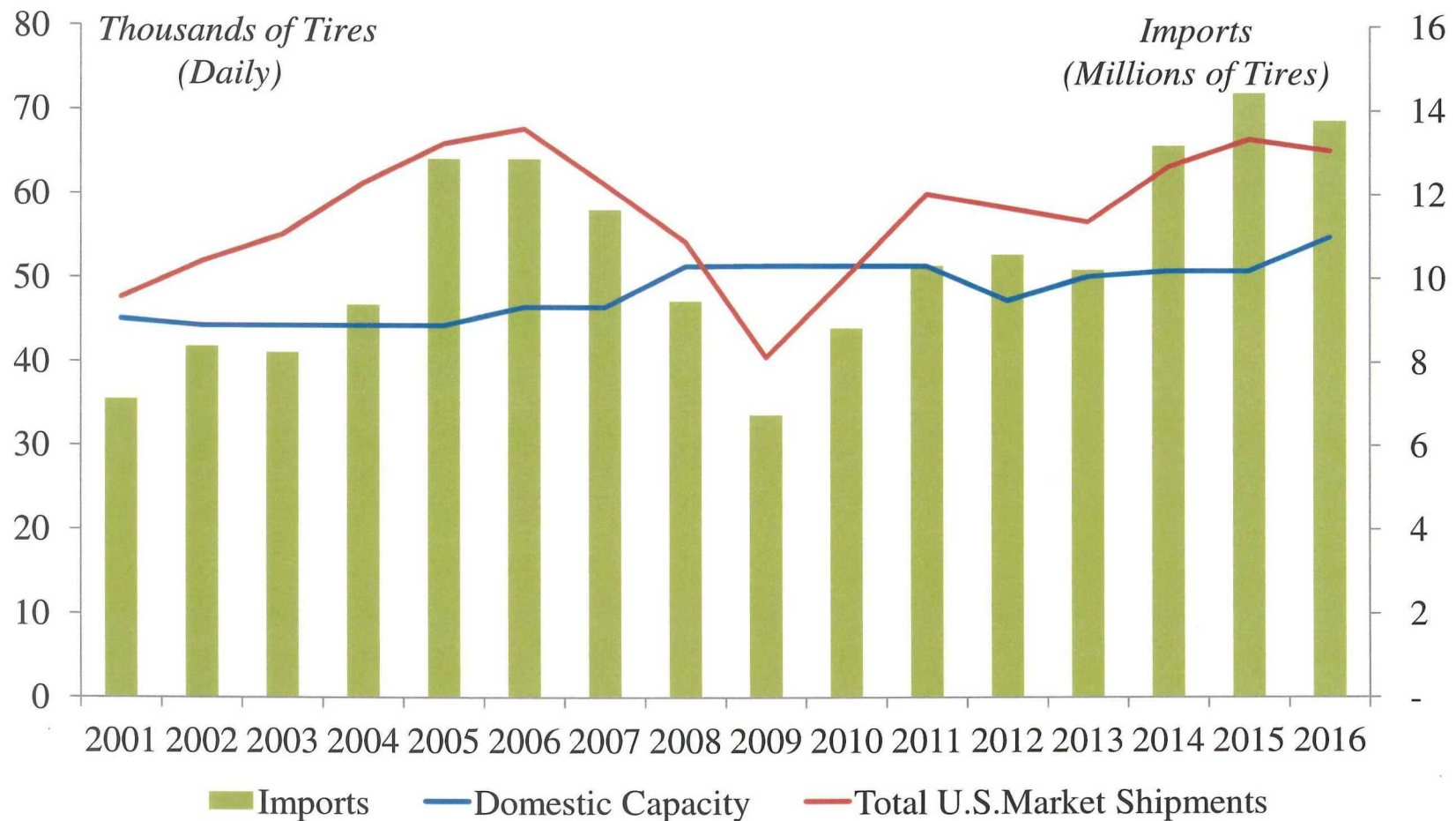
TBT Profits Exceeded Those in Other Industries



Source: Bureau of the Census, Quarterly Financial Reports.

Volume Effects

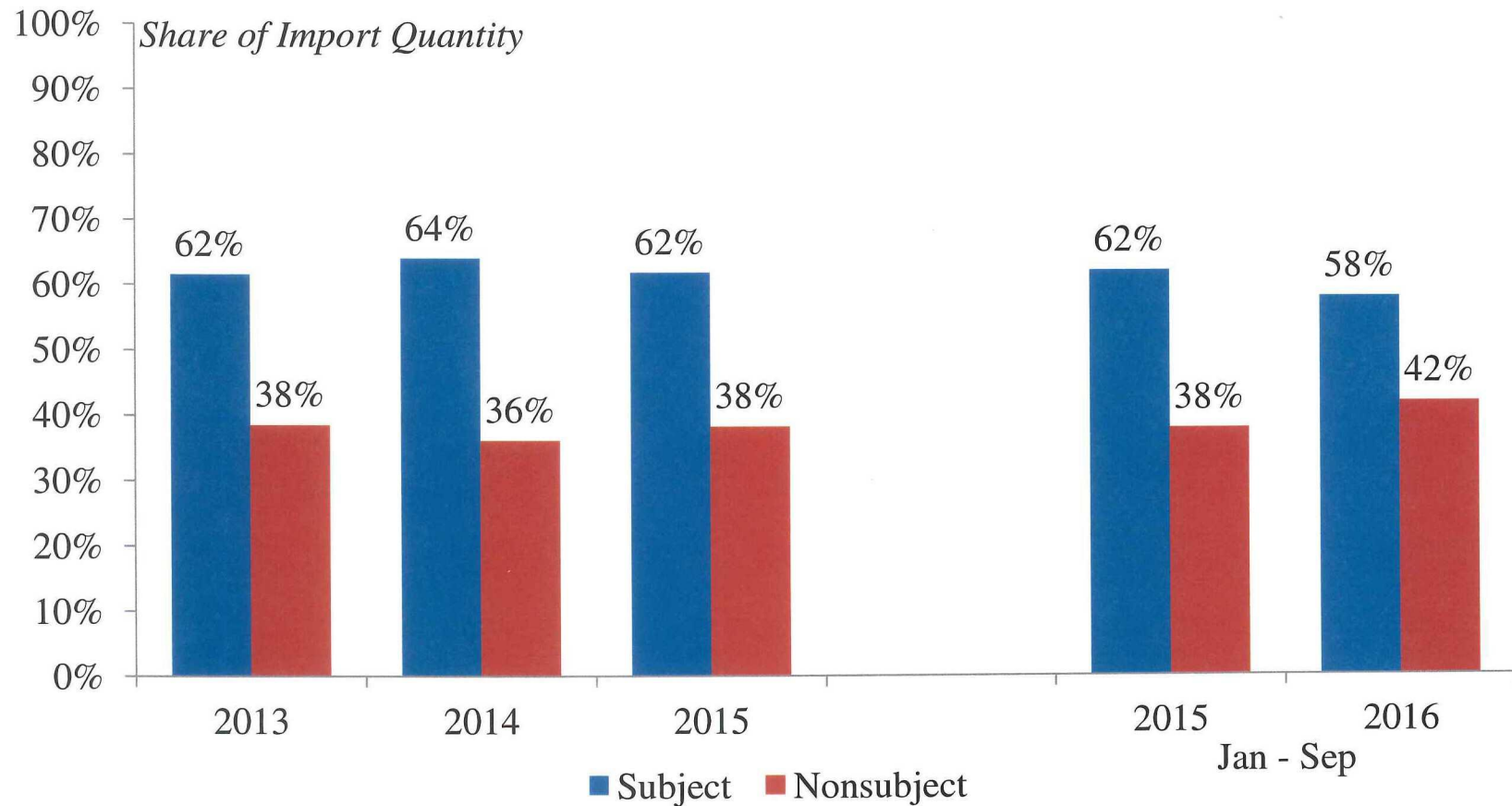
Imports Are Necessary to Meet Demand



Source: Daily capacity and shipments from Modern Tire Dealer Fact Issues. Import data, on an annual basis, from USITC DataWeb for commodity codes 4011.20.1015 and 4011.20.5020.

Volume Effects

Subject Share of Imports Was Flat over the POI

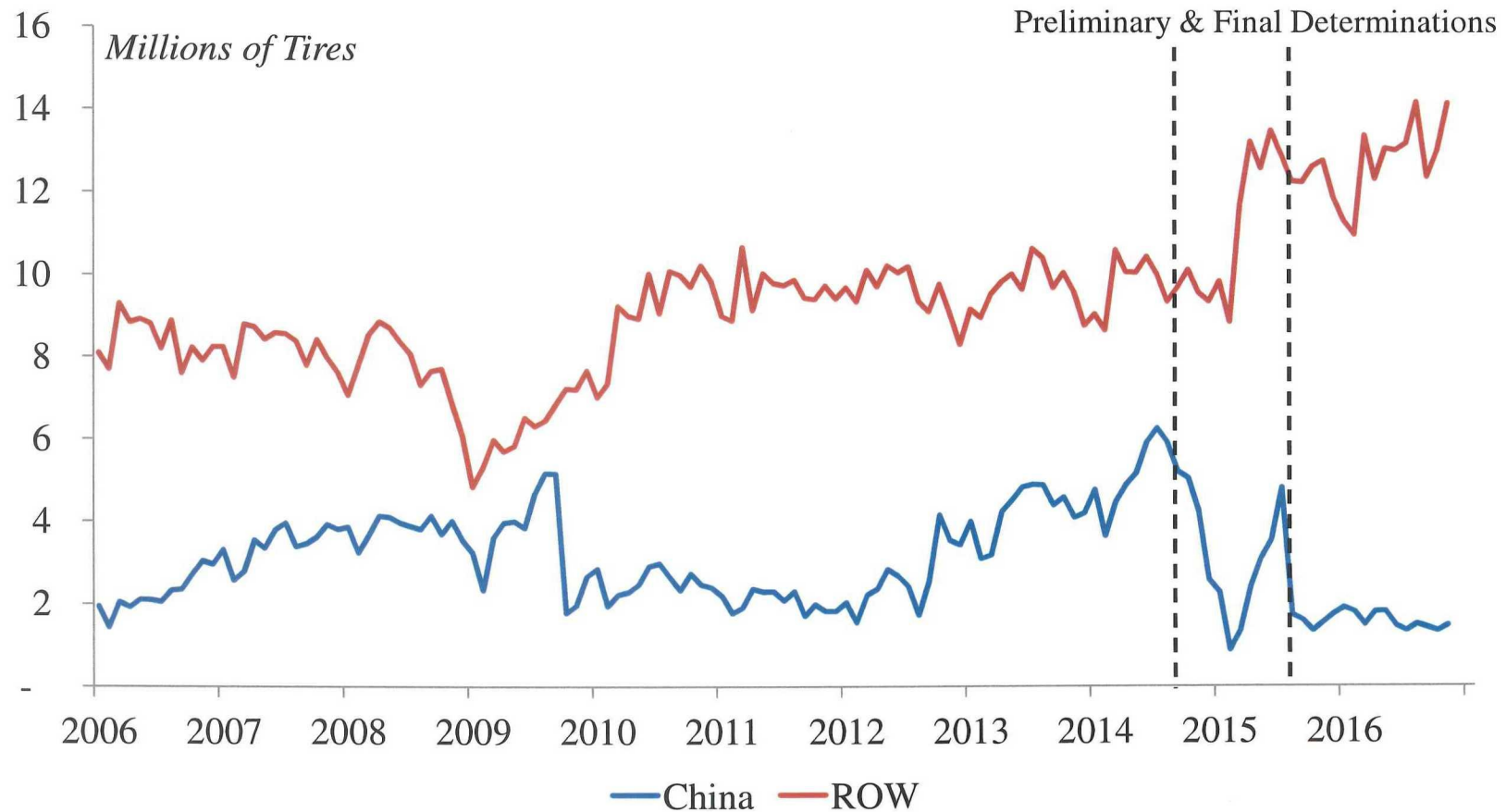


Source: Prehearing Report Table C-1.

Volume Effects

PVLT Imports since the Orders

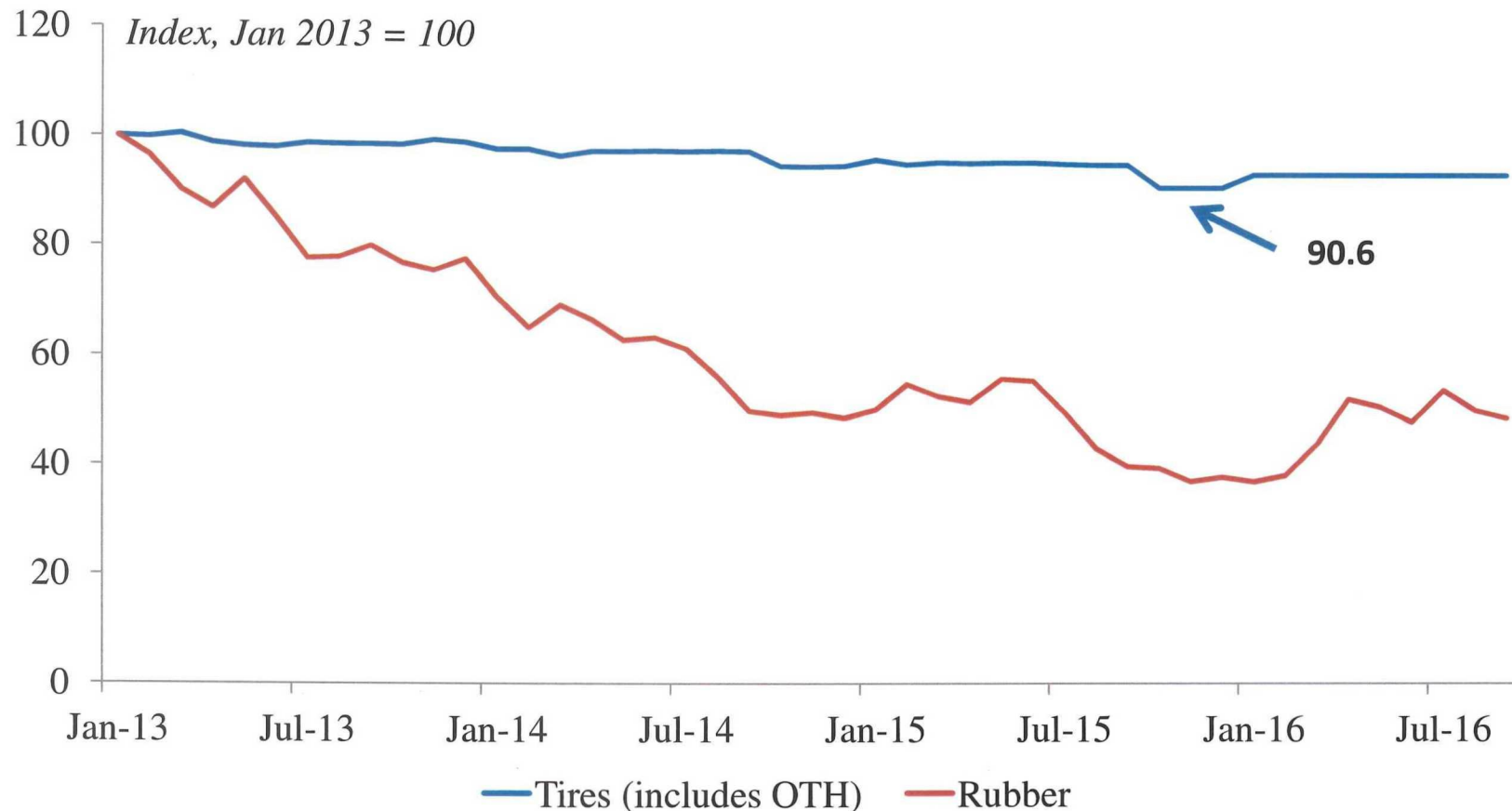
U.S. Monthly PVLT Imports



Source: USITC DataWeb, monthly 2006 through November 2016, using codes identified in USITC Publication 4545, "Certain Passenger Vehicle and Light Truck Tires from China," at I-14.

Price Effects

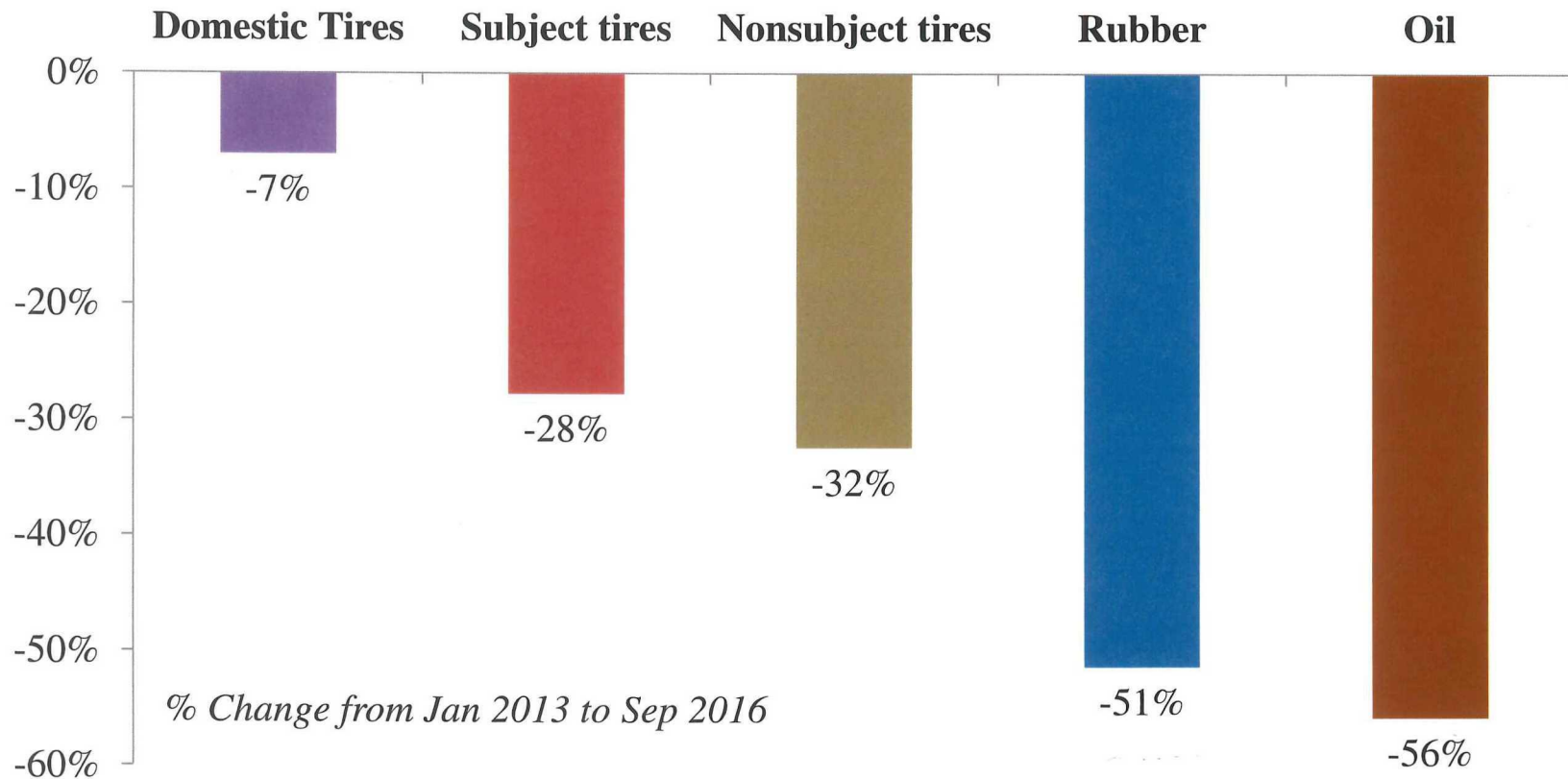
Rubber Prices Decreased More than Tire Prices over the POI



Source: Tire price: Bureau of Labor Statistics Producer Price Index: Tire manufacturing, except retreading, Truck and bus (including off-the-highway). This price series is representative of domestic producers' quarterly shipments AUVs found in the confidential pricing data. Rubber price: Singapore Commodity Exchange via Index Mundi. Rubber, No. 3 Smoked Sheet (RSS3), Singapore Commodity Exchange, 1st contract.

Price Effects

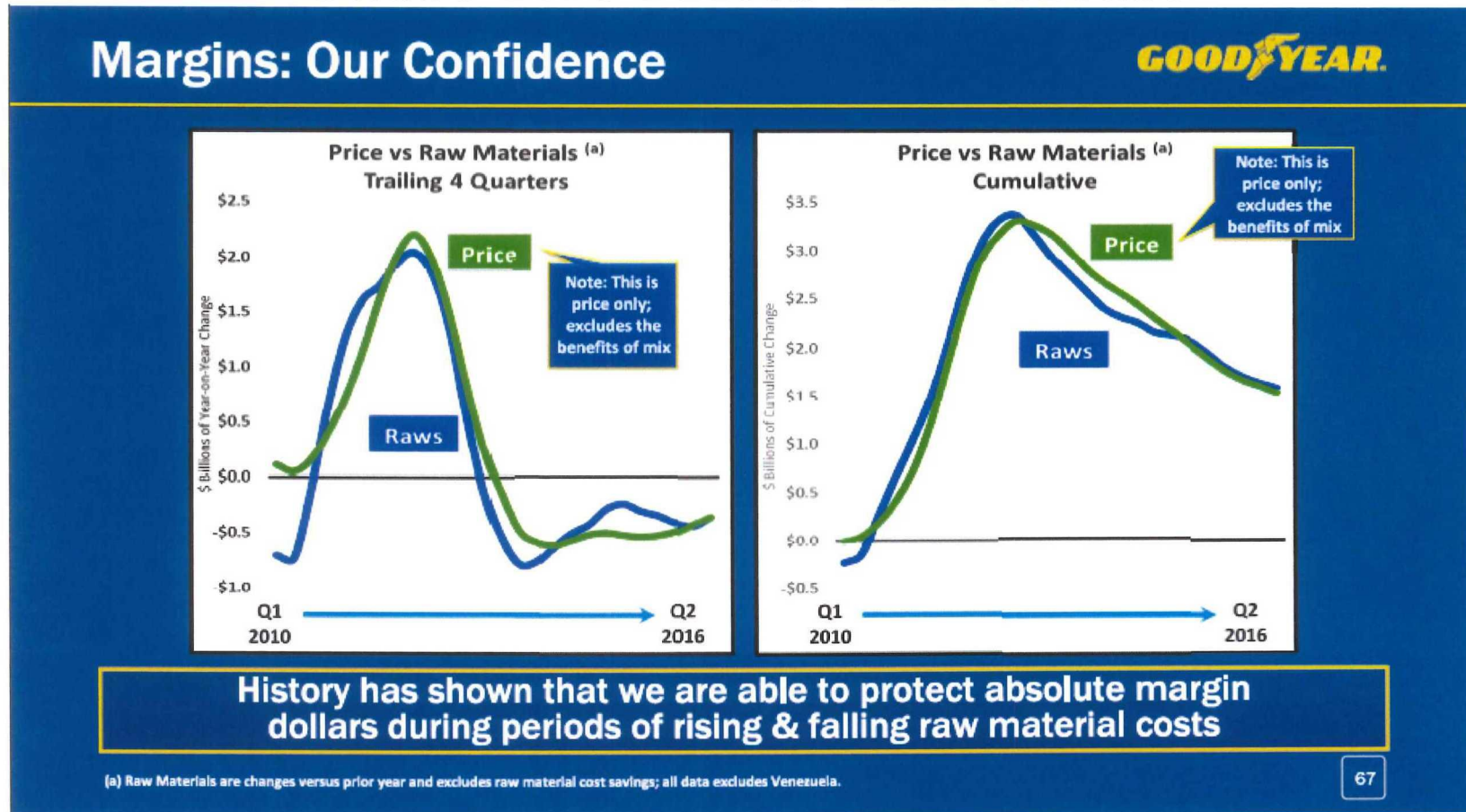
Rubber Prices Decreased More than Tire Prices over the POI



Source: Tire price: Bureau of Labor Statistics Producer Price Index: Tire manufacturing, except retreading, Truck and bus (including off-the-highway). Import AUVs: USITC DataWeb for commodity codes 4011.20.1015 and 4011.20.5020. Rubber price: Singapore Commodity Exchange via Index Mundi. Rubber, No. 3 Smoked Sheet (RSS3), Singapore Commodity Exchange, 1st contract. Oil price (daily): Brent crude, Intercontinental Exchange (using prices from 1/4/2013 and 9/30/2016).

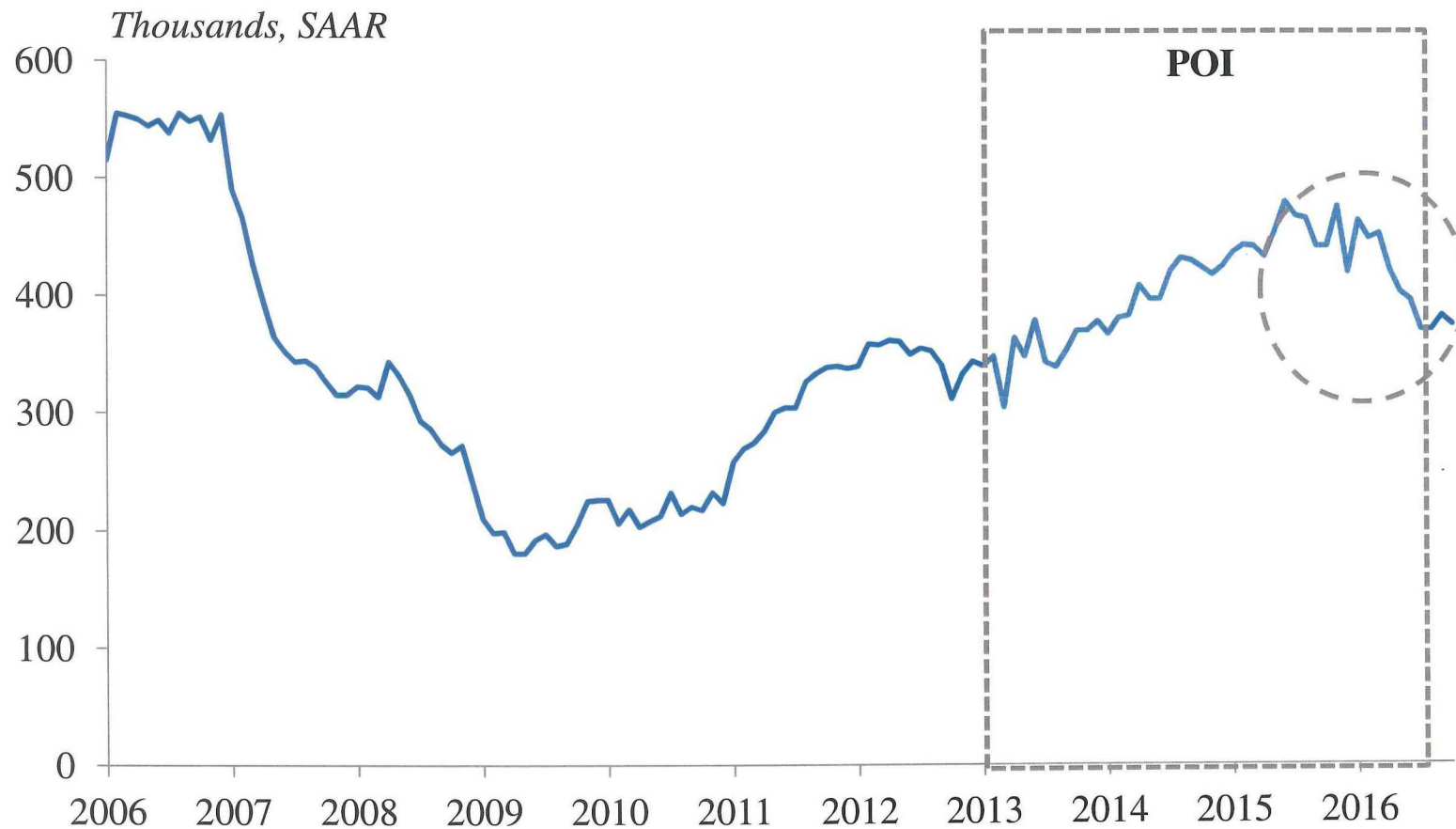
Attribution

Declining Raw Material Prices Cause Tire Prices To Decrease



Attribution

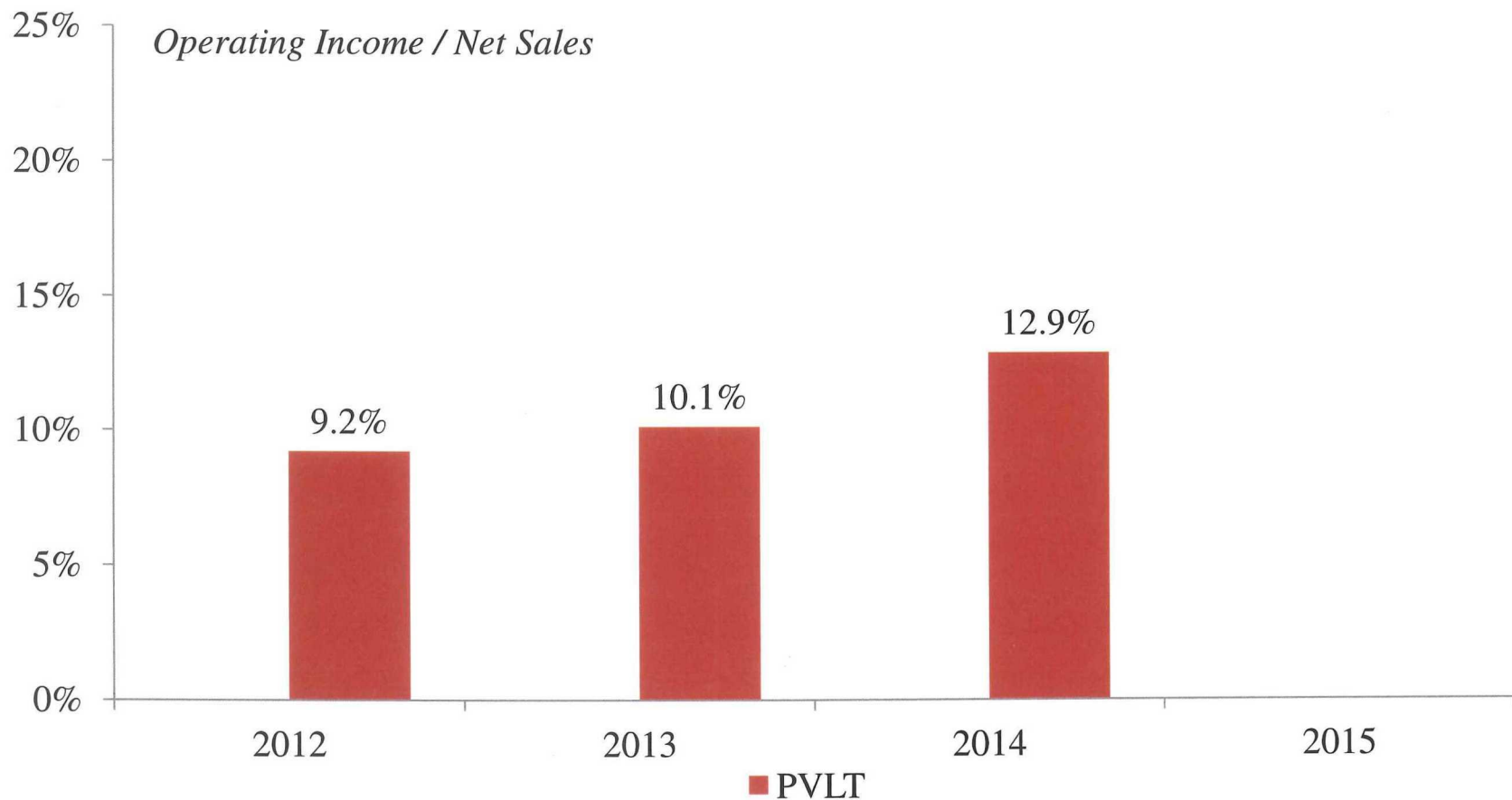
Heavy Truck Sales Declined in 2016



Source: Federal Reserve Bank of St. Louis. Motor Vehicle Retail Sales: Heavy Weight Trucks, Monthly, Seasonally Adjusted Annual Rate. September 2016 is a preliminary estimate.

Threat

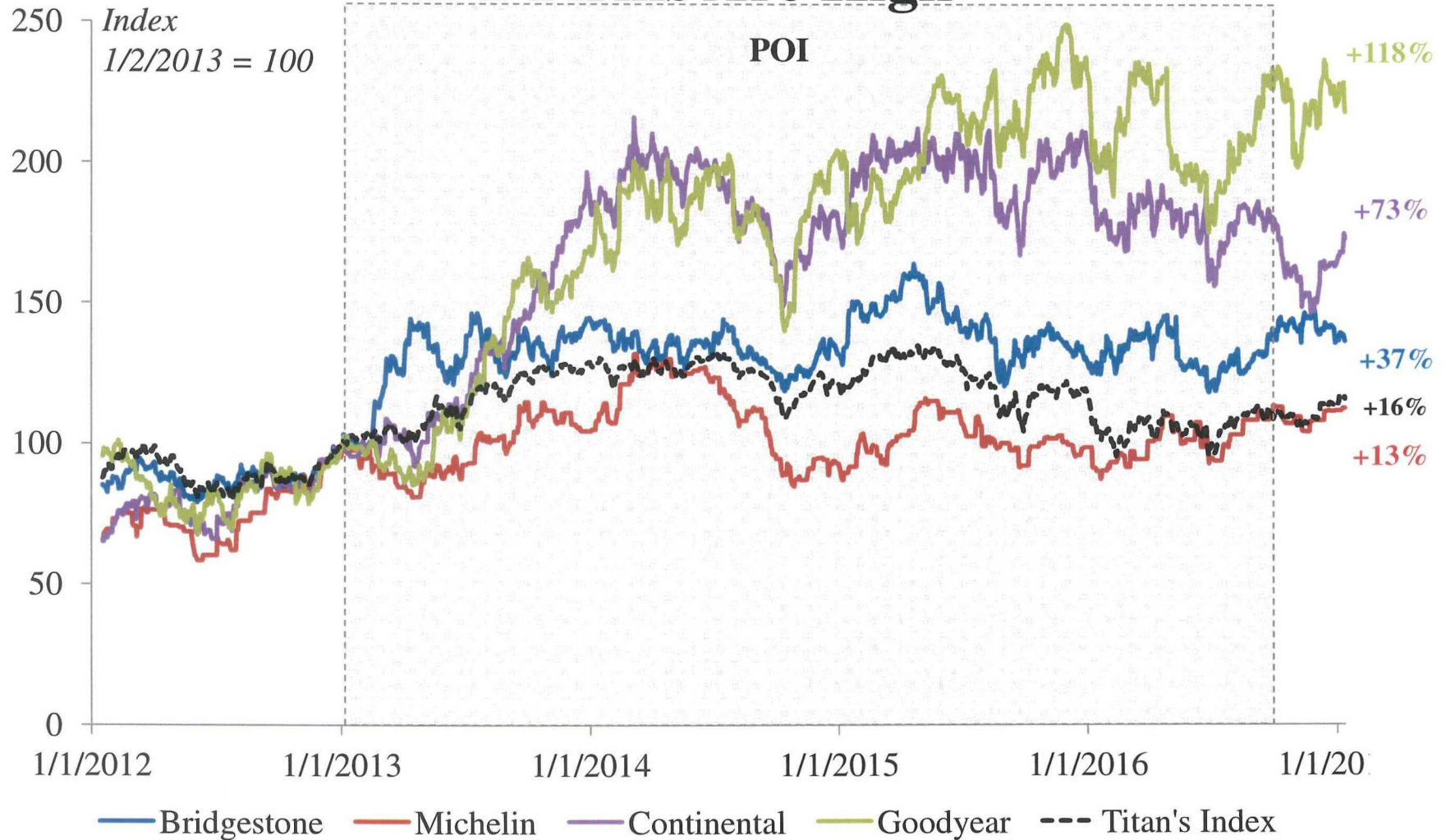
No Vulnerability: TBT Industry is Even Healthier than the PVL T Industry was



Source: USITC Inv. No. 701-TA-522 and 731-TA-1258: Certain Passenger Vehicle and Light Truck Tires from China (Final), Publication, Table C-1.

Threat

No Vulnerability: Stock Prices of TBT Firms Are High

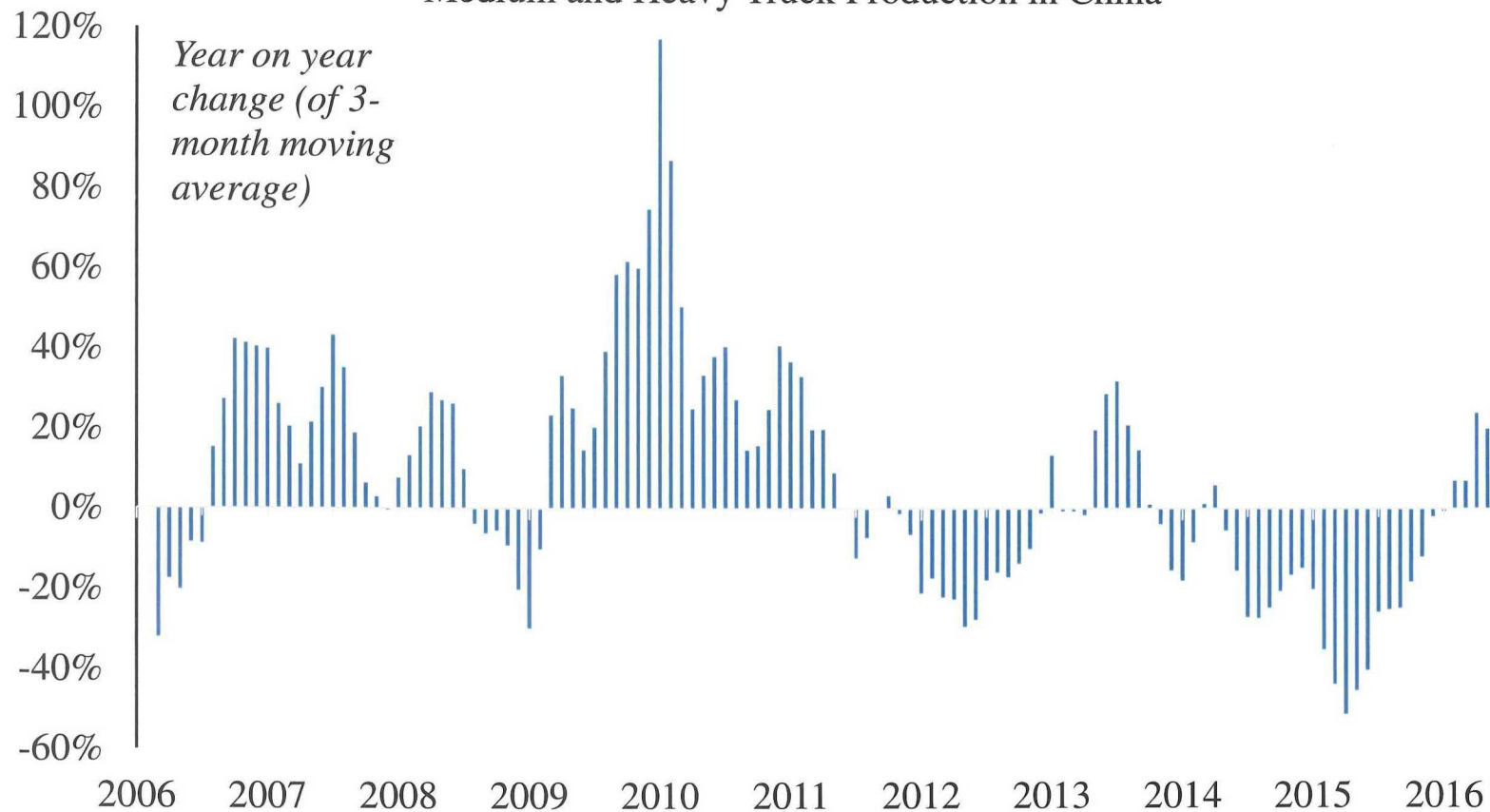


Source: NASDAQ, daily close/last price. Labels at right are the percent change from 1/2/2013 to 1/12/2017. (Bridgestone and Continental adjusted for stock splits on 10/17/2013 and 12/24/2013, respectively.) Dow Jones Automobiles & Parts Titans 30 Index (via Google Finance). This index includes at least Bridgestone and likely other tire producers.

Threat

TBT Demand in China: Truck Production in China is Growing

Medium and Heavy Truck Production in China



Source: China Association of Automobile Manufacturers, via Haver Analytics.